



NEWS RELEASE

HEALTH CANADA PROPOSES AMENDING REGULATIONS TO ALLOW ACCESS TO PLAN B[®] WITHOUT A PRESCRIPTION

Montreal, Canada, May 18, 2004 – Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, today announced that Health Canada is moving forward with a proposal to amend regulations, which if approved, would allow Plan B[®] (levonorgestrel) to be sold in Canada without a physician prescription. Paladin acquired the exclusive Canadian distribution rights to Plan B[®] in December 1999 and applied for a switch to non-prescription status in March 2002.

Health Canada is proposing to amend the Food and Drug Regulations by removing levonogestrel (Plan B[®]) from Schedule F when sold in a concentration of 0.75mg per oral dosage for use as an emergency contraceptive. The move to amend Schedule F would make Plan B[®] available on a “behind-the-counter” basis without a prescription from a physician. “Behind-the-counter” status requires professional intervention from the pharmacist at the point-of-sale. This would ensure that patients continue to benefit from professional advice when Plan B[®] is dispensed.

The proposed amendment, to be published in the next issue of the Canada Gazette, Part I, expected on May 22, 2004, is subject to a consultation period. Such consultations are a standard requirement for proposed regulatory amendments. During the consultation period, which is expected to last 75 days, the public and key industry groups will have an opportunity to comment on the proposed amendment. Following the consultation period, any proposed changes to the amendment would have to be reviewed and approved by Health Canada. Notification of any final changes or approval would be provided in Canada Gazette, Part II.

“If approved, this amendment would provide Canadian women with timely access to Plan B[®] and professional advice regarding its use,” said Mark Beaudet, Vice President, Sales and Marketing, Paladin Labs Inc. “While it could take up to a year for the review process to be completed, we look forward to a positive outcome.”

About Plan B[®]

Plan B[®] is the first progestin-only pill developed to prevent pregnancy after a contraceptive failure. This new product is the most effective emergency contraceptive available, and boasts a significantly better safety and side effect profile than existing emergency contraceptives. Plan B[®] cannot terminate a pregnancy that has already occurred.

The small, discreet Plan B[®] package consists of two, 0.75 mg tablets of levonorgestrel, a synthetic derivative of the hormone progesterone, which is one of the two active compounds commonly used in combination oral contraceptive pills. The first Plan B[®] tablet must be taken within seventy-two hours of a contraceptive failure; the second tablet is taken twelve hours later. Because a prescription is currently required for access to the drug, levonorgestrel is not always available within the recommended time period, especially during weekends and holidays. Levonorgestrel has a long history of safe and effective use as an emergency contraceptive. The World Health Organization has determined that emergency contraceptives are appropriate for general use and do not present health risks because they are used for only short periods of time.

About Paladin Labs

Paladin Labs Inc., headquartered in Montreal, Canada, is a 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 Company's 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.

For more information, please contact:

Mark Beaudet
Vice President, Sales and Marketing
Paladin Labs Inc.
Tel: (514) 340-5032
email: info@paladin-labs.com

Bruce Wigle
Investor Relations
The Equicom Group Inc.
Tel: (416) 815-0700 ext. 228
email: bwigle@equicomgroup.com