

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

May 11, 2011

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 May 10, 2011.

Item 3. **News Release**

The Issuer disseminated a News Release on May 10, 2011 and filed the News Release on SEDAR.

Item 4. **Summary of Material Change**

The Issuer announced that it has reached agreement to convert an aggregate amount of \$170,834 owed by the Issuer in respect of outstanding amounts originating in the years 2001 through 2003 into common shares at a price of \$0.0945 per common share..

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

The Issuer announced that it has reached agreement with Dr. Jenny Phipps, Mr. Robert Letellier, and Mr. Daniel Larkin, (the “**Subscribers**”) each of whom is a director and founder of the Issuer, to convert an aggregate amount of \$170,834 owed by the Issuer to the Subscribers in respect of outstanding amounts originating in the years 2001 through 2003 into common shares at a price of \$0.0945 per common share. Pursuant to the agreements a total of 1,807,766 common shares will be issued to the Subscribers in settlement of the debt owing to them. Following the conversion, the Subscribers will own an aggregate total of 6,568,958 common shares, being approximately 5.3% of the 124,643,299 common shares then outstanding.

The common shares will be issued pursuant to TSX Venture Exchange (“**TSX-V**”) Policy 4.3, “**Shares for Debt**”, and the issuance is subject to approval by the **TSX-V**. The common shares, when issued, will be subject to a hold period of four months and one day from the date of issue.

In its consideration and approval of this transaction, the Issuer’s board of directors (the “**Board**”) took note of the fact that the agreements with the Subscribers are related party transactions, as

defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”) and that it is in the best interests of the Issuer to conclude the agreements expeditiously. The Board determined that the transactions are exempt from the formal valuation and minority approval requirements of MI 61-101 under sections 5.5(a) and 5.7(a) of MI 61-101 respectively. Individual directors with an interest in the transactions complied with the requirements of s. 120 of the *Canada Business Corporations Act* in respect of the transactions.

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

The Issuer is not relying on sub-section 7.1(2) 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 Robert C. McInnis, President of the Issuer, at (613) 990-9551.

Item 9. **Date of Report**

DATED at Ottawa, Ontario this 11th day of May, 2011.

PHARMAGAP INC.

(s) Robert C. McInnis
Per:
Robert C. McInnis, President