

XILLIX TECHNOLOGIES CORP.

Form 27
Securities Act

Material Change Report

Item 1. Reporting Issuer

Xillix Technologies Corp.
300 - 13775 Commerce Parkway
Richmond, British Columbia
V6V 2V4

Item 2. Date of Material Change

October 15, 1999

Item 3. Press Release

Press release was issued at Richmond, B.C. on October 15, 1999.

Item 4. Summary of Material Change

The Issuer has received a copy of a Written Answer and Counterclaim filed by Olympus Optical Co., Ltd. with the International Commercial Arbitration Association in Tokyo, Japan in the arbitration proceedings commenced by Xillix on July 22, 1999 in respect of Olympus' alleged misrepresentations, breach of duty to act in good faith and misuse of trade secrets.

Item 5. Full Description of Material Change

See attached press release dated October 15, 1999.

Item 6. Reliance on Section 67(2) of the Securities Act of British Columbia and similar provisions under the statutes of other Provinces.

N/A

Item 7. Omitted Information

N/A

Item 8.Contact

The following senior officer of the Company is knowledgeable about the material change and may be contacted respecting the change:

Pierre Leduc, President and Chief Executive Officer
(604) 278-5000

Item 9.Statement of Senior Officer

The foregoing accurately discloses the material change referred to herein.

Dated at Richmond, British Columbia, October 25th, 1999.

“Pierre Leduc”

Pierre Leduc

President and Chief Executive Officer

XILLIX NEWS RELEASE

For Immediate Release

October 15, 1999

Xillix Receives Olympus' Statement of Defense and Counterclaim

(Richmond, B.C.) – Xillix Technologies Corp. announced today that it has received a copy of a Written Answer and Counterclaim filed by Olympus Optical Co., Ltd. with the International Commercial Arbitration Association in Tokyo, Japan in the arbitration proceedings commenced by Xillix on July 22, 1999 in respect of Olympus' alleged misrepresentations, breach of duty to act in good faith and misuse of trade secrets.

In the Written Answer, Olympus denies each and every allegation made by Xillix in its arbitration claims. In the Counterclaim, Olympus seeks damages for costs and loss of profits which Olympus claims arise from Xillix's alleged breach of the distribution and joint development agreements between the two companies. Olympus also seeks damages for alleged defamation, which Olympus claims arises from Xillix's public disclosure and correspondence to stakeholders relating to this dispute.

Xillix denies each and every allegation made by Olympus in its Counterclaim and will continue to press forward with its arbitration claims. Two arbitrators have now been formally appointed by the parties, and a third arbitrator is expected to be appointed shortly. No date has yet been set for the arbitration hearings.

Xillix's fluorescence based medical imaging technology helps physicians diagnose early-stage lung and gastrointestinal cancers. When tissue containing abnormal cells is exposed to light from Xillix's patented fluorescence imaging devices, physicians are able to detect precancerous and cancerous cells.

The Xillix LIFE-Lung Fluorescence Endoscopy System™, has been approved for sale in the United States, Canada, Europe and Japan. Xillix's second product, the Xillix LIFE-GI system, was under development and about to enter the final stage of clinical testing.

The Company is listed on the Toronto Stock Exchange under the trading symbol "XLX".

For more information contact: Michael Perri or Cynthia Roney (604) 278-5000,
e-mail: info@xillix.com