

PETHEALTH AWARDED PETCO.com VENDOR OF THE YEAR AWARD

Oakville, ON. – August 17, 2005. Pethealth Inc. (“Pethealth” or the “Company”) (TSXV: PTZ), one of North America’s leading providers of accident and illness insurance for dogs and cats, is honoured to be awarded the Vendor of the Year award by PETCO.com (“Petco”).

“The PETCO.com Vendor of the Year” award is given by PETCO.com to the partner that has shown the greatest innovation and creativity in working with them to help build each other’s business. Pethealth was chosen as the 2005 award recipient for its outstanding work in developing creative marketing programs that contributed to sales and revenue growth. Such innovations included new methods of driving visitors to the PETCO.com web site and the rollout of an affiliate sales program.

“We are delighted to be chosen as the 2005 recipient of the PETCO.com award,” said Mark Warren, President and Chief Executive Office of Pethealth. “We have always focused on developing innovative programs that are beneficial to both our partners and our partners’ customers. Our team of employees is honoured to have their hard work and dedication to the PETCO team rewarded in this manner.”

About Pethealth

Pethealth is a leading provider of pet insurance and pet related data management services to the North American companion animal industry. Pethealth offers a unique range of products and services for veterinarians, shelters and pet owners through a number of wholly owned subsidiaries using a range of brand names including PetCare, ShelterCare and 24PetWatch.

Pethealth is based in Oakville, Ontario. To find out more about Pethealth, visit the web site at www.pethealthinc.com.

About PETCO

PETCO is a leading specialty retailer of premium pet food, supplies and services. PETCO's vision is to best promote, through its people, the highest level of well being for companion animals, and to support the human-animal bond. PETCO generated net sales of more than \$1.8 billion in 2004. It operates over 750 stores in 49 states and the District of Columbia, as well as a leading destination for online pet food and supplies at www.petco.com. Since its inception in 1999, The PETCO Foundation, PETCO's non-profit organization, has raised more than \$23 million in support of more than 2,700 non-profit grassroots animal welfare organizations around the nation.

The TSX Venture Exchange Inc. has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Statements contained in this news release, if not historical, are forward-looking statements, which involve risks and uncertainties that could cause actual results to differ materially from the results described in forward-looking statements.

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For further information, please contact:

Mark Warren, President and C.E.O.

Pethealth Inc.

(905) 842-2615