

FORM 51-102F3

MATERIAL CHANGE REPORT

ITEM 1 Name and Address of Company:

Altachem Pharma Ltd. (the "Company")
9411 – 20 Avenue
Edmonton, Alberta T6N 1E5

ITEM 2 Date of Material Change: July 30, 2004

ITEM 3 News Release: News release disseminated on August 4, 2004 through Canada NewsWire.

ITEM 4 Summary of Material Change:

Altachem Pharma Inc., a wholly owned subsidiary of the Company, sold the business assets and its interest in leasehold improvements associated with the manufacture of the medical diagnostic breath kit to Isodiagnostika Inc. for the sum of \$500,000.

ITEM 5 Full Description of Material Change:

Pursuant to an Asset Purchase Agreement dated July 30, 2004, Altachem Pharma Inc., a wholly owned subsidiary of the Company, sold the business assets and its interest in leasehold improvements associated with the manufacture of the medical diagnostic breath kit to Isodiagnostika Inc. for the sum of \$500,000. The purchase price is to be paid by an immediate payment of \$300,000, with the remaining \$200,000 to be paid based on the sale of breath kits at the rate of \$1 per kit until November 30, 2007, at which time the balance, if any, will be repaid. If Isodiagnostika Inc. ceases to manufacture the breath kits or disposes of substantially all of the machinery and equipment forming part of the assets sold, the balance of the purchase price outstanding will be paid concurrently with such occurrence.

In addition to the sale of the assets, the exclusive manufacturing agreement between Isodiagnostika Inc. and Steroidogenesis Inhibitors Canada Inc., a wholly owned subsidiary of the Company, was terminated as of July 30, 2004 and the Company, Altachem Pharma Inc. and Steroidogenesis Inhibitors Canada Inc. each entered into a Non-Competition and Confidentiality Agreement with Isodiagnostika Inc.

ITEM 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102: N/A

ITEM 7 Omitted Information: N/A

ITEM 8 Executive Officer:

Dr. Selvaraj Naicker, Interim Chief Operating Officer - (780)448-1400 ext. 223

ITEM 9 Date of Report: August 5, 2004