

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

August 15, 2000

Item 3 Press Release

News Release issued on September 27, 2000.

Item 4 Summary of Material Change

Rainbow Group of Companies announced the completion of a credit facility agreement for a secured line of credit with QWIP Technologies LLC totaling US\$ 1.2 million dollars.

Item 5 Full Description of Material Change

Rainbow Group of Companies announces the completion of a credit facility agreement for a secured line of credit with QWIP Technologies LLC totaling US\$ 1.2 million dollars. The funds will be used by QWIP Technologies LLC to manufacture prototype units to be deployed in field tests for potential clients. The company will also use funds for advancing the state-of-the-art technology developed at the Jet Propulsion Laboratory.

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

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Senior Officers

Neil McLennan, President, 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 the 27th day of September, 2000.

"Signed"

Neil McLennan
President