



A Leader in Specialty Pharma Innovation



Paladin Labs Inc.
Mark Beudet
interim Chief Executive Officer

Forward Looking Statements

This presentation may contain forward-looking statements and predictions. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions that these assumptions regarding the future events, many of which are beyond the control of the Company and its subsidiaries, may ultimately prove to be incorrect. Factors and risks, which could cause actual results to differ materially from current expectations, are discussed in the annual report as well as in the Company's Annual Information Form for the year ended December 31, 2010. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether a result of new information, future events, or except as required by law. For additional information on risks and uncertainties relating to these forward-looking statements, investors should consult the Company's ongoing quarterly filings, annual report and Annual Information Form and other filings found on SEDAR at www.sedar.com.

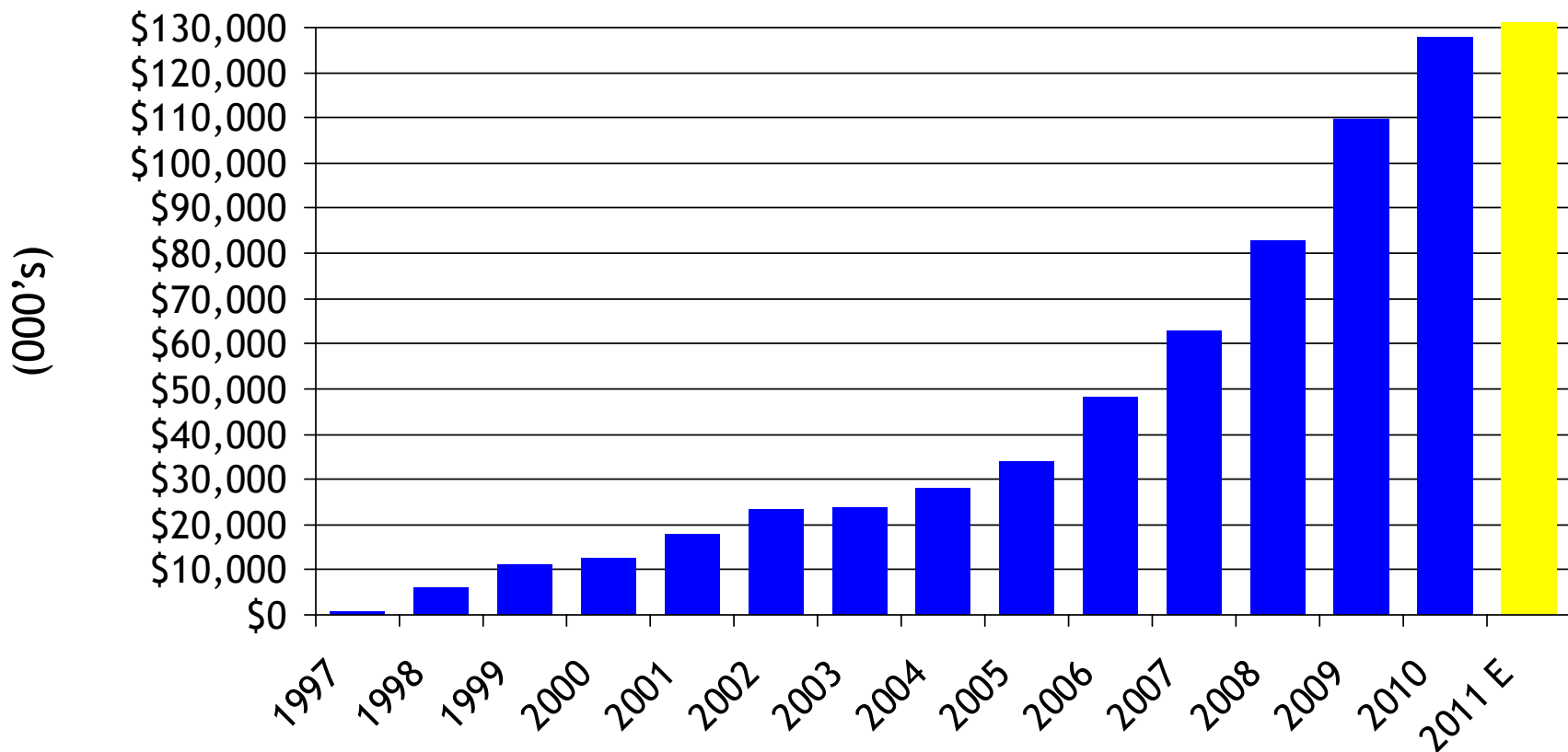
Company Overview

Paladin Labs is a specialty pharmaceutical company focused on acquiring or in-licensing innovative pharmaceutical products for the Canadian & Emerging markets

