UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

Dated: August 9, 2006

Commission File Number 001-32295

ADHEREX TECHNOLOGIES INC.
(Translation of registrant's name into English)

4620 Creekstone Drive, Suite 200
Durham, North Carolina 27703
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes ☐ No ☒

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82 - _____.

Adherex Technologies Inc.

Form 6-K

On August 9, 2006, the Company issued a press release announcing its financial results for the second quarter ended June 30, 2006 and issued its interim financial statements for the quarter, as well as the related Management's Discussion and Analysis and CEO/CFO certifications. These materials are furnished as Exhibits 99.1-99.5 hereto and are incorporated herein by reference.

The information in this Form 6-K (including the exhibits attached hereto) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADHEREX TECHNOLOGIES INC.
(Registrant)

Date August 9, 2006

By: */s/ James A. Klein Jr.*
James A. Klein, Jr.
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
4.41	Amendment No. 2 to Development and License Agreement between Glaxo Group Limited and Adherex Technologies Inc.
99.1	The Registrant's Press Release dated August 9, 2006
99.2	The Registrant's Financial Statements for the Second Quarter Ended June 30, 2006
99.3	Management's Discussion and Analysis for the Second Quarter Ended June 30, 2006
99.4	Certification of Interim Filings Period by Chief Executive Officer
99.5	Certification of Interim Filings Period by Chief Financial Officer

Portions of this exhibit marked [*] are omitted and requested to be treated confidentially.

AMENDMENT NO. 2
to
DEVELOPMENT AND LICENSE AGREEMENT
between
GLAXO GROUP LIMITED
and
ADHEREX TECHNOLOGIES INC.

THIS AMENDMENT NO. 2 (this "Second Amendment") effective on this 23rd day of June, 2006 (the "Second Amendment Effective Date"), is entered into by and between **Glaxo Group Limited**, a company organized under the laws of England and Wales, having its registered office at GlaxoWellcome House, Berkeley Avenue, Greenford, Middlesex, UB6 0NN United Kingdom ("GGL") and **Adherex Technologies Inc**., a company organized under the laws of Canada and having an office located at 4620 Creekstone Drive, Suite 200, Durham, North Carolina, 27703 USA ("Adherex"):

RECITALS

A. The Parties entered into the Development and License Agreement, effective as of July 14, 2005 (the "Agreement").

B. The Parties entered into Amendment No. 1 to the Agreement, effective December 20, 2005, relating to the Exherin™ Option.

C. The Parties now desire to further amend the Agreement in certain respects on the terms and conditions set forth below.

NOW THEREFORE, in consideration of the foregoing premises and the mutual covenants set forth below, the Parties, intending to be legally bound, hereby amend the Agreement and otherwise agree as follows:

1. Defined Terms. All terms used in this Second Amendment but not defined herein shall have the same meaning as set forth in the Agreement.

2. Addition of Section 1.98. The following definition is hereby added to the end of Article 1 of the Agreement to read in its entirety as follows:

"1.98 **"Option E"** means the GGL Option described in Section 2.4.8."

3. Addition of Section 1.99. The following definition is hereby added to the end of Article 1 of the Agreement to read in its entirety as follows:

"1.99 **"Eniluracil [*] Clinical Trials"** means those [*] Clinical Trials referred to hereunder as [*] and [*] for Eniluracil conducted by Adherex, as further described in Appendix 9, attached hereto and incorporated herein. For greater certainty, it does not include the [*] Clinical Trial referred to hereunder as [*], as further described in Appendix 9."

4. Addition of Section 1.100. The following definition is hereby added to the end of Article 1 of the Agreement to read in its entirety as follows:

"1.100 **"[*] Studies"** means those [*] studies on Eniluracil conducted by Adherex as further described in Appendix 10, attached hereto and incorporated herein."

5. Addition of Section 1.101. The following definition is hereby added to the end of Article 1 of the Agreement to read in its entirety as follows:

"1.101 **"[*]Trial"** means the clinical trial to be conducted by Adherex as further described in Appendix 11, the current outline of which is attached hereto and incorporated herein."

6. Amendment of Section 1.36. Section 1.36 is hereby amended and restated in its entirety to read follows:

"1.36. **"GGL Option(s)"** means any of Option B, Option C, or Option E which permit GGL to assume Development and Commercialization of Eniluracil and Products from Adherex as set forth in Section 2.4."

7. Deletion of Section 1.64. Section 1.64 ("Option A") is hereby deleted in its entirety from the Agreement.

8. Deletion of Section 1.82. Section 1.82 ("[*] Trial") is hereby deleted in its entirety from the Agreement.

9. Amendment of Section 1.95. Section 1.95 of the Agreement is hereby amended and restated in its entirety to read follows:

"1.95 **"Trials"** means Phase I, Phase II, Phase III, and [*] Trial, as applicable."

10. Amendment of Section 2.1.1. Section 2.1.1 of the Agreement is hereby amended and restated in its entirety to read follows:

"2.1.1. [*] Trial. Adherex shall conduct the [*] Trial in accordance with the specifics set forth in Appendix 11."

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

11. Amendment of Section 2.2.1. Section 2.2.1 of the Agreement is hereby amended and restated in its entirety to read as follows:

"2.2.1 Diligence Milestones

Milestone	Milestone Date
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]

With respect to the second and fourth milestones described above, the accomplishment of such milestone in [*] shall be deemed to be the achievement of such milestone, and Licensee shall not be required to satisfy such milestone for [*] under this Section 2.2.1. If and when Adherex is the Licensee, the dates specified above as applied to Adherex assume the materials transferred to Adherex by GGL under Section 2.5 below conform to the specifications of study drug in the GGL US IND (as defined in Section 7.2) and may reasonably be used by Adherex in Development for the accomplishment of such milestones. If such materials do not conform to such specifications, or cannot otherwise reasonably be used by Adherex for the accomplishment of such Development milestones, the dates specified above as they apply to Adherex shall be extended by a reasonable period of time as necessary to permit Adherex to obtain alternative supplies of such materials in quantities and of qualities reasonably sufficient to accomplish those Development milestones. Similarly, if, at the time GGL exercises a GGL Option, GGL does not have sufficient quantities of materials to resume Development of a Product, the dates above as they apply to GGL shall be extended by a reasonable period of time as necessary to permit GGL to obtain alternative supplies of such materials in quantities and of qualities reasonably sufficient to accomplish those Development milestones."

12. Amendment to Section 2.4.1. Section 2.4.1 of the Agreement is hereby deleted in its entirety thereby making Option A null and void.

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

13. Amendment to Section 2.4.2. Section 2.4.2 of the Agreement is hereby amended and restated in its entirety to read as follows:

"2.4.2 Option B. Following completion by Adherex of [*], GGL shall have the right, for a limited period of time as further described below, to terminate Adherex's license to the Product set forth in Section 4.1 in its entirety and be granted an exclusive license by Adherex under Section 4.2 to research, Develop, make, have made, use, and Commercialize Eniluracil and Products for all indications in all dosage forms and combinations, formulations, presentations, line extensions and package configurations in all countries of the Territory in which there is a Valid Claim of the GGL Patents, Adherex Patents, or any Joint Invention Patents. Adherex shall notify GGL in writing within ten (10) business days of completion of [*] (such notice, the "Option B Notice"), and shall promptly provide GGL with information regarding [*] reasonably necessary for GGL to decide whether or not to exercise its Option including, at a minimum, [*], and any further information in Adherex's possession reasonably requested by GGL. Upon GGL's exercise of Option B within the time period described below, Adherex shall cease all development and commercialization of Eniluracil and the Product in all countries of the Territory in which there is a Valid Claim of the GGL Patents, Adherex Patents, or any Joint Invention Patents. GGL shall provide Adherex with written notice of its decision whether to exercise Option B within [*] of Adherex's notice to GGL of completion of [*] and provision to GGL by Adherex of [*] in accordance with this Section 2.4.2. If GGL does not exercise Option B within such [*] period, Option B shall expire, and GGL shall have no further rights under this Section 2.4.2."

14. Amendment to Section 2.4.3. Section 2.4.3 is hereby amended and restated in its entirety to read as follows:

"2.4.3 Option C. Upon Adherex's [*] and [*], if GGL has not exercised Option B or Option E, GGL shall have the right, for a limited period of time as further described below, to terminate Adherex's license to the Product set forth in Section 4.1 in its entirety and be granted an exclusive license by Adherex under Section 4.2 to research, Develop, make, have made, use, and Commercialize Eniluracil and Products for all indications in all dosage forms and combinations, formulations, presentations, line extensions and package configurations in all countries of the Territory in which there is a Valid Claim of the GGL Patents, Adherex Patents, or any Joint Invention Patents. Adherex shall notify GGL within ten (10)

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business days of the [*] (such notice, the "Option C Notice"). Adherex shall also promptly provide GGL with [*] if and as requested by GGL. Upon GGL's exercise of Option C within the time period described below and subject to Section 2.4.6, Adherex shall cease all Development and Commercialization of Eniluracil and the Product in all countries of the Territory in which there is a Valid Claim of the GGL Patents, Adherex Patents, or any Joint Invention Patents. GGL shall provide Adherex with written notice of its decision whether to exercise Option C within [*] of receipt of the Option C Notice from Adherex. If GGL does not exercise Option C within such [*] period, Option C shall expire, and GGL shall have no further rights under this Section 2.4.3."

15. Amendment to Section 2.4.7. Section 2.4.7 is hereby amended and restated in its entirety to read as follows:

"2.4.7 Reimbursement of Costs Incurred With Respect to GGL Option Period. If GGL exercises Option B, Option C or Option E, respectively, GGL shall reimburse Adherex for all amounts approved by GGL in writing and incurred or expended by Adherex during the [*] period following Adherex's provision of the Option B Notice, Option C Notice, or the Option E Notice, respectively, with respect to the Development or Commercialization of Eniluracil and any Products during the applicable time period, including but not limited to any amounts incurred under the contracts referenced in Section 4.3.3 that are assumed by GGL, following provision to GGL of the Option B Notice, Option C Notice or Option E Notice, respectively."

