

Form 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of the Company**

Cipher Pharmaceuticals Inc. (the “Company”)
2345 Argentina Road
Mississauga, Ontario L5N 8K4

2. **Date of Material Change**

November 3, 2017.

3. **News Release**

The news release was disseminated on November 3, 2017 through Canada News Wire (CNW). A copy of the news release is attached hereto as Schedule “A”.

4. **Summary of Material Change**

On November 3, 2017, the Company entered into a new three-year, US\$20.0 million senior secured term credit facility with Canadian Imperial Bank of Commerce, the proceeds of which will be used by the Company to repay in full the remaining balance on the senior secured notes with investment funds managed by Athyrium Capital Management.

5. **Full Description of Material Change**

Please see the news released attached hereto as Schedule “A”.

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

Not applicable.

7. **Omitted Information**

None.

8. **Executive Officer**

For further information, please contact:

Stephen Lemieux
Chief Financial Officer
Cipher Pharmaceuticals Inc.
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9. **Date of Report.**

November 10, 2017.

SCHEDULE "A"**NEWS RELEASE****Cipher Pharmaceuticals Announces New Credit Facility**

MISSISSAUGA, ON, Nov. 3, 2017 /CNW/ - Cipher Pharmaceuticals Inc. (TSX:CPH) ("Cipher" or "the Company") today announced it has entered a new three-year, US\$20.0 million senior secured term credit facility with Canadian Imperial Bank of Commerce ("CIBC"). The proceeds will be used to fully repay the remaining balance on the senior secured notes with investment funds managed by Athyrium Capital Management.

"This new facility is an important financial milestone for Cipher, allowing us to significantly reduce our interest expense and cost of capital to levels that better reflect our strong financial position," said Robert Tessarolo, President and CEO of Cipher. "In addition to these immediate benefits, the new facility provides added debt capacity on improved terms that bolsters our competitiveness and supports our growth strategy."

The credit facility has a maturity date of November 2, 2020 and bears interest on the outstanding principal at LIBOR plus 1.5% to 2.5% depending on the Company's total debt-to-EBITDA ratio. At the Company's current ratio, the interest rate will be approximately 2.9%. The Company will make quarterly principal payments over the term of the loan. The facility also carries an accordion feature that allows for an additional US\$10.0 million of capacity, subject to customary terms and conditions.

About Cipher Pharmaceuticals Inc.

Cipher (TSX:CPH) is a specialty pharmaceutical company with a robust and diversified portfolio of commercial and early to late-stage products. Cipher acquires products that fulfill unmet medical needs, manages the required clinical development and regulatory approval process, and markets those products either directly in Canada or indirectly through partners in Canada, the U.S., and South America. For more information, visit www.cipherpharma.com.

Forward-Looking Statements

This document includes forward-looking statements within the meaning of certain securities laws, including the "safe harbour" provisions of the Securities Act (Ontario) and other provincial securities law in Canada and U.S. securities laws. These forward-looking statements include, among others, statements with respect to our objectives, goals and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. The words "may", "will", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective", "hope" and "continue" (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which give rise to the possibility that predictions, forecasts, projections and other forward-looking statements will not be achieved. Certain material factors or assumptions are applied in making forward-looking statements and actual results may differ materially from those expressed or implied in such statements. We caution readers not to place undue reliance on these statements as a number of important factors, many of which are beyond our control, could cause our actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, our ability to enter into in-licensing, development, manufacturing and marketing and distribution agreements with other pharmaceutical companies and keep such agreements in

effect; our dependency on a limited number of products; integration difficulties and other risks if we acquire or in-license technologies or product candidates; reliance on third parties for the marketing of certain products; the product approval process is highly unpredictable; the timing of completion of clinical trials; reliance on third parties to manufacture our products; we may be subject to future product liability claims; unexpected product safety or efficacy concerns may arise; we generate license revenue from a limited number of distribution and supply agreements; the pharmaceutical industry is highly competitive; requirements for additional capital to fund future operations; dependence on key managerial personnel and external collaborators; no assurance that we will receive regulatory approvals in the U.S., Canada or any other jurisdictions; current uncertainty surrounding health care regulation in the United States; certain of our products are subject to regulation as controlled substances; limitations on reimbursement in the healthcare industry; limited reimbursement for products by government authorities and third-party payor policies; various laws pertaining to health care fraud and abuse; reliance on the success of strategic investments and partnerships; the publication of negative results of clinical trials; unpredictable development goals and projected time frames; rising insurance costs; ability to enforce covenants not to compete; risks associated with the industry in which it operates; we may be unsuccessful in evaluating material risks involved in completed and future acquisitions; we may be unable to identify, acquire or integrate acquisition targets successfully; inability to meet covenants under our long term debt arrangement; compliance with privacy and security regulation; our policies regarding returns, allowances and chargebacks may reduce revenues; certain current and future regulations could restrict our activities; additional regulatory burden and controls over financial reporting; reliance on third parties to perform certain services; general commercial litigation, class actions, other litigation claims and regulatory actions; the effects of our delisting from the NASDAQ Global Market (the "NASDAQ") and deregistration of our Common Shares under the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"); the difficulty for shareholders to realize in the United States upon judgments of U.S. courts predicated upon civil liability of the Company and its directors and officers who are not residents of the United States; certain adverse tax rules applicable to U.S. holders of our Common Shares if we are a passive foreign investment company for U.S. federal income tax purposes; the potential violation of intellectual property rights of third parties; our efforts to obtain, protect or enforce our patents and other intellectual property rights related to our products; changes in U.S., Canadian or foreign patent laws; litigation in the pharmaceutical industry concerning the manufacture and supply of novel and generic versions of existing drugs; inability to protect our trademarks from infringement; shareholders may be further diluted if we issue securities to raise capital; volatility of our share price; the actions of a significant shareholder; we do not currently intend to pay dividends; our operating results may fluctuate significantly; and our debt obligations will have priority over the Common Shares in the event of a liquidation, dissolution or winding up.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When reviewing our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Additional information about factors that may cause actual results to differ materially from expectations, and about material factors or assumptions applied in making forward-looking statements, may be found in the "Risk Factors" section of our Annual Information Form and in our Management's Discussion and Analysis of Operating Results and Financial Position for the year ended December 31, 2016, and elsewhere in our filings with Canadian securities regulators. Except as required by Canadian securities law, we do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf; such statements speak only as of the date made. The forward-looking statements included herein are expressly qualified in their entirety by this cautionary language.