- ❏ Strong revenue growth
 - 5 year CAGR revenue growth of 31%
- ❏ Healthy, robust business
 - Generated \$56.7 million of EBITDA in 2010 or \$2.93 per fully diluted share up 30.8% from the prior year
- ❏ Rich, near-term pipeline for growth
 - 3 products awaiting regulatory approval
 - 18 products in phase I, II and III

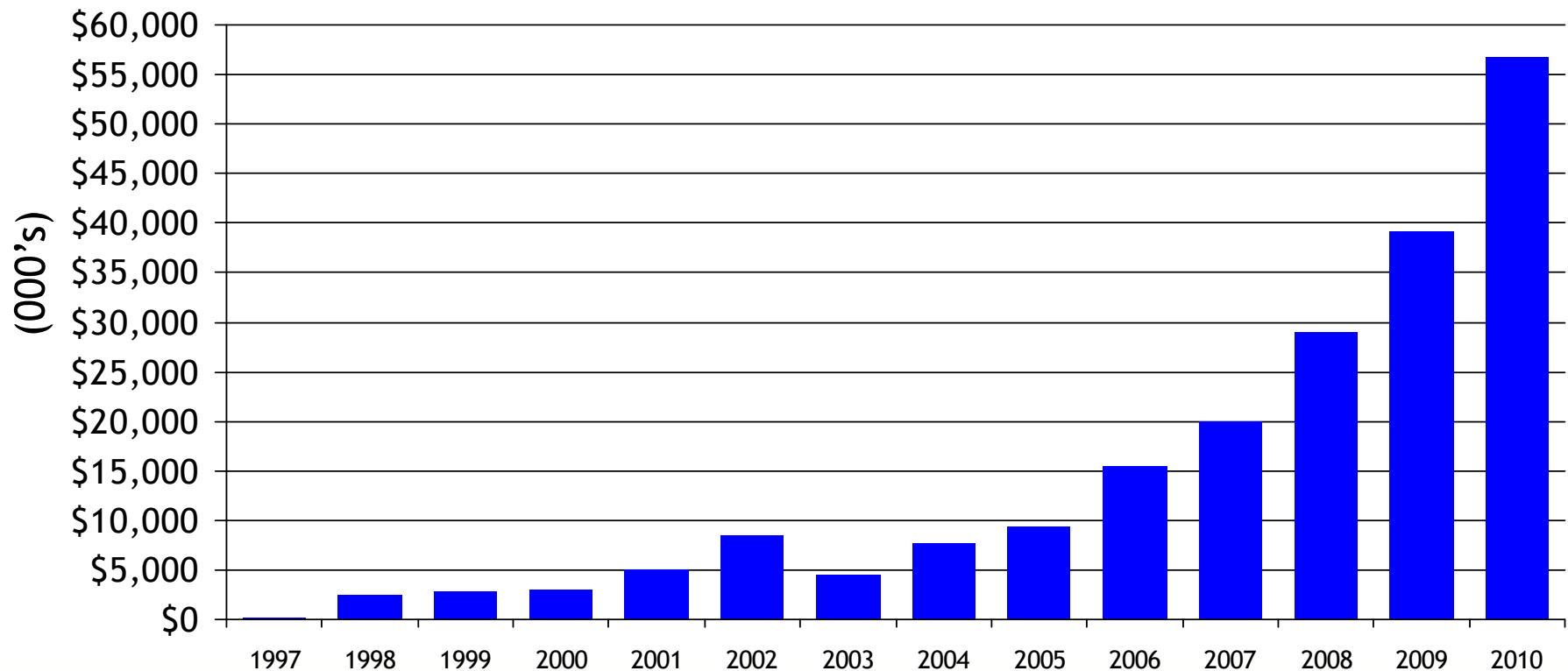
Revenue Growth Acceleration

- 15 consecutive years of record revenues
- Revenues for 2010 of \$128.0 million, up 17% versus 2009



Healthy Robust Business

- 8 consecutive years of record EBITDA with EBITDA representing 44.2% of revenues in 2010
- EBITDA for 2010 of \$56.7 million, up 45% versus 2009



Key Partnerships

Paladin has partnered with over 30 companies including:



Bristol-Myers Squibb



MERCK FROSST



NOVARTIS



SHIONOGI & CO., LTD.



GlaxoSmithKline



ProStrakan



TEVA PHARMACEUTICALS



STALLERGENES

Allergen Vaccines Worldwide



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Key Products

DEXEDRINE®
(dextroamphetamine sulfate)

Pr **Tridural™**

Abstral™
fentanyl citrate sublingual tablets

METADOL™
methadone HCl Tablets/Oral Solution

Testim®1%
(testosterone gel) @
The Power of T.

