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):

December 31, 2015

3. News Release:

A news release was disseminated December 31, 2015 through the facilities of Marketwire.

4. Summary of Material Change(s):

The Issuer announces that Health Canada has upheld the May 2015 Notice of Deficiency - Withdrawal Letter regarding Easyhaler Budesonide, without prejudice to re-filing.

5. Full Description of Material Change

5.1 Full Description of Material Change:

Pediapharm Inc. ("Pediapharm" or the "Company") announces that Health Canada has upheld the May 2015 Notice of Deficiency - Withdrawal Letter regarding Easyhaler Budesonide, without prejudice to re-filing.

Health Canada's decision, communicated through a letter received by Pediapharm in the afternoon of December 24, 2015, is based on recommendations contained in a report issued by a reconsideration panel and Health Canada's Office of Science. The reconsideration panel was responsible to hear arguments from Pediapharm and Health Canada's Allergy and Respiratory Drugs Division on November 20, 2015, and to submit recommendations to the Director General, who accepted them in a letter sent to Company.

"We are very disappointed with Health Canada's decision and we will take the appropriate time to analyze the available documents and notes with our team of consultants and partner that have accompanied us during this process. We will assess our alternatives and intend on communicating our plan of action by the end of March 2016. As previously stated, budesonide is a clinically-proven and safe active ingredient approved and commonly used by adults and children in Canada. Furthermore, Easyhaler Budesonide is currently being used by millions of patients suffering from asthma in over 25 countries around the world, such as Germany, Finland and the United Kingdom. We feel this decision by no means undermines the efficacy and safety of Easyhaler Budesonide, and are convinced of the benefits the product could bring to numerous patients should they have access to it", stated Sylvain Chretien, President and CEO of Pediapharm.

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:

January 4, 2016