MATERIAL CHANGE REPORT

**Filed pursuant to Section 75(2) of the *Securities Act,* Ontario
and corresponding provisions of the
securities legislation in other provinces**

1. **<u>Reporting Issuer</u>**

The name and address of the reporting issuer is

Trojan Technologies Inc.
3020 Gore Road
London, Ontario N5V 4T7

2. **<u>Date of Material Change</u>**

The material change occurred on June 29, 1999.

3. **<u>Press Release</u>**

The press release reporting the material change was issued on June 29, 1999 in London, Ontario and was transmitted by Canadian Corporate News.

4. **<u>Summary of Material Change</u>**

Trojan Technologies announced that it expects to report lower than anticipated earnings per share for its current fiscal year.

Reference is made to the press release that is attached as a Schedule to this material change report.

5. **<u>Full Description of Material Change</u>**

Increased costs for development of next-generation products and patent litigation as well as pressure on gross margin are being experienced in the third and fourth quarters of Trojan's current fiscal year. Management expects that fiscal 1999 revenues will show growth in excess of 30% as compared to fiscal 1998, but expects that earnings for fiscal 1999 will be in the range of $0.60 to $0.65 per share which is below the forecasts of analysts.

Increasing competitive pressures are negatively affecting gross margins and have led to the decision to make a series of strategic investments. The increased expenses to implement these investments are directed at accelerating the development of next-generation technologies, market expansion, and new ventures such as air treatment, and are expected to begin to have a positive impact in the next fiscal year. These investments are being made in order to maintain Trojan's leading position in the market place.

During the third and fourth quarters, extra-ordinary expenses will be incurred in patent protection and legal defense of proprietary technologies. These expenses are being incurred in order to secure full value from Trojan's investments in research, as well as to continue Trojan's leading position in a growing industry.

The continuing growth in demand for Trojan's current products and the introduction of new technologies during the next fiscal year which begins September, 1999, are expected to sustain overall growth momentum, consistent with Trojan's Five-Year Strategic Plan.

Reference is made to the press release that is attached as a schedule to this material change report.

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

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Senior Officer**

David Holden
Vice-President, Finance
(519) 457-3400

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

SIGNED this 5th day of July, 1999 at London, Ontario.

Trojan Technologies Inc.

"David Holden"
Per: David Holden
Vice-President, Finance

Trojan

News Release

June 29, 1999 **FOR IMMEDIATE RELEASE**

Trojan Announces Revised Earnings Expectations

London, Ontario, Canada – Trojan Technologies Inc. (TSE/TUV) announced today that it expects to report lower than anticipated earnings per share for its current fiscal year. Increased costs for next-generation product development and patent litigation, as well as gross margin pressure are being experienced in the third and fourth quarters. Management currently expects that earnings will be in the range of $0.60 to $0.65 cents per share for the full year, down from analysts' expectations. Fiscal 1999 revenues, however, are still expected to grow in excess of 30%, as compared to fiscal 1998 revenues, consistent with Five-Year Strategic Plan projections.

Increasing competitive pressures are negatively affecting gross margins and have led to the decision to make a series of strategic investments. The increased expenses to implement these investments are directed at accelerating the development of next-generation technologies, market expansion, and new ventures such as air treatment, and are expected to begin to have a positive impact in the next fiscal year. "Making these investments is critical to ensuring that Trojan's leading position in the marketplace is maintained," said Trojan CEO, Hank VanderLaan. "Our decision to step up the pace in these activities reflects our vision for developing a strong stable of proprietary environmental technologies to respond to global opportunities. The fundamentals of Trojan's business remain strong."

During the third and fourth quarters, extra-ordinary expenses will be incurred in patent protection and legal defense of proprietary technologies. "This reflects both our commitment to secure full value from investments in research, as well as our determination to continue as the recognized leader in a growing industry," says Marvin DeVries, Trojan's Executive Vice-President.

The continuing growth in demand for Trojan's current products and the introduction of new technologies during FY2000, which begins September 1999, is expected to sustain overall growth momentum, consistent with Trojan's Five-Year Strategic Plan. Third Quarter results are expected to be released on July 21, 1999.

Trojan Technologies Inc. is a Canadian based, high technology environmental company operating internationally. Trojan specializes in ultraviolet light applications for disinfecting drinking water, industrial and residential applications, and in photocatalytic technology used in air treatment applications. Trojan is the world's largest supplier of ultraviolet disinfection systems for municipal wastewater applications. Currently, over 2000 Trojan UV systems are in operation at municipal wastewater treatment plants around the world treating in excess of 6 billion gallons per day. Trojan also owns the rights to an exclusive world-wide licence for an innovative photocatalytic technology used in air treatment applications.

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For further information, please contact:
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