

PEDIAPHARM INC.
(the "Corporation")

January 22, 2014

AUDIT COMMITTEE "WHISTLE-BLOWER" PROCEDURES POLICY

NI 52-110 Requirement

Pursuant to National Instrument 52-110, the Corporation's Audit Committee is required to establish procedures for:

- (a) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

This procedures policy is designed to achieve this purpose.

The Corporation's Procedure

Employees having concerns regarding questionable accounting or auditing matters are encouraged to submit such concerns (the "Accounting Related Complaint") to the Chair of the Corporation's Audit Committee, Normand Chartrand at 514-953-8744.

Any employee who wishes to make an Accounting Related Complaint may do so anonymously or in confidence by directing such Accounting Related Complaint in writing directly to the Chair of the Audit Committee. Delivery may be made directly to the Chairman or to the Chairman care of the Corporation and marked personal and confidential.

Upon receiving an Accounting Related Complaint, the Chair of the Audit Committee will, depending upon the apparent urgency of the matter, call a meeting of the Audit Committee or add the Accounting Related Complaint to the agenda for consideration at the next regularly scheduled meeting of the Audit Committee.

The Audit Committee shall review and discuss, on a preliminary basis, the nature of the Accounting Related Complaint and the accounting, internal accounting controls or auditing matters that are called into question. In conducting this review, the Audit Committee will hold an in camera session, and then may request the attendance, at its discretion, of the Chief Executive Officer, the Chief Financial Officer, the Corporation's auditor and/or the person making the Accounting Related Complaint (if known and if such person is amenable) and/or such other persons as it deems necessary. The purpose of the meeting and the nature of the Accounting Related Complaint shall have been communicated to all such attendees by notice prior to the meeting.

If the Audit Committee is satisfied upon a preliminary review that the Accounting Related Complaint has merit, the Audit Committee shall authorize the Chair of the Audit Committee to retain and consult with an appropriately qualified: (1) law firm; and (2) a registered public accounting firm, within the meaning of applicable securities legislation, other than the independent auditor, in order to review the Accounting Related Complaint:

Following the conclusion of its inquiries, the Audit Committee shall meet to determine the merit of the Accounting Related Complaint. Minutes of such meeting shall be kept in the normal course in order to ensure a record of the nature and treatment of the Accounting Related Complaint.

Upon reaching such determination, the Audit Committee will communicate its findings and recommendations to the Board. The Board shall consider and implement such recommendations, as it deems advisable, to rectify any deficiencies identified in the Accounting Related Complaint and shall communicate same to management.

The Audit Committee shall ensure that confidentiality will be maintained throughout the investigatory process to the extent practicable and appropriate under the circumstances; and the person who makes the Accounting Related Complaint (if known) shall receive a written summary of the final determination.

The Audit Committee shall retain all documentation regarding the Accounting Related Complaint, its preliminary review, any investigation, determination and implementation of recommendations for a period of no less than ten (10) years.

Administration

The Corporation, through the Chief Executive Officer shall be responsible for the dissemination of this Policy to all Employees.

No Retaliation

The Corporation will not allow or pursue retaliation of any kind in respect of an Accounting Related Complaint, or for assistance or information provided to applicable authorities in connection with an investigation of breaches of applicable securities law, where such are made or provided in good faith. In addition, no employee may be adversely affected because the employee refused to carry out a directive which, in fact, constitutes corporate fraud, is a violation of this Procedure, a violation of the law or presents a substantial and specific danger to the public's health and safety. Any retaliatory action should immediately be reported to the Chairman or any other member of the Corporation's Board of Directors.