

FORM 27

SECURITIES ACT (ONTARIO), AS AMENDED

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

ITEM 1. REPORTING ISSUER

Hip Interactive Corp. (“Hip”)
99 Ingram Dr.
Toronto, Ontario
M6M 2L7

ITEM 2. DATE OF MATERIAL CHANGE

June 30, 2000

ITEM 3. PRESS RELEASE

The Company issued a press release on July 4, 2000 at Toronto.

ITEM 4. SUMMARY OF MATERIAL CHANGE

Hip announced that it had recently completed its acquisition of Phoenix Home Entertainment Inc.

ITEM 5. FULL DESCRIPTION OF MATERIAL CHANGE

On July 4, 2000 Hip announced that it had completed on June 30, 2000 its previously announced acquisition of all the shares in the capital of Phoenix Home Entertainment Inc. (“Phoenix”), a private Ontario company, which is a national distributor of video games, software and related hardware. To effect the purchase of Phoenix, Hip issued 2,500,000 common shares (valued at \$2.00 per share) and 600,000 common share purchase warrants (“Warrants”) to the sole shareholder of Phoenix, 1358167 Ontario Limited. Each Warrant has an exercise price of \$3.00 per share and expire December 31, 2001.

For the year ending May 31, 2000 (audited), Phoenix had revenues of \$49.574 million and operating income, prior to a provision for income taxes of \$ 3,755 and the payment of one time management bonus of \$2.064 million, of \$2.085 million. After the provision for taxes

and the payment of the management bonus, net income for the year ended was \$17,720.

The previous owner and manager of Phoenix, Mr. Ronald Capponi, is now no longer an officer or director of Phoenix.

Upon completion of the Phoenix transaction, Hip (TSE:HP) had 39,365,997 common shares issued and outstanding on a non-diluted basis.

ITEM 6. RELIANCE ON CONFIDENTIALITY PROVISION

Not Applicable.

ITEM 7. OMITTED INFORMATION

None

ITEM 8. SENIOR OFFICER

Jeffrey P. Botham, Vice-President Finance

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ITEM 9. STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material changes referred to herein.

DATED this 5th day of July, 2000.

"Jeffrey P. Botham"
Jeffrey P. Botham, Vice-President Finance