FORM 51-102F3
Material Change Report

Item 1 **Name and Address of Company**

Chemaphor Inc. (the "Company")
100 Sussex Drive
Ottawa, Ontario K1A 0R6

Item 2 **Date of Material Change**

March 16, 2006

Item 3 **News Release**

News Release dated March 31, 2006 is attached as Schedule "A"

Item 4 **Summary of Material Change**

On March 16, 2006 the Company received a notice from the Atlantic Canada Opportunities Agency ("ACOA") that, based on an assessment of a proposal submitted by the Company, ACOA intends to offer the Company a contribution, in the form of a loan, of up to a maximum of $2,100,000 to undertake certain research and development.

Item 5 **Full Description of Material Change**

On March 16, 2006 the Company received a notice from ACOA that, based on an assessment of a proposal submitted by the Company, the Federal Agency intends to offer the Company a contribution, in the form of a loan, of up to a maximum of $2,100,000 to undertake certain research and development. The notice received by the Company is not contractual in nature and does not contain the details surrounding an eventual contract. It simply indicates a willingness on the part of ACOA to offer a contribution to conduct the project. The terms and conditions of a specific contribution agreement will be negotiated between the Company and ACOA and ACOA may terminate negotiations if the terms and conditions of the project specific contribution agreement are not substantially finalized by September 29, 2006.

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

The Company initially filed this report with the BC Securities Commission, Alberta Securities Commission, the Ontario Securities Commission, the Autorité des marchés financiers and the TSX Venture Exchange on March 17, 2006 on a confidential basis relying on sub-section 7.1(2) of National Instrument 51-102 with respect to the contents of this Material Change Report and requested that this Material Change Report be maintained on a confidential basis because disclosure of the contents of this material change report would have been unduly detrimental to the interests of the Company. In particular, the Company was bound to confidentiality restrictions in favour of ACOA and any disclosure by the Company of the contents of this material change report would have adversely impacted the Company's likelihood of receiving the planned funding and would be a breach of contractual terms. It was initially the Company's understanding that the Minister in charge of ACOA intended to make public disclosure of the contents of this material change report on or about March 27, 2006. However, in an update to the securities commissions and TSX Venture Exchange filed on March 27, 2006 the Company disclosed that ACOA had, instead, scheduled a press conference for March 31, 2006 to publicly disclose the funding offer.

Item 7 Omitted Information

N/A.

Item 8 Executive Officer

Dr. Graham Burton, the Company's Chief Executive Officer, is knowledgeable about the material change and this report. His business telephone number is (613) 990-0969.

Item 9 Date of Report

March 31, 2006.

Signed: (signed)

Dr. Graham Burton
(name of person signing the Form)

Chief Executive Officer
(office or capacity)

SCHEDULE "A"
PRESS RELEASE

Chemaphor Inc. to be Offered $2.1 Million Contribution by Atlantic Canada Opportunities Agency

Friday March 31, 9:15 am ET

OTTAWA, CANADA--(CCNMatthews - March 31, 2006) - Chemaphor Inc. (TSX VENTURE:CFR - News) announced today that it has been informed by the Atlantic Canada Opportunities Agency ("ACOA") that ACOA intends to offer a contribution of up to $2.1 million by way of a loan to fund a research and development project proposal submitted by Chemaphor to ACOA in October, 2005.

Minister of Foreign Affairs and Minister of the Atlantic Canada Opportunities Agency, Peter MacKay, publicly announced ACOA's intention to offer funding to Chemaphor this morning at a press conference held in Charlottetown, Prince Edward Island.

The funding, if received, will be used by Chemaphor to establish a new facility on Prince Edward Island for its research in carotenoid oxidation compounds. Many of these oxidation compounds are believed to occur widely in nature and to have previously unrecognized biological activities, representing an untapped source for nutritional and other, related benefits. Chemaphor believes that this new facility and its proprietary technology could be used to develop a range of products with strong commercial potential possibly including pet products, livestock feed additives, and anti-aging skin creams.

This project will enhance Chemaphor's competitiveness in the biotechnology industry and could have a significant impact in Atlantic Canada. Chemaphor will work closely with the National Research Council's Institute for Nutrisciences and Health in Charlottetown. The project will create employment opportunities for up to five highly qualified personnel, and develop key relationships within the public and private sectors, both locally and nationally. Chemaphor also plans to manufacture any successfully developed products in Atlantic Canada for global export.

"We are pleased that our nutrisciences project proposal has been well received and that ACOA has indicated its intention to offer funding to Chemaphor," said Dr. Graham Burton, President and CEO of Chemaphor. "The research and development described in our proposal will be a key part of our ongoing efforts to expand the potential markets for our products. We believe that significant opportunities exist for Chemaphor in the work we will be able to undertake with these funds."

At this time no definitive agreements are in place and ACOA's stated intention to offer funding is not contractual in nature. Chemaphor and ACOA will now enter into negotiations toward a definitive agreement setting out the detailed terms of the funding. There can be no assurance that any agreement will be ultimately signed. ACOA may terminate negotiations if the terms and conditions of the project specific contribution agreement are not substantially finalized by September 29, 2006. If no definitive agreement is reached with ACOA, Chemaphor will not receive the proposed funding.

About the Company

Chemaphor Inc. (www.chemaphor.com) uses its core expertise in organic chemistry to develop premium products for the animal health, skin care cosmetics, pharmaceutical and specialty chemical markets. The company's goal is to fully exploit its proprietary platform of carotenoid oxidation compounds by finding recognized partners to commercialize its products in multiple, large markets.

The TSX Venture Exchange has neither approved nor disapproved of the information in this press release.

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