

**PALADIN ANNOUNCES IMPORTANT MILESTONE
IN LAUNCH OF OXYTROL[®]**

- Oxybutynin transdermal system approved for listing on Quebec formulary -

Montreal, February 2, 2005 – Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, today announced The Conseil du médicament of Quebec, which provides drug insurance coverage for an estimated 3.2 million residents of Quebec, has given its approval to list **OXYTROL[®]** (oxybutynin transdermal system). **OXYTROL[®]**, a unique patch medication, is indicated for the treatment of overactive bladder (OAB) with symptoms of urge urinary incontinence, urgency and frequency. Beginning February 9, 2005, **OXYTROL[®]** will be reimbursed as an exception drug when immediate release oxybutynin is not well tolerated.

“The transdermal oxybutynin delivery system is distinctive among the medications available for treating OAB,” said Dr. Sender Herschorn, Chairman of Urology, University of Toronto. “It has been shown to be effective for OAB symptoms, while maintaining an anticholinergic side effect profile comparable to placebo.”

According to The Canadian Continence Foundation (TCCF), 3.3 million Canadians suffer from urinary incontinence. IMS Canada estimates the total value of the OAB market in Canada in 2004 to be \$50 million, with Quebec accounting for 20% of that total.

“Urinary incontinence and overactive bladder can have a profound negative impact on patients,” says Ruth Pelletier, Executive Director, TCCF. “The Foundation supports the consumer's right to access new treatment options. We applaud the decision of the Conseil du médicament and strongly encourage all provincial ministries to list new therapies as they become approved.”

About OXYTROL®

OXYTROL® was introduced into the Canadian market in October 2004. Its matrix transdermal technology is designed for consistent, continuous delivery in order to provide steady-state plasma concentrations of oxybutynin. By bypassing the initial metabolism in the liver and the gastrointestinal tract that occurs with oral medications, OXYTROL® is able to deliver more parent drug with significantly less N-desethyloxybutynin (N-DEO), the active metabolite that is thought to be associated with the drying side effects. OXYTROL® provides relief of overactive bladder symptoms for up to four days with anticholinergic side effects comparable to placebo.

OXYTROL® is applied twice weekly (every 3 to 4 days) to the abdomen, hip or buttock. OXYTROL's® thin, flexible and transparent patch remains in place during activities such as exercise and bathing. In clinical trials, the most commonly reported adverse events were application site reactions, dry mouth, constipation, diarrhea, dysuria and abnormal vision.

OXYTROL® was developed by Watson Pharmaceuticals, Inc. and is being marketed in Canada by Paladin Labs Inc.

About Paladin Labs Inc.

Paladin Labs Inc. (TSX: PLB), 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. For more information about Paladin, please visit the Company's web site at www.paladinlabs.com.

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