MERUS LABS INTERNATIONAL INC.
ANNOUNCES RESULTS FOR FISCAL 2014

Toronto, December 18, 2014 - Merus Labs International Inc. ("**Merus**" or the "**Company**") [TSX: MSL, NASDAQ: MSLI] is pleased to announce today its financial results for its fiscal year 2014.

For the year ended September 30, 2014, the Company incurred a net loss of $8,061,698 compared to a net loss of $3,102,129 for the year ended September 30, 2013. The current year results include a non-cash impairment charge of $4,212,441 related to product rights for Vancocin. Revenues for fiscal 2014 were $26,151,440, earnings before interest, taxes, depreciation and amortization ("EBITDA") was $13,143,414 and adjusted EBITDA which adds back non-cash share based compensation expense, foreign exchange, investment expenses and acquisition costs was $13,344,775. For the year ended September 30, 2013, revenues, EBITDA, and adjusted EBITDA were $28,385,968, $15,547,484 and $19,355,502, respectively.

"We ended Fiscal 2014 on a positive note with the acquisition of Sintrom, a well-established product with predictable cash flow. Our baseline adjusted EBITDA generated from existing products, after factoring in a potential price reduction for Emselex in Germany in mid-2015, is expected to remain steady in the $30 million range over the next few years. However, our results could be materially higher if our current price level is sustained." commented Barry Fishman, Chief Executive Officer.

Mr. Fishman went on to say "I am extremely pleased with our recent business development momentum. Over the last 2 months we have initiated active discussions on 10 products, with 5 global pharmaceutical companies – with combined EBITDA of over $100 million per year. Our cash generation from existing products and our access to future capital to finance new deals has never been better."

Revenues attributable to Enablex (Emselex in Europe) for the year ended September 30, 2014 were $20,699,916. Revenues from Enablex for the prior year ended September 30, 2013, recorded partially on a net basis, were $22,234,391. Until the beginning of the third quarter of 2013, due to a transition agreement with Novartis, the Company recorded revenues in the statements of operations relating to Enablex on a net basis whereby revenues were recorded net of cost of goods and marketing and selling expenses. Had the Company reported Enablex on a gross basis for the entire of fiscal 2013, revenues for Enablex for the year ended September 30, 2013 would have been $26,494,618 and cost of goods sold and sales and marketing expenses would have been higher by $3,471,668 and $788,559, respectively. EBITDA would be unchanged.

Enablex revenue for fiscal 2014 was impacted quite significantly by changes in supply chain inventory levels and the timing of orders from customers. At the end of fiscal 2013, two large customers placed higher than usual orders to stock up with new product after the transfer of the marketing authorizations. This resulted in higher than expected revenue in the fourth quarter of fiscal 2013 and lower than expected revenue in the first quarter of fiscal 2014. In addition, due to the expiration of a significant marketing and promotion agreement in Germany at the end of 2014, lower than expected orders were received in the fourth quarter of fiscal 2014 as the marketing partner reduced its stocks. As in-market sales of Enablex have shown just marginal decline since the Company took ownership of the product, the revenue fluctuations are not seen as indicative of a change in demand for the product.

Revenues attributable to Vancocin were $4,444,081 for the year ended September 30, 2014, compared to $6,151,577 for the year ended September 30, 2013. The decrease in revenue from this product in the current fiscal year was primarily due to the entry of a second generic vancomycin which began to impact the market during the third quarter of fiscal 2014.

The Company acquired Sintrom effective September 8, 2014, and as such, recorded the net revenue from this product from the date of acquisition through September 30, 2014. Sintrom net revenue from the date of acquisition to September 30, 2014 was $1,007,443. Sales of Sintrom will initially be recorded as revenue on a net margin basis until market authorizations transfer in mid-2015, at which point Merus will record revenues and costs on a gross basis. 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).

As announced earlier this week, the Company will hold a conference call at 5:00 p.m. EST to discuss fiscal year 2014 financial results and strategic business priorities. The conference call can be accessed by dialing (888) 241-0551 and entering conference ID 54511576. International participants may dial (647) 427-3415.

About Merus Labs International Inc.

Merus Labs is a specialty pharmaceutical company focused on acquiring established products. The Company leverages its expertise in European and North American markets to optimize the value of underdeveloped pharmaceutical assets.

Non-IFRS Financial Measures

The terms “EBITDA” and “adjusted EBITDA” are non-IFRS measures that do not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. The Company believes EBITDA and adjusted EBITDA are important measurements that allow it to assess the operating performance of its ongoing business on a consistent basis without the impact of amortization and impairment expenses, debt service obligations and other non-operating items. The Company excludes amortization and impairment expenses because their level depends substantially on non-operating factors such as the historical cost of intangible assets. The Company's method for calculating EBITDA and adjusted EBITDA may differ from that used by other issuers and, accordingly, this measure may not be comparable to EBITDA and adjusted EBITDA used by other issuers. See the Company’s 2014 MD&A for a reconciliation of these measures to loss from continuing operations (the nearest IFRS measure).

Forward-Looking Statements

Certain statements contained in this press release may constitute “forward-looking statements” within the meaning of the United Sates Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include statements relating to the Company’s future business and operating plans, the future pricing of the Company’s products, the Company’s ability to acquire future products, the Company’s ability to secure financing to complete acquisitions, and the Company’s future results of operations. Such statements involve assumptions relating to the Company’s business, including government regulation of the pricing of the Company’s products, the competitive environment of the Company’s products, the stability of foreign exchange rates and the availability of prospective acquisition targets. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the Company’s 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, Merus’ ability to complete any financing, interest rate fluctuations, currency exchange rate fluctuations, dependence upon and availability of qualified personnel and changes in government regulation. Investors should refer to the 2014 MD&A and the Company’s annual reports for a more comprehensive discussion of the risks that are material to the Company and its business. 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.

For further information please contact:

Merus Labs International Inc.
Tel: (416) 593-3725
Or contact our investor relations department at: info@meruslabs.com