



NEWS RELEASE

PALADIN RECEIVES ORPHAN DRUG DESIGNATION IN EUROPE FOR FIDELIN[®] (DHEA)

Montreal, Canada, August 6, 2003 – Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, confirmed today that the European Commission has granted Orphan Medicinal Product Designation for Fidelin[®] (dehydroepiandrosterone / DHEA), currently in clinical trials for the treatment of adrenal insufficiency. Orphan drug designation provides Fidelin[®] with market exclusivity in Europe for a period of ten years following marketing approval, and enables Paladin to receive pre-filing regulatory guidance as well as reduced filing fees.

Paladin acquired the development and marketing rights to DHEA in 1999 through its acquisition of Neuroscience Pharma Inc., a company focused on the discovery and development of novel therapeutics relating to DHEA. Paladin is continuing the development of this product for adrenal insufficiency, a rare chronic condition brought about by failure of the adrenal glands, which affects an estimated 115,000 patients in Europe. Current standard therapies frequently fail to restore full well-being, as such, patients with this disorder continue to suffer from a diminished quality of life.

"This is an important milestone in the drug development process for Fidelin[®]," said Dr. Tom Koutsavlis, MD CM, MSc, Vice President of Scientific Affairs at Paladin. "Receiving Orphan Medicinal Product Designation for Fidelin[®] moves Paladin closer toward the goal of providing a novel treatment for adrenal insufficiency."

The provisions of the Orphan Medicinal Products regulation in the European Community are intended to stimulate the research, development and availability of products that prevent or treat life-threatening or chronically debilitating rare diseases that require treatment.

About Paladin Labs

Paladin Labs Inc., headquartered in Montreal, Quebec, is a leading specialty 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 leading specialty 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 and other factors that are discussed in the Management Discussion and Analysis published in the Company's annual report.

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