TRELSTAR™
triptorelin pamoate for injectable suspension
3-month slow-release

plan B™/M/C
(LEVONORGESTREL)

seasonale®
levonorgestrel/ethinyl estradiol 0.15 mg/0.03 mg
TABLETS



Dexedrine: A new partnership

- ❖ An anti-ADHD and narcolepsy drug
- ❖ Canadian sales of Dexedrine were \$16.2 million in 2010*
- ❖ 9.5% market share of \$171 million market
- ❖ Largest product by revenue



* IMS Canada Inc, 2010

Tridural: A new way to treat pain

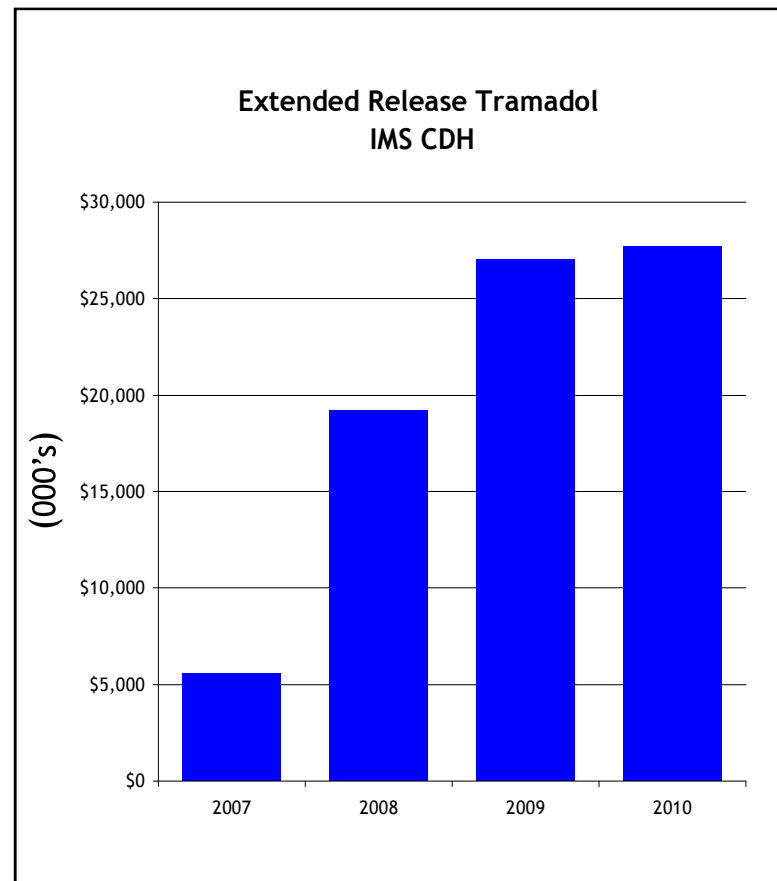
❖ The management of pain of moderate severity for several days or more

❖ Benefits

- Initial rapid release
- Rapid titration
- Efficacious Analgesia Sustained for 24 Hours
- Favourable Safety Profile

❖ Opportunity for Tridural

- US\$1.4 billion of tramadol sales worldwide
- 710 M pain sufferers in Canada
- Tramadol market in Canada is in its infancy
- Tridural has over 50% market share in the Extended Release Tramadol market



Metadol: A strong profile in severe pain

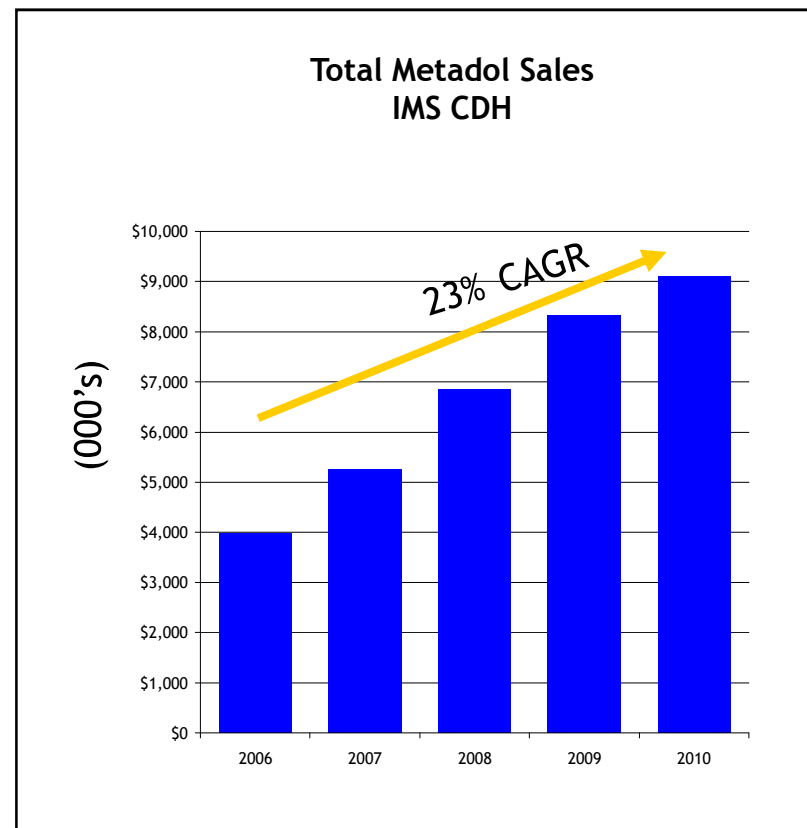
Long acting opioid analgesic indicated for the treatment of chronic cancer and non-cancer pain