16. Addition of Section 2.4.8. Section 2.4.8 is hereby added to the Agreement to read in its entirety as follows:

"2.4.8 Option E. Following completion by Adherex of the [*] Trial, if GGL has not exercised Option B or Option C, GGL shall have the right, for a limited period of time as further described below, to terminate Adherex's license to the Product set forth in Section 4.1 in its entirety and be granted an exclusive license by Adherex under Section 4.2 to research, Develop, make, have made, use, and Commercialize Eniluracil and Products for all indications in all dosage forms and combinations, formulations, presentations, line extensions and package configurations in all countries of the Territory in which there is a Valid Claim of the GGL Patents, Adherex Patents, or any Joint Invention Patents. Adherex shall notify GGL in writing within ten (10) business days of completion of the

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[*] Trial for Eniluracil, [*] (such notice, the "Option E Notice"), and shall promptly provide GGL with information regarding such trial reasonably necessary for GGL to decide whether or not to exercise its Option including, at a minimum, [*], and any further information in Adherex's possession reasonably requested by GGL. Upon GGL's exercise of Option E within the time period described below, Adherex shall cease all development and commercialization of Eniluracil and the Product in all countries of the Territory in which there is a Valid Claim of the GGL Patents, Adherex Patents, or any Joint Invention Patents. GGL shall provide Adherex with written notice of its decision whether to exercise Option E within [*] of Adherex's notice to GGL of completion of the [*] Trial for Eniluracil and provision to GGL by Adherex of [*] regarding such Trial in accordance with this Section 2.4.8. If GGL does not exercise Option E within such [*] period, Option E shall expire, and GGL shall have no further rights under this Section 2.4.8."

17. Amendment to Section 3.1.1. Section 3.1.1 is hereby amended and restated in its entirety to read as follows:

"3.1.1 Formation of Transition Team. If GGL exercises Option C or Option E, the Joint Steering Committee shall form a Transition Team (the "Transition Team") comprised of equal representatives of Adherex and GGL. The Transition Team shall oversee the orderly and efficient transition of Development and Commercialization on Eniluracil and Products from Adherex to GGL and shall ensure the transfer of materials and information and provision of assistance from Adherex to GGL as set forth in Section 7.8. The Transition Team shall determine which ongoing Trials of Adherex shall be transferred to GGL and shall work to ensure uninterrupted provision of Eniluracil to patients receiving Eniluracil under any Trials conducted by Adherex at the time GGL exercises Option C or Option E."

18. Amendment to Section 4.1.1. Section 4.1.1 of the Agreement is hereby amended and restated in its entirety to read as follows:

"4.1.1 Termination of License to Adherex. Notwithstanding Section 4.1, the license granted by GGL to Adherex pursuant to Section 4.1 shall terminate immediately upon the earliest to occur of:

(a) the date GGL exercises Option B, Option C, or Option E, in accordance with the provisions of Section 2.4.2, 2.4.3 or 2.4.8, as applicable;

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(b) the date Adherex notifies GGL that Adherex does not intend to Develop or Commercialize, or continue to Develop or Commercialize, any Products, such notice to be made promptly after Adherex makes such determination; or

(c) in the event Adherex has not exercised Diligent Efforts to Develop or Commercialize a Product, the date GGL notifies Adherex that Adherex has not exercised Diligent Efforts to Develop or Commercialize a Product, subject to the applicable cure period provided in Section 15.2 and the dispute resolution provisions in Section 16.6."

19. Amendment to Section 7.8.1. Section 7.8.1 is hereby amended and restated in its entirety to read follows:

"7.8.1 By Adherex. Within forty-five (45) days after GGL's written notification to Adherex that it has chosen to exercise either Option B, Option C or Option E, Adherex shall immediately transfer to GGL, at Adherex's cost and expense, all available amounts of Eniluracil drug substance and all other Adherex Know How reasonably available to Adherex that will assist GGL in the Development and Commercialization of Eniluracil and Products; provided, however, that Adherex shall be able to retain a reasonable amount of Eniluracil and/or Product for its internal research purposes; provided, further, that any research to be conducted by Adherex after exercise by GGL of an Option shall be done only with the prior written consent of GGL, such consent not to be unreasonably withheld. In addition, on GGL's exercise of an Option, Adherex will provide, at a minimum, the materials and assistance set forth in Appendix 6, attached hereto and incorporated herein. On GGL's exercise of an Option, at GGL's request and Adherex's expense, Adherex shall also transfer to GGL all INDs and other regulatory filings including any [*] made by Adherex or its Affiliates relating to Eniluracil or a Product free and clear of any and all liens, claims, and encumbrances. If, pursuant to Section 2.4.6, GGL requests that Adherex continue to prosecute and defend [*] after GGL's exercise of Option C, GGL and Adherex shall agree in good faith on a reasonably appropriate timeframe for the transfer of [*]. After GGL's exercise of a GGL Option and in connection with the transfer of any regulatory filings or information, Adherex shall provide GGL, at no cost to GGL as detailed in Appendix 7, and subject to GGL's use of commercially reasonable efforts to become enabled with respect to the Development and Commercialization of Products, reasonable assistance as requested by GGL to permit GGL to respond to any governmental inquiries regarding any regulatory filings transferred by Adherex to GGL."

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20. Amendment to Section 8.1. Section 8.1 of the Agreement is hereby amended and restated in its entirety to read as follows:

"8.1 Development Milestone Payments. In consideration for the license granted to Adherex under the GGL Patents and GGL Know How and the license which may be granted to GGL under the Adherex Patents and Adherex Know How, each Party will pay to the other the non-refundable, non-creditable Milestone Payments as specified in Section 8.1.1 and 8.1.2 within forty-five (45) days following notification of achievement of the particular milestone and receipt from the other Party of an invoice for the milestone amount. In the event a Party achieves a Development milestone specified below, such Party will promptly, but in no event more than ten (10) days after the achievement of each such milestone, notify the other Party in writing of the achievement of same. Notwithstanding the foregoing, if one or more milestone(s) do(es) not occur (e.g., for Option B, [*], but a later milestone is achieved (e.g., [*]), then all previous milestone(s) for which the applicable milestone payment(s) has (have) not been made will be paid at the time of achievement of such subsequent milestone (e.g., if [*] is received without the requirement of completing the [*], then both [*] milestone and the [*] milestone would be paid following receipt of the [*]). The Milestone Payments will be made only one time for a Product regardless of how many times such Development milestones are achieved for such Product and will be payable only for the first Product to reach that milestone; provided, however, that, notwithstanding the foregoing, where a Milestone Payment is payable for [*] as specifically identified below, the Milestone Payment will be made each time a Product [*]. All milestone payments will apply whether Products are single or Combination Products; provided, however, that if a particular milestone has already been achieved for a Product, the same milestone shall not be payable for a Combination Product which incorporates the Product or incorporates as one of its constituent APIs an API incorporated in the Product."

21. Amendment to Section 8.1.2. Section 8.1.2 is hereby amended and restated in its entirety to read follows:

"8.1.2 Development Milestones to Adherex. If GGL exercises any of the GGL Options, it shall make the following Milestone Payments to Adherex upon the achievement of the indicated Development milestone

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under such Option for the first Product to achieve such milestone and, as indicated, for each [*]. For clarity, if GGL exercises an Option, it shall have no obligation to pay any Development milestone identified under an Option that GGL did not exercise, but GGL shall be required to pay all Development milestones identified under the Option exercised regardless of when the milestones were achieved, prior to or after exercise of the Option.

GGL exercises OPTION B:

Milestone	Amount
[*]	US$[*]
[*]	US$[*]
[*]	US$[*]
[*]	US$[*]

GGL exercises OPTION C:

Milestone	Amount
[*]	US$[*]
[*]	US$[*]
[*]	US$[*]

GGL exercises OPTION E:

Milestone	Amount
[*]	US$[*]
[*]	US$[*]
[*]	US$[*]”

22. Amendment of Section 8.4. Section 8.4 is hereby amended and restated in its entirety to read follows:

“8.4 Royalties to Adherex on GGL Exercise of GGL Option. As further consideration for the acquisition of license rights under the Adherex Patents under Section 4.2, and in those countries of the Territory

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in which there is a Valid Claim of a GGL Patent or an Adherex Patent claiming the manufacture, use or sale of Product in the country of sale at the time such Net Sales occur, and if GGL exercises any of the GGL Options, GGL shall pay Adherex, within forty-five (45) days following the end of each calendar quarter, a tiered royalty based on year-to-date, Annual Net Sales of each Product, on a Product by Product basis, for the previous calendar quarter, at the rates specified below. For the avoidance of doubt, different Products containing the same API(s) (including but not limited to Combination Products and novel formulations) will not be deemed to be one and the same Product for the purposes of calculating total aggregate Net Sales and associated royalties on Annual Net Sales for purposes of this Section 8.4. All royalties on Annual Net Sales will apply whether a Product is Developed and Commercialized as a single or Combination Product.

If GGL exercises OPTION B:

Annual Net Sales	**Percentage of Annual Net Sales**
Annual Net Sales [*]	[*]%
Annual Net Sales [*]	[*]%

If GGL exercises OPTION C:

Annual Net Sales	**Percentage of Annual Net Sales**
Annual Net Sales [*]	[*]%
Annual Net Sales [*]	[*]%

If GGL exercises OPTION E:

Annual Net Sales	**Percentage of Annual Net Sales**
Annual Net Sales [*]	[*]%
Annual Net Sales [*]	[*]%

For clarification, the royalty rates set forth in this Section 8.4 are meant to be applied in turn, with the higher royalty rate to be applied on incremental Net Sales above the lower threshold. By way of example, under Option B, [*], subject to Sections 8.4.1 and 8.4.2."

23. Amendment of Section 8.4.2. Section 8.4.2 is hereby amended and restated in its entirety to read follows:

"8.4.2 [*]."

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

24. Amendment to Section 13.2. Section 13.2 of the Agreement is hereby amended and restated in its entirety to read follows:

"13.2 Royalties to Adherex on Exercise or Expiration of GGL Option. If GGL exercises any of the GGL Options, GGL will pay Adherex the following percentages of any royalties that GGL receives from [*] on Net Sales by [*] of Product in the [*] Territory:

(a) If GGL exercises Option B, GGL will pay Adherex [*] percent ([*]%) of any royalties received by GGL from [*];

(b) If GGL exercises Option C, GGL will pay Adherex [*] percent ([*]%) of any royalties received by GGL from [*]; and

(c) If GGL exercises Option E, GGL will pay Adherex [*] percent ([*]%) of any royalties received by GGL from [*]."

