MATERIAL CHANGE REPORT

Item 1

The name of the reporting issuer is NatraCeuticals Inc., the principal office of which is located at 8920 Woodbine Avenue, Markham, Ontario L3R 9W9.

Item 2

The material change in NatraCeuticals Inc.'s affairs occurred on or about May 20, 1999.

Item 3

A press release announcing the material change was issued in Toronto on May 28, 1999, supplementing an earlier press release dated May 17, 1999.

Item 4

On May 20, 1999, NatraCeuticals Inc. (the "Company") completed the sale of a subordinated secured convertible debenture (the "Debenture") due 2004 in the amount of U.S. $1.2 million, bearing interest at prime plus 2% and convertible into common shares at U.S. $0.19 per share for up to 6,315,789 common shares, to Vitaquest International, Inc. ("Vitaquest"). In addition, certain other arrangements were entered into contemporaneously with Vitaquest. Under these arrangements, collateral security was also granted for approximately U.S. $1.0 million of accounts payable due to Vitaquest, and Vitaquest was given pro rata pre-emptive rights to maintain its fully-diluted equity position. The Company has also entered into a standstill arrangement with its principal lender and a new director has been appointed to the Company's board.

Item 5

On May 20, 1999, the Company completed the sale of the Debenture, which is due 2004 and is in the amount of U.S. $1.2 million, bears interest at prime plus 2% and is convertible into common shares at U.S. $0.19 per share for up to 6,315,789 common shares, to Vitaquest. In addition, certain other arrangements were entered into contemporaneously with Vitaquest. Under these arrangements, collateral security was also granted for approximately U.S. $1.0 million of accounts payable due to Vitaquest, and Vitaquest was given pro rata pre-emptive rights to maintain its fully-diluted equity position.

In addition, NatraCeuticals Inc. entered into an employment agreement with Mark Couper, and Vitaquest and Mr. Couper (and his personal holding company) entered into a shareholders' agreement pursuant to which each has agreed to support the other's nominees to the board and giving Vitaquest the right to nominate 3 of 5 directors and Mr. Couper the right to nominate 2 of 5 directors. Vitaquest will also be entitled to direct the voting of Mr. Couper's shares with Vitaquest's shares in respect of certain other matters. In certain circumstances, Mr. Couper is entitled to purchase the Debenture (or the shares into which it may be converted), as well as any other shares then held by Vitaquest (including Vitaquest's currently owned shares unless Vitaquest determines otherwise).

The facility is to be advanced in four equal tranches on closing and, subject to certain conditions, within two, four and six months thereafter, and may be satisfied by either cash or product advances on normal terms by Vitaquest. The proceeds will be used to repay trade payables (including to Vitaquest) and for general corporate purposes.

Vitaquest is NatraCeuticals' principal supplier of custom-manufactured products.

The transaction was approved in writing by a majority of the holders of common shares other than Vitaquest and Messrs. Couper, Keith Frankel and Stephen Young, each of whom is a director of the Company, and their respective associates and affiliates. Messrs. Frankel and Young are also officers of Vitaquest. Mr. Frankel has recently advised the Company that he has transferred to Vitaquest his interest in the Company, being approximately 2,335,500 common shares (approximately 8.5%), with the result that Vitaquest now holds approximately 8.5% of the Company's outstanding shares. Mr. Couper owns, directly or indirectly, approximately 9,064,000 common shares (approximately 34.8%) of the outstanding common shares of NatraCeuticals.

In addition, Ms. Sharon Leavy was appointed to the board to fill a vacancy, and the Company has entered into standstill arrangements with its principal lender whereby certain existing defaults which the Company views as technical in nature will be waived in the event that the Company satisfies certain conditions over the next few months.

Item 6

Not applicable.

Item 7

Not applicable.

Item 8

For further information Mr. Mark Couper, President, can be contacted by telephone at (905) 944-5470.

Item 9

The foregoing accurately discloses the material change referred to herein.

DATED at Markham this 31st day of May, 1999.

NATRACEUTICALS INC.

By: "Mark Couper"

Mark Couper
President