Benefits

- Controls pain for opioid tolerant patients
- Long-acting- twice daily regimen
- Effective for neuropathic pain
- Fast acting-Breakthrough pain
- Fewer side effects

Opportunity for Metadol

- Competes in the growing \$411 M sustained release opioid market
- Reimbursed by most provincial formularies



Abstral: Innovation in breakthrough pain

❖ Rapid dissolving fentanyl indicated for the treatment of breakthrough cancer pain

❖ Benefits

- Rapid Acting
- Short Lasting

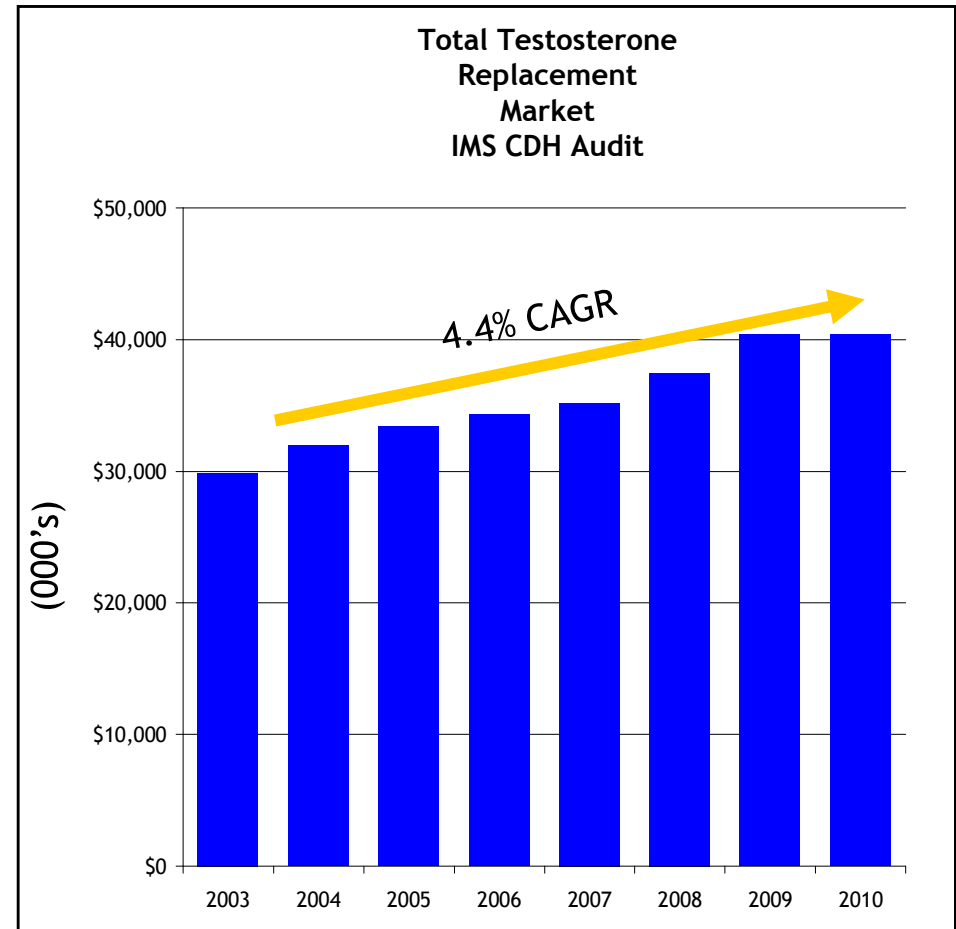
❖ Opportunity for Abstral

- Proven medical need as evidenced by the U.S. market being valued at over \$500 million