25. Amendment to Section 15.4.1. Section 15.4.1 is hereby amended and restated in its entirety to read follows:

"15.4.1 Effect of Termination for Material Breach.

(a) Material Breach by GGL. In the event this Agreement is terminated by Adherex pursuant to Section 15.3 for material breach by GGL:

(i) Prior to exercise of a GGL Option, all licenses granted by GGL to Adherex and its Affiliates under this Agreement prior to termination will survive, subject to Adherex's continued obligation to pay milestones, royalties, portions of any amounts recovered from Third Parties in settlement or as recovery for infringement, and a portion of any amounts received under the [*] Agreements to GGL hereunder if Adherex continues the Development and Commercialization of Eniluracil or a Product consistent with Sections 8.1.1, 8.2.2, 8.3, 8.5.3, 12.2, and 13.1.1, subject to any adjustments to such amounts consistent with Sections 8.6 through 8.10; or

(ii) After exercise of a GGL Option, Adherex shall become the Licensee by virtue of such termination and shall have the right to continue Development and Commercialization of Eniluracil or a Product, by itself or its Affiliates or through a Third Party, subject to

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Adherex's continued obligation to pay milestones, royalties, portions of any amounts recovered from Third Parties in settlement or as recovery for infringement, and a portion of any amounts received under the [*] Agreements to GGL hereunder consistent with Sections 8.1.1, 8.2.2, 8.3, 8.5.3, 12.2, and 13.1.1, subject to any adjustments to such amounts consistent with Sections 8.6 through 8.10; and

(iii) Regardless of timing,

(I) All licenses granted by Adherex to GGL or its Affiliates under this Agreement will terminate;

(II) Adherex will retain all of its rights to bring an action against GGL for damages and any other available remedies in law or equity and will be entitled to set-off against any monies payable to GGL hereunder against all amounts Adherex reasonably believes constitute its damages incurred by such breach, subject to final judicial resolution or settlement;

(III) GGL, at its sole expense, will promptly transfer to Adherex, or will cause its designee(s) to transfer to Adherex, ownership of all regulatory filings, approvals, correspondence, and conversation logs made or filed for each Product (to the extent that any are held in GGL's or such designee(s)'s name and to the extent not previously transferred to Adherex) (collectively, "GGL Filings"), such transfer to be as permitted by applicable Laws, and GGL will otherwise fully cooperate to permit Adherex to fully exercise its rights hereunder; and

(IV) GGL, at its sole expense, promptly shall return to Adherex, or destroy at Adherex's request, all relevant records and materials in its possession or control containing Confidential Information of Adherex; provided, however, that GGL may keep one copy of such Confidential Information for archival purposes only in accordance with Section 10.5.

(b) Material Breach by Adherex. In the event this Agreement is terminated by GGL pursuant to Section 15.3 for material breach by Adherex:

(1) Termination by GGL for Material Breach Prior to Exercise or Expiration of GGL Option B and GGL Option E:

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

(i) All licenses granted by Adherex to GGL or its Affiliates under this Agreement prior to termination will terminate;

(ii) All licenses granted by GGL to Adherex under this Agreement will terminate;

(iii) GGL shall have the right, in the absence of any Valid Claims of any Adherex Patents which would be infringed by, or the use of any Adherex Know-How which is not in the public domain in, the Development or Commercialization of Eniluracil or a Product, to continue Development and Commercialization of Eniluracil or a Product, by itself or its Affiliates or through a Third Party, provided,

(I) GGL shall not by virtue of such termination have or be granted any licenses from Adherex; and

(II) GGL shall not be obligated to pay any milestones or royalties to Adherex hereunder if, in the absence of any Valid Claims of any Adherex Patents which would be infringed by, or the use of any Adherex Know-How which is not in the public domain in, the Development or Commercialization of Eniluracil or a Product, GGL continues the Development and Commercialization of Eniluracil or a Product other than royalties pursuant to Section 8.5.3, which shall be payable to Adherex based on any Net Sales of any Product enjoying Regulatory Exclusivity due to an [*];

(iv) GGL will retain all of its rights to bring an action against Adherex for damages and any other available remedies in law or equity and will be entitled to set-off against any monies payable to Adherex hereunder against all amounts GGL reasonably believes constitute its damages incurred by such breach, subject to final judicial resolution or settlement;

(v) Adherex, at its sole expense, promptly shall return to GGL, or destroy at GGL's request, all relevant records and materials in its possession or control containing Confidential Information of GGL; provided, however, that Adherex may keep one copy of such Confidential Information for archival purposes only in accordance with Section 10.5.

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

(2) Termination by GGL for Material Breach at Any Time After Expiration of GGL Option B and GGL Option E:

(i) All licenses granted by Adherex to GGL or its Affiliates under this Agreement prior to termination will survive, subject to GGL's continued obligation to pay milestones and royalties to Adherex hereunder if GGL continues the Development and Commercialization of Eniluracil or a Product consistent with Sections 8.1.2 (Option C), 8.2.1, 8.4, 8.5.3, 12.2, and 13.2, subject to any adjustments to such amounts consistent with Sections 8.6 through 8.10;

(ii) All licenses granted by GGL to Adherex under this Agreement will terminate;

(iii) GGL shall have the right to continue Development and Commercialization of Eniluracil or a Product, by itself or its Affiliates or through a Third Party, provided,

(I) if, at the time of such termination, GGL does not have any licenses from Adherex, GGL shall become the Licensee by virtue of such termination, and

(II) GGL shall be obligated to pay milestones, royalties, portions of any amounts recovered from Third Parties in settlement or as recovery for infringement, and a portion of any amounts received under the [*] Agreements to Adherex hereunder if GGL continues the Development and Commercialization of Eniluracil or a Product consistent with Sections 8.1.2 (Option C), 8.2.1, 8.4, 8.5.3, 12.2, and 13.2, subject to any adjustments to such amounts consistent with Sections 8.6 through 8.10;

(iv) GGL will retain all of its rights to bring an action against Adherex for damages and any other available remedies in law or equity and will be entitled to set-off against any monies payable to Adherex hereunder against all amounts GGL reasonably believes constitute its damages incurred by such breach, subject to final judicial resolution or settlement;

(v) Adherex, at its sole expense, will promptly transfer to GGL, or will cause its designee(s) to transfer to GGL, ownership of all regulatory filings, approvals, correspondence, all Trial information and data, and conversation logs made or filed for each Product (to the extent that any are held in Adherex's or such designee(s)'s name)

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

and information and data set forth in Appendix 7, to the extent not previously transferred to GGL (collectively, "Adherex Filings"), such transfer to be as permitted by applicable Laws, and Adherex will otherwise fully cooperate to permit GGL to fully exercise its rights hereunder; and

(vi) Adherex, at its sole expense, promptly shall return to GGL, or destroy at GGL's request, all relevant records and materials in its possession or control containing Confidential Information of GGL; provided, however, that Adherex may keep one copy of such Confidential Information for archival purposes only in accordance with Section 10.5."

26. Deletion of Appendix 5. Appendix 5 is hereby deleted in its entirety from the Agreement.

27. Amendment to Appendix 7. Appendix 7 is hereby amended and restated in its entirety to read as follows:

"**APPENDIX 7**

MATERIALS AND SUPPORT TO BE PROVIDED TO GGL OR ITS AFFILIATE BY ADHEREX ON EXERCISE OF GGL OPTIONS

On Exercise of Option B:

- [*];
- [*]
- [*].

On Exercise of Option C*:

- [*]
- [*]
- [*]:

  [*];

  [*];

  [*];

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

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* [*]

On Exercise of Option E:

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

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28. Addition of Appendices. Appendices 9, 10 and 11 attached hereto are hereby added in their entirety to the Agreement by this Second Amendment and incorporated by reference herein.

29. Binding Effect. This Second Amendment shall be binding upon and inure to the benefit of the Parties hereto, their permitted successors, legal representatives and assigns.

30. Waiver. No waiver of any term or condition of this Second Amendment will be effective unless set forth in a written instrument that explicitly refers to this Second Amendment that is duly executed by or on behalf of the waiving Party. No waiver by any Party of any term or condition of this Second Amendment, in any one or more instances, will be deemed to be or construed as a waiver of the same or any other term or condition of this Second Amendment on any prior, concurrent or future occasion. Except as expressly set forth in this Second Amendment, all rights and remedies available to a Party, whether under this Second Amendment or afforded by Law or otherwise, will be cumulative and not in the alternative to any other rights or remedies that may be available to such Party.

31. Severability. If any provision of this Seond Amendment is held to be invalid, illegal or unenforceable in any respect, that provision will be limited or eliminated to the minimum extent necessary so that this Second Amendment will otherwise remain in full force and effect and enforceable.

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

32. Governing Law. This Seond Amendment will be construed, and the respective rights of the Parties determined, according to the substantive law of the State of North Carolina without regard to the provisions governing conflict of laws.

33. Counterparts. This Second Amendment may be executed in any two counterparts, each of which, when executed, will be deemed to be an original and both of which together will constitute one and the same document.

IN WITNESS WHEREOF, Glaxo Group Limited and Adherex Technologies Inc., by their duly authorized representatives, have executed this Amendment No. 2 as of the Second Amendment Effective Date.

GLAXO GROUP LIMITED

By: /s/ Paul Williamson
Name: Paul Williamson
Title: for and on behalf of Edinburgh Pharmaceutical Industries Limited
Corporate Director

ADHEREX TECHNOLOGIES INC.

By: /s/ William P. Peters
Name: William P. Peters, M.D., Ph.D., MBA
Title: Chairman and CEO

APPENDIX 9

ENILURACIL [*] CLINICAL TRIALS

1. [*]
2. [*]
3. [*]

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

APPENDIX 10

[*] STUDIES

1. [*].
2. [*].

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

APPENDIX 11

[*]TRIAL

[*]

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[*] Confidential treatment requested; certain information omitted and filed separately with the SEC.

