



## **PALADIN LABS ANNOUNCES THE ACQUISITION OF HYPERTHYROID DRUG FROM MERCK FROSST**

***– Paladin adds Propyl-Thyracil<sup>®</sup> to Growing Portfolio of Endocrinology Products --***

**Montreal, PQ** – August 30, 2001 – Paladin Labs Inc. (“Paladin”) (TSE: PLB) announced today the acquisition of Propyl-Thyracil<sup>®</sup> from Merck Frosst Canada & Co. The terms of the deal were not disclosed.

“The addition of Propyl-Thyracil<sup>®</sup> to our product portfolio strengthens our position in the Canadian endocrinology market,” said David MacNaughtan, Paladin’s Vice President of Business Development. “This product is a mainstay in the treatment of hyperthyroidism and complements our existing product portfolio, which includes Androderm<sup>™</sup>, the first testosterone patch available in Canada. The acquisition of Propyl-Thyracil<sup>®</sup> is another example of Paladin’s strategy of acquiring proven products to build a profitable specialty pharmaceutical company.”

Propyl-Thyracil<sup>®</sup> (propylthiouracil) is indicated for the treatment of hyperthyroidism, an abnormal condition marked by increased metabolic rate, enlargement of the thyroid gland, rapid heart rate, high blood pressure and various secondary symptoms. The most common cause of hyperthyroidism is an autoimmune disease called Graves Disease, which affects approximately 300,000 Canadians. Propyl-Thyracil<sup>®</sup> complements Tapazole<sup>®</sup> (methimazole), a product acquired by Paladin in December 2000, in that Propyl-Thyracil<sup>®</sup> can be used to treat thyroid storm (severe thyrotoxicosis) by preventing the peripheral conversion of thyroid hormones. According to the Thyroid Foundation of Canada, the incidence of hyperthyroidism is on the increase. IMS Canada reports that prescriptions for the treatment of hyperthyroidism increased at an annual rate of 9% for the past three years and, as of June 2001, annual sales of Propyl-Thyracil<sup>®</sup> were \$708,000.

### **About Paladin Labs Inc.**

Paladin Labs, headquartered in Montreal, Quebec, is a rapidly growing pharmaceutical company focused on acquiring or in-licensing innovative pharmaceutical products for the Canadian market. With this strategy, a focused national sales team and proven marketing expertise, Paladin has evolved into one of Canada’s most profitable publicly-traded pharmaceutical companies. Paladin Labs Inc. shares trade on the Toronto Stock Exchange under the symbol *PLB*. For more information about Paladin, please visit the Paladin Web Site at [www.paladin-labs.com](http://www.paladin-labs.com).

*This news release may contain forward-looking statements or predictions. These statements represent our judgement as of this date and are subject to risks and uncertainties that could cause actual results or events to differ materially from those expressed in such forward-looking statements. Potential risks and uncertainties include, without limitation, those associated with product development, clinical trials, future revenues and profitability, and obtaining marketing approval.*

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