This is the form of a material change report required under Section 85(1) of the Securities Act.

FORM 27

BRITISH COLUMBIA SECURITIES ACT

MATERIAL CHANGE REPORT UNDER SECTION 85(1) OF THE ACT

NOTE: This form is intended as a guideline. A letter or other document may be used if the substantive requirements of this form are complied with.

NOTE: Every report required to be filed under Section 85(1) of the Act shall be sent to the Commission in an envelope addressed to the Commission and marked "Continuous Disclosure".

NOTE: WHERE THIS REPORT IS FILED ON A CONFIDENTIAL BASIS PUT AT THE BEGINNING OF THE REPORT IN BLOCK CAPITALS "CONFIDENTIAL - SECTION 85", AND EVERYTHING THAT IS REQUIRED TO BE FILED SHALL BE PLACED IN AN ENVELOPE ADDRESSED TO THE SECRETARY OF THE COMMISSION MARKED "CONFIDENTIAL".

Item 1. **Reporting Issuer**

State the full name and address of the principal office in Canada of the reporting issuer:

National Telcom Solutions Inc.
Unit #128, 7198 Vantage Way
Delta, B.C.
V4G 1K7

Item 2. **Date of Material change**

May 22, 2001

Item 3. **Press Release**

The Press Release dated May 22, 2001 was forwarded to the Canadian Venture Exchange and disseminated via Canada Stockwatch and Market News.

A copy of the Press Release is attached as Schedule "A".

Item 4. **Summary of Material Change**

Subject to regulatory approval, National Telcom Solutions Inc. (the "Company") will issue convertible debentures totaling US$625,000, such debentures maturing and being repayable by the Company at anytime, but no later than two years from closing. During the two-year term, the holders will have the option to convert their debentures into units of the Company, each unit consisting of one common share at a price of CDN$0.78 and one share purchase warrant exerciseable for one common share of the Company for a period of one year from the conversion date at a price of CDN$1.20 per share.

The debentures will carry a 15% annual interest rate with interest payments on any outstanding amounts paid monthly. The debentures will be secured by the Company's accounts receivable from its US operations.

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

Please refer to the copy of the Press Release attached as Schedule "A" to this report.

Item 6. **Reliance on Section 85(2) of the Act**.

N/A

Item 7. **Omitted Information**

N/A

Item 8. **Senior Officers**

Michael A. Thast, Vice-President, Administration
Telephone: (604) 940-4202

Item 9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

Dated at Delta, BC, this 31st day of May, 2001.

NATIONAL TELCOM SOLUTIONS INC.

Per: *"Michael A. Thast"*

Michael A. Thast,
Vice-President, Administration

SCHEDULE "A"

PRESS RELEASE

News Release News Release News Release News Release

Company Raises US$625,000
to Fund New Projects

May 22, 2001
CDNX Trading Symbol: TON

National Telcom Solutions Inc. (the "Company") announces today that it has negotiated a US$625,000 financing through the issuance of convertible debentures.

Subject to regulatory approval, the Company will issue convertible debentures totaling US$625,000, such debentures maturing and being repayable by the Company at anytime, but no later than two years from the closing date of the proposed transaction. During the two-year term, the holders will have the option to convert their debentures into units of the Company, each unit consisting of one common share at a price of CDN$0.78 and one share purchase warrant exercisable for one common share of the Company for a period of one year from the conversion date at a price of CDN$1.20 per share.

The debentures will carry a 15% annual interest rate with interest payments on any outstanding amounts paid monthly. The debentures will be secured by the Company's accounts receivable from its US operations. Net proceeds from the financing will be used by the Company proportionate to its outstanding receivables.

Subject to regulatory approval, the Company has agreed to pay a 10% cash finders' fee of US$60,000 with respect to $600,000 of the financing being provided.

The proceeds from the financing will be used to fund cash-flow requirements related to several new revenue producing contracts the Company has secured and is currently negotiating.

National Telcom Solutions Inc., with operations in Canada and the USA, is a turnkey contractor of broadband deployment, incorporating fiber optic, coaxial cable and telephony systems. Interested parties are encouraged to contact the Company, toll free, at (800) 565-8850 with any inquiries related to the Company or this news release.

On behalf of the Board of Directors

"M. Thast"

Michael A. Thast
Vice President Administration