Testim: Fastest growing testosterone replacement method

- 🏆 Treatment for testosterone deficiency in men
- 🏆 **Benefits**
 - Rapidly absorbed
 - Convenient to use
 - Gel is the preferred testosterone replacement method amongst Canadian men
- 🏆 **Opportunity for Testim**
 - Canadian market for testosterone replacement therapies exceeded \$40 million in 2010
 - Preferred pricing in Quebec
 - Parity public reimbursement in Ontario



Trelstar: A better way to manage prostate cancer

Treatment for advanced prostate cancer & endometriosis - LHRH agonist

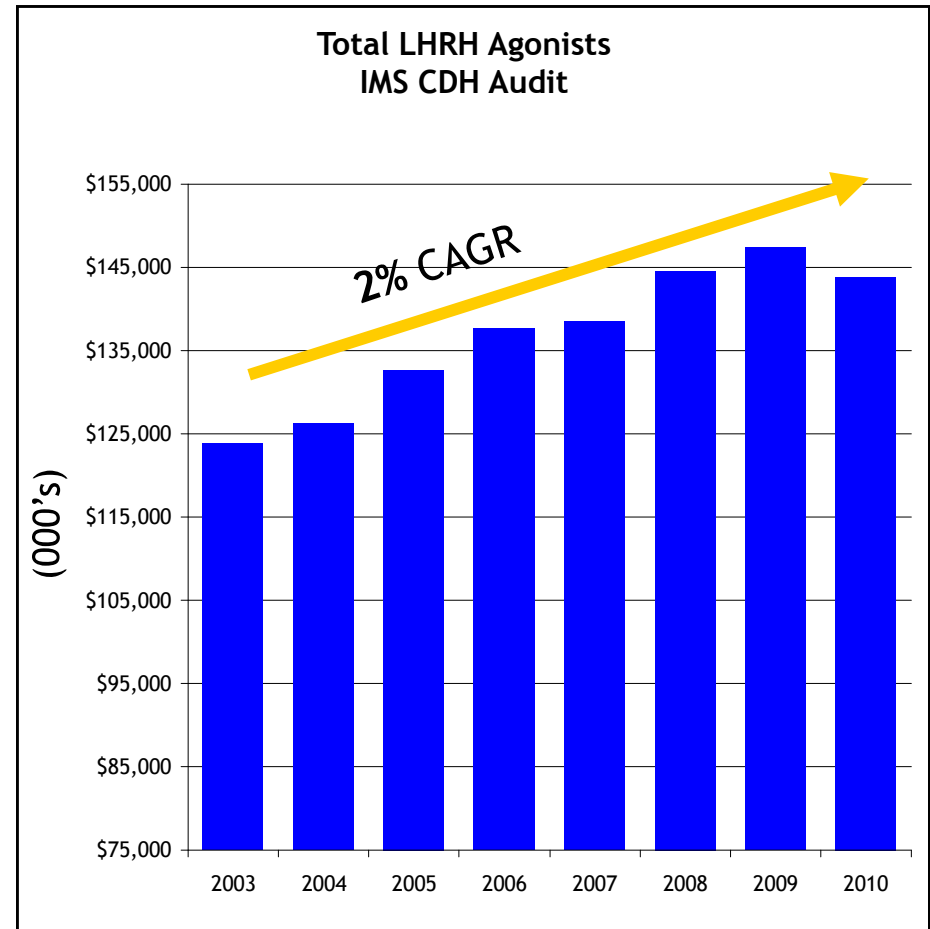
- Trelstar (3.75 mg)
1 month slow release
- Trelstar LA (11.25 mg)
3 month slow release

Benefits

- Survivability data
- Smaller needle size

Opportunity

- 650 physicians prescribe over 70% of the prescriptions
- Launched in September 2006
- Obtained reimbursement in Quebec, Ontario, and Nova Scotia



