**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**

December 13, 1999

**Item 3. Press Release**

Press release was issued at Richmond, B.C. on December 13, 1999.

**Item 4. Summary of Material Change**

The Issuer announced that it in conjunction with its November 9, 1999 announcement of the discovery of in excess of forty patents and patent applications relating to its core technology filed by Olympus Optical Co. Ltd. with the Japanese Patent Office, it has filed an amended statement of claim and a response to Olympus' counterclaim with the Japan Commercial Arbitration Association. The amended statement of claim expands upon the Issuer's claims against Olympus by including claims for breach of contract, deceit, negligent misrepresentation, breach of fiduciary duty, breach of confidence, unlawful interference with proprietary rights and civil conspiracy.

**Item 5. Full Description of Material Change**

See attached press release dated December 13, 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, December 22, 1999.

"Pierre Leduc"
Pierre Leduc
President and Chief Executive Officer

**XILLIX NEWS RELEASE**

**For Immediate Release** **December 13, 1999**

# Xillix Broadens Claims Against Olympus in Arbitration

(Richmond, B.C.) – Xillix Technologies Corp. announced today that it in conjunction with its November 9, 1999 announcement of the discovery of in excess of forty patents and patent applications relating to its core technology filed by Olympus Optical Co. Ltd. with the Japanese Patent Office, it has filed an amended statement of claim and a response to Olympus' counterclaim with the Japan Commercial Arbitration Association. The amended statement of claim expands upon Xillix's claims against Olympus by including claims for breach of contract, deceit, negligent misrepresentation, breach of fiduciary duty, breach of confidence, unlawful interference with proprietary rights and civil conspiracy.

Pierre Leduc, President and CEO of Xillix Technologies Corp. said "The expansion of our statement of claim underscores the serious nature of this dispute and demonstrates Xillix's commitment to resolving this matter."

On July 22, 1999 Xillix announced the commencement of legal proceedings against its former joint development and distribution partner, Olympus Optical Co. Ltd., of Japan for misrepresentation, breach of duty to act in good faith and misuse of trade secrets. These proceedings have been accepted for arbitration by the Japan Commercial Arbitration Association and all three arbitrators have now been formally appointed. No date has yet been set for the arbitration hearings, although Xillix's legal advisors believe it will be completed before the end of 2000. As a result of these proceedings, Xillix has suspended all development and distribution of its products. Subsequently, on August 17, 1999, Xillix announced that it had been forced to permanently lay-off almost 80 percent of its professional and support staff in order to conserve capital for the prosecution of its claims against Olympus.

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 when these legal proceedings against Olympus were filed.

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

For more information, visit our website at http://www.xillix.com
or contact: Michael Perri or Cynthia Roney (604) 278-5000,
e-mail: info@xillix.com