

**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: May 17, 2005

ITEM 3 News Release: Disseminated on May 10, 2005 through Canada NewsWire.

ITEM 4 Summary of Material Change:

Altachem closed the second and final tranche of a non-brokered private placement with the sale of 4,200,000 units for gross proceeds of \$1,050,000.

ITEM 5 Full Description of Material Change:

Altachem closed the second and final tranche of a non-brokered private placement offering of 6,000,000 units ("Units") with the sale of 4,200,000 Units for gross proceeds of \$1,050,000. An aggregate of 5,972,000 Units were sold pursuant to the private placement for aggregate gross proceeds of \$1,493,000. Each Unit was sold at a price of \$0.25 per Unit and consisted of one common share of Altachem ("Common Share") and one-half of a non-transferable share purchase warrant ("Warrant"). Each whole Warrant entitles the holder to acquire one additional Common Share at a price of \$0.45 per Common Share within one year from the date of issuance.

The Units were sold to purchasers resident in Alberta, British Columbia and outside of Canada in reliance upon exemptions from the registration and prospectus requirements of applicable securities legislation. The Common Shares and Warrants comprising the Units and the Common Shares issuable upon exercise of the Warrants are subject to a restricted period expiring on July 8, 2005 (for the 1,772,000 Units issued pursuant to the first private placement) and September 18, 2005 (for the additional 4,200,000 Units).

Altachem paid an arm's length corporation a finders fee of \$60,825 in connection with the sale of Units to five purchasers.

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: May 27, 2005