Exhibit 99.1

PRESS RELEASE

ADHEREX REPORTS SECOND QUARTER 2006 FINANCIAL RESULTS

Research Triangle Park, NC, August 9, 2006 — Adherex Technologies Inc. (AMEX:ADH, TSX:AHX), a biopharmaceutical company with a broad portfolio of oncology products under development, today reported its financial results for the second quarter ended June 30, 2006. Unless otherwise indicated, the amounts included in this press release are in U.S. dollars.

Financial Update

The net loss for the quarter ended June 30, 2006 was $4.2 million, or $0.09 loss per share, compared to a net loss of $4.6 million, or $0.13 loss per share, for the quarter ended June 30, 2005. Operating expenses for the quarter ended June 30, 2006 totaled $4.5 million, a decrease of $0.4 million from the same period last year. The change from prior year includes increased spending related to our expanding clinical trial program for ADH-1 and the Phase I clinical studies for eniluracil partially offset by decreased spending for other operating activities.

The net loss for the six-month period ended June 30, 2006 was $7.7 million, or $0.17 loss per share, compared to a net loss of $7.7 million, or $0.21 per share, for the six-month period ended June 30, 2005. While operating expenses totaled $8.4 million for both six-month periods, the current period reflects increased spending related to our expanding clinical trial program partially offset by a $0.2 million decrease in G&A as compared to the prior year.

Cash and cash equivalents totaled $12.3 million as of June 30, 2006, compared to $13.1 million as of December 31, 2005, with a corresponding decrease in working capital of $0.6 million. The decreased cash balance reflects the net $6.0 million raised through our May 2006 private placement of securities offset by year to date spending to fund operations.

Corporate Update

“The clinical development program for both ADH-1 and eniluracil continue to progress well,” said William P. Peters, MD, PhD, Chairman and CEO. “Recruitment in our Phase II single agent ADH-1 trials continues on target for completion by the end of this year. We have very encouraging recent ADH-1 preclinical combination findings and will soon begin studies in patients of ADH-1 in combination with other anticancer agents. The eniluracil clinical program is also progressing well, and we remain on track to start the Phase II trial in breast cancer in the fourth quarter. Thus far, every aspect of our hypothesis has turned out to be correct. In the coming months, as some of these programs near their completion, we expect to be generating a significant amount of clinical data important both to our ongoing development programs and, more fundamentally, our Company and its shareholders.”

Adherex's recent accomplishments of note include:

Completion of the Phase Ib component of the single agent Phase Ib/II ADH-1 trial in Europe and expansion of enrollment in the Phase II component at a dose of 2400 mg/m^2 in patients with N-cadherin positive non-small cell lung cancer and ovarian cancer. The Company expects this trial to complete recruitment in the fourth quarter of 2006 and also expects to begin combination studies of ADH-1 and other anti-cancer agents in the third quarter of 2006. Data from both Phase I ADH-1 studies were presented at the 2006 American Society of Clinical Oncology Annual Meeting, including the Phase Ib data from the single agent Phase Ib/II trial in Europe and an oral presentation of the results of the single agent Phase I trial in North America.

Expansion of the single agent Phase II ADH-1 study to six centers in Canada and one site in the U.S., with plans for additional U.S. sites, and conversion of the dosing schedule to once every week from once every three weeks. The Company expects this trial to complete recruitment in the second half of 2006. Decisions regarding a single agent Phase III trial with ADH-1 will be made based on the results of the single agent Phase II program. As previously indicated, the single agent Phase Ib/II trial in the U.S. (using a daily X 5, Monday through Friday, dosing schedule) has been discontinued to concentrate our resources on the weekly administration schedule and combination trials with ADH-1.

Initiation of the eniluracil clinical program, including a Phase I eniluracil plus 5-FU study in solid tumors to define the maximum tolerated dose of weekly dosing of the combination and a clinical proof-of-mechanism study to confirm the dose effect of eniluracil directly in human tumor cells. We also received orphan drug designation from the U.S. Food and Drug Administration ("FDA") for the use of eniluracil in combination with fluoropyrmidines, such as 5-FU, for the treatment of hepatocellular (liver) cancer. Adherex plans to initiate a third Phase I study in hepatocellular cancer in Asia in the third quarter of 2006 and a Phase II study in breast cancer in the fourth quarter of 2006.

Execution of a Clinical Trial Agreement for the evaluation of our lead biotechnology compound, ADH-1, with the U.S. National Cancer Institute's ("NCI") Division of Cancer Treatment and Diagnosis. The agreement provides for the NCI to sponsor non-clinical studies and clinical trials of ADH-1 in a variety of administration schedules and tumor types, both as a single agent and in combination with other anti-cancer agents.

Presentation of three sets of data at the 2006 Annual Meeting of the American Association of Cancer Research (AACR) – two on our lead biotechnology compound, ADH-1, and one on our oral dihydropyrimidine dehydrogenase ("DPD") inhibitor, eniluracil.

Conference Call
Adherex will host a conference call at 10:00 a.m. ET on, August 10, 2006 to review the financial results for the quarter ended June 30, 2006 and provide a corporate update. This call will be webcast live via the Internet at www.adherex.com. The event will also be archived and available for telephone replay until midnight on August 15, 2006 and webcast replay through August 10, 2007.

Live Participant Dial In (Toll Free, Canadian and US callers): 877-704-5386
Live Participant Dial In (International): 913-312-1302
Conference Passcode: 3878944
Replay Number (Toll Free): 888-203-1112
Replay Number (International): 719-457-0820
Replay Passcode: 3878944

About Adherex Technologies
Adherex Technologies Inc. is a biopharmaceutical company dedicated to the discovery and development of novel cancer therapeutics. We aim to be a leader in developing innovative treatments that address important unmet medical needs in cancer. We currently have multiple products in the clinical stage of development, including ADH-1 (Exherin™), eniluracil and sodium thiosulfate (STS). ADH-1, our lead biotechnology compound, selectively targets N-cadherin, a protein present on certain tumor cells and established blood vessels that feed solid tumors. Eniluracil, an oral dihydropyrimidine dehydrogenase (DPD) inhibitor, was previously under development by GlaxoSmithKline for oncology indications. STS, a drug from our specialty pharmaceuticals pipeline, protects against the disabling hearing loss that can often result from treatment with platinum-based chemotherapy drugs. With a diversified portfolio of unique preclinical and clinical-stage cancer compounds and a management team with expertise in identifying, developing and commercializing novel cancer therapeutics, Adherex is emerging as a pioneering oncology company. For more information, please visit our website at www.adherex.com.

FINANCIAL CHARTS FOLLOW

Adherex Technologies Inc.
Selected Financial Data
(U.S. dollars in thousands except per share amounts)

	June 30, 2006 (unaudited)	December 31, 2005
Condensed Consolidated Balance Sheets:		
Assets:		
Cash and cash equivalents	$ 12,318	$ 13,144
Other current and long-term assets	1,028	1,147
Acquired intellectual property rights	13,066	14,154
Total assets	$ 26,412	$ 28,445
Liabilities and shareholders' equity:		
Accounts payable and accrued liabilities	$ 2,354	$ 2,664
Future income taxes	4,776	5,174
Other long-term liabilities	621	550
Total shareholders' equity	18,661	20,057
Total liabilities and shareholders' equity	$ 26,412	$ 28,445

	Three Months Ended June 30,	
	2006 (unaudited)	2005 (unaudited)
Condensed Consolidated Statements of Operations:		
Operating expenses:		
Research and development	$ 3,268	$ 3,360
General and administration	711	900
Amortization of acquired intellectual property rights	544	680
Loss from operations	(4,523)	(4,940)
Net interest income	125	69
Recovery of future income taxes	199	249
Net loss	$ (4,199)	$ (4,622)
Net loss per share of common stock, basic and diluted	$ (0.09)	$ (0.13)

	Six Months Ended June 30,	
	2006 (unaudited)	2005 (unaudited)
Operating expenses:		
Research and development	$ 5,828	$ 5,378
General and administration	1,458	1,618
Amortization of acquired intellectual property rights	1,088	1,361
Loss from operations	(8,374)	(8,357)
Net interest income	255	118
Recovery of future income taxes	398	498
Net loss	$ (7,721)	$ (7,741)
Net loss per share of common stock, basic and diluted	$ (0.17)	$ (0.21)

This press release contains forward-looking statements that involve significant risks and uncertainties. The actual results, performance or achievements of the Company might differ materially from the results, performance or achievements of the Company expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, those regarding the development plans of the Company and the expected timing and results of such development. We can provide no assurance that such development will proceed as currently anticipated or that the expected timing or results of such development will be realized. We are subject to various risks, including the uncertainties of clinical trials, drug development and regulatory review, our need for additional capital to fund our operations, the early stage of our product candidates, our reliance on collaborative partners, our history of losses, and other risks inherent in the biopharmaceutical industry. For a more detailed discussion of related risk factors, please refer to our public filings available at www.sedar.com and www.sec.gov.

