Altachem Pharma Ltd.
Trading Symbol "AAF": Canadian Venture Exchange (CDNX)
News Release

ALTACHEM PHARMA SIGNS CONTRACT TO ADVANCE ACP-HIP TECHNOLOGY FROM PRE-CLINICAL TO IND AND HUMAN CLINICAL TRIALS

January 10, 2001

Warren Jackson, President and CEO of Altachem Pharma Ltd. is pleased to announce the signing of a research and development contract between Danamedix Inc. a wholly owned subsidiary of Altachem Pharma Ltd. and 3563715 Canada Inc. a corporation presided by Dr. Tony Antakly. The ACP-HIP technology was discovered by Dr. Antakly, Professor of Biochemistry, in his laboratory of Molecular Biopathology at the University of Montreal.

The research and development contract is to advance the ACP-HIP technology from pre-clinical status to filing an IND (Investigational New Drug) submission to the Health Protection Branch of Canada (HPB). Upon receiving a no-objection letter from the HPB Altachem Pharma can commence Phase 1 human clinical trials by intralesional injection of ACP-HIP. The IND submission filing is scheduled for August 2001.

The compensation paid to 3563715 Canada Inc. is a combination of $210,000 (plus any applicable sales tax) and 225,000 common shares in the capital of Altachem Pharma Ltd. priced at $1.45 per share subject to Canadian Venture Exchange and Securities Commission rules and regulations. Payment terms and conditions are as per a "work, reporting and payment schedule" outlined in the contract.

ACP-HIP is a novel protein, which is extracted from pregnancy urine. Laboratory experiments indicate significant inhibitory action against Kaposi's sarcoma cell growth as well as demonstrating anti-HIV activity. Furthermore, laboratory studies on human lymphocytes infected with the HIV virus and treated with ACP-HIP resulted in a significant inhibition of HIV expression.

Altachem Pharma hopes research and development results of the ACP-HIP Technology will ultimately open the way to develop a new drug derived from a "natural" substance, which can be used for treatment of 38 million people currently living with HIV/AIDS worldwide.

Altachem Pharma Ltd. has receipt of "Notification" from the European Patent Office for our ACP-HIP patent application. The patent application has been published in the European Patent Bulletin under the publication number 1017722. Since this application is derived from an International Application after publication it is possible to obtain provisional protection in designated states. Altachem Pharma Ltd. has also applied for patent protection in Canada, United States, Hong Kong and China.

The Maclean's Guide to Canadian Universities 2000 refers to this molecule or technology as "a promising medical breakthrough". This article went on to say: "... in 1998, researchers in the biochemistry department (of the University of Montreal) discovered a molecule, extracted from the urine of pregnant women, which will have potential applications in the treatment of AIDS". Furthermore, the March issue of "Affaires" one of Quebec's major business magazines featured Dr. Antakly's discovery as a model success story entitled: "Recherche biomedicale: Euréka".

Altachem Pharma Ltd. is an Edmonton, Alberta based pharmaceutical company, which invests in, develops, manufactures and distributes pharmaceutical products according to GMP (Good Manufacturing Practice) guidelines and is certified compliant with internationally recognized quality system standards ISO 9002:1994, ISO 13488 and EN 46002 globally.

For more information, please visit us on the **WEB at www.altachempharma.com** or contact Roger Andrews, Investor Relations at:

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