FORM 51-102F3

MATERIAL CHANGE REPORT

OF AKELA PHARMA, INC.

1. Name and Address of Company

Akela Pharma Inc. ("**Akela Pharma**")
P.O. Box 10424, Pacific Centre, Suite 1300,
777 Dunsmuir Street, Vancouver, B.C. CA V7Y 1K2

2. Date of Material Change

February 3, 2012.

3. Press Release

On February 6, 2012, Akela Pharma issued a press release with respect to the material change described below under Akela Pharma's corporate profile on SEDAR.

4. Summary of Material Change

Akela Pharma announced that it had completed a private placement of US$2,310,000 senior secure notes (the "Senior Secured Notes") and senior secured convertible notes (the "Convertible Notes). The private placement comprised the issuance of US$1,105,000 of US$1000 Senior Secured Notes and the issuance of US$1,205,000 of US$1000 Convertible Notes for total aggregate proceeds to Akela Pharma of US$2,310,000. The principal amount of each individual Senior Secured Note and Convertible Note is US$1000. The Senior Secured Notes bear interest at a rate of 15% per annum until repaid or redeemed in accordance with the terms and conditions set forth in the certificate representing the Senior Secured Notes. The Convertible Notes bear interest at a rate of 8% per annum until repaid, redeemed or converted in accordance with the terms and conditions set forth in the certificate representing the Convertible Notes. The Convertible Notes may be converted by the holder into Akela Pharma common shares at a conversion price equal to USD $0.15 per share. The Senior Secured Notes and the Convertible Notes are due at December 31, 2014.

5. Full Description of Material Change

Reference is made to the press release attached as Schedule "A" hereto.

6. Reliance on Section 7.1(2) or (3) of National Instrument 51-102 *Continuous Disclosure Obligations*

Not applicable.

7. Omitted Information

Not applicable.

8. Executive Officer Knowledgeable of Material Change

For further information, please contact Gregory M. McKee, President and Chief Executive Officer at 512-834-0449.

9. Date of report

February 13, 2012

SCHEDULE A

Press Release dated February 6, 2012

See attached document.

11501 Domain Drive, Suite 130
Austin, TX 78758, USA

AKELA PHARMA, INC AND PHARMAFORM ANNOUNCE COMPLETION OF A USD $2.3 MILLION PRIVATE PLACEMENT

Austin, Texas; February 6, 2012 – Akela Pharma, Inc. (TSX:AKL) and it's wholly owned subsidiary PharmaForm, a leader in pharmaceutical formulation and clinical manufacturing, today announced the completion of a private placement of USD $2,310,000 in Senior Secured Notes and Senior Secured Convertible Notes.

The private placement consists of USD $1,105,000 15% Senior Secured Notes and USD $1,205,000 8% Senior Secured Convertible Notes due at December 31, 2014. The Senior Secured Convertible Notes may be converted by the holder or redeemed by the Company into Akela Pharma, Inc. Common Shares at a conversion price equal to USD $0.15 per share.

The proceeds from the private placement will be primarily used to continue the expansion and growth of the PharmaForm subsidiary in its Hot Melt Extrusion (HME) and Spray Drying manufacturing capabilities.

PharmaForm remains an industry leader in the formulation of potent compounds and controlled release drug delivery with solid oral dosage (tablets, capsules and film coating) through traditional formulation techniques, amorphous solid dispersion through Spray Drying as well as HME novel dosage forms (oral dissolving thin films, transmucosal and oral tablets & capsules) and creams, emulsions, gels, nasal spray and dry powder inhalation.

About Akela Pharma, Inc.

Akela Pharma, Inc. is the parent company of PharmaForm, and its common shares trade on The Toronto Stock Exchange ("TSX") under the symbol "AKL" with 32.4 million shares outstanding.

About PharmaForm

PharmaForm, a wholly-owned subsidiary of Akela Pharma, Inc., is a leading specialty contract manufacturer in the area of pharmaceutical dosage form development, specializing in controlled release and bioavailability enhancement technologies, such as hot melt extrusion, spray drying, fluid bed processing, and liquid filled capsules. Through its diverse offerings, PharmaForm solutions help pharmaceutical and biotechnology clients reach their drug development targets, reduce development costs and accelerate time-to-market for their products.

Akela Pharma Inc.'s common shares trade on The Toronto Stock Exchange ("TSX") under the symbol "AKL" with 32.1 million shares outstanding.

This press release contains statements which may constitute forward-looking information under applicable Canadian securities legislation or forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1955. Such forward-looking statements or information may include financial and other projections as well as statements regarding the company's future plans, objectives, performance, revenues, growth, profits, operating expenses or the company's underlying assumptions. The words "may", "would", "could", "will", "likely", "expect", anticipate", "intend", "plan", "forecast", "project", "estimate" and "believe" or other similar words and phrases may identify forward-looking statements or information. Persons reading this press release are cautioned that such statements or information are only expectations, and that the company's actual future results or performance may be materially different.

Forward-looking statements or information in this press release include, but are not limited to, statements or information concerning our ongoing drug development programs and collaborations as well as the possible receipt of future payments upon achievement of milestones.

Such forward-looking statements or information involve known and unknown risks, uncertainties and other factors that may cause our actual results, events or developments to be materially different from results, events or developments expressed or implied by such forward-looking statements or information. Such factors include, among others, the possibility that risks associated with requirements for approvals by government agencies such as the FDA before products can be tested in clinical trials; the possibility that such government agency approvals will not be obtained in a timely manner or at all or will be conditioned in a manner that would impair our ability to advance development; risks associated with the requirement that a drug candidate be found safe and effective after extensive clinical trials; our dependence on suppliers, collaborative partners and other third parties and the prospects and timing for negotiating supply agreements, corporate collaborations or licensing arrangements; our ability to attract and retain key personnel; and other factors as described in detail in our filings with the Canadian securities regulatory authorities at http:www.sedar.com.

Assumptions underlying our expectations regarding forward-looking statements or information contained in this press release include, among others, that future clinical trial results will be favorable; that our drug candidate will treat target diseases as intended; that we will raise *enough capital, on reasonable terms and in a timely manner; that we will retain our key personnel; that we will obtain the necessary regulatory approvals.*

In the event that any of these assumptions prove to be incorrect, or in the event that we are impacted by any of the risks identified above, we may not be able to continue in our business as planned.

For a complete discussion of the assumptions, risks and uncertainties related to our business, you are encouraged to review our filings with Canadian securities regulatory authorities, filed on SEDAR at http://www.sedar.com.

All forward-looking statements and information made herein are based on our current expectations as of the date hereof and we disclaim any intention or obligation to revise or update such forward-looking statements and information to reflect subsequent events or circumstances, except as required by law.

For further information please contact:

PharmaForm
Akela Pharma, Inc.

Gregory M. McKee
President and Chief Executive Officer
Tel: 512-834-0449