FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

PharmEng International Inc. ("**PharmEng**" or the "**Company**")
3760 14th Avenue
Suite 201
Markham, Ontario L3R 3T7

Item 2 Date of Material Change

May 30, 2008

Item 3 News Release

A press release was issued on May 30, 2008 in Toronto, Ontario, a copy of which is also attached hereto.

Item 4 Summary of Material Change

On May 30, 2008 PharmEng announced the filing of its annual financial statements for the period ended December 31, 2008.

Item 5 Full Description of Material Change

PharmEng reported its results for the period ended December 31, 2007.

Highlights of the 2007 annual financial statements are detailed in the attached press release.

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

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, please contact:

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Vice President
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Item 9 Date of Report

June 9, 2007

PharmEng International Inc.

FOR IMMEDIATE RELEASE

PHARMENG REPORTS EARNINGS FOR 2007

Toronto, Canada, May 30, 2008 - PharmEng International Inc. (TSXV: PII), a full-service consulting and contract manufacturing company, today reported its results for the period ended December 31, 2007. The Company has demonstrated continued strong revenue growth of 18% during 2007 over the previous year and continues to execute on its strategic plan. While this continued revenue growth in 2007 is offset by 2007 losses, management is focused on bringing the Company to profitability in 2008.

- For the year ended December 31, 2007, consolidated revenues were $12,389K, a 15% increase compared to 2006 revenues of $10,813K. The net loss and comprehensive loss for the year was $3,494K compared to a net loss and comprehensive loss of $1,997K for 2006. The 2007 loss included the write off of $1.7M in financing costs related to debt restructuring completed in Q4-2007, concurrent with the major asset acquisition of the Arnprior manufacturing plant in Q4 -2007.

- For the quarter ended December 31, 2007, the Company had revenues of $3,247K on a consolidated basis, representing a slight decrease compared to the fourth quarter of 2006 of $3,743K. Although there was a decrease in the fourth quarter, overall consulting revenues continue to trend upwards recognizing that quarter over quarter results can vary significantly as a result of the timing of contracts. Net loss for the quarter was $1,625K compared to a loss of $794K for the fourth quarter of 2006 (after the restatement for 2006).

- The Consulting division's revenues for the twelve-month period ended December 31, 2007 were $10,346K compared to $8,831K for the twelve-month period last year. This increase of $1,515 or 17% is due to continuing demand for our consulting services. The gross margins on our consulting business increased 8% in 2007 from 38% in 2006 to 46% in 2007. The increase in our gross margin was the direct result of the mix of consulting contracts between fixed fee and time and expense.

- Revenues from Keata, the Company's pharmaceutical manufacturing facility, increased $61,000 or 3%, to $2,043,000 for the twelve-month period ended December 31, 2007 from $1,982,000 in 2006.

"2007 that will mark the beginning of a new and exciting growth stage for our company; first the opening of our new manufacturing facility in Sydney, NS with the start of production in Q2-2008 and secondly, the

PharmEng® International Inc.

acquisition of a major Pfizer manufacturing facility in Ontario that brings with it multi-year supply contracts valued at over $75M. With new international consulting projects in China, Kenya, Taiwan, Malaysia, Tanzania, Israel and the USA, our consulting division is a perfect complimentary fit to drive business into our manufacturing operation. 2008 will be an excellent year of growth for us," commented Alan Kwong, CEO of PharmEng.

The following are financial highlights for the twelve-months ended December 31, 2007.

Selected Annual Financial Information - December 31, 2007, 2006 and 2005

(expressed in thousands of Canadian dollars)		2007 $	2006 Restated $	2005 $
Revenue	- Consulting	10,346	8,831	6,173
	- Manufacturing	2,043	1,982	1,390
		12,389	10,813	7,563
Cost of Revenues	- Consulting	5,635	5,470	3,268
	- Manufacturing	4,045	3,496	1,590
		9,680	8,966	4,858
Gross Margins	-Consulting	4,711	3,361	2,905
	-Manufacturing	(2,002)	(1,514)	(200)
		2,709	1,847	2,705
Selling, Administration and Overhead		5,153	4,230	4,254
Amortization		205	455	289
Interest expense		758	251	104
Financing costs		1,677	-	-
Loss before income taxes		(5,084)	(3,089)	(1,942)
Future income taxes recovery		(1,590)	(1,092)	(458)
Net loss and comprehensive loss		(3,494)	(1,997)	(1,484)
Loss per share		($0.06)	($0.05)	($0.05)
Assets		29,132	13,133	5,307
Liabilities		23,312	10,224	3,518

PharmEng® International Inc.

