

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:

November 05, 1999

IV. NEWS RELEASE:

November 9, 1999
BCE Emergis

V. SUMMARY OF MATERIAL CHANGE:

**Altachem Pharma and its wholly owned subsidiary,
Steroidogenesis Inhibitors Canada Inc. launch lawsuit
against Steroidogenesis Inhibitors Inc. of Nevada.**

Edmonton, Alberta, Canada – November 9, 1999

Altachem Pharma Ltd. ("Altachem") (ASE: AAF) and its wholly owned subsidiary, Steroidogenesis Inhibitors Canada Inc. ("SI Canada"), have filed a statement of claim on November 4, 1999 in the Court of Queen's Bench of Alberta against Steroidogenesis Inhibitors, Inc. ("SI (U.S.)"), a Nevada corporation. Altachem and SI Canada are seeking a declaration that an exclusive licensing agreement entered into between SI Canada and SI (U.S.) is in full force and effect and that SI (U.S.) was obliged to sell to SI Canada worldwide rights to manufacture, use, distribute and sell Anticort™, an anti-cortisol drug used in the treatment of immune deficiency in AIDS. Altachem and SI Canada are also seeking an order in the nature of specific performance compelling SI (U.S.) to convey such worldwide rights and, in the alternative, damages.

Under the express terms of the exclusive licensing agreement between SI Canada and SI (U.S.), SI (U.S.) granted to SI Canada a right of first refusal to purchase the exclusive right and license to manufacture, use, distribute and sell Anticort™, along with any cortisol treatment related products developed by SI (U.S.) as improvements which were the subject of a written offer from a third party which SI (U.S.) was prepared to accept. This right of first refusal gave SI Canada the option to purchase those rights at the same price and on the same terms and conditions as those contained in the written offer from such third party. SI (U.S.) provided to Altachem and SI Canada a written offer received from such a third party for worldwide rights. Altachem and SI Canada gave SI (U.S.) notice that they accepted the offer in accordance with its terms thereby requiring SI (U.S.) to convey to them the worldwide rights to Anticort™ and any cortisol treatment related products. On October 29 and 30, 1999, a senior officer of SI Canada together with its legal counsel attended in Las Vegas, Nevada at the head office location of SI (U.S.) to have the necessary documentation executed and to close the transaction contemplated by the first refusal notice. At such meeting the funds necessary to close the transaction were also tendered but SI (U.S.) refused to sign the documentation or to accept the funds.

Under the exclusive licensing agreement any disputes arising in relation to this agreement are to be resolved by the Alberta courts. Altachem and SI Canada have obtained an order from the Court of Queen's Bench, Alberta allowing the statement of claim to be served on SI (U.S.) in Nevada.

The statement of claim filed in Court of Queen's Bench, Alberta by Altachem and SI Canada follows the filing of a summons on October 29, 1999 in the District Court, Clark County, Nevada by Steroidogenesis Inhibitors International ("STGI"), the parent company of SI (U.S.), under which STGI seeks declaratory relief and asks the court to find that Altachem and SI Canada have no rights of first refusal in connection with the offer made by a third party to STGI or SI (U.S.). This action also alleges, among other things, that the actions of Altachem and SI Canada are adversely interfering with STGI's ability to pursue its relationship with the third party that made the offer.

In addition to its action initiated in the Court of Queen's Bench, Alberta, Altachem and SI Canada will also be applying to the District Court, Clark County, Nevada to set aside and quash the action initiated by STGI in that court on the basis that the Nevada courts should not accept jurisdiction over this matter and that the proper forum to hear this matter is the Court of Queen's Bench, Alberta.

For more information, please visit our WEB site at www.altachempharma.com or contact Roger Andrews, Investor Relations department:

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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.

November 9, 1999
Altachem Pharma Ltd.

IT IS AN OFFENCE UNDER THE *SECURITIES ACT* AND THE *SECURITIES REGULATION* FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.