— END —

For further information, please contact:

Melissa Matson
Director, Corporate Communications
Adherex Technologies Inc.
T: (919) 484-8484
matsonm@adherex.com

Quarterly Report

For the quarter ended
June 30, 2006

Adherex Technologies Inc.
(a development stage company)
Consolidated Balance Sheets
U.S. dollars and shares in thousands, except per share information

	June 30, 2006 (unaudited)	December 31, 2005
Assets		
Current assets		
Cash and cash equivalents	$ 12,265	$ 11,916
Cash pledged as collateral	53	53
Short-term investments	—	1,175
Accounts receivable	17	15
Investment tax credits recoverable	74	129
Prepaid expense	66	59
Other current assets	50	52
Total current assets	12,525	13,399
Capital assets	342	374
Leasehold inducements	479	518
Acquired intellectual property rights	13,066	14,154
Total assets	**$ 26,412**	**$ 28,445**
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	$ 655	$ 1,385
Accrued liabilities	1,699	1,279
Total current liabilities	2,354	2,664
Deferred lease inducement	581	537
Future income taxes	4,776	5,174
Other long-term liabilities	40	13
Total liabilities	**7,751**	**8,388**
Commitments and contingencies		
Shareholders' equity		
Common stock, no par value; unlimited shares authorized; 50,382 and 42,629 shares issued and outstanding, respectively	46,488	41,268
Contributed surplus	26,443	25,338
Cumulative translation adjustment	5,850	5,850
Deficit accumulated during development stage	(60,120)	(52,399)
Total shareholders' equity	**18,661**	**20,057**
Total liabilities and shareholders' equity	**$ 26,412**	**$ 28,445**

(The accompanying notes are an integral part of these unaudited interim consolidated financial statements)

Adherex Technologies Inc.
(a development stage company)
Consolidated Statements of Operations
U.S. dollars and shares in thousands, except per share information
Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Revenue	$ —	$ —	$ —	$ —
Operating expenses:				
Research and development	3,268	3,360	5,828	5,378
General and administration	711	900	1,458	1,618
Amortization of acquired intellectual property rights	544	680	1,088	1,361
Loss from operations	(4,523)	(4,940)	(8,374)	(8,357)
Interest expense	(1)	(3)	(2)	(7)
Interest income	126	72	257	125
	125	69	255	118
Loss before income taxes	(4,398)	(4,871)	(8,119)	(8,239)
Recovery of future income taxes	199	249	398	498
Net loss	**$ (4,199)**	**$ (4,622)**	**$ (7,721)**	**$ (7,741)**
Accumulated deficit - Beginning of period	**(55,921)**	**(36,273)**	**(52,399)**	**(33,154)**
Accumulated deficit - End of period	**$(60,120)**	**$(40,895)**	**$(60,120)**	**$(40,895)**
Net loss per share of common stock, basic and diluted	**$ (0.09)**	**$ (0.13)**	**$ (0.17)**	**$ (0.21)**
Weighted-average number of shares of common stock outstanding, basic and diluted	**47,145**	**36,541**	**44,899**	**36,538**

(The accompanying notes are an integral part of these unaudited interim consolidated financial statements)

Adherex Technologies Inc.
(a development stage company)
Consolidated Statements of Cash Flows
U.S. dollars and shares in thousands, except per share information
Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Cash flows from (used in):				
Operating activities:				
Net loss	$ (4,199)	$ (4,622)	$ (7,721)	$ (7,741)
Adjustments for non-cash items:				
Amortization of capital assets	18	76	37	164
Amortization of acquired intellectual property rights	544	680	1,088	1,361
Recovery of future income taxes	(199)	(249)	(398)	(498)
Amortization of leasehold inducements	42	—	83	—
Stock-based compensation to consultants	—	65	—	65
Stock-based employee compensation	140	686	283	874
Changes in operating assets and liabilities	(10)	1,219	(249)	1,042
Net cash used in operating activities	(3,664)	(2,145)	(6,877)	(4,733)
Investing activities:				
Purchase of capital assets	—	(14)	(5)	(33)
Redemption of short-term investments	391	—	1,175	—
Net cash provided (used) in investing activities	391	(14)	1,170	(33)
Financing activities:				
Issuance of common stock and warrants	6,096	—	6,096	—
Proceeds from exercise of stock options	—	25	—	25
Stock issuance costs	(55)	2	(55)	(143)
Security deposits	(12)	—	28	—
Other liability repayments	—	(18)	(13)	(36)
Net cash provided (used) in financing activities	6,029	9	6,056	(154)
Net change in cash and cash equivalents	**2,756**	**(2,150)**	**349**	**(4,920)**
Cash and cash equivalents - Beginning of period	**9,509**	**14,703**	**11,916**	**17,473**
Cash and cash equivalents - End of period	**$ 12,265**	**$ 12,553**	**$ 12,265**	**$ 12,553**

(The accompanying notes are an integral part of these unaudited interim consolidated financial statements)

1. Going Concern

These consolidated financial statements have been prepared using generally accepted accounting principles that are applicable to a going concern, which contemplates that Adherex Technologies Inc. will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The use of these principles may not be appropriate because at June 30, 2006 there was significant doubt that the Company will be able to continue as a going concern. The Company's ability to continue as a going concern is dependent upon the raising of additional financial resources.

The Company's management is considering all financing alternatives and is seeking to raise additional funds for operations from current stockholders, other potential investors or other sources. This disclosure is not an offer to sell, nor a solicitation of an offer to buy the Company's securities. While the Company is striving to achieve the above plans, there is no assurance that such funding will be available or obtained on favorable terms.

The financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classification used, that would be necessary if the going concern assumption were not appropriate, and such adjustments could be material.

2. Nature of Operations

Adherex Technologies Inc. ("Adherex"), together with its wholly-owned subsidiaries Oxiquant, Inc. ("Oxiquant") and Adherex, Inc., both Delaware corporations, and Cadherin Biomedical Inc. ("CBI"), a wholly-owned Canadian subsidiary, collectively referred to herein as the "Company," is a development stage biopharmaceutical company with a portfolio of product candidates under development for use in the treatment of cancer.

3. Significant Accounting Policies

Basis of presentation

These unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and include the accounts of Adherex Technologies Inc. and its wholly-owned subsidiaries. The accounting policies used in the preparation of these interim financial statements conform to those used in the Company's annual financial statements. These interim financial statements do not include all of the disclosures included in the annual financial statements. Accordingly, these interim financial statements should be read in conjunction with the Company's audited financial statements and notes for the year ended December 31, 2005.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

4. Acquired Intellectual Property

On November 20, 2002 Adherex acquired certain intellectual property rights directed to therapeutics with a focus in chemoprotection and chemoenhancement. The intellectual property rights reside in Oxiquant, a holding company with no active business.

The acquired intellectual property rights are being amortized over their estimated useful lives of 10 years. The amortization of the acquired intellectual property rights totaled $1,088 and $1,361 for the six-month periods ended June 30, 2006 and 2005, respectively.

5. Shareholders' Equity

Stock-based Compensation

Stock-based compensation expense relating to employees totaled $283 for the six-months ended June 30, 2006 and $874 for the six-months ended June 30, 2005. The Company has not granted any stock options during the six-month period ended June 30, 2006. During the same period in 2005, the Company issued 756 stock options. To estimate the value of the stock options granted during six-months ended June 30, 2005, the Black-Scholes option pricing model was used with the following calculation assumptions: expected dividend 0%, risk free interest rate of 3.73%, volatility of 71% and expected life of seven years.

There was no stock-based compensation expense relating to external consultants for the six-month periods ended June 30, 2006 and $65 for the six month period ended June 30, 2005.

May Private Placement

On May 8, 2006, the Company completed a private placement of equity securities for gross proceeds of $6,512 for 7,753 units at a price of $0.84 per unit providing net proceeds of $6,096 after deducting broker fees and certain other expenses. Each unit consisted of one common share and 0.30 of a common share purchase warrant. The private placement comprised an aggregate of 7,753 shares of common stock, along with 2,326 investor warrants and 465 broker warrants to acquire additional shares of Adherex common stock. Each whole investor warrant entitles the holder to acquire one additional share of Adherex common stock at an exercise price of $0.97 per share for a period of four years. Each whole broker warrant entitles the holder to acquire one share of Adherex common stock at an exercise price of $0.97 per share for a period of two years. The investor warrants, with a value of $822 based on the Black-Scholes option pricing model, have been allocated to contributed surplus and the remaining balance of $5,220 has been credited to common stock.

Exhibit 99.3

Management's Discussion and Analysis

For the quarter ended
June 30, 2006

Basis of Presentation

Management's discussion and analysis should be read in conjunction with our June 30, 2006 interim consolidated financial statements and the accompanying notes, which are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This report should also be read in conjunction with management's discussion and analysis of operating results and the fiscal year end financial statements contained in the Company's fiscal annual report for the year ended December 31, 2005.

Forward-Looking Statements

The following discussion contains forward-looking statements regarding our financial condition and the results of operations that involve significant risks and uncertainties, some of which are outside of our control. We are subject to risks associated with the biopharmaceutical industry, including risks inherent in research and development, preclinical testing, manufacture of drug substance to support clinical studies, toxicology studies, clinical studies of our compounds, uncertainty of regulatory agencies, enforcement and protection of our patent portfolio, our need for future capital, potential competitors, our ability to attract and maintain collaborative partners, dependence on key personnel, and the ability to successfully market our drug compounds. Our actual results could differ materially from those expressed or implied in these forward-looking statements. For further information regarding such risks, please refer to our public filings available at www.sedar.com and www.sec.gov.

2006 Key Company Accomplishments

Initiation of the eniluracil clinical program. The program includes (i) a Phase I eniluracil plus 5-FU study in solid tumors to define the maximum tolerated dose of weekly dosing of the combination and (ii) a clinical proof-of-mechanism study to confirm the dose effect of eniluracil directly during clinical administration of the drug. We plan to initiate a third Phase I study in hepatocellular cancer in Asia in the third quarter of 2006 and a Phase II study in breast cancer in the fourth quarter of 2006.

Completion of the Phase Ib component of the single agent Phase Ib/II ADH-1 trial in Europe with weekly dosing up to 2,400 mg/m^2 and expansion of enrollment in the Phase II component at a dose of 2,400 mg/m^2 in patients with N-cadherin positive non-small cell lung cancer and ovarian cancer. We expect this trial to complete recruitment near the end of 2006 and also expect to begin combination studies of ADH-1 and other anti-cancer agents in the third quarter of 2006.

Expansion of the single agent Phase II ADH-1 study to six centers in Canada and one site in the U.S. with plans for additional U.S. sites, and the conversion of the dosing schedule to once every week from once every three weeks. We expect this trial to complete recruitment in the second half of 2006. Decisions regarding a single agent Phase III trial with ADH-1 will be made based on the results of the single agent Phase II program. As previously indicated, the single agent Phase Ib/II trial in the U.S. (using a daily X 5, Monday through Friday, dosing schedule) has been discontinued to concentrate our resources on combination trials of ADH-1 with chemotherapy agents consistent with other cancer therapies.

Execution of a Clinical Trial Agreement for the evaluation of our lead biotechnology compound, ADH-1, with the U.S. National Cancer Institute's ("NCI") Division of Cancer Treatment and Diagnosis. The agreement provides for the NCI to sponsor non-clinical studies and clinical trials of ADH-1 in a variety of administration schedules and tumor types, both as a single agent and in combination with other anti-cancer agents.

