FORM 27
SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 118(1) OF THE ACT

Item 1 Reporting Issuer

Rainbow Group of Companies Inc.
("Rainbow" or the "Corporation")
17724 – 102 Avenue
Edmonton, Alberta T5S 1H5

Item 2 Date of Material Change

February 21, 2000

Item 3 Press Release

News Release issued on February 21, 2000.

Item 4 Summary of Material Change

Rainbow announced the closing of two private placements totaling $615,000. Rainbow also announced that it has terminated its investor relations agreement with Advanced Strategies Inc.

Item 5 Full Description of Material Change

Rainbow Group of Companies announces that it has closed two private placements. The first private placement consisted of the issuance of 1,000,000 units at $0.30 per unit, for an aggregate consideration of $300,000. Each unit consisted of one Common Share and one Share Purchase Warrant. Each warrant will entitle the holder to purchase an additional share at a price of $0.45 within one year and $0.60 within two years of closing.

The second private placement consisted of the issuance of 750,000 units at $0.42 per unit, for an aggregate consideration of $300,000. Each unit consists of one Common Share and one Share Purchase Warrant. Each warrant entitles the holder to purchase an additional Common Share at a price of $0.52 within two years of closing.

Rainbow also announced that it will not be renewing its investor relations contract with Advanced Strategies Inc.

Item 6 Reliance on Section 118(2) of the Act

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Senior Officers

Riad Chehayeb, Vice President-Operations, is knowledgeable about this report. His business telephone number is (780) 408-3853.

Item 9 Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

DATED at Edmonton, Alberta the18th day of September, 2000.

"Signed"

Riad Chehayeb
Vice President, Operations