



NEWS RELEASE

Paladin Labs Announces Agreement with Verus Pharmaceuticals for Commercialization of Twinject in Canada

Montreal, Canada, July 27, 2005 – Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, today announced it has entered into an exclusive agreement with Verus Pharmaceuticals, Inc., a pediatric-oriented company dedicated to identifying, developing and delivering solutions to address the unmet medical needs of children and those who care for them, to commercialize Twinject™ in Canada. Twinject, a novel epinephrine auto-injector indicated for the emergency treatment of severe allergic reactions (anaphylaxis), was approved by Health Canada in 2003; two dosages are now approved for self-administration (0.3 mg and 0.15 mg).

“There are significant unmet medical needs for those individuals at risk for anaphylaxis and, unfortunately, no advancements in self-administered treatment options have been commercialized in Canada since the early 1980s,” said Jonathan Ross Goodman, President & CEO of Paladin Labs. “Twinject is the first and only product approved by Health Canada that contains two doses of epinephrine in a single device. This is an important feature of Twinject, as published studies have demonstrated that more than one dose of epinephrine may be required in many situations to properly address the allergic reaction, with the second dose often needed within 5-10 minutes after the first dose. As such, we are very excited to be bringing this novel product line to Canadian patients.”

“The agreement with Paladin Labs allows us the opportunity to establish a leadership position for Twinject in another attractive, high growth market,” said Robert W. Keith, President and Chief Operating Officer of Verus. “We look forward to working with Paladin Labs to coordinate the North American launch of Twinject and to commercialize additional products that address other unmet medical needs for those at risk for anaphylaxis.”

About Anaphylaxis

Anaphylaxis is a severe, life-threatening systemic allergic reaction triggered by exposure to one or more various antigens, including foods, insect stings, drugs, and latex products. The Canadian Anaphylaxis Society estimates that there are over 600,000 Canadians at risk of anaphylaxis, and underlying incidence rates are expected to continue increasing in future years. Up to eight percent of children have food allergies, with allergies to peanuts and tree nuts among children having doubled in the past five years. The timing, location, pattern (including onset, severity and length) and specific treatment requirements for each future anaphylactic episode cannot be predicted in advance.

About Paladin Labs Inc.

Paladin Labs, 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.

About Verus Pharmaceuticals, Inc.

Verus Pharmaceuticals is dedicated to improving the lives of children and those who care for them. Verus is building a portfolio of products for the unmet medical needs of children through acquisitions and alliances, with an initial focus on the treatment of asthma, allergies, and related diseases and conditions. Verus is differentiated by its pediatric orientation and its strong financial position and experienced management team, which allows the company to capitalize on an extensive network to build its product portfolio and pursue complementary transactions. The company's rigorous, disciplined approach to strategic decision-making and core competencies in development and commercialization is expected to provide significant value to its partners. More information about Verus is available on the company's website at www.veruspharm.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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