

**FORM 27**  
**SECURITIES ACT**  
*(British Columbia)*

**MATERIAL CHANGE REPORT**  
Under Section 85(1) of the Act

**Item 1.        Reporting Issuer**

The full name of the issuer is NeTrue Communications Inc. (the “Company”) whose principal office is located at 530 – 999 West Hastings Street, Vancouver, British Columbia.

**Item 2.        Date of Material Change**

The effective date of the material change herein reported is August 8, 2000.

**Item 3.        Press Release**

The press release pertaining to the material change herein reported was issued on August 8, 2000 at Fullerton, California.

**Item 4.        Summary of Material Change**

The Company’s June 30, 2000 year-to-date revenues were a record U.S.\$3.258 million, an increase of U.S.\$1.809 million or 125% over revenue realized in the six months ended June 30, 1999. Product revenues were U.S.\$2.587 million, an increase of U.S.\$1.744 million or 207% over product revenue realized in the prior period. Service revenues were U.S.\$0.671 million, an increase of U.S.\$0.65 million or 65% over service revenue realized in the prior period.

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

For a full description of the material change, please see the press release attached hereto as Schedule “A”.

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

Not applicable.

**Item 7.        Omitted Information**

No significant facts have been omitted from this report.

**Item 8.        Senior Officers**

Mr. Eric Gurr, Chief Financial Officer, is the officer of the Company who is knowledgeable about the details of this material change report. Mr. Gurr may be contacted by telephone at:

(714) 870-0861

**Item 9.        Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

**DATED** at Fullerton, California this 9th day of August, 2000.

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"Eric Gurr"  
Eric Gurr

**Schedule "A"**

Media Information

For Immediate Release

**NeTrue Communications Announces Financial Results for the Six  
months ended June 30, 2000  
Record Year-to-date Revenues**

**Fullerton, CA, August 8, 2000** --NeTrue Communications Inc. (NTU.U: CDNX) announced today that its June 30, 2000 year-to-date revenues were a record US\$3.258 million, an increase of US\$ 1.809 million or 125% over revenue realized in the six months ended June 30, 1999. Product revenues were US\$2.587 million, an increase of US\$1.744 million or 207% over product revenue realized in the prior period. Service revenues were US\$ .671 million, an increase of US\$ .65 million or 65% over service revenue realized in the prior period.

The Company reported gross profit of US\$ .705 million at June 30, 2000, an increase of US\$ .105 million, or 18% over gross profit realized in the prior period. Operating expenses were US\$3.952 million, an increase of US\$2.302 million or 140% over operating expenses reported in the prior period. Gross profit as a percent of revenue decreased as a result of lower margin integration sales in the first and second quarters. These lower margin integration sales will lead to higher margin follow on sales of the Company's IP technology in future quarters. Operating expenses increased as a result of increased engineering, selling and marketing expenses as the Company focused on development of new products and growing its direct sales force and international sales channels.

The Company reported a net loss after non-controlling interest of US\$2.822 million, or 23 cents per share at June 30, 2000 compared with a loss of US\$ 1.050 million, or 10 cents per share a year ago. Weighted average shares outstanding increased from 10,550, 612 at June 30, 1999 to 12,070,667 at June 30, 2000 due to the merger of NeTrue Communications, Inc. with Pickle Crow Resources Inc. The Company reported cash and cash equivalents of US\$2.866 million at June 30, 2000, a decrease of US\$.201 million, or 7% over cash and cash equivalents at December 31, 1999. Working

capital was US\$2.350 million at June 30, 2000, a decrease of US\$.76 million, or 3% over working capital at December 31, 1999.

Mr. James Shen, Chief Executive Officer, said, “We are pleased with the Company’s progress in the last six months, including the successful integration of the NeTrue’s IPT Back Office application to Cisco’s platform, the release of NeTrueQoS 2.0, and the signing of a joint venture agreement between NeTrue and Hutchison Telecommunications, Ltd., “ Shen added, “We continue to strengthen the Company’s direct, channel, and strategic partnership sales. Furthermore, during the first six months of 2000, the Company invested significant resources to ensure the development and timely delivery of service management solutions for customer driven VoIP operations and applications, including solutions for interconnection of cable, PSTN, satellite and IP networks.”

### **About NeTrue Communications**

NeTrue Communications Inc. (NTU.U: CDNX) is a publicly traded California-based IP telephony solutions provider with core technical competencies in QoS management, network management and clearinghouse technology. NeTrue IPT BackOffice™ and NeTrueQoS provide operation and management support for IP voice networks. NeTrue Vipersat Networks Division develops and markets satellite transmission technology to local and international markets. NeTrue’s Commsent Solutions provides traffic management; clearinghouse and routing services to a global network of more than 85 communications providers. NeTrue Communications Inc. can be found at [www.netrue.com](http://www.netrue.com).

THE CANADIAN VENTURE EXCHANGE INC. HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

NeTrue, NeTrue Communications, NeTrueQoS, IPT BackOffice and IPT NCC are registered trademarks of NeTrue Communications Inc. Commsent is a registered trademark of Commsent Solutions Inc.

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**For More Information Please Contact:**

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**NETRUE COMMUNICATIONS INC.**

## Consolidated Summary of Operations

(Expressed in thousands of United States Dollars)

	Six months ended June 30,	
	1999	2000
Revenues		
Products	\$ 843	\$ 2,587
Services	606	671
	<u>1,449</u>	<u>3,258</u>
Cost of sales		
Products	585	1,992
Services	264	561
	<u>849</u>	<u>2,553</u>
Gross margin	600	705
Operating and other expenses, net	1,650	3,527
Net loss	(1,050)	(2,822)
Loss per share	(.10)	(.23)

NeTrue Communications can be found at: [www.netrue.com](http://www.netrue.com)