CIPHER PHARMACEUTICALS INC.

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Cipher Pharmaceuticals Inc. (the "**Issuer**")
409 Matheson Boulevard East
Mississauga, Ontario
L4Z 2H2

Item 2 Date of Material Change

May 2, 2006

Item 3 News Release

A press release was issued on May 2, 2006 in Toronto, Ontario and disseminated across Canada by Canada Newswire, a copy of which is attached to this report.

Item 4 Summary of Material Change

On May 2, 2006, the Issuer announced that it had received an approvable letter from the US. Food and Drug Administration (FDA) pertaining to its New Drug Application (NDA) for CIP-ISOTRETINION, the Issuer's innovation formulation of the acne medication isotretinion.

Item 5 Full Description of Material Change

On May 2, 2006, the Issuer announced that it had received an approvable letter from the US. Food and Drug Administration (FDA) pertaining to its New Drug Application (NDA) for CIP-ISOTRETINION, the Issuer's innovation formulation of the acne medication isotretinion.

In the letter, the FDA requested that the Issuer, prior to receiving approval, provide additional clinical data and some further details relating to chemistry, manufacturing and controls (CMC) for the product. The Issuer is currently assessing these requests, including what additional clinical data may be required and is planning the most appropriate next steps in consultation with its clinical and regulatory advisors.

The Issuer's common shares trade on the Toronto Stock Exchange under the symbol DND.

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:

Larry Andrews
Tel: (905) 602-5840

Item 9 Date of Report

May 11, 2006

SCHEDULE "A"

Cipher receives FDA response to CIP-ISOTRETINOIN NDA submission

MISSISSAUGA, ON, May 2 - Cipher Pharmaceuticals Inc. (TSX: DND) today announced that it has received an approvable letter from the U.S. Food and Drug Administration (FDA) pertaining to its New Drug Application (NDA) for CIP-ISOTRETINOIN, the Company's innovative formulation of the acne medication isotretinoin.

In the letter, the FDA requested that the Company, prior to receiving approval, provide additional clinical data and some further details relating to chemistry, manufacturing and controls (CMC) for the product. The Company is currently assessing these requests, including what additional clinical data may be required and is planning the most appropriate next steps in consultation with its clinical and regulatory advisors.

"This approvable letter is encouraging and demonstrates the progress we have made on the CIP-ISOTRETINOIN NDA since we received the Refusal to File letter last September," said Larry Andrews, President of Cipher. "Our intention is to work closely with the FDA to address the outstanding issues related to the NDA submission."

Cipher will hold a conference call today, May 2, 2006 at 4:45pm (ET) to discuss its first quarter financial results and other corporate developments, including the approvable letter for CIP-ISOTRETINOIN. To access the conference call by telephone, dial 416-644-3415 or 1-866-250-4892. A live audio webcast of the call will be available at www.cipherpharma.com. The webcast will be archived for 90 days.

About Cipher Pharmaceuticals Inc.

Cipher Pharmaceuticals is a drug development company focused on commercializing novel formulations of successful, currently marketed molecules using advanced drug delivery technologies. Cipher's strategy is to in-license products that incorporate proven drug delivery technologies and advance them through the clinical development and regulatory approval stages, after which the products are out-licensed to international partners. Because Cipher's products are based on proven technology platforms applied to currently marketed drugs, they are expected to have lower approval risk, shorter development timelines and significantly lower development costs. Cipher currently has three late-stage drugs in its pipeline. The Company's lead compound, CIP-FENOFIBRATE, received final approval from the U.S. Food and Drug Administration and Health Canada in the first quarter of 2006. In addition, Cipher is developing formulations of the pain reliever tramadol and the acne treatment isotretinoin.

Cipher is listed on the Toronto Stock Exchange under the symbol 'DND' and has approximately 24 million shares outstanding. For more information, please visit www.cipherpharma.com.

Statements made in this news release, other than those concerning historical financial information, should be considered forward-looking and subject to various risks and uncertainties. Such forward-looking statements are based on management's beliefs and assumptions regarding the information currently available. The Company's actual results could differ materially from those expressed in the forward-looking statements. Factors that could cause results to vary include, among other things, those expressed in the Company's filings with Canadian securities regulatory authorities. All information presented herein should be read in conjunction with such filings.

For further information: Ross Marshall, Investor Relations, The Equicom Group, (416) 815-0700 ext 238, (416) 815-0080 fax, rmarshall@equicomgroup.com; Larry Andrews, President, Cipher Pharmaceuticals Inc., (905) 602-5840 ext 24, (905) 602-0628 fax, landrews@cipherpharma.com