

Form 45-106F6
British Columbia Report of Exempt Distribution

This is the form required under section 6.1 of National Instrument 45-106 for a report of exempt distribution in British Columbia.

Issuer information

Item 1: Issuer name and contact information

A. State the following:

Name: Merus Labs International Inc.
Website: www.meruslabs.com
Address: 100 Wellington St. West
Suite 2110 PO Box 151
Toronto, ON M5K 1H1
Telephone: 416-593-3725
E-mail Address: apatient@meruslabs.com

Item 2: Reporting issuer status

A. State whether the issuer is or is not a reporting issuer and, if reporting, each of the jurisdictions in which it is reporting.

**The Issuer is a reporting issuer in the Provinces of British Columbia, Alberta,
Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Prince Edward Island**

B. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, name the investment fund manager and state the jurisdiction(s) where it is registered.

Item 3: Issuer's industry

Indicate the industry of the issuer by checking the appropriate box below.

- | | |
|---|--|
| <input checked="" type="checkbox"/> Bio-tech | Mining |
| Financial Services | <input type="checkbox"/> exploration/development |
| <input type="checkbox"/> investment companies and funds | <input type="checkbox"/> production |
| <input type="checkbox"/> mortgage investment companies | <input type="checkbox"/> Oil and gas |
| <input type="checkbox"/> Forestry | <input type="checkbox"/> Real estate |
| <input type="checkbox"/> Hi-tech | <input type="checkbox"/> Utilities |
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Other (describe) _____ |

Item 4: Insiders and promoters of non-reporting issuers

If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

If the issuer is not a reporting issuer in any jurisdiction of Canada, complete the following table by providing information about each insider and promoter of the issuer. If the insider or promoter is not an individual, complete the table for directors and officers of the insider or promoter.

Information about insiders and promoters			
Full name, municipality and country of principal residence	All positions held (e.g., director, officer, promoter and/or holder of more than 10% of voting securities)	Number and type of securities of the issuer beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution	Total price paid for all securities beneficially owned or, directly or indirectly controlled, on the distribution date, including any securities purchased under the distribution
N/A			

Details of distribution

Item 5: Distribution date

State the distribution date. If this report is being filed for securities distributed on more than one distribution date, state all distribution dates.

March 1, 2016

Item 6: Number and type of securities

For each security distributed:

- describe the type of security;
- state the total number of securities distributed. If the security is convertible or exchangeable, describe the type of underlying security, the terms of exercise or conversion and any expiry date; and
- if the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, state the exemption(s) relied on. If more than one exemption is relied on, state the amount raised using each exemption.

13,750,000 Subscription Receipts at a price of \$1.90 per Subscription Receipt. The Subscription Receipts were immediately converted into 13,750,000 Special Warrants. The 13,750,000 Special Warrants will ultimately convert into 13,750,000 Common Shares, without further payment of additional consideration, upon the earlier of (i) the 3rd business day following the filing of a prospectus supplement qualifying the issuance of the Common Shares, and (ii) July 2, 2016.

Item 7: Geographical information about purchasers

Complete the following table for each Canadian and foreign jurisdiction where purchasers of the securities reside. Do not include in this table information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report. The information provided in this table must reconcile with the information provided in item 8 and Schedules I and II.

Each Canadian and foreign jurisdiction where purchasers reside	Number of purchasers	Price per security (Canadian\$) ¹	Total dollar value raised from purchasers in the jurisdiction (Canadian \$)
Alberta	2	\$1.90	\$1,140,000
British Columbia	2	\$1.90	\$2,095,700
Ontario	48	\$1.90	\$22,257,211
Quebec	2	\$1.90	\$480,092
Bahamas	1	\$1.90	\$76,000
Cayman Islands	1	\$1.90	\$47,500
United Kingdom	1	\$1.90	\$28,500
Total number of Purchasers	57		
Total dollar value of distribution in all jurisdictions (Canadian \$)			\$26,125,003

Note 1: If securities are issued at different prices, list the highest and lowest price for which the securities were sold.

Item 8: Information about purchasers

Instructions

A. If the issuer is an investment fund managed by an investment fund manager registered in a jurisdiction of Canada, do not complete this table.

B. Information about the purchasers of securities under the distribution is required to be disclosed in different tables in this report. Complete

- the following table for each purchaser that is not an individual, and
- the tables in Schedules I and II of this report for each purchaser who is an individual.

