

FORM 27
MATERIAL CHANGE REPORT UNDER SECTION 146(1)
OF THE SECURITIES ACT (ALBERTA)

FORM 53-901F
MATERIAL CHANGE REPORT UNDER SECTION 85(1)
OF THE SECURITIES ACT (BRITISH COLUMBIA)

ITEM 1 Reporting Issuer:

Norac Industries Inc.
Suite 1500, 10025 102A Avenue
Edmonton, Alberta, Canada
T5J 2Z2

ITEM 2 Date of Material Change:

June 20, 2003

ITEM 3 News Release:

The press release was issued on June 23, 2003 and disseminated through Canada Newswire, Stockwatch, Market News and distributed to the TSX Venture Exchange, British Columbia Securities Commission and Alberta Securities Commission.

ITEM 4 Summary of Material Change:

See attached News Release – Schedule A

ITEM 5 Full Description of Material Change:

See attached News Release – Schedule A

ITEM 6 Reliance on Section 146(2) of the Securities Act (Alberta) and Section 85(2) of the Securities Act (British Columbia):

None

ITEM 7 Omitted Information:

Not Applicable

ITEM 8 Senior Officers:

Don Caron
Director
Ph: (780) 496-9171

ITEM 9 Statement of Senior Officer:

The foregoing accurately discloses the material change referred to herein.

This statement is made in the City of Edmonton, in the Province of Alberta, on the 24th day of June 2003.

(Signed) "Don Caron"
Don Caron, Director

Schedule A

For Immediate Release
Press Release 2003 - 01
TSX Venture Exchange Symbol "NRC.T"



Norac Industries Inc. Announces Letter Of Intent For Amalgamation With ViRexx Research Inc.

Edmonton, Alberta, Canada, June 23, 2003 – NORAC INDUSTRIES INC. ("Norac") (TSX-V:NRC.T), is pleased to announce that a Letter of Intent has been entered into on June 20, 2003 between Norac and ViRexx Research Inc. ("ViRexx") pursuant to which Norac and ViRexx have agreed to complete an amalgamation (the "Proposed Amalgamation"). ViRexx is a development-stage biotechnology company that is engaged in the research and development of biopharmaceutical products for the therapy of hepatitis B, hepatitis C and other infectious diseases.

Pursuant to the Proposed Amalgamation, all of the issued and outstanding securities of Norac, being 4,455,000 subordinate voting shares, will be exchanged for 1,000,000 common voting shares ("Common Voting Shares") of the amalgamated company ("Amalco") and 2,500,000 multiple voting shares of Norac exchanged for 3,500,000 Series I Preferred Shares ("Preferred Shares") which are convertible into 3,500,000 Common Shares of Amalco. In respect of ViRexx, all 18,160,929 issued and outstanding common shares of ViRexx will be exchanged for 9,600,000 Common Voting Shares of Amalco. After giving effect to the Amalgamation, Amalco will have a total of 10,600,000 Common Voting Shares issued and outstanding. A deemed price of \$0.80 per share is hereby reserved for the 9,600,000 Common Voting Shares to be issued pursuant to the Proposed Amalgamation and a deemed price of \$1.00 per share is hereby reserved for 3,500,000 Common Voting Shares to be issued on conversion of the Preferred Shares. The proposed Amalgamation is an arm's length transaction.

Financing and Name Change

In conjunction with the Proposed Amalgamation and subject to regulatory approval, Amalco will be completing a non-brokered private placement (the "Private Placement") of up to 12,500,000 Common Voting Shares at a price of \$0.80 per share for maximum gross proceeds of \$10,000,000. The proceeds from the Private Placement shall be allocated as to approximately 80% for research and development related to the novel therapeutic vaccines to treat viral diseases and the treatment of cancers that arise from chronic viral infections and the balance of the proceeds to be utilized for the repayment of loans, brokerage fees that may be incurred and expenses related to the Proposed Amalgamation, Private Placement and working capital.

Amalco proposes to change its name to "ViRexx Medical Corp." and amend its articles and by-law so as to make all voting shares one class of unlimited common voting shares and unlimited non voting preferred shares issuable in series.

ViRexx Research Inc.

