

FORM 62-103F1

REQUIRED DISCLOSURE UNDER THE EARLY WARNING REQUIREMENTS

State if the report is filed to amend information disclosed in an earlier report. Indicate the date of the report that is being amended.

Not applicable

Item 1 Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Common Shares of Pediapharm Inc. ("Pediapharm") with head office located at:

225 - 1 Place du Commerce
Verdun, Quebec
H3E 1A2

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

Not applicable

Item 2 Identity of the Acquiror

2.1 State the name and address of the acquiror.

Knight Therapeutics Inc. ("Knight")
376 Victoria Avenue
Suite 220
Westmount, Quebec
H3Z 1C3

Jurisdiction of incorporation: Canada

Principal business: consumer products - biotechnology/pharmaceuticals

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On July 15, 2016, Knight purchased 11,470,920 common shares of Pediapharm, representing 15.8% of the issued and outstanding common shares of Pediapharm, in exchange for 221,126 common shares in the capital of Knight plus 221,126 4-year warrants to purchase an additional 221,126 common shares of Knight, representing an exchange ratio of 51.875 common shares of Pediapharm for each common share and warrant of Knight issued.

Prior to the above noted transaction, Knight owned 1,948,000 common shares and 757,500 warrants (convertible into 757,500 common shares of Pediapharm), representing 3.7% of the issued and outstanding common shares of Pediapharm, assuming the exercise of the warrants held by Knight only.

2.3 State the names of any joint actors.

Not applicable

Item 3 Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file the report and the change in the acquiror's securityholding percentage in the class of securities.

Prior to the above noted purchase, Knight owned 1,948,000 common shares of Pediapharm and 757,500 warrants (convertible into 757,500 common shares of Pediapharm), representing 3.7% of the issued and outstanding common shares outstanding of Pediapharm, assuming the exercise of the warrants held by Knight only. Immediately after the acquisition of 11,470,920 common shares of Pediapharm, Knight holds 19.5% of the issued and outstanding common shares outstanding of Pediapharm, assuming the exercise of the warrants held by Knight only.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file the report.

Prior to the above noted purchase, Knight owned 1,948,000 common shares of Pediapharm and 757,500 warrants (convertible into 757,500 common shares of Pediapharm), representing 3.7% of the issued and outstanding common shares outstanding of Pediapharm, assuming the exercise of the warrants held by Knight only. Immediately after the acquisition of 11,470,920 common shares of Pediapharm, Knight holds 19.5% of the issued and outstanding common shares outstanding of Pediapharm, assuming the exercise of the warrants held by Knight only.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Prior to the above noted purchase, Knight owned 1,948,000 common shares of Pediapharm and 757,500 warrants (convertible into 757,500 common shares of Pediapharm), representing 3.7% of the issued and outstanding common shares outstanding of Pediapharm, assuming the exercise of the warrants held by Knight only. Immediately after the acquisition of 11,470,920 common shares of Pediapharm, Knight holds 19.5% of the issued and outstanding common shares outstanding of Pediapharm, assuming the exercise of the warrants held by Knight only.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

As of the date of this report, Knight owns 13,418,920 common shares of Pediapharm and 757,500 warrants (convertible into 757,500 common shares of Pediapharm), representing 19.5% of the issued and outstanding common shares of Pediapharm, assuming the exercise of the warrants held by Knight only.

- (b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons other than the acquiror or any joint actor, and**

Not applicable.

- (c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.**

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Knight holds 757,500 warrants, which are convertible into 757,500 common shares of Pediapharm at an exercise price of \$0.33 per common share at any time until March 30, 2019. Should Knight exercise the warrant, Knight would acquire an additional, 757,500 common shares of Pediapharm, representing 1.0% of the issued and outstanding of common shares of Pediapharm, after taking effect of the exercise of the warrant.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

n/a

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

As consideration for the acquisition of the 11,470,920 common shares of Pediapharm, Knight issued 221,126 common shares plus 221,126 4-year warrants to purchase an additional 221,126 common shares of Knight. The closing price on the Toronto Stock Exchange on the last trading day immediately preceding the transaction was \$8.35 (the "Closing Price"), representing an aggregate dollar value in respect of the Knight shares issued of \$1,846,402. Using the Closing Price, the Black Scholes model renders a value of \$2.82 for each warrant issued, or \$623,575 in the aggregate.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

Not applicable

Item 5 Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following:

- a. the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer;**
- b. a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries;**
- c. a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries;**
- d. a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board;**
- e. a material change in the present capitalization or dividend policy of the reporting issuer;**
- f. a material change in the reporting issuer's business or corporate structure;**
- g. a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person;**
- h. a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace;**
- i. the issuer ceasing to be a reporting issuer in any jurisdiction of Canada;**
- j. a solicitation of proxies from securityholders;**
- k. an action similar to any of those enumerated above.**

The common shares of Pediapharm were purchased for investment purposes. Except as described herein, while Knight has no current plans or intentions that relate to or would result in the items listed in (a) through (k) above, depending on various factors including, without limitation, Pediapharm's financial position, the price levels of the

common shares of Pediapharm, conditions in the securities markets and general economic and industry conditions, Pediapharm's business or financial condition, and other factors and conditions Knight deems appropriate, Knight may develop such plans in future.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

Not applicable

Item 7 Change in material fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable

Item 8 Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable

Item 9 Certification

The acquiror must certify that the information is true and complete in every respect. In the case of an agent, the certification is based on the agent's best knowledge, information and belief but the acquiror is still responsible for ensuring that the information filed by the agent is true and complete.

This report must be signed by each person on whose behalf the report is filed or his authorized representative.

It is an offence to submit information that, in a material respect and at the time and in the light of the circumstances in which it is submitted, is misleading or untrue.

Certificate

The certificate must state the following:

"I, as the acquiror, certify, or I, as the agent filing the report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

July 15, 2016

Per: (signed) Jeffrey Kadanoff
Name: Jeffrey Kadanoff
Title: Chief Financial Officer