



## Merus Labs Announces Changes to Stock Option Plan to Address ISS Recommendation

---

**TORONTO, ONTARIO – March 13, 2017** -- Merus Labs International Inc. (“**Merus**” or the “**Company**”) [TSX: MSL, NASDAQ: MSLI] announces that the board of directors of the Company has approved minor amendments to its stock option plan (the “**Plan**”). The amendments have been proposed to address issues raised by Institutional Shareholder Services (“**ISS**”) in the course of its review of the matters to be voted on at the upcoming annual and special meeting of the shareholders of Merus to be held on March 21, 2017 (the “**AGM**”). The changes to the Plan address what the Company understands were the “overriding factors” that resulted in ISS issuing a negative recommendation on approval of the continuation of the Plan. The amendments to the Plan also address certain “housekeeping” changes requested by the TSX.

The amendments to the Plan to address the ISS recommendations will:

- add an annual limit for grants of options under the Plan (“Options”) to each non-employee director of Merus of \$100,000 in grant date fair value, and an aggregate limit of \$150,000 with respect to all grants and awards under the Company’s share compensation plans (which include the Plan and the Company’s 2015 Performance Share Unit Plan);
- extend the prohibition on reduction in the exercise price of Options to all participants in the Plan (not just insiders); and
- impose the requirement of shareholder approval for any changes to the Plan that would:
  - result in any reduction in the exercise price of an Option, cancellation and reissue of Options, or a substitution of Options with cash or other awards on terms that are more favourable to any optionee under the Plan;
  - any extension to the term of any Option beyond the original expiry date of the Option or any amendment that may allow for the expiry date of an Option to be greater than the maximum term currently permitted under Plan;
  - any amendment that would permit transfers or assignments of options by an optionee, or exercises of Options by persons other than an optionee, beyond the permitted transfers, assignments and exercises currently contemplated under the Plan for limited estate and estate planning purposes; or
  - remove or increase the compensation limits for non-employee directors described above;

The amendments to the Plan to address the TSX administrative changes will:

- clarify that the limit on the number of shares that may be issued as a result of Options under the Plan that is equal to 10% of the issued and outstanding shares of the Company is a combined limit that includes all shares that are subject to grants under the Plan and the Company’s other compensation arrangements, including the Company’s 2015 Performance Share Unit Plan, and
- confirm that the extension of expiry dates of Options that fall within a black out or shortly following expiry of a black out period is mandatory, and not at the discretion of the compensation committee of the directors of the Company.

The amendments to the Plan are not expected to substantively impact on the Company’s compensation practices moving forward. Merus has made the amendments in recognition that such changes bring the



## Merus Labs Announces Changes to Stock Option Plan to Address ISS Recommendation

---

Plan into closer alignment with the latest corporate governance best practices for a company of the size and development of Merus.

The amendments to the Plan have been approved by the Board and will be put forward to shareholders for their approval at the AGM. Shareholders may view a copy of the proposed updated Plan at the Company's website at "www.meruslabs.com" on the "Investors" page under "Annual Meeting".

### **About Merus Labs**

Merus Labs is a specialty pharmaceutical company focused on acquiring and optimizing established and growth products. The Company leverages its expertise and commercial platform in Europe, Canada and select other markets to deliver value.

### **For Further Information**

Phone: (905) 726-0995

Email: [info@meruslabs.com](mailto:info@meruslabs.com)

Website: [www.meruslabs.com](http://www.meruslabs.com)

### **Forward-Looking Statements**

Certain statements contained in this press release may constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include statements relating to approval of the Plan at the AGM, the Company's future business and operating plans, including potential changes to capital structure, product acquisitions or prospective corporate transactions. 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 Company's MD&A, Annual Information Form and Annual Report on 40-F for the year ended September 30, 2016 for a more comprehensive discussion of the risks that are material to the Company and its business. These forward-looking statements speak only as of the date of this press release, and Merus undertakes no obligation to update or revise the statements.