ViRexx is an Edmonton, Alberta based biopharmaceutical company focused on developing and commercializing proprietary therapeutic products for the treatment of chronic Hepatitis B, Hepatitis C and selected solid tumors. ViRexx's senior management is composed of highly experienced individuals with significant managerial and scientific experience in the life sciences, biotechnology and healthcare industries. ViRexx currently employs fifteen personnel of whom eleven have Ph.D's. ViRexx labs are located in leased premises at the University of Alberta Campus Pharmacy/Dentistry Building.

ViRexx's business strategy is to develop and commercialize therapeutic products originating from its Chimigen™ & T-ACT platform technologies in a timely and effective manner. ViRexx will realize value by focusing on commercializing proprietary, patent-protected and patent-pending products through pharmaceutical company partnerships and alliances. In order to build value for strategic partnering, ViRexx will aggressively pursue regulatory approval of products by conducting additional research and directing pre-clinical and Phase I and II clinical trials.

ViRexx's initial focus and commercialization efforts will be on the lead HepaVaxx B™, HepaVaxx C™ and Occlusin™ products. Partnerships with major pharmaceutical companies will be established for the final phase of human testing, worldwide regulatory approvals, manufacturing scale-up, and marketing. In addition, ViRexx intends to leverage the Chimigen™ and T-ACT technology platforms to accelerate the development of products for other indications. ViRexx intends to maintain a core staff sufficient to strengthen and enhance its intellectual property position. Selected preclinical work will be outsourced to other scientific organizations and clinical trials will be conducted through contractual agreements with reputable Contract Research Organizations.

ViRexx's approach for the treatment of chronic infectious disease is based on its Chimigen™ platform technology. This novel platform incorporates functional elements of both antigen and antibody technologies to induce a broad antigen specific immune response in patients with a chronic infection. ViRexx's initial focus involves therapies for chronic Hepatitis B (HBV) and chronic Hepatitis C (HCV) infections. The technology has potential application for a number of other infectious diseases, which include the Papilloma Virus, Human Immunodeficiency Virus (HIV), and Herpes Viruses. ViRexx intends to license its platform technology for these other indications.

ViRexx's approach for the treatment of solid tumors is based on the use of its innovative T-ACT platform technology. The T-ACT technology is comprised of two distinct product groups: the Occlusin™ agents and Tactin™ agents. Occlusin™ products are solid phase agents that can be administered directly to the tumor site and are designed to impede the blood supply to the tumor tissue. Products arising from the Tactin™ technology products are designed for the systemic (intravenous) administration. These agents travel throughout the blood stream and localize in the blood vessels of the tumor tissue to produce a target specific blood clot formed in both new and pre-existing blood vessels feeding the tumor as well as the distant metastases, thus starving the tumor to demise.

Viral infectious diseases are one of the most confounding and costly maladies of modern times. The World Health Organization estimates that nearly one-fifth of all deaths worldwide are due to infectious diseases and as such are the largest single cause of productivity loss in our society. Resistance to antibiotics and antiviral agents is making some of our most powerful drugs unusable, and the prevalence of "superbugs" with resistance to multiple antibiotic agents is on the rise. Novel approaches to therapy and prevention are urgently needed.

The World Health Organization (WHO) estimates that 350 million individuals worldwide (1.25 million in the U.S.) are chronically infected with HBV. These chronic carriers of the virus are at high risk of death from cirrhosis of the liver and liver cancer, diseases that lead to more than one million deaths each year. Existing treatments for HBV are Lamivudine or Interferon. Interferon has proven to be costly, has significant side effects and offers limited success rates. Lamivudine, on the other hand, is safe and less costly, however it is effective in only 30-40% of carriers and can induce resistance to the drug.

The WHO estimates that HCV chronically infects 170 million individuals globally (2.7 million in the U.S.), with 3-4 million (36,000 in the U.S.) developing new chronic infections each year. There is no prophylactic vaccine available to prevent HCV infections. Existing treatments for chronic HCV infections are Interferon, Ribavirin and combinations. Depending upon the selected treatment, they have proven to be costly, have significant side effects, offer limited success rates, and are prone to the development of resistant strains.

Based on ViRexx's unaudited financial statements for the five month period ended May 31, 2003, ViRexx had total assets of \$1,326,550, a total deficit of \$2,866,777.33, available working capital of \$756,414, long term liabilities of \$1,614,322, and a net loss for the five month period of \$416,952 of which \$414,747 relates to R&D Expenditures.

