

Form 27

Securities Act

Material Change Report Under Section 118(1) of the Securities Act

CONFIDENTIAL – SECTION 118

I. FULL NAME: Reporting Issuer

Altachem Pharma Ltd.

II. ADDRESS OF PRINCIPAL OFFICE:

17215 108 Avenue NW
Edmonton, Alberta
T5S 1G2

III. DATE OF MATERIAL CHANGE:

May 25, 1999

IV. NEWS RELEASE:

May 25, 1999
BCE Emergis

V. SUMMARY OF MATERIAL CHANGE:

May 25, 1999

Warren Jackson, President and Chief Executive Officer of Altachem Pharma Ltd. (AAF), is pleased to announce the completion of the formulation for the Buffered Aspirin project. This is the first of six joint-venture agreements in place with China.

AAF has formulated a 50-mg Buffered Aspirin tablet by using the local Chinese components (China's Active and Non-active ingredients). The product meets both the USP (United States Pharmacopeia) and Chinese standards. A complete technical File along with 3 different production batches containing ten thousand Buffered Aspirin tablets have been transferred to China, where our partners are currently performing the necessary pre-clinical (pharmacological and toxicological testings) and clinical studies for a successful registration of the Product with the Ministry of Public Health (MOPH).

The manufacturing and distribution/marketing agreement is already in place with a Chinese pharmaceutical company, which has been in operation, manufacturing and distributing pharmaceutical tablets, creams, gels and injectables since 1957.

AAF's royalties from gross sales are scheduled to start in the fourth quarter of 1999 and paid quarterly for seven years.

Aspirin or Acetyl salicylic acid (ASA) is being frequently prescribed either alone, or in combination with other agents, for long term use in the prevention of myocardial infarction disease. In order to avoid gastric intolerance associated with the chronic use of the product, a buffered formulation was developed.

Up to now, only enteric – coated Aspirin tablets are available in China. The 50 mg Buffered Aspirin tablet, which meets the standard of the Ministry of Public Health will be the first introduced to the local Chinese market.

For more information, please visit our WEB site <http://www.altachempharma.com> or contact Warren Jackson at (780) 448-1400 or e-mail warren@altachempharma.com.

VI. RELIANCE ON SECTION 118(2) OF THE SECURITIES ACT:

N/A

VII. OMITTED INFORMATION:

N/A

VIII. SENIOR OFFICERS:

NAME: Warren Jackson
BUSINESS PHONE: (780)448-1400

CONTACT NAME: Doug Jewell
BUSINESS PHONE: (780)448-1400

IX. STATEMENT OF SENIOR OFFICER:

The foregoing accurately discloses the material change referred to in this report.

May 25, 1999
Altachem Pharma Ltd.

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