

## FORM 27

### **Securities Act (British Columbia)** **Material Change Report Under Section 85(1) of the Act**

**1. Reporting Issuer**

Tri-Alpha Investments Ltd.  
Suite 920 – 800 West Pender Street  
Vancouver, BC V6C 2V6

**2. Date of Material Change**

December 18, 2000

**3. Press Release**

The Press Release for Tri-Alpha Investments Ltd. dated December 18, 2000 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".

**4. Summary of Material Change**

See paragraph 5 below.

**5. Full Description of Material Change**

The Company announced the acceptance of its Non-Brokered Private Placement announced January 13, 2000, of 1,380,001 units, consisting of 1,380,001 shares and 1,380,001 non-transferable share purchase warrants. 530,001 warrants are exercisable for a two-year period at \$0.30 per share in the first year and \$0.35 per share in the second year. 850,000 warrants issued to Insiders are exercisable at \$0.80 per share for a two-year period.

The Company also announces that it has, through its wholly owned subsidiary Tal.Net Technologies Ltd., entered into an agreement in principal with Beijing Gotop Information Technology Corporation Limited ("Gotop") to cancel the agreement between the parties wherein the Company has the right to acquire a 35.7% interest in Gotop (the "Purchase Agreement") as described in the Company's news release dated January 13, 2000.

The Company had advanced to Gotop pursuant to the Purchase Agreement US\$250,000. Due to the halting of trading of the Company's shares on the CDNX and the resulting inability of the Company to finance the remaining obligations pursuant to the agreement, both parties have decided to terminate the Purchase Agreement and Gotop has agreed to return the US\$250,000 already advanced. Repatriation of the funds is however, dependant upon the approval of Chinese regulatory authorities responsible for the right to move capital outside the country. Approval for the return of the monies as well as the timing, cannot be determined at this time however, both the Company and Gotop are vigorously seeking the required government approvals for the return of the funds.

The Company further announces it has entered into an agreement with Gene O'Quinn of Houston, Texas, whereby the Company has an option to acquire the exclusive license to voice digital conversion technology developed by Gene O'Quinn, and was developed under the name VCTI.

The terms of the agreement call for:

- a) a cash payment to Gene O'Quinn of US\$100,000, payable in five equal installments commencing within 14 days of the Company receiving a written evaluation of the VCTI technology by a qualified Product Evaluator.
- b) providing funding for further research and development of the VCTI technology in the amount of US\$500,000 payable as follows:
  - i) US\$50,000 within 14 days of the Company receiving a written evaluation from the Product Evaluator;
  - ii) US\$50,000 within 30 days of the payment date referred in (i); and
  - iii) four equal payments of US\$100,000 within 60, 90, 120 and 150 days of the payment date referred to in (i).
- c) the issuance of that number of shares equal to 10% of the issued and outstanding shares of the Company or its assignee within 30 days of the date of the last payment of the research and development funding of US\$500,000.

The objective of the VCTI technology is to reduce the amount of data necessary to store and/or transmit speech. Transmission of speech by digital technique has become widespread. If speech is transmitted by simply sampling and digitizing, a data rate in the order of 6400 bits per second is required to achieve the speech quality of a conventional analog telephone. However, through the use of speech analysis, followed by appropriate coding, transmission, and re-synthesis at the receiver, a significant reduction in the data rate can be achieved. By reducing the data rate you reduce the bandwidth necessary to transmit speech. The current and future trend towards wireless communication puts speech communication in direct competition with all wireless digital devices for the limited available bandwidth. While there are many techniques to reduce bandwidth, there is still only so much Radio Frequency Spectrum bandwidth available. By implementing VCTI's technology, current speech communication systems may, with little or no modification, realize a three to five-fold increase in speech transmission capacity within the same bandwidth. This would significantly increase revenues for all speech carriers with very minimal increase in costs. This technology developed by Mr. O'Quinn is considered unique, and a provisional patent has been filed with the US Patent Department.

**6. Reliance on Section 67(2) of the Act**

N/A

**7. Omitted Information**

N/A

**8. Senior Officers**

The following Senior Officer of the Company is available to answer questions regarding this report:

William S. Harper, Secretary

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

The undersigned hereby certifies that the statements made in this report are true and correct.

DATED at Vancouver, British Columbia, this 18th day of December, 2000.

Tri-Alpha Investments Ltd.

(Name of Issuer)

Per:

"T. Barry Coughlan"

(Signature of authorized signatory)

T. Barry Coughlan, President

(Name and office of authorized signatory)

## SCHEDULE "A"

**TRI-ALPHA INVESTMENTS LTD.**

920-800 West Pender Street, Vancouver, BC, V6C 2V6, tel: (604) 683-3331, fax: (604) 685-8677

December 18, 2000

CDNX Symbol: TAL

**NEWS RELEASE**

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**On Behalf of the Board of Directors  
of Tri-Alpha Investments Limited**

Signed "T. Barry Coughlan"  
T. Barry Coughlan  
President and Director