

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Merus Labs International Inc. (the “**Company**” or “**Merus**”)
100 Wellington Street West
Suite 2110, PO Box 151
Toronto, Ontario, M5K 1H1

Item 2 Date of Material Change

February 19, 2016 and February 23, 2016

Item 3 News Release

The news release announcing the execution of the bought deal financing was issued by the Company on February 19, 2016 and distributed through CNW Group and filed on SEDAR.

The news release announcing the Sanofi acquisition agreement was issued by the Company on February 23, 2016 and distributed through CNW Group and filed on SEDAR.

Item 4 Summary of Material Change

On February 19, 2016, the Company entered into a bought deal engagement letter for the offer and sale of 14,250,000 subscription receipts of the Company (the “**Subscription Receipts**”), at a price of \$1.90 per Subscription Receipt, for aggregate gross proceeds of \$27,075,000 (the “**Offering**”).

On February 23, 2016, the Company and certain of its subsidiaries entered into an agreement (the “**Sanofi Purchase Agreement**”) with Sanofi S.A. to acquire the rights to the Surgestone®, Provames®, Speciafoldine®, and Tredemine® pharmaceutical products (the “**Sanofi Products**”) in France for a purchase price of €22.5 million.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

The Subscription Receipt Offering

On February 19, 2016, the Company entered into an agreement with a syndicate of underwriters co-led by Canaccord Genuity Corp. and Clarus Securities Inc. (collectively, the “**Underwriters**”) to purchase, on a bought deal private placement basis, 14,250,000 Subscription Receipts of the Company, at a price of \$1.90 per Subscription Receipt, for aggregate gross proceeds of \$27,075,000. The proceeds of the Subscription Receipts will be held in escrow and released to the Company to fund the completion of the Sanofi Products. Each Subscription Receipt will convert into one special warrant of the Company upon completion of the acquisition (the “**Special Warrants**”), with each Special Warrant being convertible into one common share of the Company.

The proceeds of the Offering, together with an advance under the Company’s amended and restated credit facility announced on February 1, 2016, will be used to fund the acquisition of the Sanofi Products pursuant to the Sanofi Purchase Agreement.

If the acquisition is not concluded within 60 days of issuance of the Subscription Receipts, or 90 days at the election of Canaccord Genuity Corp., on behalf of the Underwriters, then the Subscription Receipts will be cancelled and the funds held in escrow returned to the investors.

The Offering is scheduled to close on or about March 1, 2016, and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approvals of the Toronto Stock Exchange and the NASDAQ stock market.

The Sanofi Purchase Agreement

On February 23, 2016, the Company and certain of its subsidiaries entered into the Sanofi Purchase Agreement with Sanofi S.A. to acquire the rights to the Sanofi Products in France for a purchase price of €22.5 million. Surgestone® and Provames®, are used in a variety of women's health indications, Speciafoldine® is used to treat macrocytic anemia, while Tredemine® is a World Health Organization recognized essential medicine to treat tapeworm. All closing conditions under the purchase agreement, other than payment of the purchase price, have been satisfied. The acquisition of the Sanofi Products is expected to close during the second week in March 2016.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable

Item 7 Omitted Information

Not applicable

Item 8 Executive Officer

Andrew Patient
Chief Financial Officer
Telephone: (416) 593-3725

Item 9 Date of Report

February 29, 2016