



Afexa Life Sciences Inc.

September 6, 2011

Dear Fellow Afexa Life Sciences Inc. Shareholder:

Your Board of Directors has carefully reviewed and considered the Valeant Offer. Based on this review, the Board has voted unanimously to recommend that you accept the Valeant Offer and tender your Common Shares to the Valeant Offer.

The Board of Directors has unanimously accepted the Valeant Offer for the following reasons:

- **The Valeant Offer provides improved value to Shareholders and represents a significant premium over the consideration in 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 of Directors 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 of Directors 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 66 2/3% 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 Aquireco.**

For the above reasons, we recommend you accept the Valeant Offer and tender your Common Shares to the Valeant Offer.

Paladin Labs Inc. made an offer on August 10, 2011 to purchase all of the outstanding Common Shares and any associated rights issued under the Existing Shareholder Rights Plan, other than Common Shares already owned by Paladin and its affiliates, for either \$0.55 in cash for each Common Share or 0.013 common shares of Paladin for each Common Share (the "Paladin Offer"). The Board of Directors continues to recommend that you reject the Paladin Offer and not tender your Common Shares to the Paladin Offer.

If you have already tendered any of your Common Shares to the Paladin Offer, you 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, the information agent retained by Afexa, at the telephone number or email address listed on the back of this letter. Georgeson is also available to respond to other enquiries regarding the information in the attached Directors' Circular.

On behalf of the Board of Directors of Afexa, we thank you for your continued support.

Sincerely,

A handwritten signature in black ink that reads "Bill White".

William B. White
Chair of the Board

A handwritten signature in black ink that reads "John Douglas (Jack) Moffatt".

John Douglas (Jack) Moffatt
Director, President and Chief Executive Officer

Shareholders requiring advice or assistance concerning the Valeant Offer are urged to contact:

Georgeson

100 University Avenue
11th Floor, South Tower
Toronto, Ontario M5J 2Y1

North American Toll Free Number: 1-866-676-3005
Email: askus@georgeson.com