MATERIAL CHANGE REPORT

Section 75(2) of the *Securities Act* (Ontario)

1. Reporting Issuer

InBusiness Solutions Inc.
Commerce Plaza
333 Preston Street, Suite 910
Ottawa, Ontario
K1S 5N4
(the “Corporation”)

2. Date of Material Change

July 6, 2001

3. Press Release

A press release reporting the material change described in this report was issued on July 8, 2001. A copy of the press release is attached hereto as Schedule “A”.

4. Summary of Material Change

See the press release attached hereto as Schedule “A”.

5. Full Description of Material Change

On July 6, 2001, the Corporation entered into a binding agreement (the “Heads of Agreement”) with PortalSphere Inc. (“PortalSphere”), a corporation incorporated under the laws of the Province of Ontario, and the major shareholders (the “Major Shareholders”) of PortalSphere. Pursuant to the Heads of Agreement the Corporation agreed to purchase, either directly or through one of the Corporation’s wholly-owned subsidiaries, 100% of the issued and outstanding shares in the capital of PortalSphere (the “Purchased Shares”).

The Heads of Agreement provides that the Corporation and PortalSphere will enter into a share purchase agreement whereby the purchase of the Purchased Shares will be satisfied by the issuance to the holders of Purchased Shares, on a pro-rata basis, of an aggregate of 868,888 common shares in the capital of the Corporation (“Issued Shares”) and a maximum of $1,975,000.00 in cash subject to a revenue sharing arrangement described below. The purchase price for the Purchased Shares will be the product of 868,888 Issued Shares by the market average trading price of these shares plus the abovementioned cash at the closing date of the transaction, which is scheduled for August 1, 2001 (the “Closing Date”).

The 658,333 common shares of the Corporation to be issued to the Major Shareholders would be subject to a contractual escrow. Pursuant to that escrow arrangement, the Major Shareholders would agree not to sell any of the Issued Shares for a one year period following the Heads of Agreement. The escrow agreement would further provide for the forfeit of the escrow shares of those individuals to the Corporation in the event that any of those individuals is terminated for cause or voluntarily terminates his employment or consulting arrangements with PortalSphere or the Corporation prior to the expiry of a one year period following the Heads of Agreement. The remaining shareholders would also enter into an agreement with the Corporation on the Closing Date pursuant to which they would agree that the 210,555 Issued Shares issued to them would be subject to a contractual hold period. Under that agreement, those Issued Shares would be released to them in equal quarterly amounts at the end of each three month period following the Closing Date.

The cash component of the Purchase Price shall be based upon a revenue sharing arrangement associated with the sale, license, lease, support or transfer of the PortalSphere technology and services in support thereof ("PortalSphere Technology"). Pursuant to this revenue sharing arrangement, each of the Major Shareholders will share equally in 15% of the gross revenue of the Corporation in the financial year ending April 30, 2002, 25% in the financial year ending April 30, 2003, and 30% in each of the financial years ending April 30, 2004 to April 30, 2006 derived from the PortalSphere Technology, to a maximum of $1,975,000.00. The revenue sharing arrangement will be subject to the Major Shareholders' continued employment or consulting, as applicable, with the Corporation.

The Heads of Agreement provides that the Corporation will assume all of PortalSphere's current debt obligations to a maximum of $330,000 CDN (excluding long term equipment loans). Certain long term debt holders will be required to exchange their debt for debt of the Corporation on terms acceptable to it. The Corporation will provide funding to PortalSpheres' operations until the Closing Date. As consideration for such operational funding, PortalSphere will provide security for the loan in the form of a non-exclusive license to the Corporation of all of PortalSphere Technology at a 50% discount to PortalSphere's most favourable customer.

Closing is subject to standard conditions, including receipt of required approvals, absence of changes, completion of due diligence and execution of satisfactory final documentation.

6. <u>Reliance on Section 75(3) of the Act</u>

N/A

7. <u>Omitted Information</u>

N/A

8. **Senior Officer**

For further information, please contact:

David Luxton, Chief Executive Officer
InBusiness Solutions Inc.
Telephone: (613) 780-9925
Facsimile: (613) 780-9931

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED at Ottawa, Ontario this 16th day of July, 2001

INBUSINESS SOLUTIONS INC.

Per: ______________________________
Elisabeth Preston
General Counsel and Corporate Secretary

<u>InBusiness Solutions announces deal to acquire PortalSphere</u>

"Best-of-breed" Wireless and Portal technology will accelerate introduction of new B2B applications to InBusiness city portals and leverage InBusiness e-Services

July 8th, 2001, Ottawa Ontario - InBusiness Solutions Inc. ("InBusiness" or "the Company") (TSE: BIZ) announced today that it has signed an agreement to acquire PortalSphere Inc. ("PortalSphere") and its portal application development and server technology.

The transaction is primarily a stock deal for up to 883,908 InBusiness shares and includes contingent consideration of up to $1.975 million cash based on a performance earn-out structure. The deal is scheduled to close by August 1st, 2001, subject to applicable regulatory approvals and due diligence.

"This is a leading and highly leverageable technology which we expect will generate several new revenue streams, improve margins, and also reduce internal costs", said David Luxton, Chief Executive Officer of InBusiness. "And", he added, "PortalSphere's seasoned technical team rounds out our e-engineering capabilities. When you add it up, this package of technology and talent represents tremendous value."

"PortalSphere technology powers B2B portals and mobile business solutions" said Dr. Hany Greiss, Chief Technologist at PortalSphere. "With the marketing and distribution power of InBusiness, and its blue chip customer base, PortalSphere can now reach a broader market, and with much greater speed."

"PortalSphere is a great fit with the captive InBusiness market channel to business," said Luxton. This channel consists of a strategic integration of local online business centres offering practical services and applications, all promoted through the network of regional business newspapers operated by InBusiness across the country, and its partnered affiliates outside Canada. "PortalSphere has already developed an initial suite of compelling business applications for small and mid-size business," said Luxton, "and we will immediately deploy these into our online channel and promote them in our print publications."

InBusiness also expects PortalSphere to be an attractive technology solution for clients of the InBusiness e-Services group, and to generate internal improvements in InBusiness' own portal programs, which can operate with higher performance and at lower cost on the PortalSphere platform.

InBusiness Solutions Inc.

InBusiness Solutions is an established public company listed on the TSE, with proven expertise in e-Business solutions, as well as its own "e-Channel" to business, comprising community business publications (including *Toronto Business Journal, Ottawa Business Journal, Journal d'Affaires de Montréal,* and *Silicon Valley North*), plus online business news and intelligence services and virtual business centre portals (e.g. www.torontobusinesscentre.com) through which it markets e-Products for business. InBusiness has over 280 professionals working for the Company. Additional information is available at www.inbusiness.com.

PortalSphere Inc.

PortalSphere is a leading developer of a powerful "mobile application platform" that allows its customers to instantly exchange live data with their mobile workforce, partners and customers – anytime, anywhere to any device. Since 1993, the company, with origins in the professional services and technical training business, gained significant experience and insight in the development and evolution of portal and wireless technologies. With the emergence of the wireless Internet, PortalSphere is positioned to develop and deploy market leading applications and mobile solutions. Additional information is available at www.portalsphere.com.

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For further information:

David Luxton, Chief Executive Officer
(613) 780-9925 ext. 223