



Press Announcement

PALADIN RETURNS MARKETING RIGHTS FOR DEPOCYT™ TO SKYEPHARMA

Montreal, Canada, December 9, 2002 - Paladin Labs Inc. (TSX: PLB), a Canadian specialty pharmaceutical company focused on marketing and selling urology, endocrinology and women's health products, today announced that it has reached an agreement to return the Canadian marketing and distribution rights for DepoCyt™ to SkyePharma, Inc., effective immediately. Under the termination agreement, Paladin will receive certain cash considerations, which will be applied against the remaining carrying value of the DepoCyt™ license and a receivable from SkyePharma, the resulting balance will be recorded as an immaterial, one-time gain by Paladin in its fourth quarter. Paladin acquired the exclusive Canadian marketing and distribution rights for DepoCyt™ in July of 2000.

"This transaction will allow Paladin to focus more resources on its core therapeutic lines of urology, endocrinology and women's health," said Jonathan Ross Goodman, Paladin's President and CEO."

About Paladin Labs Inc.

Paladin Labs Inc., 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's shares trade on the Toronto Stock Exchange under the symbol PLB. For more information about Paladin, please visit the Paladin Web Site at www.paladinlabs.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.

For more information, please contact:

Samira Sakhia
Chief Financial Officer

Paladin Labs Inc.

Tel: (514) 340-5067

email: info@paladin-labs.com

Website: www.paladinlabs.com

Bruce Wigle

Investor Relations

The Equicom Group Inc.

Tel: (416) 815-0700 ext. 228

email: bwigle@equicomgroup.com