Do not include in the tables information about securities issued as payment of commissions or finder's fees disclosed under item 9 of this report.

C. An issuer or underwriter completing this table in connection with a distribution using the exemption in subparagraph 6.1(1)(j) [*TSX Venture Exchange offering*] of National Instrument 45-106 *Prospectus and Registration Exemptions* may choose to replace the information in the first column with the total number of purchasers, whether individuals or not, by jurisdiction. If the issuer or underwriter chooses to do so, then the issuer or underwriter is not required to complete the second column or the tables in Schedules I and II.

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
AVENTINE MANAGEMENT GROUP FOR AVENTINE CANADIAN EQUITY FUND 2 BLOOR ST W, 3400, TORONTO, ON, CANADA, M4W3E2 James Telfser, Portfolio Manager Tel: 416.847.1767	R	75,000 Subscription Receipts	\$142,500	s.2.3 of NI 45-106	2016-03-01
CIBC ASSET MANAGEMENT FOR RENAISSANCE CANADIAN SMALL CAP FUND 18 YORK ST, SUITE 1400, TORONTO, ON, CANADA, M5J2T8 Jean-Pierre Nadeau, Executive Director, Fund & Investment Services Tel: 514.876.6932	R	425,000 Subscription Receipts	\$807,500	s.2.3 of NI 45-106	2016-03-01
CIBC ASSET MANAGEMENT FOR CIBC CANADIAN SMALL CAP FUND 18 YORK ST, SUITE 1400, TORONTO, ON, CANADA, M5J2T8 Jean-Pierre Nadeau, Executive Director, Fund & Investment Services Tel: 514.876.6932	R	431,690 Subscription Receipts	\$820,211	s.2.3 of NI 45-106	2016-03-01
CIBC ASSET MANAGEMENT FOR CIBC CANADIAN EQUITY SMALL CAP POOL 18 YORK ST, SUITE 1400, TORONTO, ON, CANADA, M5J2T8 Jean-Pierre Nadeau, Executive Director, Fund & Investment Services Tel: 514.876.6932	R	93,780 Subscription Receipts	\$178,182	s.2.3 of NI 45-106	2016-03-01
CIBC ASSET MANAGEMENT FOR ALBERTA INVESTMENT	R	314,950 Subscription Receipts	\$598,405	s.2.3 of NI 45-106	2016-03-01

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
MANAGEMENT CORPORATION (AIMco) 18 YORK ST, SUITE 1400, TORONTO, ON, CANADA, M5J2T8 Jean-Pierre Nadeau, Executive Director, Fund & Investment Services Tel: 514.876.6932					
CIBC ASSET MANAGEMENT FOR ALBERTA INVESTMENT MANAGEMENT CORPORATION (AIMco) 2 18 YORK ST, SUITE 1400, TORONTO, ON, CANADA, M5J2T8 Jean-Pierre Nadeau, Executive Director, Fund & Investment Services Tel: 514.876.6932	R	234,580 Subscription Receipts	\$445,702	s.2.3 of NI 45-106	2016-03-01
GOODWOOD FUND 212 KING ST WEST, SUITE 200, TORONTO, ON, M5H 1K5 Katie Sherkey, Director, Goodwood Inc. Tel: 416.203.2022		980,400 Subscription Receipts	\$1,862,760	s.2.3 of NI 45-106	2016-03-01
GOODWOOD CAPITAL FUND 212 KING ST WEST, SUITE 200, TORONTO, ON, M5H 1K5 Katie Sherkey, Director, Goodwood Inc. Tel: 416.203.2022		73,000 Subscription Receipts	\$138,700	s.2.3 of NI 45-106	2016-03-01
JC CLARK LTD 130 ADELAIDE ST WEST SUITE 3400, TORONTO ON M5H 3P5 Jennifer Doherty, COO Tel: 416.361.6326	R	980,000 Subscription Receipts	\$1,862,000	s.2.3 of NI 45-106	2016-03-01
BEUTEL, GOODMAN & COMPANY LTD. FOR BEUTEL GOODMAN BALANCED FUND 20 EGLINTON AVE W, STE 2000, TORONTO, ON,	R	201,700 Subscription Receipts	\$383,230	s.2.3 of NI 45-106	2016-03-01

