PEDIAPHARM ANNOUNCES GRANT OF STOCK OPTIONS AND ISSUANCE OF SHARES FOR SERVICES

TSX Venture: PDP **FOR IMMEDIATE RELEASE**

MONTREAL, QUEBEC – July 25, 2016 - Pediapharm Inc. ("**Pediapharm**" or the "**Corporation**") announces that its Board of Directors (the "**Board**") has approved the grant of 2,375,000 stock options to certain directors, officers and employees of the Corporation. The options were issued with an exercise price of $0.30 per share and have a term of ten (10) years. In addition, the options have varied vesting provisions such that they vest either over two (2) or four (4) years. The Board has also approved the grant of 100,000 stock options to Direct Financial Strategies and Communications Inc. at an exercise price of $0.30 per share with a term of two (2) years. These options will vest over a 12-month period at a rate of 25% per quarter.

The option grants are subject to regulatory and TSX Venture Exchange approval.

The Board has also approved the payment of bonuses to certain officers of the Corporation for their contribution during the twelve months ended March 31, 2016. A portion of the bonuses are payable in cash and the balance shall be payable through the issuance of an aggregate of 196,665 common shares of the Corporation (the "**Common Shares**") at a deemed price of $0.30 per share.

The Common Shares will be subject to a four-month hold period under applicable Canadian securities laws ending four months and a day after the date of issue.

The issuance of Common Shares for services is subject to the acceptance of the TSX Venture Exchange.

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 Corporation'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.

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