

MERUS LABS INTERNATIONAL INC.

ANNOUNCES PROMOTION & DISTRIBUTION AGREEMENTS FOR EMSELEX®/ENABLEX® IN EUROPEAN COUNTRIES

Toronto, January 17, 2013 - Merus Labs International Inc. (“Merus” or the “Company”) [TSX: MSL, NASDAQ: MSLI] is pleased to announce that through its wholly owned subsidiaries, Merus Labs B.V and Merus Labs Luxco S.à R.L., it has entered into promotion and distribution agreements with selected partners in certain European countries for the Company's Emselex®/Enablex® product. Emselex®/Enablex® (darifenacin) is a branded prescription medicine in extended release tablet form which is a muscarinic antagonist indicated for the treatment of overactive bladder with symptoms of urge urinary incontinence, urgency, and frequency.

The partner companies and corresponding territories are as follows; POA Pharma Scandinavia AB (Nordic countries defined collectively as Denmark, Norway, Sweden, Finland, and Iceland), Proximum d.o.o (Croatia), and SPCare Lda (Portugal). Under the terms of the agreements, the partner companies have been granted exclusive rights to distribute, market, and sell Emselex®/Enablex® in their respective territories. Although the financial terms of the agreements have not been disclosed, the general structure of the arrangements are such that the partners contribute the local marketing and sales resources in exchange for a portion of the incremental net sales generated above the current annual baseline net sales. The territories covered by these new distribution and promotion agreements did not have any substantial marketing and sales resources devoted to the product in recent years. For the year 2012, the newly partnered territories had net sales of approximately US\$4.5 million.

“We are pleased to have entered into these promotion and distribution agreements with partner companies that have a wealth of knowledge and expertise in their local markets. Emselex®/Enablex® is a major growth driver for the Company and these new collaborations will enable Merus to broaden its reach in countries which were previously underserved in terms of marketing and sales efforts. This announcement represents a key milestone within our strategic plan to expand the sales of Emselex®/Enablex®,” said Elie Farah, President and CEO of Merus Labs International Inc.

About Merus Labs International Inc.

Merus is a specialty pharmaceutical company engaged in the acquisition and licensing of pharmaceutical products. The Company utilizes its expertise in pharmaceutical markets and its access to capital to acquire and license niche branded products. Merus further enhances the sale and distribution of these products by the introduction of a focused marketing and promotion plan.

Cautionary Statement

Certain statements contained in this press release may constitute “forward-looking statements” within the meaning of Section 21E (i) (1) of the United States Securities Exchange Act of 1934. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Merus’ actual results to be materially different from any future results expressed or implied by these statements. Such factors include the following: general economic and business conditions, changes in

demand for Merus' products, changes in competition, the ability of Merus to integrate acquisitions or complete future acquisitions, interest rate fluctuations, currency exchange rate fluctuations, dependence upon and availability of qualified personnel and changes in government regulation. In light of these and other uncertainties, the forward-looking statements included in this press release should not be regarded as a representation by Merus that Merus' plans and objectives will be achieved. These forward-looking statements speak only as of the date of this press release, and we undertake no obligation to update or revise the statements.

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