Presentation of three sets of data at the 2006 Annual Meeting of the American Association of Cancer Research ("AACR") – two on our lead biotechnology compound, ADH-1, and one on our oral dihydropyrimidine dehydrogenase ("DPD") inhibitor, eniluracil. Presentation at the 2006 American Society of Clinical Oncology Annual Meeting of the Phase Ib data from the single agent Phase Ib/II ADH-1 trial in Europe and an oral presentation of the results of the single agent Phase I ADH-1 trial in North America.

Completion of a private placement with total gross proceeds of $6.5 million on May 8, 2006.

Overview

We are a biopharmaceutical company focused on cancer therapeutics with a preclinical and clinical portfolio. The following product candidates are in clinical development:

ADH-1 (Exherin™) is a molecularly targeted anti-cancer drug currently in a single agent Phase Ib/II and Phase II clinical studies. ADH-1 is a small peptide that selectively targets N-cadherin, a protein that plays a major role in holding together and stabilizing cells that make up blood vessels and certain tumor cells.

Eniluracil is a DPD inhibitor that was previously under development by GlaxoSmithKline ("GSK") for the treatment of cancer. Eniluracil is being developed to enhance the therapeutic value and effectiveness of 5-fluorouracil ("5-FU"), one of the world's most widely-used oncology agents and a current first or second-line therapy for a variety of cancers including colorectal, breast, gastric, ovarian, basal cell and head and neck.

Sodium Thiosulfate ("STS") is a chemoprotectant which has been shown in Phase I and Phase II clinical studies conducted by investigators at Oregon Health & Science University ("OHSU") to reduce the disabling loss of hearing in patients, both adults and children, treated with platinum-based anti-cancer agents. We continue to work with the Children's Oncology Group to initiate a randomized trial with STS in children.

N-Acetylcysteine ("NAC") is a bone marrow protectant which has been the subject of investigator-initiated Phase I clinical trials at OHSU studying its use as a bone marrow protectant with platinum-based chemotherapy.

We also have a preclinical program which includes (i) backup peptides and small chemical molecule successors to ADH-1, (ii) molecules targeted to inhibiting the metastatic spread of some cancers, and (iii) peptides that combine both angiolytic and antiangiogenic properties. We have synthesized peptide antagonists and agonists for a wide array of cadherin adhesion molecules, which will facilitate our efforts to select other drug candidates to move into clinical development, particularly in the following areas:

Small molecule N-cadherin antagonists. We have identified a series of small chemical molecules that, in our preliminary studies, have displayed potent N-cadherin antagonism activity. Unlike ADH-1, these molecules are not peptides and are smaller and simpler in structure. Small chemical molecules are often (i) active after oral administration, (ii) more stable, and (iii) have different potency and toxicity profiles than peptides. We continue to advance our lead candidate from this program through the preclinical development and toxicology studies required for an Investigational New Drug Submission ("IND") to the Food and Drug Administration ("FDA").

OB-cadherin. Another family of cadherins, OB-cadherin is reported to be involved in the metastatic spread of certain cancers. Metastatic disease is a major determinant of both a patient's survival and quality-of-life. We are developing OB-cadherin peptide and small molecule antagonists to reduce or slow down the metastatic spread of tumors, such as breast and prostate cancers.

VE-cadherin. Like N-cadherin, VE-cadherin is important in the structural integrity of certain tumor blood vessels. We have designed peptide VE-cadherin antagonists and believe that the development of VE-cadherin antagonists may be synergistic with N-cadherin antagonists.

In addition to our current development efforts, we continue to pursue new collaborations with other pharmaceutical companies, governmental agencies and/or corporate collaborators with respect to these and

other cadherin agonist and antagonist molecules. Our drug discovery and development efforts are supported by more than 40 issued U.S. patents and more than 50 pending patents worldwide that we either own or have exclusively licensed.

We have not received any revenues to date through the sale of products and do not expect to have significant revenues until we either are able to sell our product candidates after obtaining applicable regulatory approvals or we receive funding through established or future collaborations, such as licensing fees, upfront payments, milestone payments, royalties or otherwise. As of June 30, 2006, our deficit accumulated during development stage was $60.1 million.

Our operating expenses will depend on many factors, including the progress of our drug development efforts and the potential commercialization of our product candidates. Research and development ("R&D") expenses, which include expenses associated with clinical development activities, manufacturing of drug substance, employee compensation, research contracts, toxicology studies, and internal and outsourced laboratory activities, will be dependent on the results of our drug development efforts. General and administration ("G&A") expenses include expenses associated with headcount and facilities, recruitment of staff, insurance and other administrative activities associated with our facilities in Research Triangle Park, N.C. ("RTP") in support of our drug development programs. The amortization of acquired intellectual property rights relates to the intellectual property acquired through our acquisition of Oxiquant, Inc. ("Oxiquant") in November 2002.

Drug development timelines and expenses are variable and collaborative arrangement milestone payments occur only when the relevant milestone is achieved. Management may in some cases be able to control the timing of expenses by accelerating or decelerating preclinical and clinical activities. Accordingly, we believe that period-to-period comparisons are not necessarily meaningful and should not be relied upon as a measure of future financial performance. Our actual results may differ materially from the expectations of investors and market analysts. In such an event, the prevailing market price of our common stock may be materially adversely affected.

May 2006 Private Placement

On May 8, 2006, we completed a private placement of equity securities for gross proceeds of $6.5 million for 7.8 million units at a price of $0.84 per unit providing net proceeds of $6.1 million after deducting broker fees and other expenses. Each unit consisted of one common share and 0.30 of a common share purchase warrant. The private placement comprised an aggregate of 7.8 million shares of common stock, along with 2.3 million investor warrants and 465,000 broker warrants to acquire additional shares of our common stock. Each whole investor warrant entitles the holder to acquire one additional share of our common stock at an exercise price of $0.97 per share for a period of four years. Each whole broker warrant entitles the holder to acquire one share of our common stock at an exercise price of $0.97 per share for a period of two years. The investor warrants, with a value of $0.8 million based on the Black-Scholes option pricing model, have been allocated to contributed surplus and the remaining balance of $5.2 million has been credited to common stock.

Results of Operations

(In U.S. dollars)

Three-Month Periods Ended June 30, 2006 and 2005

Interest Income

Interest income for each three-month periods ended June 30, 2006 and 2005 was $0.1 million as a result of similar cash balances between the two periods.

We have not generated any revenues to date. We do not expect to have significant revenues or income, other than interest income, until we either are able to sell our product candidates after obtaining applicable regulatory approvals or we receive funding through established or future collaborations, such as licensing fees, upfront payments, royalties, milestone payments or otherwise.

Research and Development Expenses

R&D expenses for the three-month period ended June 30, 2006 totaled $3.3 million, as compared to $3.4 million for the same period in 2005. R&D expenditures consisted primarily of preclinical and clinical activities advancing our product candidates, ADH-1 and eniluracil. Although the total expense was consistent between the two periods, the current year amount included greater clinical expense related to both ADH-1 and eniluracil activities, and the prior year amount included greater expense related to the manufacturing of ADH-1 drug substance and employee stock compensation expense. We expect our R&D expenses to increase in future quarters due to the expansion and advancement of our clinical and preclinical programs.

R&D expenses for the three-month period ended June 30, 2006 included $0.1 million in non-cash employee compensation expense as compared to $0.6 million for the same period in the prior year.

General and Administration Expenses

G&A expenses totaled $0.7 million for the three-month period ended June 30, 2006, as compared to $0.9 million for the same period in 2005. The decrease is primarily due to stock compensation expense in 2005.

G&A expenses for the three-month period ended June 30, 2006 included $0.1 million of non-cash stock-based compensation expense. Stock-based compensation was $0.2 million for the three-months ended June 30, 2005.

While we do expect G&A expenses to increase in future quarters, we expect this growth rate to be significantly lower than the growth rate in R&D expense.

Amortization of Acquired Intellectual Property Rights

The expense associated with the amortization of intellectual property rights was $0.5 million for the three-month period ended June 30, 2006 and $0.7 million for the three-month period ended June 30, 2005. The expense relates to the value of intellectual property rights acquired in the acquisition of Oxiquant in November 2002 that is being amortized on a straight-line basis over a 10-year period. The amortization expense has decreased due to an impairment charge relating to mesna recorded during the fourth quarter of the year ended December 31, 2005.

Recovery of Future Income Taxes

Future taxes recoverable totaled $0.2 million for each three-month periods ended June 30, 2006 and 2005. The recovery of future taxes, as recognized on the balance sheet, relates to the intellectual property acquired in the acquisition of Oxiquant in November 2002. These rights have no tax basis and give rise to a future tax liability that will be realized in income over the useful life of the assets through a recovery of future income taxes charged to earnings. At this time, Oxiquant, the entity that holds the acquired intellectual property, has no other material activity and the future tax assets of our other corporate entities cannot be used to offset this future tax liability. The future tax recovery will continue in direct proportion to the amortization of the intellectual property unless the Company changes its tax strategy with respect to Oxiquant.

Six-Month Periods Ended June 30, 2006 and 2005

Interest Income

Interest income for the six-month period ended June 30, 2006 was $0.3 million, compared to $0.1 million for the same period in 2005. The increase in 2006 is due to higher interest rate yields and increased cash associated with the May 2006 financing.

Research and Development Expenses

R&D expenses for the six-month period ended June 30, 2006 totaled $5.8 million as compared to $5.4 million for the same period in 2005. R&D expenses consisted primarily of preclinical and clinical activities relating to the advancement of the ADH-1 and eniluracil development programs. The increase is due to increased clinical activities during 2006 as compared to 2005. We expect our R&D expenses to increase in future quarters due to the continued expansion and advancement of our clinical and preclinical programs.

R&D expenses for the six-month period ended June 30, 2006 include $0.2 million of non-cash stock-based compensation expense. Employee stock-based compensation was $0.6 million for the quarter ended June 30, 2005.

General and Administration Expenses

G&A expenses totaled $1.5 million for the six-month period ended June 30, 2006 as compared to $1.6 million in the same period in 2005. The decrease relates primarily to office related expenditures and provincial taxes, offset by increases in insurance expense and patent expense.

G&A expenses for the six-month periods ended June 30, 2006 and June 30, 2005 included $0.2 million of non-cash stock-based compensation expense.

