

**PHARMAGAP INC.**  
100 Sussex Drive  
Ottawa, Ontario K1A 0R6.

November 1, 2005

Ontario Securities Commission  
20 Queen St. W.  
Suite 1903, Box 55  
Toronto, ON M5H 3S8  
Attention: Continuous Disclosure

Alberta Securities Commission  
4<sup>th</sup> Floor, 300-5<sup>th</sup> Avenue SW  
Calgary, AB T2P 3C4  
Attention: Continuous Disclosure

British Columbia Securities Commission  
701 West Georgia Street  
P.O. Box 10142, Pacific Centre  
Vancouver, BC V7Y 1L2  
Attention: Continuous Disclosure

TSX Venture Exchange  
P.O. Box 450  
130 King Street West, 3<sup>rd</sup> Floor  
Toronto, ON M5X 1J2  
Attention: Mark Bellefontaine

Dear Sirs:

**Re: Material Change Report**

**Item 1. Name and Address of Company**

The name of the reporting issuer is PharmaGap Inc. (the “**Issuer**” or “**PharmaGap**”). Its head office is located at 100 Sussex Drive, Ottawa, Ontario, K1A 0R6.

**Item 2. Date of Material Change**

The material change occurred on October 31, 2005.

**Item 3.**            **News Release**

The Issuer disseminated a News Release via CNW Group and filed the News Release on SEDAR on October 31, 2005.

**Item 4.**            **Summary of Material Change**

The Issuer announced the terms for a proposed private placement of equity securities.

**Item 5.**            **Full Description of Material Change**

The Issuer announced that its board of directors has approved a private placement of up to \$3 million by way of a non-brokered private placement of units, with each unit composed of one (1) common share and one (1) attached warrant to purchase one common share at a conversion price of \$0.45 (together, the "Equity Units"). Subject to acceptance by the TSX-Venture Exchange, the proposed price per Equity Unit is \$0.30. If the private placement is completely subscribed for \$3 million, approximately 10 million additional common shares of the Issuer will be issued. The private placement is expected to close on November 15, 2005.

The attached warrant of the Equity Unit will have a term of two years from the date of distribution. In the event that PharmaGap common shares trade above \$0.90 cents for twenty (20) consecutive trading days during that period, the Issuer will have the right to require an exercise of the warrant.

The private placement is non-brokered; however, the Issuer may pay a cash commission of eight percent (8%) to brokers that place, in aggregate, a minimum of \$100,000 of Equity Units with investors.

The Issuer has been advised that SC Stormont Holdings Inc. ("Stormont") will convert \$1.5 million of the Series 2 Convertible Secured Promissory Note (the "Note") issued by PharmaGap to Stormont on September 7, 2005, at the conversion rate of 30 cents per Unit (as previously disclosed at the closing and issuance of the Note), in the event that the Issuer receives funds in the amount of at least \$1 million from third party investors pursuant to the private placement.

**Items 6 and 7.**            **Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102 and Omitted Information**

The Issuer is not relying on sub-section 7.1(2) or (3) of National Instrument 51-102 or the equivalent provisions of the securities legislation in other jurisdictions governing the Issuer for the filing of this report nor is any information being omitted in reliance thereon.

**Item 8.**            **Executive Officers**

For further information, please contact Simon P. Goulet, Executive Vice President and Chief Operating Officer of the Issuer, at (613) 991-5370.

**Item 9.**      **Date of Report**

DATED at Ottawa, Ontario this 1<sup>st</sup> day of November, 2005.

**PHARMAGAP INC.**

Per: "Simon P. Goulet"

Simon P. Goulet, Executive Vice President and  
Chief Operating Officer