

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

March 16, 2006

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 March 15, 2006.

Item 3. News Release

The Issuer disseminated a News Release via Canada Newswire and filed the News Release on SEDAR on March 15, 2006.

Item 4. Summary of Material Change

The Issuer announced its intention to undertake a private placement, which is anticipated to close on or prior to May 31, 2006.

Item 5. Full Description of Material Change

The Issuer announced that it has retained Wellington West Capital Inc. (“Wellington West”) of Winnipeg to act as Agent for the issuance by PharmaGap of up to \$5 million in Equity Units consisting of one (1) common share and one (1) warrant to purchase one common share.

Wellington West will arrange, on a best efforts basis, the private placement of the Equity Units, and will act as lead agent for the issue. The price to be paid for Equity Units shall be set in the context of the trading price of PharmaGap common shares.

The transaction is anticipated to close on or prior to May 31, 2006. The transaction is subject to TSX Venture Exchange review and approval.

Item 6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102

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 7. **Omitted Information**

No information has been omitted from this report on the basis that it is confidential information.

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 16th day of March, 2006.

PHARMAGAP INC.

Per: "Robert C. McInnis"

Robert C. McInnis, President and Chief Executive Officer