

**MERUS LABS INTERNATIONAL INC.
ANNOUNCES RESULTS FOR FISCAL 2012**

Toronto, January 2, 2013 - Merus Labs International Inc. ("Merus" or the "Company") [TSX: MSL, NASDAQ: MSLI] is pleased to announce today its financial results for its fiscal year 2012.

For the year ended September 30, 2012, the Company incurred a net loss of \$20,720,548 compared to a net loss of \$7,553,936 for the year ended September 30, 2011. The Company's current year results were negatively impacted by a non-recurring intangible impairment charge totaling \$22,208,721, of which \$5,532,624 primarily relates to the impairment of the Company's Vancocin® product rights resulting from the market entry of a generic Vancomycin product and the balance of \$16,676,097 relates to impairment of the associated goodwill. For fiscal 2012, the earnings before interest, taxes, depreciation and amortization ("EBITDA") was \$3,383,219 and the adjusted EBITDA which adds back non-cash share based compensation expense and acquisition costs was \$6,116,459.

On a pro forma basis, including the acquired entity's results from the beginning of the fiscal period in which the amalgamation of Envoy Capital Group Inc. and Merus Labs International Inc. ("Old Merus") occurred, Merus' revenues, EBITDA, and adjusted EBITDA for the year ended September 30, 2012 were \$12,904,210, \$5,327,737 and \$8,060,977, respectively. The pro forma adjusted EBITDA represents a margin of 62% of revenue and was in line with management's expectations.

The pro forma revenues for the fiscal year 2012 of \$12,904,210 were comprised of product revenues as follows; Vancocin® \$9,389,108, Enablex® \$2,351,911, and Factive® \$1,163,191. Vancocin® sales have performed above expectation for the year as the majority of the sales were achieved prior to market entry of the generic. Enablex® sales are tracking as expected and per the Company's service agreement with the vendor, Novartis Pharma AG ("Novartis"), during the operational transition period Novartis will manage the supply, distribution, and promotion to the market. Consequently, the Company recorded Enablex® revenues net of cost of goods and marketing and selling expense for the period ended September 30, 2012. Enablex® revenue prior to the operational expenses being deducted was \$3,927,532 for the period from the July 11, 2012 acquisition date to September 30, 2012. As Factive® was acquired in the spring of 2012, the net sales figure represents the warmer months of the year and the coming fall and winter quarters will comprise the majority of the revenue for the product.

The Company completed its amalgamation on December 19, 2011 and consequently, the reported results for the year include the revenue and operating expenses of the acquired entity from December 20 through September 30, 2012.

Management's discussion and analysis, containing a full analysis of financial results, is available on EDGAR (www.sec.gov/edgar.shtml) and on SEDAR (www.sedar.com).

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 the North American pharmaceutical markets and its access to capital to acquire and license niche branded products in Canada and United States. Merus further enhances the sale and distribution of these products by 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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