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TSX Venture: PDP **FOR IMMEDIATE RELEASE**

PEDIAPHARM ARRANGES PRIVATE PLACEMENT OF UNITS FOR $5,000,000

MONTREAL, QUEBEC – May 15, 2017 - Pediapharm Inc. (the "Company" or "Pediapharm") is pleased to announce it has agreed to a non-brokered private placement of 14,705,883 units of the Company (the "**Units**") at a price of $0.34 per Unit, for gross proceeds of $5,000,000 (the "**Offering**"), all of which shall be subscribed for by 9346-4626 Québec Inc., a private company operating as Transican owned by Mr. Gerard Leduc, a globally known pharmaceutical executive. Each Unit is comprised of one (1) common share in the capital of the Company (a "**Common Share**") and one-half (1/2) of one common share purchase warrant of the Company (a "**Warrant**"). Each Warrant entitles the holder thereof to purchase one (1) Common Share at a price of $0.51 per share expiring thirty-six (36) months from the date of issuance. No commissions or fees, other than legal and filing fees, are payable in connection with this financing.

The net proceeds of this Offering will be used to secure new business opportunities as well as to accelerate the growth of the Company's recently launched products namely, Rupall™ and Otixal™.

The closing of the Offering is expected to occur on or about May 23, 2017. Completion of the Offering is subject to a number of conditions, including, without limitation, receipt of all regulatory approvals, including approval 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 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; Rupall™, an innovative new allergy medication with a unique mode of action; Otixal™, the first and only antibiotic and steroid combination ear drop available in single, sterile, preservative-free and unit-dose packaging; and Cuvposa™, for severe drooling, which is under review with Health Canada.

FORWARD LOOKING STATEMENTS

This news release contains forward-looking statements and other statements that are not historical, including statements pertaining to the closing of the Offering, the Company's ability to obtain the necessary approvals and the management's expectations of the use of proceeds. Such forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that could cause actual results to vary materially from the results or events predicted in these forward-looking statements. As a result, investors are cautioned not to place undue reliance on these forward-looking statements.

The forward-looking statements contained in this news release are made as of the date of this release. Except as required by applicable law, the Corporation 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. Forward-looking information reflects the current expectations or belief of the Corporation based on information currently available and such information is subject to a number of assumptions, risks and uncertainties including those described under the heading "*Risk Factors*" in the Company's Annual Information Form (for the year ended March 31, 2016) available on SEDAR at www.sedar.com and other risks associated with being a specialty pharmaceutical company.

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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