FORM 27

SECURITIES ACT (ONTARIO)

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

ITEM 1. Reporting Issuer:

AlphaNet Telecom Inc.
55 St. Clair Avenue West
Suite 400
Toronto, Ontario
M4V 2Y7

ITEM 2. Date of Material Change:

August 4, 1998

ITEM 3. Press Release:

A press release dated August 4, 1998 in the form of schedule “A” hereto was released from Toronto, Ontario.

ITEM 4. Summary of Material Change:

AlphaNet announced that the Board of Directors has authorized the issuance of up to 1,540,000 Special Warrants at $16.00 per Special Warrant.

ITEM 5. Full description of Material Change:

AlphaNet Telecom Inc. today announced that the Board of Directors of the Corporation has authorized an equity financing of approximately CDN$24.6 million by the issuance of up to 1,540,000 special warrants at CDN$16.00 per special warrant. Each warrant will be exercisable for one common share of AlphaNet Telecom to be qualified under a planned prospectus filing by the Corporation in all provinces of Canada. The Corporation has appointed HSBC Securities as the exclusive agent for the issuance of the special warrants which will be offered on a private placement basis in Canada and the United States. The transaction is subject to the usual regulatory approvals.

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

Not applicable

ITEM 7. Omitted Information:

Not applicable

ITEM 8. Senior Officers:

For further information please contact Brian Wilson, Chief Financial Officer of AlphaNet Telecom Inc. at (416) 413.4481

ITEM 9. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to herein

Dated at Toronto, Ontario this 12th day of August, 1998.

ALPHANET TELECOM INC.

Per: ______________________
Jonathan D.M. Wolch
Assistant secretary

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News release via Canada NewsWire, Toronto 416-863-9350 -ME-

Attention Business Editors:
^ALPHANET TELECOM INC. TO ISSUE SPECIAL WARRANTS@

TORONTO, Aug. 4 /CNW/ - AlphaNet Telecom Inc. today announced that the Board of Directors of the Corporation has authorized an equity financing of approximately CDN$24.6 million by the issuance of up to 1,540,000 special warrants at CDN$16.00 per special warrant. Each warrant will be exercisable for one common share of AlphaNet Telecom to be qualified under a planned prospectus filing by the Corporation in all provinces of Canada. The Corporation has appointed HSBC Securities as the exclusive agent for the issuance of the special warrants which will be offered on a private placement basis in Canada and the United States. The transaction is subject to the usual regulatory approvals.

``The proceeds from this issue will be used to further expand the Corporation's international telecommunications network,'' said André LeBel, president and chief executive, AlphaNet Telecom Inc.

Since launching commercial service in November 1997, AlphaNet Telecom has experienced a steady build-up in international long distance traffic. On July 31, 1998, a new traffic milestone of 471,000 billed minutes for the day was achieved. This represented a more than fifty-fold increase in traffic volume from the first quarter of 1998 and an annualized run rate of approximately 170 million minutes. Forty carrier customers are currently under contract with the Corporation.

AlphaNet Telecom has points of presence in 12 countries worldwide and is in the process of adding an additional four countries that are anticipated to be operational by the end of August 1998.

AlphaNet Telecom Inc. is a communications provider specializing in the development of digital technologies and services for the telecommunications and hospitality industries. Its Telecommunications business unit, which provides low cost, high quality international long distance services for the wholesale market, utilizes innovative, proprietary technology to convert traditional voice signals into data packets for transmission over a data network. AlphaNet Telecom's Hospitality business unit provides communications and business services to the hospitality industry.

AlphaNet Telecom Inc. common shares are listed on the Toronto Stock Exchange and trade under the FAX symbol.

AlphaNet Telecom is headquartered in Toronto and maintains offices in New York, Washington, and London, England. Additional information is available through the Corporation's web site at http.//www.alphanet.net.

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/For further information: please contact: Brian Wilson, AlphaNet Telecom Inc., Vice-President, Finance and Administration and Chief Financial Officer, Tel: (416) 413-4481, Fax: (416) 413-4424, e-mail: brian.wilson(at)alphanet.net; Helen Verity, AlphaNet Telecom Inc., Manager, Investor Relations and Financial Reporting, Tel: (416) 413-4407, Fax: (416) 413-4424, e-mail: helen.verity(at)alphanet.net/

CO: AlphaNet Telecom Inc.
ST: Ontario
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