Plan B: Improving access to ECP for Canadian women

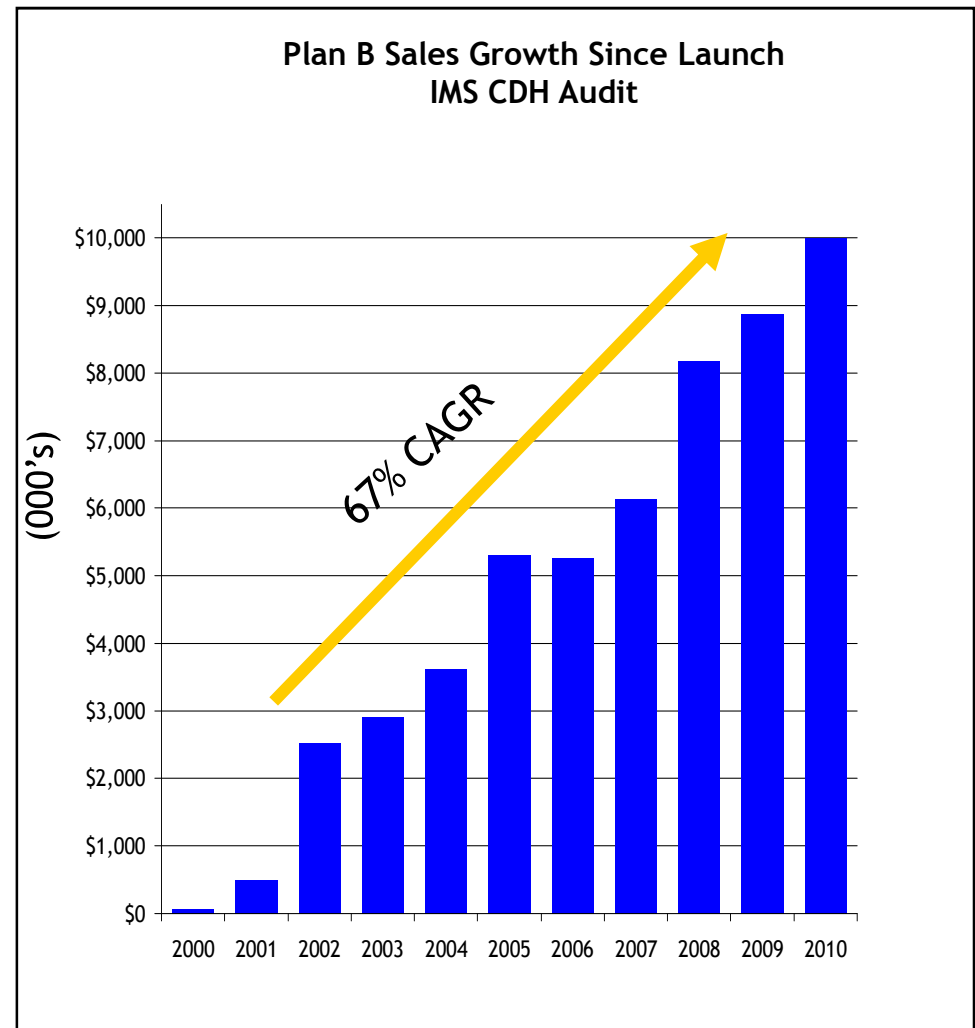
Next generation emergency contraception pill

Benefits

- Superior efficacy
- Fewer side effects

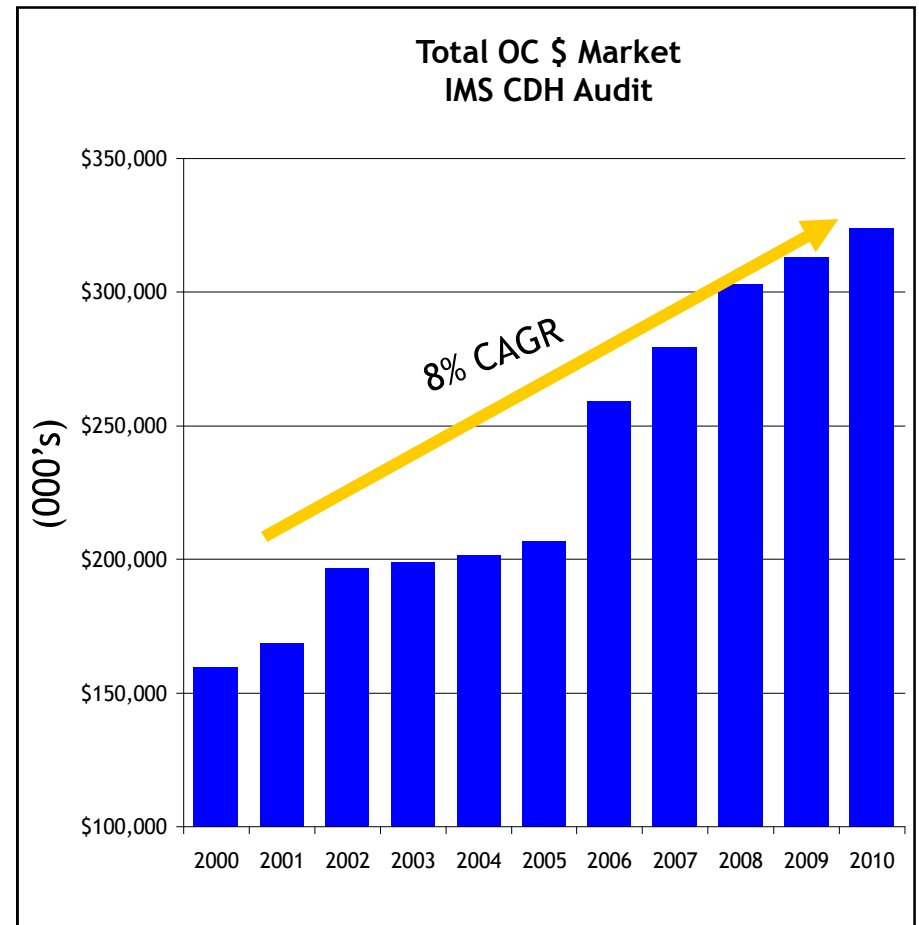
Market expected to expand significantly with