Selected Quarterly Financial Results

2007 - | 2006 Restated

(in thousands)	Q4 12/31/07	Q3 - restated 9/30/07	Q2 - restated 6/30/07	Q1- restated 3/31/07	Q4 3/31/06	Q3 6/30/06	Q2 9/30/06	Q1 12/31/06
Revenue : Consulting	2,664	2,830	2,674	2,178	3,084	2,043	1,968	1,736
Manufacturing	583	289	550	621	659	549	406	368
	3,247	3,119	3,224	2,799	3,743	2,592	2,374	2,104
Direct Costs : Consulting	1,215	1,454	1,529	1,437	2,124	1,045	1,015	1,286
Manufacturing	1,155	572	1,089	1,229	1,163	968	716	649
	2,370	2,026	2,618	2,666	3,287	2,013	1,731	1,935
Gross Margin: Consulting	1,449	1,376	1,145	741	960	998	953	450
Manufacturing	(572)	(283)	(539)	(608)	(504)	(419)	(310)	(281)
	877	1,093	606	133	456	579	643	169
Selling, Administration & Overhead	1,351	1,297	1,341	1,164	1,464	1,014	929	823
EBITDA	(474)	(204)	(735)	(1,031)	(1,008)	(435)	(286)	(654)
Amortization	74	52	46	33	142	133	101	79
Interest Expense	141	196	218	203	89	78	53	31
Financing costs	1,677	-	-	-	-	-	-	-
Earnings (Loss) before taxes	(2,366)	(452)	(999)	(1,267)	(1,239)	(646)	(440)	(764)
Income tax expense / (benefit)	(741)	(141)	(312)	(396)	(445)	(236)	(150)	(261)
Comprehensive income/(loss)	(1,625)	(311)	(687)	(871)	(794)	(410)	(290)	(503)
Weighted average number of shares outstanding	64,936,709	55,345,709	43,281,277	44,430,709	41,323,108	41,323,108	39,103,393	38,767,563
Earnings per share	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)
Assets	29,132	20,042	17,686	12,833	13,133	10,420	7,892	6,197
Liabilities	23,312	11,849	12,005	12,432	10,224	5,548	6,302	4,870

2007 Business Highlights Reported

- Concluded an agreement with Pfizer Canada to acquire their Ontario manufacturing facility located in Arnprior, ON. Concurrently, Keata also entered into a supply agreement with Pfizer for the exclusive manufacture of certain Pfizer products for Canada at the Arnprior facility for a period of three years. Keata will also manufacture products from the Arnprior facility for two other major pharmaceutical clients with multi-year supply contracts, becoming a world supplier to more than 30 countries. The aggregate revenues of these multi-year supply contracts are estimated by PharmEng to be approximately $75,000,000.

- Completed the registration and the establishment of a 100% owned subsidiary in Taiwan - PharmEng Taiwan Inc. The Taiwan subsidiary is the active entity for the delivery of a $2.7 M multi-period contract for the design and construction of a multi-vaccine facility for Taiwan's National Health & Research Institute. PharmEng is the first North American consulting company in Taiwan to provide design, validation, GMP compliance and training to the National Health Research Institute and the Centre for Disease Control for the Taiwan Government.

- Officially opened the new 46,400 sq. ft., state of the art pharmaceutical manufacturing facility at the Northside Industrial Park in Cape Breton, NS. The Sydney facility is expected to be fully operational, with all necessary establishment licenses, in the first quarter of 2008 with multiple manufacturing contracts already in place.

- Entered into a favourable revolving credit facility with a senior lender, Landsbanki, for up to $10M, secured by eligible accounts receivable and inventory. The Company also arranged a term loan with Landsbanki for $5M, secured by a first charge on substantially all fixed assets. The term of the Revolving Credit Facility and the term loan is three years with the rate of interest being determined by reference to the London Interbank Offered Rate ("LIBOR") plus 3.25% per annum (term loan reset quarterly).

- Through the Company's subsidiary PharmEng USA, Inc., the Company entered into a senior subordinated loan with a US merchant bank for up to US$5,000,000. The term of this credit facility is 2 years and the rate of interest is 13% per annum.

- Appointed David G. Leonard is appointed the Keata Pharma President for the Sydney and Perth manufacturing sites.

SUBSEQUENT EVENTS

Subsequent to December 31, 2007, the Company appointed John Carkner as the Keata Pharma President for the Arnprior manufacturing site. Prior to his new responsibilities with Keata, Mr. Carkner held senior roles in manufacturing for Pfizer Canada, most recently as Site Leader for Pfizer Canada's manufacturing operations at Arnprior, Ontario.

Also subsequent to December 31, 2007, the Company announced the appointment of John Durham as Corporate Vice President, Business Development for Keata Pharma Inc. Prior to joining Keata, Mr. Durham most recently held the position of President, Draxis Pharma Division of Draxis Health Inc. and was responsible for the divisions pharmaceutical contract manufacturing operations including business development, strategic planning, supply chain and logistics.

About PharmEng International Inc.

PharmEng International Inc., headquartered in Toronto, Canada, is a full-service consulting and contract manufacturing company that serves the pharmaceutical and biotechnology industries in North America and internationally. Consulting services include project management, engineering, GMP, validation, calibration, regulatory compliance and certified training services. Contract manufacturing includes pharmaceutical support, formulation development, analytical methods development, laboratory testing, and finished solid dosage and liquid products. Building on a foundation of over eight years of successful consulting, PharmEng in combination with its wholly owned manufacturing subsidiary, Keata, has evolved into one of Canada's leading pharmaceutical companies. PharmEng's shares trade on the TSX Venture Exchange under the symbol PII. For more information about PharmEng, please visit the Company's website at www.pharmeng.com.

FORWARD LOOKING STATEMENTS

Certain statements in this press release may include "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of PharmEng to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this press release, such statements use such words as "may", "will", "expect", "anticipate", "project", "believe", "plan", and other similar terminology. The risks and uncertainties are detailed from time to time in reports filed by PharmEng with the securities regulatory authorities in all of the provinces and territories of Canada. New risk factors may arise from time to time and it is not possible for management to predict all of those risk factors or the extent to which any factor or combination of factors may cause actual results, performance and achievements of PharmEng to be materially different from those contained in forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction actual results.

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