

## PALADIN FILES NEW DRUG SUBMISSION FOR HISTRELIN HYDROGEL IMPLANT

**Montreal, Canada, July 22, 2004** – Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, today announced that it has filed a new drug submission for Histrelin Hydrogel Implant with the Therapeutic Products Directorate of Health Canada. Histrelin Hydrogel Implant is a unique, once-yearly luteinizing hormone-releasing hormone (LHRH) implant indicated for the treatment of prostate cancer, the most prevalent form of cancer afflicting Canadian men. Paladin signed a distribution agreement for the Canadian rights to Histrelin Hydrogel Implant with Valera Pharmaceuticals, Inc. (formerly Hydro Med Sciences, Inc.) in October 2002.

The Histrelin Hydrogel Implant is an excellent strategic fit with our strong and growing urology franchise. The Canadian LHRH agonist market is highly concentrated in terms of the number of high prescribing physicians. There are currently 320 Canadian urologists that account for 63% of all prescriptions in this \$108 million market. Paladin's sales force is already calling on these high prescribing physicians to promote Androderm<sup>®</sup>, Muse<sup>®</sup> and soon Oxytrol<sup>®</sup>," said Jonathan Ross Goodman, President and CEO of Paladin Labs.

The National Cancer Institute of Canada estimates that more than 20,000 Canadian men will be diagnosed with prostate cancer in 2004. According to IMS Canada, in 2003 the total LHRH agonist market for the treatment of prostate cancer was \$108 million, and had a compound annual growth rate of 15% since 1998.

**About Histrelin Hydrogel Implant** The Histrelin Implant is a drug-filled, miniature hydrogel implant that utilizes Valera's patented and proprietary Hydron Implant technology. The implant is surgically placed under the skin in the inner aspect of a patient's upper arm during an in-office procedure. The implant provides 12 months of continuous, steady-state drug delivery with a single treatment. This once-yearly implant represents an alternative to other LHRH agonists, which are administered via injection every one, three or four months. Valera Pharmaceuticals filed a New Drug Application with the FDA in the United States in December 2003.

Sustained levels of LHRH agonists decrease testosterone levels to suppress tumor growth in patients with hormone-responsive prostate cancer. Research shows that suppression of testosterone production can lead to shrinking the cancer or preventing further growth. A standard treatment regimen for advanced prostate cancer often includes a urologist starting a patient on one month LHRH therapy and then moving to a longer release product (three to four months) if the patient responds to therapy. Chronic administration of an LHRH agonist is needed to provide continuous suppression of testosterone levels.

**About Paladin Labs** Paladin Labs Inc., headquartered in Montreal, Canada, is a specialty pharmaceutical company focused on acquiring and 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).

**About Valera Pharmaceuticals** Valera Pharmaceuticals, formerly known as Hydro Med Sciences, has strategically built its pharmaceutical strengths to leverage its historical strengths in polymer biomaterial research. Today, with executive offices, state-of-the-art research laboratories and cGMP manufacturing located in Cranbury, NJ, Valera is a specialty pharma company led by an experienced and strong team of experts in drug development, product licensing, and sales and marketing. The Company focuses on developing, acquiring, and commercializing therapeutics addressing the needs of select niche markets, including urology and endocrine physician specialties. Additionally through internal R&D and strategic partnerships, Valera is advancing the state-of-art of drug delivery with its innovative Hydron<sup>™</sup> Implant technology. Further information is available on the internet at: [www.ValeraPharma.com](http://www.ValeraPharma.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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