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
CANADA, M4R1K8 William Otton, Portfolio Manager Tel: 416.485.1010					
BEUTEL, GOODMAN & COMPANY LTD. FOR BEUTEL GOODMAN SMALL CAP FUND 20 EGLINTON AVE W, STE 2000, TORONTO, ON, CANADA, M4R1K8 William Otton, Portfolio Manager Tel: 416.485.1010	R	1,351,700 Subscription Receipts	\$2,568,230	s.2.3 of NI 45-106	2016-03-01
BEUTEL, GOODMAN & COMPANY LTD. FOR BEUTEL GOODMAN CANADIAN EQUITY FUND 20 EGLINTON AVE W, STE 2000, TORONTO, ON, CANADA, M4R1K8 William Otton, Portfolio Manager Tel: 416.485.1010	R	955,700 Subscription Receipts	\$1,815,830	s.2.3 of NI 45-106	2016-03-01
BEUTEL, GOODMAN & COMPANY LTD. FOR BEUTEL GOODMAN CANADIAN SMALL CAP TRUST 20 EGLINTON AVE W, STE 2000, TORONTO, ON, CANADA, M4R1K8 William Otton, Portfolio Manager Tel: 416.485.1010	R	712,500 Subscription Receipts	\$1,353,750	s.2.3 of NI 45-106	
BEUTEL, GOODMAN & COMPANY LTD. FOR SEI CDN SMALL CAP FUND 20 EGLINTON AVE W, STE 2000, TORONTO, ON, CANADA, M4R1K8 William Otton, Portfolio Manager Tel: 416.485.1010	R	121,200 Subscription Receipts	\$230,280	s.2.3 of NI 45-106	2016-03-01
BEUTEL, GOODMAN & COMPANY LTD. FOR IG BG SMALL CAP FUND	R	506,000 Subscription Receipts	\$961,400	s.2.3 of NI 45-106	2016-03-01

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
20 EGLINTON AVE W, STE 2000, TORONTO, ON, CANADA, M4R1K8 William Otton, Portfolio Manager Tel: 416.485.1010					
BEUTEL, GOODMAN & COMPANY LTD. FOR OPSEU PENSION TRUST 20 EGLINTON AVE W, STE 2000, TORONTO, ON, CANADA, M4R1K8 William Otton, Portfolio Manager Tel: 416.485.1010	R	121,200 Subscription Receipts	\$230,280	s.2.3 of NI 45- 106	2016-03-01
BEUTEL, GOODMAN & COMPANY LTD. FOR OPGT SMALL CAP FUND 20 EGLINTON AVE W, STE 2000, TORONTO, ON, CANADA, M4R1K8 William Otton, Portfolio Manager Tel: 416.485.1010	R	4,300 Subscription Receipts	\$8,170	s.2.3 of NI 45- 106	2016-03-01
BEUTEL, GOODMAN & COMPANY LTD. FOR HYDRO ONE INC. 20 EGLINTON AVE W, STE 2000, TORONTO, ON, CANADA, M4R1K8 William Otton, Portfolio Manager Tel: 416.485.1010	R	77,400 Subscription Receipts	\$147,060	s.2.3 of NI 45- 106	2016-03-01
BEUTEL, GOODMAN & COMPANY LTD. FOR ONTARIO PENSION BOARD 20 EGLINTON AVE W, STE 2000, TORONTO, ON, CANADA, M4R1K8 William Otton, Portfolio Manager Tel: 416.485.1010	R	168,300 Subscription Receipts	\$319,770	s.2.3 of NI 45- 106	2016-03-01
JAYVEE & CO ITF VERTEX GROWTH FUND 3200 - 1021 WEST HASTINGS ST., VANCOUVER, BC V6E		1,053,000 Subscription Receipts	\$2,000,700	s.2.3 of NI 45- 106	2016-03-01

