



NEWS RELEASE

PALADIN AND WATSON ENTER INTO MARKETING AND SUPPLY AGREEMENT FOR TRELSTAR® IN CANADA

Montreal, Canada, May 2, 2005 – Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, today announced that it has entered into a Canadian marketing and supply agreement with Watson Pharma, Inc., a subsidiary of Watson Pharmaceuticals, Inc. (NYSE: WPI) to market Trelstar® 3.75 mg and Trelstar® LA 11.25 mg (triptorelin pamoate for injectable suspension). Trelstar® 3.75 mg, 1 month slow release, is an injectable, luteinizing hormone-releasing hormone (LHRH) agonist indicated for the palliative treatment of advanced prostate cancer and for the treatment of endometriosis. Trelstar® LA 11.25 mg, 3 month slow release, is an injectable, luteinizing hormone-releasing hormone (LHRH) agonist indicated for the palliative treatment of advanced prostate cancer. Trelstar® 3.75 mg and Trelstar® LA 11.25 mg are approved for sale in Canada.

“Trelstar® represents our third product deal with Watson and follows on our successful in-license and launch of Oxytrol® late last year. We are proud that Watson continues to demonstrate confidence in our commercialization capabilities and has selected us to be their partner of choice for Canada,” said Jonathan Ross Goodman, President and CEO of Paladin Labs.

Trelstar® will further strengthen Paladin’s urology presence in Canada by complementing the existing promotional activities with Oxytrol®. In addition Trelstar® 3.75 mg will also complement the women’s health franchise since it has been approved for the treatment of endometriosis. Paladin expects to launch Trelstar® and Trelstar® LA in the fourth quarter of 2005. According to IMS Canada, the Canadian market for LHRH agonists for prostate cancer and endometriosis exceeded \$125 million in 2004.

About TRELSTAR®

Trelstar® 3.75mg and Trelstar® LA 11.25mg (triptorelin pamoate for injectable suspension), formulated using Debiopharm S.A.’s Debio® PLGA proprietary technology, are one and three-month sustained-release formulations of triptorelin, an analog of luteinizing hormone-releasing hormone (LHRH or GnRH) with greater potency than naturally occurring LHRH. The products are approved for the treatment of advanced prostate cancer and Trelstar® 3.75 is also approved for the treatment of endometriosis in Canada. In clinical trials, the two most common adverse events were hot flushes and skeletal pain. Trelstar® LA 11.25 mg is contraindicated for use in women who are or may become pregnant and should not be administered to patients who are hypersensitive to triptorelin and other components of the product, other LHRH agonists or LHRH.

For more information about Trelstar® and Trelstar® LA, detailed product profiles are available at www.trelstar.com.

For more information about Trelstar® and Trelstar® LA, a detailed product profile is now available in the products section of Paladin’s Web site http://www.paladinlabs.com/our_products/selected_products_in_development.html#trelstar

About Paladin Labs Inc.

Paladin Labs Inc., headquartered in Montreal, Canada, is a leading specialty pharmaceutical company focused on developing, 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.

Trelstar[®] is a registered trademark of Watson Laboratories, Inc.

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