

**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:**

February 1, 2000

**IV. NEWS RELEASE:**

February 1, 2000  
BCE Emergis

**V. SUMMARY OF MATERIAL CHANGE:**

Altachem Pharma Ltd. signs Letter of Intent with CSP for development of Altachem Pharma's hCG Molecule.

February 1, 2000

Warren Jackson, President and CEO of Altachem Pharma Ltd. is please to announce the signing of a Letter of Intent with Changzhou Siyao Pharmaceuticals Co. Ltd. (CSP) of China for the development of Altachem Pharma's human Chorionic Gonadotropin (hCG) Molecule. CSP will be responsible for all drug regulatory applications, filings, coordination, conducting and costs related to Human Clinical Trials according to SDA (State Drug Administration) standards.

CSP is a corporation devoted to science and technology innovation. A series of high-tech, high-quality products have been developed by CSP including fluoxetine, crotamiton, cyproheptadine, and amitriptyline. CSP's Good Manufacturing Practice (GMP) facility was chosen as one of only three Chinese Pharmaceutical Companies to be inspected by the World Health Organization (WHO) this past year. The company is staffed by a strong science and technology force of approximately 500 employees.

The potential use of the hCG molecule is for treatment of Kaposi's Sarcoma (KS), a cancerous tumor most commonly found in 20-30% of people infected with HIV. Not only are these tumors fatal, but they can cause considerable disfigurement and pain, leading to a significant decrease in quality of life. Efficient treatment for HIV and associated KS has been elusive until the recent discovery of anti-retroviral, which significantly lowers viral burden. Unfortunately, resistance and severe side effects to those drugs are now being recognized, and there is no firm correlation between viral load and progression of the disease. Thus, developments of alternative anti-HIV agents, particularly those with fewer serious side effects, are urgently needed. Natural substances such as hormones and their analogues are increasingly being used in cancer treatment.

It is now well established that **crude** (i.e. **partially purified** pregnancy hormone) human Chorionic Gonadotropin (hCG), extracted from pregnant women's urine, is effective against HIV in addition to being anti-KS. Our contract lab has further demonstrated that highly purified hCG extract is ineffective against both KS and HIV, implying that a "contaminant" in the crude hCG is the active molecule.

Published work of leading scientists in scientific journals have clearly established the efficacy of crude hCG in inhibiting the growth and metastasis of KS cells both in animal models and in clinical trials in humans. Experiments completed by our contract lab have shown effective entities against KS by using our isolated molecules in in-vitro cultured cells.

Unlike other scientist and researchers who used only crude hCG, our contract lab used both crude and purified compounds. Laboratory results showed that small molecules found only in the crude hCG preparation display the anti-HIV activity.

One molecule dubbed hCG-like and HIV Inhibitory Protein (HIP), has been isolated, purified and characterized by our contract lab and has been tested to confirm that it possesses anti-HIV activity.

China represents a large market for HIV/AIDS medications. With a total population of 1.2 billion people, the Government of China has recognized the urgent need to combat the HIV/AIDS problem, as the epidemic is spreading rapidly, and becoming a national securities concern for many countries. Altachem Pharma's strategy, in collaborating with CSP is to battle the HIV/AIDS epidemic by further developing the hCG technology, which is showing promise in the treatment of HIV/AIDS and related KS. Upon obtaining successful results from the clinical trials in China, Altachem Pharma will look to collaborate with other countries in their fight against HIV/AIDS.

The Chinese population appreciates herbal and natural medications more than any other culture in the world, and herbal medicines are often used for HIV/AIDS treatment. Because the hCG molecule is a natural protein, the medication would be more conducive to the Chinese culture than current anti-retroviral. The hCG molecule's natural origin also increases the likelihood that it will have limited side effects, especially when compared to current cancer and HIV/AIDS treatment.

Swabey Ogilvy Renault, Patent and Trade Mark Agents filed an International Patent Application in 1998 and most recently filed for Patent Protection in Canada, United States, China and are preparing to file in the European Countries. Altachem Pharma owns the worldwide rights to this technology and is anticipating that the hCG molecule will prove to be an effective treatment for the 20-30% of the estimated 33.6 million people

effected by the HIV/AIDS epidemic. Altachem Pharma is advancing towards human clinical trials in Canada.

For more information, please visit us on the **WEB at [www.altachempharma.com](http://www.altachempharma.com)** or contact Roger Andrews, Investor Relations at;

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

N/A

**VII. OMITTED INFORMATION:**

N/A

**VIII. SENIOR OFFICERS:**

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**IX. STATEMENT OF SENIOR OFFICER:**

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

February 1, 2000  
Altachem Pharma Ltd.

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