



FOR RELEASE

HEALTH CANADA REQUESTS ADDITIONAL INFORMATION ON CIRCADIN® NEW DRUG SUBMISSION

Montreal, Canada, December 10, 2003 – Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, today announced that its licensor, Neurim Pharmaceuticals, has been advised by the Therapeutic Products Directorate (TPD) of Health Canada that its New Drug Submission (NDS), for Circadin® (controlled release melatonin tablets) will not be approved at this time. Neurim Pharmaceuticals has received a Notice of Non Compliance and has 90 calendar days to submit a complete response to Health Canada's issues.

"Neurim Pharmaceuticals and Paladin Labs have reviewed Health Canada's concerns regarding the Circadin® filing, and are preparing to respond within the time window afforded by the notice. We look forward to positive discussions with the agency in the near future as we continue to pursue marketing authorisation for Circadin® in Canada," said Dr. Tom Koutsavlis MD, MSc, FRCPC, Vice President of Scientific Affairs at Paladin.

Paladin acquired the exclusive Canadian distribution rights for Circadin® from Neurim Pharmaceuticals (1991) Ltd. in July 1997. Neurim Pharmaceuticals submitted Circadin® for the treatment for sleep disorders in the elderly. Circadin® contains 2 mg of melatonin in a controlled-release formulation. Unlike the United States, where the FDA considers melatonin a health food supplement, the TPD regards melatonin as a new chemical entity and, as such, requires the filing of a full NDS. As a result, there is currently no melatonin being sold legally in Canada, despite robust sales in the United States.

About Paladin Labs

Paladin Labs Inc., headquartered in Montreal, Canada, 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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