Management

The Proposed Amalgamation of ViRexx was negotiated at arm's length between the parties and as at the date of the Letter of Intent. No directors or officers of Norac are directors or officers of ViRexx. Upon completion of the Proposed Acquisition, it is anticipated that Amalco will have five directors, one of which will be nominated by the current management of Norac and four of which will be nominated by the management of ViRexx. Current key officers of ViRexx are as follows:

Antoine A. Noujaim, Ph.D., D.Sc., Chairman and CEO

Dr. Noujaim founded AltaRex Corp., a Toronto Stock Exchange listed company "AXO", in 1995, and has served as Chairman of the Board of Directors, Chief Scientific Officer, and is currently President and CEO. In 1985, Dr. Noujaim co-founded Biomira, also a Toronto Stock Exchange listed company "BRA" and from 1993 to 1995 he served as President of the subsidiary unit, Biomira Research. In addition, he acted as Senior Vice President of the Immunoconjugate Division of Biomira prior to 1994. Dr. Noujaim is Professor Emeritus of the University of Alberta and a director of a number of biotechnology companies. Dr. Noujaim has served as an officer or Chairman of various scientific organizations, editorial boards and national scientific committees and has authored more than 200 publications. He is the recipient of a number of national and international awards for contributions in the field of antibody-mediated therapeutics.

Lorne J. Tyrrell, MD, Ph.D., Chief Scientific Officer

Dr. Tyrrell, a virologist of international repute, is Dean of the Faculty of Medicine and Dentistry at the University of Alberta and the Director of the Glaxo Heritage Research Institute. His exceptional contributions to medical research have been recognized by his peers through awards such as the ASTech Award for Innovation and Science in Alberta, the Rutherford Award as "Outstanding Teacher for Undergraduate Students", the Kaplin Award for Excellence in Research, and the Prix Galien Canada Medal for Research for his groundbreaking work on antiviral drugs for Hepatitis B. In 2000, Dr. Tyrrell was awarded the gold medal by the Canadian Liver Foundation (CLF) and the Canadian Association for the Study of Liver (CASL), and the Alberta Order of Excellence from the Province of Alberta. In 2002, he was appointed an officer of the Order of Canada by the Government of Canada. In addition to authoring over 200 publications, he played a pivotal role in the development of the antiviral agent Lamivudine presently marketed by Glaxo as Epivir® for the treatment of HBV and HIV.

Rob Salmon, CA, Chief Financial Officer

Mr. Salmon was a partner with KPMG from 1981 until his retirement from the practice in 2000. At KPMG, his practice focused on taxation and corporate finance. Mr. Salmon was lead partner on a number of major engagements related to refinancings, "going public" transactions, acquisitions, mergers, structuring of international operations and technology transfers.

Reverse Takeover

The Proposed Amalgamation with ViRexx will constitute a reverse takeover and change of Business under the policies of the TSX Venture Exchange and as a result, is subject to both shareholder and regulatory approval. Upon completion of the Proposed Amalgamation, Amalco intends to continue business as a research and development company. As part of the regulatory approval process, Norac anticipates convening an annual and special meeting of shareholders as soon as practicable.

A general policy of the TSX Venture Exchange requires that a sponsor be retained to prepare a sponsor report in compliance with policy 2.2. Norac is of the view that based on the extent of experience of Amalco's directors and senior officers, a waiver of this policy will be requested by Norac from the TSX Venture Exchange.

Norac Industries Inc.

Over the past year Norac has not had any active operations. Its corporate strategy is to produce value for its shareholders through the acquisition of company that has substantial opportunity for growth. Norac is currently classified as an inactive company by the TSX Venture in accordance with Policy 2.6.

Completion of the above transaction is subject to a number of conditions, including but not limited to, acceptance of the TSX Venture Exchange and disinterested shareholder approval, as well as approval by the Board of Directors of Norac and ViRexx. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular of Norac to be prepared in connection with this transaction, any information released or received with respect to the reverse takeover may not be accurate or complete and should not be relied upon. Trading in the securities of Norac Industries Inc. should be considered highly speculative.

ON BEHALF OF THE BOARD OF DIRECTORS

By: "Don Caron"

Don Caron, Director

NORAC INDUSTRIES INC.

The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.