

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

September 19, 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 September 18, 2006.

Item 3. **News Release**

The Issuer disseminated a News Release and filed the News Release on SEDAR on September 18, 2006.

Item 4. **Summary of Material Change**

The Issuer announced the issuance of a sixth tranche of Series 3 Convertible Secured Debentures (the “Tranche 6 Series 3 Notes”) to accredited investors by way of a private placement in the amount of \$200,000.

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

The Issuer announced it has closed a financing for the Tranche 6 Series 3 Notes to an accredited investor by way of a private placement in the amount of \$200,000. The closing is effective as of September 12, 2006 and received TSX Venture Exchange final approval on September 18, 2006.

The Tranche 6 Series 3 Notes mature August 26, 2007 and accrue interest at 10% per annum. The Tranche 6 Series 3 Notes are convertible at any time by the holder into equity units of the Company (the “Equity Units”) at a price of \$0.30 for each Equity Unit (each Equity Unit consists of one (1) common share and one (1) warrant with a two (2) year term to purchase one (1) common share at an exercise price of \$0.45). The Tranche 6 Series 3 Notes and the underlying common shares of the Company represented by the Tranche 6 Series 3 Notes are subject to a four (4) month hold period until January 13, 2007 under the rules of the TSX Venture Exchange. The Tranche 6 Series 3 Notes are also callable by the Company under certain circumstances.

The Tranche 6 Series 3 Notes mirror the terms of the Tranche 1, 2, 3, 4 and 5 Series 3 Notes issued to investors in December 2005, January 2006, April 2006, May 2006 and June 2006 respectively. Together, the six issues total \$1,287,120. The Tranche 6 Series 3 Notes rank *pari passu* with the Issuer's Series 2 Convertible Secured Debenture issued in August 2005 to SC Stormont Holdings Inc. ("Stormont"). Stormont has consented to the issuance of the Series 3 Notes and the equality of priority ranking.

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.

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 19th day of September, 2006.

PHARMAGAP INC.

Per: "Robert C. McInnis"
Robert C. McInnis, President and Chief
Executive Officer