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
0C3 John Thiessen, Portfolio Manager Tel: 604.681.5787					
CURVATURE LP 141 ADELAIDE ST W, 1510A, TORONTO, ON, CANADA, M5H3L5 Tom Edmunds, Partner Tel: 647.345.8603		345,300 Subscription Receipts	\$656,070	s.2.3 of NI 45-106	2016-03-01
CURVATURE MARKET NEUTRAL FUND 36 TORONTO ST., UNIT 750, TORONTO, ON M5C 2C5 Tom Edmunds, Partner Tel: 647.345.8603		1,233,700 Subscription Receipts	\$2,344,030	s.2.3 of NI 45-106	2016-03-01
GOODWOOD MILFORD FUND 212 KING ST WEST, SUITE 200, TORONTO, ON M5H 1K5 Katie Sherkey, Director, Goodwood Inc. Tel: 416.203.2022		52,600 Subscription Receipts	\$99,940	s.2.3 of NI 45-106	2016-03-01
GUARDIAN CAPITAL LP 199 BAY ST, SUITE 3100, TORONTO, ON M5L 1E8 Michael P Weir, Managing Director Tel: 416.364.8341	R	210,500 Subscription Receipts	\$399,950	s.2.3 of NI 45-106	2016-03-01
RETIRE FIRST LTD. ON BEHALF OF FULLY MANAGED ACCOUNTS 101 - 4610 - 49TH AVE, RED DEER, AB J4N 6M5 Douglas Allan, Portfolio Manager Tel: 403.314.9156	R	500,000 Subscription Receipts	\$950,000	s.2.3 of NI 45-106	2016-03-01
ABC CAPITAL MANAGEMENT INC. 17 WHITELAW CRT, THORNHILL, ON L3T 5E6 Bardya Ziaian Tel: n/a		250,000 Subscription Receipts	\$475,000	s.2.3 of NI 45-106	2016-03-01
ROCKSLANE INC. 48 RATHNELLY AVE, TORONTO, ON M4V 2M3		30,000 Subscription Receipts	\$57,000	s.2.3 of NI 45-106	2016-03-01

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
John Hardy, President Tel: 416.460.5349					
SPRINGCREEK CEMETARY INC. 1390 CLARKSON RD N, MISSISSAUGA, ON L5S 2W5 William Oughtred Tel: 905.822.0368		50,000 Subscription Receipts	\$95,000	s.2.3 of NI 45- 106	2016-03-01
MMCAP INTERNATIONAL INC. SPC C/O MAITLAND ADMINISTRATION LIMITED, GEORGE TOWN FINANCIAL CENTRE, 90 FORT ST, PO BOX 259, GEORGE TOWN, CAYMAN ISLANDS KY1- 1104 Matthew MacIsaac, Director Tel: 416.405.0997		25,000 Subscription Receipts	\$47,500	s.2.3 of NI 45- 106	2016-03-01
K2 PRINCIPAL FUND LP 2 BLOOR ST W, SUITE 801, TORONTO, ON M4W 3E2 Shawn Kimel, Managing Director Tel: 416.365.2155		100,000 Subscription Receipts	\$190,000	s.2.3 of NI 45- 106	2016-03-01
2379388 ONTARIO LTD 23 WHITE HARWOOD SEVENOAKS, KENT TN13 1RS UK Dr. M Kalairajah, President Tel: +44.797.654.316.584		15,000 Subscription Receipts	\$28,500	s.2.3 of NI 45- 106	2016-03-01
ESTATE OF MORRIS BASSIN 68 YORKVILLE AVE SUITE 602, TORONTO ON M5R 3V7 Elliot Bassin n/a		25,000 Subscription Receipts	\$47,500	s.2.3 of NI 45- 106	2016-03-01
THE K2 PRINCIPAL FUND L.P. 2 BLOOR ST W SUITE 801 TORONTO, ON M4W 3E2 Shawn Kimel, Managing Partner	R	332,825 Subscription Receipts	\$632,368	s.2.3 of NI 45- 106	2016-03-01

Information about non-individual purchasers					
Full name and address of purchaser and name and telephone number of a contact person	Indicate if the purchaser is an insider (I) of the issuer or a registrant (R)	Number and type of securities purchased	Total purchase price (Canadian \$)	Exemption relied on	Date of distribution (yyyy-mm-dd)
Tel: 416.365.2155					
CLARUS SECURITIES INC. 130 KING STREET WEST, SUITE 3640, PO BOX 38, TORONTO, M5X LA9 Tom Monahas, CFO Tel: 416.343.2799	R	427,825 Subscription Receipts	\$812,868	s.2.3 of NI 45-106	2016-03-01
LAURENTIAN BANK SECURITIES 1981 MCGILL COLLEGE, MONTREAL, QC H3A 3K3 Pierre Godbout Sr., VP Tel: 514.3503050	R	237,680 Subscription Receipts	\$451,592	s.2.3 of NI 45-106	2016-03-01
GMP SECURITIES LP 145 KING ST. W #300, TORONTO, ON M5H 1J8 Harris Fricker, CEO & President Tel: 416.367.8600	R	114,085 Subscription Receipts	\$216,762	s.2.3 of NI 45-106	2016-03-01
TD SECURITIES INC. 66 WELLINGTON ST W., TORONTO, ON M5K 1A2 Ryan Quirt, Director Tel: 416.982.7857	R	114,085 Subscription Receipts	\$216,762	s.2.3 of NI 45-106	2016-03-01
	Total	12,945,000 Subscription Receipts	\$24,595,502		

