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TSX Venture: PDP

FOR IMMEDIATE RELEASE

**PEDIAPHARM COMPLETES SALE OF ITS US RIGHTS TO NAPROXEN
SUSPENSION, RECEIVES US\$2.25 MILLION AS FIRST PAYMENT OF THE
TRANSACTION VALUED AT UP TO APPROXIMATELY US\$4.25 MILLION**

MONTREAL, QUEBEC – February 2, 2016 - Pediapharm Inc. ("Pediapharm" or the "Company") is pleased to announce that it has signed a formal asset purchase agreement with an industry third party (the "Acquirer") for the sale of its United States rights to Naproxen Suspension in a transaction valued at approximately US\$4.25 million (the "Transaction"). Financial terms of the Transaction include: payment of US\$2.25 million in cash which was received at closing and payment of US\$2.0 million in cash conditional on Pediapharm being granted approval from the Food and Drug Administration ("FDA") of the manufacturing site transfer on or before September 30, 2016. The Prescription Drug User Fee Assessment ("PDUFA") date for the Prior Approval Supplement that Pediapharm submitted regarding the manufacturing site transfer is February 5, 2016.

"We are very pleased to announce the completion of the asset purchase agreement within the estimated timeline and with a very solid industry player," stated Sylvain Chretien, President and Chief Executive Officer of Pediapharm. He added: "As stated before, our objective was never to commercialize Naproxen Suspension in the US on our own. While our initial intent was to sign a royalty-based agreement with potential partners in the US, we also received several offers for the purchase of the rights. In the end, selling the rights was the best option for all stakeholders. For Pediapharm, it brings substantial cash immediately which will enable us to fuel the growth of our existing products, put us in a solid position for the upcoming potential launches of Rupafin™ and Otixal® in 2016 as well as allow us to seriously consider new transactions".

As stated in the press release issued on January 13, 2016, Pediapharm will retain the rights to Naproxen suspension in Canada and will continue to commercialize using its own infrastructure. The Transaction is subject to the approval of the TSX Venture Exchange.

Other Company news regarding Advance Notice By-law

The Company also announces that at its annual and special meeting held on September 17, 2015, shareholders of the Company ("Shareholders") approved a by-law establishing a framework for advance nominations of directors by Shareholders (the "Advance Notice By-law"). The Advance Notice By-law is similar to the advance notice by-laws adopted by many other Canadian public companies, and provides for advance notice of nominations of directors in circumstances where nominations for election to the Board of Directors are made by Shareholders.

The Advance Notice By-law provides a clear process for Shareholders to follow to nominate directors, fixes a deadline by which registered Shareholders must submit, in writing, nominations for directors to the corporate secretary of the Company prior to any annual or special meeting of Shareholders and sets forth the specific information that such holders must include with their nominations in order to be effective.

For an annual meeting of Shareholders, notice to the Company must be not less than 30 and not more than 65 days prior to the date of the annual meeting; save and except where the annual meeting is to be held on a date less than 50 days after the date on which the first public

announcement of the date of such annual meeting was made, in which event notice may be given not later than the close of business on the 10th day following such public announcement.

For a special meeting of Shareholders (that is not also an annual meeting), notice to the Company must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of such special meeting was made.

About Pediapharm Inc.

Pediapharm is the only Canadian specialty pharmaceutical company dedicated to serving the needs of the pediatric community. Its mission is to bring to the Canadian market the latest innovative pediatric products with the objective to improve the health and the well-being of children in Canada. Since its debut in 2008, Pediapharm has entered into numerous commercial agreements with partners from Canada and other countries around the world. The company's innovative product portfolio includes NYDA®; a breakthrough treatment for head lice; EpiCeram® a non-steroid emulsion for eczema; naproxen suspension, indicated to treat pain and inflammation due to various conditions, including Juvenile Idiopathic Arthritis; and a broad pipeline of products under registration.

FORWARD LOOKING STATEMENTS

This news release contains forward-looking statements that involve risks and uncertainties, including without limitation, statements pertaining to the benefits of the Proposed Transaction, the consideration payable thereunder and the receipt of all necessary approvals. Actual results may differ materially. Pediapharm disclaims any intention and assumes no obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise. More detailed information about potential factors that could affect the current expectations or beliefs of the Company is included in the documents filed from time to time with the Canadian securities regulatory authorities by Pediapharm.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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