

MATERIAL CHANGE REPORT UNDER SECTION 75(2) OF THE *SECURITIES ACT* (ONTARIO)

1. Reporting Issuer

ISEE3D Inc. (the "Issuer")
8604 Commerce Court
Burnaby, British Columbia
V5A 4N6

2. Date of Material Change

September 16, 1999

3. Press Release

The Issuer sent a press release announcing the material change on September 16, 1999 via BCE Emergis E-News Service.

4. Summary of Material Change

The Issuer announced that it has finalized an agreement with RealNetworks Inc. which establishes the Issuer as the world's first streaming 3D video company for the Internet. The Issuer is now proceeding to complete delivery of its "3D retail kit". The signing of the agreement also triggers a move to phase three of the Issuer's business plan, which will include a massive marketing campaign. The Issuer also announced that it will be exhibiting its technology to an audience of over 70,000 at the Digital Hollywood convention in Los Angeles on September 27th to 29th.

5. Full Description of Material Changes

The Issuer announced that it had finalized a landmark agreement with RealNetworks Inc. which establishes the Issuer as the world's first streaming 3D video company for the Internet.

With the agreement in place, the Issuer is proceeding to complete delivery of its "3D retail kit". The Issuer also officially announced the launch of its content aggregation portal for September 21st. The "3D retail kit" will provide consumers with all of the necessary hardware and software to view live 3D events on the web and the portal will be the ultimate viewing location for sourcing 3D content. The portal will also permit immediate pre-registration for consumers who wish to receive the "3D retail kit" when it becomes available for shipment on October 15th.

Gary Oberman, President and Chief Operating Officer of the Issuer, said that the company plans to fully leverage the value of this partnership through resources now made available in the RealGuide, RealStore and RealChannels. These resources will drive immediate exposure

to over 77,000,000 viewers worldwide and represents huge revenue potential for the Issuer. Mr. Oberman stated that the Issuer has positioned itself as “the” 3D streaming video company. Producers of 3D content will have to buy the Issuer’s proprietary software solution in order to produce content and consumers at large require the Issuer’s retail kit to view the content. This is the result of 6 months of negotiation and development. Mr. Oberman concluded by stating that the company continues to be encouraged that its business model will succeed as a result of the overwhelming interest on the part of content producers to work with the company to produce 3D content for the Internet.

The signing of the agreement with RealNetworks Inc. also triggers a move to phase three of the Issuer’s business plan, which includes a massive marketing campaign. With the core technology and business elements nearly completed, the Issuer is now in a position to actively solicit and demo working solutions to new content partners. The Issuer has already completed deals for entertainment content, sports and leisure and is now diversifying its library to include NASCAR, horse racing, tourism, wildlife, travel, adult entertainment and many other market sectors.

The Issuer also announced that it will be exhibiting its technology to an audience of over 70,000 at the Digital Hollywood convention in Los Angeles on September 27th to 29th. Uncommon to previous exhibitions, this show will focus on new media innovations for the web and will give the company direct exposure to industry giants such as Time Warner, Broadcast.com, Intel, NBS, CBS, Discovery Channel and many others.

6. **Reliance on Section 75(3) of the Act:**

This report is not being filed on a confidential basis.

7. **Omitted Information**

No information has been omitted from this material change report.

8. **Senior Officers**

Morden C. Lazarus, Chairman & Chief Executive Officer
Tel: (514) 289-8600

Nigel Horsley, Vice-President, General Manager and Secretary
Tel: (604) 444-4222

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED at Montreal this 24th day of September, 1999.

ISEE3D INC.

By: “Morden C. Lazarus”
Morden C. Lazarus
Chairman & C.E.O.