Commissions and finder's fees

Item 9: Commissions and finder's fees

Instructions

A. Complete the following table by providing information for each person who has received or will receive compensation in connection with the distribution(s). Compensation includes commissions, discounts or other fees or payments of a similar nature. Do not include information about payments for services incidental to the distribution, such as clerical, printing, legal or accounting services.

B. If the securities being issued as compensation are or include convertible securities, such as warrants or options, add a footnote describing the terms of the convertible securities, including the term and exercise price. Do not include the exercise price of any convertible security in the total dollar value of the compensation unless the securities have been converted.

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				
		Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
			Number and type of securities issued	Price per security (Canadian \$)	Exemption relied on and date of distribution (yyyy-mm-dd)	
Canaccord Genuity Corp. 161 Bay Street, Suite 3000, Toronto, ON M5J 2S1	R	\$293,906.25	-	-	-	\$293,906.25
Clarus Securities Inc. 130 King St. W., Suite 3640 Toronto, Ontario M5X 1A9	R	\$293,906.25	-	-	-	\$293,906.25
Cormark Securities Inc. Royal Bank Plaza, South Tower 200 Bay Street, Suite 2800 Toronto, Ontario M5J 2J2	R	\$163,281.25	-	-	-	\$163,281.25
Laurentian Bank Securities Inc. 1981 Avenue McGill College, Suite 1900 Montreal, Quebec H3A 3K3	R	\$163,281.25	-	-	-	\$163,281.25
Dundee Securities Ltd. 1 Adelaide Street East, Suite 2000 Toronto, Ontario M5C 2V9	R	\$78,375.00	-	-	-	\$78,375.00

Full name and address of the person being compensated	Indicate if the person being compensated is an insider (I) of the issuer or a registrant (R)	Compensation paid or to be paid (cash and/or securities)				
		Cash (Canadian \$)	Securities			Total dollar value of compensation (Canadian \$)
			Number and type of securities issued	Price per security (Canadian \$)	Exemption relied on and date of distribution (yyyy-mm-dd)	
GMP Securities L.P. 145 King Street West, Suite 300 Toronto, Ontario M5H 1J8	R	\$78,375.00	-	-	-	\$78,375.00
TD Securities Inc. TD Tower 8th Floor 66 Wellington Street Toronto, Ontario M5K 1A2	R	\$78,375.00	-	-	-	\$78,375.00
CIBC World Markets Inc. 161 Bay Street, 6th Floor Toronto, Ontario M5J 2S8	R	\$78,375.00	-	-	-	\$78,375.00
Scotia Capital Inc. 40 King Street West, 66th Floor Toronto, Ontario M5W 2X6	R	\$78,375.00	-	-	-	\$78,375.00

Certificate

On behalf of the issuer, I certify that the statements made in this report are true.

Date: March 9, 2016

MERUS LABS INTERNATIONAL INC.

Name of Issuer (please print)

Andrew Patient, Chief Financial Officer, Tel: 416 593-3725

Print name, title and telephone number of person signing

“Andrew Patient”

Signature

Instruction

The person certifying this report must complete the information in the square brackets by deleting the inapplicable word. For electronic filings, substitute a typewritten signature for a manual signature.

Item 10: Contact information

State the name, title and telephone number of the person who may be contacted with respect to any questions regarding the contents of this report, if different than the person signing the certificate.

IT IS AN OFFENCE TO MAKE A MISREPRESENTATION IN THIS REPORT.

Notice - Collection and use of personal information

The British Columbia Securities Commission collects and uses the personal information required to be included in this report for the administration and enforcement of the *Securities Act*. If you have any questions about the collection and use of this information, contact the British Columbia Securities Commission at the following address:

British Columbia Securities Commission

P.O. Box 10142, Pacific Centre

701 West Georgia Street

Vancouver, British Columbia V7Y 1L2

Telephone: (604) 899-6500

Toll free across Canada: 1-800-373-6393

Facsimile: (604) 899-6581