- Continuous improved access
 - BTC access in April 2005
 - Full OTC access in May 2008
- Awareness building



Seasonale/Seasonique: Extended cycle OC

- Extended cycle birth control pill that allows women to have 4 periods a year
- Benefits
 - Convenience
 - Strong efficacy - 99%
 - Safety & tolerability to other OC's
- Opportunity for Seasonale
 - Successful U.S. launch by Barr Pharmaceuticals, recording US\$120 M in 2006
 - Clear therapeutic fit - 3,600 physicians write 50% of the prescriptions in Canada
 - Co-promotion agreement with Warner Chilcott
 - Launch Seasonique in first half of 2011



2010 International Investments

Spepharm Holding B.V.

- a rapidly-growing, specialty pharmaceutical company focused on acquiring, registering and marketing high medical value specialty medicines throughout Europe

Pharmaplan (Pty) Ltd

- A leading independent specialty pharmaceutical company dedicated to the execution of a search-acquire-commercialize business model in the South African and broader sub-Saharan African region

Pharmaplan – 1st Investment in an Emerging Market

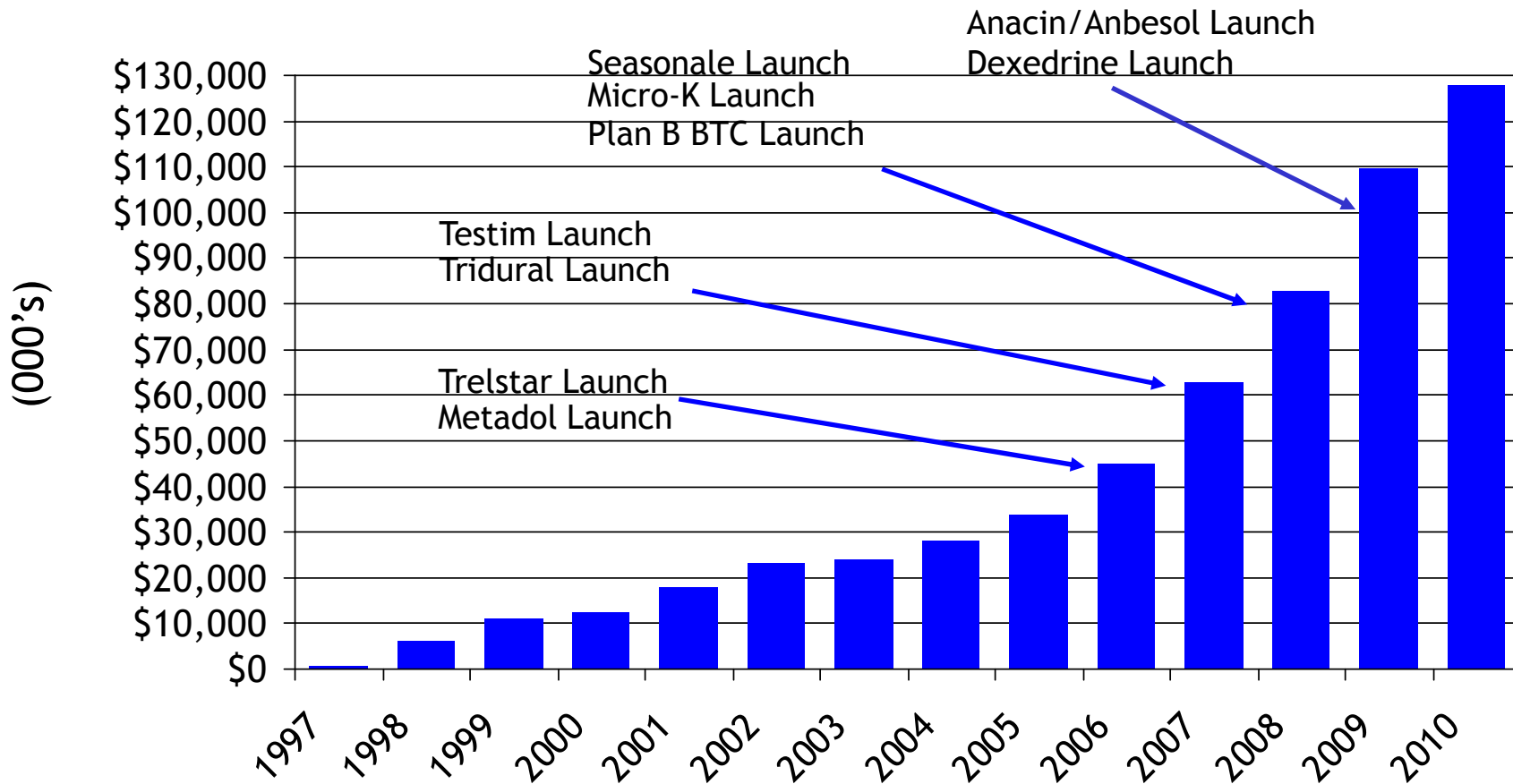
- ❖ South Africa's largest independent pharmaceutical company
- ❖ Revenues of rand 300 million in 2010, up 25% versus 2009
- ❖ Represents 44 companies in South Africa, including Biogen-Idec, Cephalon, Recordati, Guilford, Hospira
- ❖ Diversified Portfolio
- ❖ Well Managed

