



NEWS RELEASE

PALADIN RECEIVES FDA ORPHAN DRUG DESIGNATION FOR FIDELIN™ (DHEA)

Montreal, Canada, August 29, 2003 – Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, announced today that it has received orphan drug designation for Fidelin™ (dehydroepiandrosterone / prasterone / DHEA) for adrenal insufficiency from the U.S. Food and Drug Administration (FDA). Fidelin™ was granted orphan drug designation in Europe earlier this month.

The FDA's orphan drug program is intended to encourage research, development and approval of products for diseases that affect fewer than 200,000 patients in the United States. Orphan drug designation will provide Fidelin™ with seven years of market exclusivity following regulatory approval.

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 100,000 patients in the U.S. Current standard therapies frequently fail to restore full well being, and as such, patients with this disorder continue to suffer from a diminished quality of life.

"The FDA's decision follows in close succession to our recent orphan drug designation for Fidelin™ in Europe," said Dr. Tom Koutsavlis, MD, MSc, Vice President of Scientific Affairs at Paladin. "The combination of orphan drug designations for Fidelin™ in both Europe and the United States supports our continued investment in developing this novel and effective therapy for adrenal insufficiency."

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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