ALBERTA, BRITISH COLUMBIA

FORM 27 / BC FORM 53-901F

SECURITIES ACT

Material Change Report Under Section 146(1) of the Securities Act (Alberta), Section 85(1) of the Securities Act (British Columbia), and Section 151 of the Securities Rules (British Columbia)

1. Reporting Issuer

   Altachem Pharma Ltd. (Altachem Pharma)
   9411 20 Avenue
   Edmonton, Alberta
   T6N 1E5

2. Date of Material Change

   February 27, 2004

3. Press Release

   Altachem Pharma issued a press release, the text of which is attached hereto as Schedule "A", on February 27, 2004

4. Summary of Material Change

   Mr. Warren Jackson and Mr. Doug Jewell have resigned their positions as officers and directors of Altachem and its subsidiaries. Mr. Melvin Torgerson has resigned as a director of Altachem.

5. Full Description of Material Change

   Please see attached news release for full disclosure.

6. Reliance on Confidentiality Provisions of the Acts

   Not applicable

7. Omitted Information

   None

8. Senior Officer

The name and business telephone number of a senior officer of Altachem Pharma who is knowledgeable about this material change and this report and who may be contacted in connection with this report is:

Warren Cabral, B.Comm., C.A.
Chief Financial Officer
Altachem Pharma Ltd.
9411 20 Avenue
Edmonton, Alberta T6N 1E5

Telephone: (780) 448-1400 Ext. 209

9. <u>Statement of Senior Officer</u>

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

DATED at Edmonton, Alberta, effective this 1st day of March, 2004.

ALTACHEM PHARMA LTD.

"Warren Cabral"

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Warren Cabral, B.Comm., C.A.
Chief Financial Officer

SCHEDULE "A"

Altachem Pharma Ltd.

Trading Symbol: AAF:TSX Venture Exchange

FOR IMMEDIATE RELEASE
February 27, 2004

ALTACHEM CONTINUES THE RESTRUCTURING OF ITS BOARD OF DIRECTORS AND MANAGEMENT TEAM

EDMONTON, ALBERTA – Mr. Wayne Minion, Chairman of the Board of Altachem Pharma Ltd., announces changes to Altachem's management team and Board of Directors. In December 2003, Altachem began the process of restructuring its Board of Directors by appointing an independent director as the Chairman of the Board, Wayne Minion, and subsequently adding two new independent directors, Andrew Boddy and Ron D. Sczinski, each bringing specific expertise to the Corporation. These changes to the Board of Directors followed recommendations put forward by the Altachem's Corporate Governance Committee for the Board to change its focus primarily from a monitoring role to that of a more proactive role.

Altachem has now reached the next stage of its development as a public company. As a result, Mr. Warren Jackson and Mr. Doug Jewell have resigned their positions as officers and directors of Altachem and its subsidiaries. Mr. Jackson has been the President and CEO of Altachem since January 1997 and has been a director of Altachem since January 1996. Mr. Jewell has been the Executive Vice President and a director of Altachem since April 1999. Both Mr. Jackson and Mr. Jewell have been instrumental in the growth of Altachem and moving the Corporation from a private company with one drug technology into a public company with several promising technologies, manufacturing operations in Canada and China and a staff of over 40 employees. Altachem thanks Mr. Jackson and Mr. Jewell for their efforts and commitment to the Corporation over this period of time. The resignations of Mr. Jackson and Mr. Jewell are effective February 27, 2004.

Also, Mr. Melvin Torgerson has resigned as a director of Altachem. Mr. Torgerson has been a director of Altachem since 1995. Altachem thanks Mr. Torgerson for his effort and commitment to the Corporation over the last nine years. The resignation of Mr. Torgerson is effective February 27, 2004.

Altachem has established an Executive Management Committee which will be responsible for the operations and management of Altachem while the Corporation seeks a new President and CEO. This Executive Management Committee consists of Wayne Minion, Chairman of the Board, as acting Chief Executive Officer, Andrew Boddy as acting Chief Operating Officer and Warren Cabral, Chief Financial Officer.

Altachem believes the changes to Altachem's Board of Directors and management team are in the best interests of Altachem and the future growth of the Corporation.

Altachem's Corporate Governance Committee has also put forward additional recommendations. Following these recommendations, Altachem will continue to focus on:

- Completing the phase I clinical trials for ACP-HIP;
- The final validation of the Bionex disinfectant product and the development of a marketing plan for Bionex disinfectant; and

- The movement of HB Injectible (ACPSL-017), previously described as Sonolight technology, for prostate cancer treatment through preclinical trials by working with Professor Ron Moore, M.D., Ph. D., FRCSC, the Cross Cancer Institute and the Alberta Cancer Board.

Also following the recommendations of the Corporate Governance Committee, Altachem has established a task force to examine the effectiveness of Altachem's various operations.

Altachem Pharma Ltd. is a publicly traded (TSX Venture Exchange: AAF), Alberta-based pharmaceutical company committed to the development and commercialization of new pharmaceutical products. The Corporation is developing a multi-tiered, integrated approach for the treatment of HIV/AIDS and cancer using non-toxic therapeutic products and adjunct therapies. The lead products of the Corporation are based on its four proprietary drugs: ACP-HIP, HB Injectible (ACPSL-017), HB Topical and ACP 2127. ACP-HIP is currently in phase I clinical trials. The Corporation's manufacturing facilities located in Edmonton, Alberta and Shanghai, China are certified compliant with internationally recognized quality systems standards.

For additional information, contact:

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