FORM 51-102F3
Material Change Report

1. Name and Address of Company:

Pediapharm Inc. (the “Issuer”)
225 - 1 Place du Commerce
Verdun, QC H3E 1A2

2. Date of Material Change(s):

July 2, 2014

3. News Release:

A news release was disseminated July 2, 2014 through the facilities of Marketwire.

4. Summary of Material Change(s):

The Issuer and Hoffmann-La Roche Limited (“Roche”) announced they have entered into an asset purchase agreement regarding the Canadian rights to Roche’s naproxen suspension. Roche will retain the Naprosyn™ trademark and retains all product rights to the other oral dosage forms under this brand.

5. Full Description of Material Change

5.1 Full Description of Material Change:

The Issuer and Hoffmann-La Roche Limited (“Roche”) announced they have entered into an asset purchase agreement regarding the Canadian rights to Roche’s naproxen suspension. Roche will retain the Naprosyn™ trademark and retains all product rights to the other oral dosage forms under this brand.

This product in its suspension form is only available under prescription (Rx) and is indicated for the treatment of osteoarthritis, rheumatoid arthritis, ankylosing spondylitis, and juvenile rheumatoid arthritis. Due to the significant unmet medical need, it will be reintroduced to the market as *Pediapharm naproxen suspension*.

It is also indicated for the relief of minor aches and pains in muscles, bones and joints, mild to moderate pain accompanied by inflammation in musculoskeletal injuries (sprains and strains) and primary dysmenorrhea.

The product is primarily used for juvenile rheumatoid arthritis (JRA) in children 2 years or older due to its more flexible dose titration based on the child’s weight. It is the only available liquid form of naproxen on the Canadian market. It is estimated that there are over 6,000 children presently living with arthritis in Canada.

Roche and the Issuer are working to establish a temporary special access to a similar liquid product. The companies will inform the medical community about this possibility in the near future.

The Issuer intends to make the naproxen suspension available again within the next 8 months.

5.2 Disclosure for Restructuring Transaction:

Not Applicable

6. Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102 *Continuous Disclosure Obligations*:

Not Applicable

7. Omitted Information:

Not Applicable

8. Executive Officer Knowledgeable of Material Change:

Roland Boivin
Chief Financial Officer
Telephone: (514) 762-2626 ext. 202

9. Date of Report:

July 2, 2014