



Afexa Life Sciences Inc.

**NEWS RELEASE**

**AFEXA MAILS CIRCULAR IN SUPPORT OF VALEANT OFFER  
AND APPOINTS INTERIM CEO FOR TRANSITION**

**EDMONTON, ALBERTA – Friday, September 9, 2011 - Afexa Life Sciences Inc. (“Afexa” or the “Company”) (TSX:FXA) - the maker of COLD-FX<sup>®</sup> - today announced that its Board of Directors (the “Board”) confirmed its previous recommendation that Afexa shareholders (the “Shareholders”) accept the offer by 1625907 Alberta Ltd. (“Acquireco”), a subsidiary of Valeant Pharmaceuticals International, Inc. (“Valeant”), pursuant to which Acquireco has agreed to acquire all of the outstanding common shares of Afexa for \$0.71 per share in cash (the “Valeant Offer”).**

The Directors’ Circular describes in detail the reason for the recommendation, which in summary, include the following:

- The Valeant Offer provides improved value to Shareholders and represents a significant premium over the consideration in the offer made by Paladin Labs Inc. on August 10, 2011 (the “Paladin Offer”).
- Scotia Capital Inc. has delivered a written opinion stating that the consideration offered for the common shares under the Valeant Offer is fair, from a financial point of view, to Shareholders.
- The Board has preserved the ability, until September 29, 2011, subject to certain conditions, to solicit and engage in discussions and negotiations with respect to potential competing acquisition proposals, or to engage in and maintain negotiations with respect to acquisition proposals. After September 29, 2011, the Board of Directors has the ability, in certain circumstances, to respond to unsolicited superior proposals.
- The Board has been aggressively pursuing a variety of strategic alternatives and has determined that supporting the Valeant Offer on these terms is in the best interests of Afexa.
- The Valeant Offer contains a 66⅔% of the common shares minimum tender condition.
- All of the directors and officers of Afexa, and their associates and affiliates, have entered into lock-up agreements with Acquireco.

For the above reasons, the Board recommends Shareholders to accept the Valeant Offer, and tender their common shares to the Valeant Offer. Shareholders who have already tendered any of their Common Shares to the Paladin Offer should withdraw them immediately. Shareholders who have tendered Common Shares to the Paladin Offer and who wish to obtain advice or assistance in withdrawing their Common Shares are urged to contact their broker or Georgeson Shareholder Communications Group Inc., the information agent retained by Afexa, North American toll free at 1-866-676-3005 or via e-mail at [askus@georgeson.com](mailto:askus@georgeson.com).

The Directors' Circular will be available on the Afexa website at [www.afexa.com](http://www.afexa.com), will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) and is being mailed to Shareholders. Shareholders are advised to read the Afexa Directors' Circular in full, as it contains important information regarding the Board of Directors' recommendation to accept the Valeant Offer.

The Board has also determined to defer the "Separation Time" for rights under both shareholder rights plans of Afexa in connection with the offer made by Paladin on August 10, 2011 (the "Paladin Offer") to September 14, 2011, or such other date as the Board may determine and advise from time to time. In respect of the Valeant Offer, the Board has also determined to defer the "Separation Time" for rights under both plans in connection with the offer made by Valeant to October 28, 2011, or such other date as the Board may determine and advise from time to time.

The Board of Directors also announced the appointment of William B. White as Interim Chief Executive Officer, effective October 1, 2011, when the contract of Jack Moffatt, the current President and CEO, expires on September 30, 2011.

As previously announced, Mr. Moffatt in his new contract will continue to work with Mr. White, the Board and management assisting in the orderly and efficient transfer of responsibilities and corporate knowledge. Mr. Moffatt's contract requires him to devote approximately 55 days in total to his responsibilities and duties as an employee advisor to Afexa during the one year following the expiration of his contract. Transition activities will commence immediately.

To the extent required once the current uncertainty relating to ownership of Afexa has been resolved, the Human Resources and Compensation Committee will then resume the CEO search.

#### **About Afexa Life Sciences Inc. (TSX:FXA)**

Afexa Life Sciences Inc., founded in 1992, strives to deliver the most trusted health brand on the planet through pioneering evidence-based natural medicines that empower people to achieve their health potential. The Company's patented ChemBioPrint<sup>®</sup> discovery and standardization technology enables the development of effective and safe medicines from complex natural sources, while ensuring reliable health benefits and batch-to-batch consistency. COLD-FX<sup>®</sup>, a ChemBioPrint product, is the Company's flagship product and Canada's leading over-the-counter (OTC) cold and flu remedy. It is officially indicated in Canada to help reduce the frequency, severity and duration of cold and flu symptoms by boosting the immune system. COLD-FX has a product license (NPN) and is supported by scientific evidence, including randomized, double-blind, placebo-controlled clinical trials. The Company recently launched COLDSORE-FX in Canada and has a range of polymolecular drugs at various clinical and pre-clinical development stages. This product pipeline includes COLD-FX pediatric, AFX-2 for Chronic

Lymphocytic Leukemia, Dilexaponan for cholesterol management, HT-1001 for Oxidative Stress and a product for blood glucose management.

#### Advisory Regarding Forward-Looking Statements

*This news release contains forward-looking information (as defined in the Securities Act (Alberta)) that is based on expectations, estimates and projections as of the date of this news release. These forward-looking statements can often, but not always, be identified by the use of forward-looking terminology such as “plans”, “predicts”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.*

*Examples of such forward-looking statements in this news release include, but are not limited to, expectations as to the Valeant Offer, Afexa’s ability during the 30-day “go-shop” period to find a superior proposal, the view of Afexa value, applicable approval and closing conditions, and the expectations of Valeant’s actions once the minimum conditions are met, as well as the intention of the Board of Directors to identify and attract a new CEO and the timing around such an appointment.*

*Actual results and developments (including earnings and cash flow) are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this news release.*

*Forward-looking statements contained in this news release are based on a number of assumptions that may prove to be incorrect, including, but not limited to expectations related to future sales of commercialized products, the timing, duration and results of clinical trials, the timing and results of regulatory reviews, the safety and efficacy of Afexa’s product candidates and the indications for which Afexa’s product candidates might be developed; competitive conditions in the life sciences and technology industry; general economic conditions; changes in laws, rules and regulations applicable to Afexa.*

*In addition to being subject to a number of assumptions, forward-looking statements in this news release involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to be materially different from those expressed or implied by such forward-looking statements, including the risks identified in the filings by Afexa with the Canadian provincial securities regulatory authorities, including Afexa’s annual information form for the fiscal year ended March 31, 2011.*

*The Company believes that the expectations reflected in the forward-looking statements contained in this news release are reasonable as at the date hereof, but no assurance can be given that these expectations will prove to be correct. In addition, although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Accordingly, you should not place undue reliance on any forward-looking statements contained in this news release.*

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