While we do expect G&A expenses to increase in future quarters, we expect this growth rate to be significantly lower than the growth rate in R&D expense.

Amortization of Acquired Intellectual Property Rights

The expense associated with the amortization of intellectual property rights was $1.1 million for the six-month period ended June 30, 2006 and $1.4 million for the six-month period ended June 30, 2005. The expense relates to the value of intellectual property rights acquired in the acquisition of Oxiquant in November 2002 that is being amortized on a straight-line basis over a 10-year period. The amortization expense has decreased due to an impairment charge relating to mesna recorded during the fourth quarter of the year ended December 31, 2005.

Recovery of Future Income Taxes

Future taxes recovered totaled $0.4 million for the six-month period ended June 30, 2006 and $0.5 million for the same period in 2005. The decrease is due to an impairment charge relating to mesna recorded during the fourth quarter of the year ended December 31, 2005. The recovery of future taxes, as recognized on the balance sheet, relates to the intellectual property acquired in the acquisition of Oxiquant in November 2002. These rights have no tax basis and give rise to a future tax liability that will be realized in income over the useful life of the assets through a recovery of future income taxes charged to earnings. At this time, Oxiquant, the entity that holds the acquired intellectual property, has no other material activity and the future tax assets of our other corporate entities cannot be used to offset this future tax liability. The future tax recovery will continue in direct proportion to the amortization of the intellectual property unless the Company changes its tax strategy with respect to Oxiquant.

Quarterly Information

The following table presents selected consolidated financial data for each of the last eight quarters through June 30, 2006 (dollars in thousands, except per share information):

Period	Net Loss for the Period	Basic and Diluted Net Loss per Common Share
September 30, 2004	$ (2,756)	$ (0.08)
December 31, 2004	$ (5,309)	$ (0.15)
March 31, 2005	$ (3,119)	$ (0.09)
June 30, 2005	$ (4,622)	$ (0.13)
September 30, 2005	$ (4,404)	$ (0.11)
December 31, 2005	$ (7,100)	$ (0.17)
March 31, 2006	$ (3,522)	$ (0.08)
June 30, 2006	$ (4,199)	$ (0.09)

The net loss for the quarter ended June 30, 2006 is higher than the previous quarter due to increased ADH-1 and eniluracil clinical activities. During the quarter ended December 31, 2005 we recorded $3.5 million non-cash impairment charge of intellectual property associated with our product candidate, mesna. Additionally, R&D expenses have increased during the periods from June 30, 2005 through December 31, 2005, as a result of the expansion of the clinical development plans for ADH-1 and the addition of eniluracil to our portfolio. Our improved liquidity from the completion of financings in December 2003, May 2004, July 2005 and May 2006 has allowed for these increased R&D activities to occur.

During the quarter ended December 31, 2004, we incurred a charge of $1.3 million associated with the acquisition of Cadherin Biomedical Inc. (“CBI”), which consisted of $1.2 million in common stock and $0.1 million in cash for transaction-related expenses. The acquisition was charged to expense on the Statement of Operations as the settlement of CBI litigation.

Liquidity and Capital Resources

We have financed our operations since inception on September 3, 1996 through the sale of equity and debt securities and have raised gross proceeds totaling approximately $61.0 million, including the financing completed in May 2006. We have incurred net losses and negative cash flow from operations each year, and we had a deficit accumulated during development stage of $60.1 million as of June 30, 2006. We have not received any revenues to date and do not expect to have any revenues until we either are able to sell our product candidates after obtaining applicable regulatory approvals or we receive funding through established or future collaborations, such as licensing fees, upfront payments, royalties, milestone payments or otherwise.

The net cash used in operating activities during the three-month period ended June 30, 2006 was $3.7 million or an average of slightly over $1.2 million per month. The net cash used in operations for the three-month period ended June 30, 2005 was $2.1 million. The increase in the net cash used in operating activities between periods is due to our expanding drug development activities associated with ADH-1 and the addition of eniluracil in July 2005, hence there were minimal eniluracil expenses during the three-month period ended June 30, 2005.

The net cash used in operating activities during the six-month period ended June 30, 2006 was $6.9 million or an average of approximately $1.2 million per month. The net cash used in operations for the six-month period ended June 30, 2005 was $4.7 million. The increase in the net cash used in operating activities is due to our expanding drug development activities associated with ADH-1 and the addition of eniluracil in July 2005.

As of June 30, 2006, our consolidated cash and cash equivalents were $12.3 million, as compared to cash, cash equivalents and short-term investments of $13.1 million at December 31, 2005. This decrease reflects the continued funding of our corporate operations offset by the net proceeds of $6.0 million from our private placement financing completed on May 8, 2006. Working capital at June 30, 2006 was approximately $10.2 million representing an approximate $0.5 million decrease as compared to December 31, 2005.

We believe that our cash and cash equivalents will be sufficient to satisfy our anticipated capital requirements into March 2007. We are considering all financing alternatives and are seeking to raise additional funds for operations from current stockholders, other potential investors or other sources. This disclosure is not an offer to sell, nor a solicitation of an offer to buy the Company's securities. While the Company is striving to achieve the above plans, there is no assurance that such funding will be available or obtained on favorable terms. At June 30, 2006, there was significant doubt that the Company would be able to continue as a going concern. The financial statements do not reflect adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classification used, that would be necessary if the going concern were not appropriate, and such adjustments could be material. Our projections of further capital requirements are subject to substantial uncertainty. Our working capital requirements may fluctuate in future periods depending upon numerous factors, including: results of our research and development activities; progress or lack of progress in our preclinical studies or clinical trials; our drug substance requirements to support clinical programs; our ability to achieve option payments or milestone payments under our current GSK collaboration or any other collaborations we establish that provide us with funding; changes in the focus, direction, or costs of our research and development programs; the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing our patent claims; competitive and technological advances; the potential need to develop, acquire or license new technologies and products; establishment of marketing and sales capabilities; our business development activities; new regulatory requirements implemented by regulatory authorities; the timing and outcome of any regulatory review process or our commercialization activities, if any.

Warrants to Purchase Common Stock

We have issued warrants to purchase shares of our common stock in both Canadian and U.S. dollars. At June 30, 2006 we have a total of 15.8 million warrants outstanding as set forth below.

As of June 30, 2006, the Company has the following warrants to purchase common stock outstanding priced in Canadian dollars with a weighted-average exercise price of CAD$2.49 and a weighted-average remaining contractual life of 2.00 years.

Warrant Description	Number Outstanding at June 30, 2006 (In thousands)	Exercise Price In Canadian Dollars	Expiration Date	Remaining Contractual Life (years)
Investor warrants	2,335	CAD$3.50	May 20, 2007	0.89
Acquisition warrants	461	CAD$3.59	May 20, 2007	0.89
Convertible notes warrants	287	CAD$2.05	June 23, 2007	0.98
Convertible notes warrants	57	CAD$2.75	June 23, 2007	0.89
Introduction warrants	170	CAD$2.05	November 20, 2007	1.39
Convertible notes warrants	271	CAD$2.15	December 3, 2007	1.92
Investor warrants	7,567	CAD$2.15	December 19, 2008	2.47
Total warrants outstanding in CAD dollars	11,148			

As of June 30, 2006, the Company has the following warrants to purchase common stock outstanding priced in U.S. dollars with a weighted-average exercise price of $1.28 and a weighted-average remaining contractual life of 2.92 years.

Warrant Description	Number Outstanding at June 30, 2006 (In thousands)	Exercise Price In U.S. Dollars	Expiration Date	Remaining Contractual Life (years)
Agent warrants	57	$1.75	July 20, 2007	1.05
Investor warrants	1,824	$1.75	July 20, 2008	2.06
Investor warrants	2,326	$0.97	May 7, 2010	3.85
Agent warrants	465	$0.97	May 7, 2008	1.86
Total warrants outstanding in U.S dollars	4,672			

Stock Options

The Compensation Committee of the Board of Directors administers the Company's stock option plan, designates eligible participants to be included under the plan and approves the number of options to be granted from time to time under the plan. A maximum of 5.6 million options, not including 0.7 million options issued to the Chief Executive Officer and specifically approved by the stockholders in December 2003, are authorized for issuance under the plan. The option exercise price for all options issued under the plan is based on the fair market value of the underlying shares on the date of grant. All options vest within three years or less and are exercisable for a period of seven years from the date of grant. The stock option plan, as amended provides for the issuance of Canadian and U.S. dollar denominated grants.

As of June 30, 2006, we had stock options outstanding totaling 5.2 million, of which 1.6 million were denominated in U.S dollars ("U.S. options") and 3.6 million were denominated in Canadian dollars ("Canadian options"). The weighted average exercise price of the U.S options was $1.14 and of the Canadian options was CAD$2.40.

On December 5, 2005, William P. Peters, Chairman and Chief Executive Officer of the Company, entered into a written trading plan in accordance with Rule 10b5-1 to sell shares of the Company's common stock owned by him, including shares issuable upon the exercise of stock options held by him. The trading plan is intended to facilitate the orderly exercise of stock options and the sale of common stock for Dr. Peters' personal financial planning purposes. The plan is also intended to minimize any market impact by spreading sales over a more extended period than the traditional "trading windows" permitted under our insider trading policy would allow, and to avoid any concerns about the timing of the transactions.

Rule 10b5-1 promulgated under the Securities Exchange Act of 1934, as amended, permits an individual who is not then in possession of material nonpublic information to establish a prearranged plan to buy or sell stock. The rule allows an individual to buy or sell a specified number of shares over a set period of time at pre-determined trading parameters, which transactions take place automatically regardless of any subsequent material nonpublic information. Dr. Peters' trading plan has been reviewed by the Company for consistency with our insider trading policy and specified that no sales were to occur under the plan prior to April 1, 2006. The plan requires that sales occur at specific and increasing share prices well above the current market price for our common stock, so there can be no assurance that any shares covered by the trading plan will actually be sold. The plan does not relieve Dr. Peters of applicable reporting obligations under U.S. and Canadian securities laws regarding stock sales and ownership. The plan is set to terminate no later than December 31, 2007.

Except as required by law, the Company does not undertake the reporting of written trading plans established by Company officers or directors, nor to report modifications, terminations, transactions or other activities related thereto.

