FORM 51-102F3
MATERIAL CHANGE REPORT

ITEM 1 Name and Address of Company:

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

ITEM 2 Date of Material Change: February 23, 2005

ITEM 3 News Release: Disseminated on February 23, 2005 through Canada NewsWire.

ITEM 4 Summary of Material Change:

Management and the Board of Directors of Altachem have determined that Altachem will concentrate its efforts at drug development, with a special focus on proprietary photodynamic treatments for cancer and other proliferative diseases. A decision has also been made to discontinue Altachem's operations in China. Phase I trials of ACP-HIP may have to be postponed pending resolution of manufacturing issues by Altachem and the inventor. Altachem will not be issuing a convertible debenture to repay indebtedness owed to two judgment creditors, but has instead agreed to a staged repayment plan. . A Director of Altachem has loaned it an additional $125,000.

ITEM 5 Full Description of Material Change:

As a result of a strategic program review, Management and the Board of Directors of Altachem have determined that going forward, Altachem will concentrate its efforts on drug development, with a special focus on its proprietary photodynamic treatments for cancer and other proliferative diseases and have also decided to discontinue Altachem's operations in China.

Phase I clinical trials of one of Altachem's lead products, ACP-HIP may have to be postponed pending the resolution of manufacturing issues by Altachem and the inventor of ACP-HIP.

Altachem will not be issuing a convertible debenture to repay the indebtedness owed to two judgment creditors. It has instead agreed to a staged repayment plan.

A Director of Altachem has loaned it a further $125,000, thereby increasing the aggregate amount loaned by such Director to $225,000. The loan bears interest at the rate of 6% per annum with no specific repayment terms.

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:** March 3, 2005