Labopharm

- ❖ Completed acquisition October 7, 2011
- ❖ Strengthens top line revenues with the addition of profitable international revenue streams
- ❖ Improves Canadian margin
- ❖ Provides an opportunity to develop international partnerships
- ❖ Opportunity to out-license the combination product Tramadol-Acetaminophen BID

Revenue Growth Acceleration

- Revenues increase from \$109.7 million in 2009 to \$128.0 million in 2010
- Strong organic growth driven by new product launches



Proven Strategies

- ❖ Acquisition of mature products from Big Pharma
- ❖ Acquire “under-promoted” products from Big Pharma
- ❖ Licensing of innovative pharmaceuticals
- ❖ To internally develop near-term, low risk/low expense products for the Canadian or world market

Strong Balance Sheet to Fund Future Growth

Current Share Price (November 3, 2011)

\$39.00

Shares Outstanding (September 30, 2011)

20.2M

Cash and Marketable Securities (September 30, 2011)

\$226.7M

EBITDA (first 9 months - 2011)

\$53.6M

Revenue (first 9 months - 2011)

\$104.4M

Analyst Coverage:

Bloom Burton & Co. (Philippa Flint)

Byron Capital Management (Douglas Loe)

Desjardins Securities (Pooya Hemami)

GMP Securities Ltd. (Cosme Ordonez)

Paradigm Capital (Alan Ridgeway)

RBC Dominion Securities Inc. (Douglas Miehm)

TD Newcrest (Lennox Gibbs)

Management Team

Mr. Jonathan Ross Goodman, B.A., LL.B, M.B.A. - President & CEO

**Mr. Mark A. Beaudet, B. Comm - Vice President, Marketing & Sales
(interim President & CEO)**

Ms. Samira Sakhia, B. Comm, C.A., M.B.A. - Chief Financial Officer

Mr. Mark Nawacki, B.A., C.A., M.B.A. - Vice President, Business & Corp. Dev.

Dr. Patrice Larose, B Pharm., PhD - Vice President, Scientific Affairs

Mr. Mike Freeman, LL.B., M.B.A. - Vice President, Government Affairs

Board of Directors

Mr. Ted Wise, Co-founder of Pharmascience Inc. & Chairman of Paladin Labs

Mr. Gerry McDole, Former President of AstraZeneca Canada

Mr. James C. Gale, Managing Director, Signet Healthcare Partners

Mr. Robert Lande, Chief Financial Officer of Forex Capital Markets LLC

Mr. Joel Raby, Former Senior Vice-President of Burgundy Asset Management

Mr. Jonathan Ross Goodman, Co-founder, President & CEO and Director

Mr. Mark A. Beaudet, Co-founder, VP, Marketing & Sales & Director

(interim President & CEO)

Summary

- ❖ Proven partner for the Canadian market
- ❖ Demonstrated track record of profitable growth
- ❖ Proven ability to fill a product pipeline
- ❖ Experienced & dynamic management team
- ❖ Financial strength to execute our strategy

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