



**NEWS RELEASE**

**HEALTH CANADA APPROVES OXYTROL<sup>®</sup>, AN INNOVATIVE  
PATCH FOR OVERACTIVE BLADDER TREATMENT (OAB)**

*2.9 Million Canadians affected by OAB to benefit from the availability of Oxytrol<sup>®</sup> in Canada*

**Montreal, Canada, June 23, 2004** – Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, today announced that the Therapeutic Products Directorate of Health Canada has approved OXYTROL<sup>®</sup> (oxybutynin transdermal system). This novel transdermal patch has been developed for people suffering from an overactive bladder (OAB) and experiencing symptoms such as urge urinary incontinence, urgency, and frequency.

“We expect to launch OXYTROL<sup>®</sup> (oxybutynin transdermal system) in Canada in the fourth quarter 2004,” said Jonathan Ross Goodman, President & CEO Paladin Labs. “We believe the OXYTROL<sup>®</sup> patch represents a breakthrough in the treatment of OAB. Its patented transdermal system delivers oxybutynin – the gold standard OAB treatment – in a manner which results in powerful efficacy and an incidence of anticholinergic side effects, including dry mouth, comparable to placebo.”

According to the Canadian Continence Foundation, approximately 2.9 million Canadians suffer from overactive bladder and, according to IMS Canada, the total Canadian market for overactive bladder exceeded \$46 million in 2003.

"Overactive bladder symptoms can have a negative impact on patients' quality of life. As the number of Canadians suffering from OAB continues to grow, physicians are increasingly faced with the challenge of providing successful treatment," said Dr. Sender Herschorn, Chairman of Urology, at the University of Toronto. "The oxybutynin patch is an innovative method that has been shown to be effective with less dry mouth than oral immediate release oxybutynin."

OXYTROL<sup>®</sup> was developed by Watson Pharmaceuticals, Inc. to treat overactive bladder. Paladin entered into a licensing agreement with Watson Pharmaceuticals to market OXYTROL<sup>®</sup> in January 2004. Watson Pharmaceuticals had previously filed a new drug submission for OXYTROL<sup>®</sup> with the Therapeutic Products Directorate of Health Canada in May 2003.

**About OXYTROL<sup>®</sup>**

OXYTROL<sup>®</sup> is a thin, flexible, clear patch that should be applied to the abdomen, hip or buttock twice weekly. The active ingredient in OXYTROL<sup>®</sup> is oxybutynin, a medication widely accepted and prescribed in oral formulation for the past 25 years. The OXYTROL<sup>®</sup> transdermal delivery system delivers 3.9 milligrams per day of oxybutynin consistently and continuously through the skin into the bloodstream, bypassing initial metabolism in the liver and the gastrointestinal tract that occurs with oral medications, providing relief of overactive bladder symptoms for up to four days.

Clinical trials involving approximately 1,000 subjects at more than 50 U.S. centers demonstrated that Watson's OXYTROL<sup>®</sup> product, with its unique transdermal delivery system, provides effective control of overactive bladder symptoms over a three to four day period. Data also shows that

OXYTROL® is well tolerated, with an anticholinergic side effect profile, including dry mouth, constipation and dizziness, not significantly different from placebo.

**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](http://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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