Financial Instruments

Our investment policy is to manage investments to achieve, in the order of importance, the financial objectives of preservation of principal, liquidity and return on investment. Investments may be made in U.S. or Canadian governmental obligations and bank securities, commercial paper of U.S. or Canadian industrial companies, utilities, financial institutions and consumer loan companies, and securities of foreign banks provided the obligations are guaranteed or carry ratings appropriate to the policy. Securities must have a minimum Dun & Bradstreet rating of A for bonds or R1 low for commercial paper. The policy also provides for investment limits on concentrations of securities by issuer and maximum-weighted average time to maturity of twelve months. This policy applies to all of our financial resources.

The policy risks primarily include the opportunity cost of the conservative nature of the allowable investments. As the main purpose of the Company is research and development, the Company has chosen to avoid investments of a trade or speculative nature.

Investments with original maturities on the date of purchase beyond three months, and which mature at or less than twelve months from the balance sheet date, are classified as current. At June 30, 2006, we had no short-term investments. Short-term investments were $1.2 million at December 31, 2005 and consisted of commercial paper whose carrying value approximated its market value.

Contractual Obligations

Since our inception, we have not had any material off-balance sheet arrangements, and inflation has not had a material effect on our operations. We had no material commitments for capital expenses as of June 30, 2006.

The following table represents our contractual obligations and commitments at June 30, 2006 (in thousands of U.S. dollars):

	Less than 1 year	1-3 years	4-5 years	More than 5 years	Total
Englert Lease (1)	$ 54	$ 224	$ 205	$ —	$ 483
Maplewood Lease (2)	78	584	755	663	2,080
McGill License (3)	308	718	711	—	1,737
OHSU License (4)	—	—	—	—	—
Rutgers License (4)	50	100	—	—	150
Total	$490	$1,626	$1,671	$ 663	$4,450

(1) In April 2004, we entered into a lease for facilities in RTP. Amounts shown assume the maximum amounts due under the lease. This facility has now been subleased to another company that is responsible for payments until March 31, 2008; however, in the event of their default, Adherex would become responsible for the obligation. In addition, Adherex is contractually obligated under the lease until August 31, 2010.

(2) In August 2005, we entered into a lease for new office and laboratory facilities in RTP. Amounts shown assume the maximum amounts due under the lease. We received lease and capital inducements to enter into the lease, including a 50 percent discount for the first 24 months of the 84-month lease term and capital inducements with a fair market value of $0.5 million.

(3) Research obligations shown. Royalty payments, which are contingent on sales, are not included. Penalties for failure to achieve clinical trial progress milestones are not included.

(4) Royalty and milestone payments that we may be required to pay, which are contingent on sales or progress of clinical trials, are not included.

In connection with the OHSU License Agreement and the Rutgers, The State University of New Jersey ("Rutgers") License Agreement, we are required to pay specified amounts in the event that we achieve certain Adherex-initiated clinical trial milestones. A potential milestone payment to OHSU of up to $0.5 million may be required if we complete a planned clinical trial with STS, which has not yet commenced. There can be no assurance that we will commence or complete that clinical trial when anticipated, if at all.

Under the terms of the development and license agreement with GSK, should GSK not exercise any of its options to buy back eniluracil, we would be free to develop eniluracil alone or with other partners. If we file a New Drug Application ("NDA") with the FDA, we may be required to pay development milestones of $5.0 million to GSK. Depending upon whether the NDA is approved by the FDA and whether eniluracil becomes a commercial success, we may be required to pay up to an additional $70.0 million in development and sales milestones for the initially approved indication, plus double digit royalties based on annual net sales. If we pursue other indications, we may be required to pay up to an additional $15.0 million to GSK per FDA-approved indication.

Research and Development

Our research and development efforts have been focused on the development of cancer therapeutics and our portfolio includes ADH-1, eniluracil, STS, NAC, mesna and various cadherin technology-based preclinical programs.

We have established relationships with contract research organizations, universities and other institutions which we utilize to perform many of the day-to-day activities associated with our drug development. Where possible, we have sought to include leading scientific investigators and advisors to enhance our internal capabilities. Research and development issues are reviewed internally by our Chief Scientific Officer, other members of our executive management and our supporting scientific staff. Major development issues are presented to the members of our Scientific and Clinical Advisory Board for discussion and review.

Research and development expenses totaled $5.8 million and $5.4 million for the six-month periods ended June 30, 2006 and 2005, respectively.

ADH-1 is a molecularly-targeted anti-cancer drug currently in single agent Phase Ib/II and Phase II clinical studies. We incurred $3.9 million of internal and external expenses for this compound during the six-month period ended June 30, 2006. ADH-1 is a small peptide that selectively targets N-cadherin, a protein that plays a major role in holding together and stabilizing cells that make up tumor blood vessels and certain tumor cells.

Eniluracil, which we acquired as part of the development and license agreement with GSK, is a DPD inhibitor that was previously under development by GSK for the treatment of cancer. During the six-month period ended June 30, 2006, we incurred $1.3 million of internal and external expenditures for eniluracil, primarily to commence Phase I clinical programs. Eniluracil is being developed to enhance the therapeutic value and effectiveness of 5-FU, one of the world's most widely-used oncology agents.

STS is a chemoprotectant that has been shown in Phase I and Phase II clinical studies conducted by investigators at OHSU to reduce hearing loss in patients, both adults and children, treated with platinum-based agents. We continue to work with the Children's Oncology Group to initiate a randomized trial with STS in children.

NAC is a bone marrow chemoprotectant to prevent the bone marrow toxicity caused by certain anti-cancer drugs. Upon completion of investigator-sponsored Phase I clinical studies at OHSU, we plan to re-evaluate the commercial potential of NAC.

Mesna is a chemoenhancer to prevent the development of resistance by cancer cells to certain chemotherapeutics agents. Although we continue to have rights to mesna under our license agreement with Rutgers, we do not currently have any further development plans for this compound. Should conditions warrant, we may elect to re-commence development of this compound in the future.

Our preclinical pipeline includes back-up peptides and small chemical molecule successors to ADH-1, molecules being developed to inhibit the metastatic spread of some cancers and peptides that combine both angiolytic and antiangiogenic properties.

Operating and Business Risks

We operate in a highly competitive environment that involves significant risks and uncertainties, some of which are outside of our control. We are subject to risks inherent in the biopharmaceutical industry, including:

- a history of significant losses and no revenues to date; our product candidates are at an early stage of development, and we may never successfully develop or commercialize our product candidates;
- the possibility of delayed or unsuccessful human clinical trials with our product candidates might result in a significant increase to our development costs;
- the need to raise additional capital to fund operations; which might not be available at all or on acceptable terms;
- the ability to maintain or enter into new collaborations might adversely impact the development of our drug candidates;
- GSK might not exercise any of their options under our development and license agreement which might hinder development of two of our most important drug candidates;
- the Children's Oncology Group may not conduct clinical trials with STS as planned;
- we may experience difficulties in managing our growth as we expand;
- we may expand our business through new acquisitions that could disrupt our business, harm our financial condition and dilute current stockholders' ownership interests;
- we may lose key personnel or be unable to attract and retain additional personnel, which might adversely impact the development of our drug candidates;
- if our licenses to proprietary technology owned by others terminate or expire, we may not be able to successfully develop our product candidates;

- the protection and enforcement of our patents and licenses related to our product candidates, the possible infringement of the rights of others and potential off-label use or sale of our product candidates by competitors might harm our financial condition and ability to develop our product candidates;
- our reliance on third-party contract manufacturers to produce drug substance;
- we conduct business internationally and are subject to laws and regulations of several countries, which may affect our ability to access regulatory agencies and the enforceability of our licenses;
- our exposure to exchange rate fluctuations;
- the ability to obtain regulatory approvals and commercialize our drug candidates;
- the uncertainty of market acceptance of our products, the competitive environment, pricing and reimbursement of our product candidates, if and when they are commercialized;
- the potential for product liability lawsuits from our clinical trials or from commercial activities;
- the use of hazardous materials and chemicals in our research and development;
- new accounting or regulatory pronouncements may impact our future financial results;
- the fact we are a foreign investment company under U.S. tax law which has an adverse tax consequence for our U.S. stockholders;
- the volatile nature of our common stock price;
- the large number of common stock to be issued, through future financings, under currently issued warrants and stock options and warrants and stock options that may be issued in the future, could result in substantial dilution for our stockholders; and
- if we lose our foreign private issuer status, we will likely incur additional expenses to comply with U.S. securities law.

Our financial results will fluctuate from period to period and therefore are not necessarily meaningful and should not be relied upon as an indication of future financial performance. Such fluctuations in quarterly results or other factors beyond our control could affect the market price of our common stock. These factors include changes in earnings estimates by analysts, market conditions in our industry, announcements by competitors, changes in pharmaceutical and biotechnology industries, and general economic conditions. Any effect on our common stock could be unrelated to our longer-term operating performance. For a more detailed discussion of our risk factors, please refer to refer to our public filings available at www.sedar.com and www.sec.gov.

Exhibit 99.4

Form 52-109F2 - Certification of Interim Filings

I, William P. Peters, Chief Executive Officer of Adherex Technologies Inc., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Adherex Technologies Inc. (the "Issuer") for the interim period ending June 30, 2006;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer, as of the date and for the periods presented in the interim filings; and

4. The Issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures for the Issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared.

Date: August 9, 2006

/s/ William P. Peters
William P. Peters
Chief Executive Officer

Exhibit 99.5

Form 52-109F2 - Certification of Interim Filings

I, James A. Klein, Jr., Chief Financial Officer of Adherex Technologies Inc., certify that:

1. I have reviewed the interim filings (as this term is defined in Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) of Adherex Technologies Inc. (the "Issuer") for the interim period ending June 30, 2006;

2. Based on my knowledge, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings;

3. Based on my knowledge, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer, as of the date and for the periods presented in the interim filings;

4. The Issuer's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures for the Issuer, and we have:

   (a) designed such disclosure controls and procedures, or caused them to be designed under our supervision, to provide reasonable assurance that material information relating to the Issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the interim filings are being prepared.

Date: August 9, 2006

/s/ James A. Klein, Jr.
James A. Klein, Jr.
Chief Financial Officer