



**FOR IMMEDIATE RELEASE**

## **Æterna Zentaris and Paladin Labs Announce Sale and Purchase of Miltefosine Rights**

**Québec City and Montreal, Canada, (March 3, 2008)** – Æterna Zentaris Inc. (NASDAQ: AEZS;TSX:AEZ), a global biopharmaceutical company focused on endocrine therapy and oncology, and Paladin Labs Inc. (TSX:PLB), a leading Canadian specialty pharmaceutical company, announced today that they have entered into a definitive purchase and sale agreement with respect to all rights related to the manufacture, production, distribution, marketing, sale and/or use of miltefosine for an aggregate purchase price of Cdn\$9.125 million payable in cash, subject to certain post-closing purchase price adjustments. Miltefosine, sold under the brand name Impavido® throughout the world, recorded revenues of Euro 2.5 million in 2007. Completion of the transactions contemplated by the purchase agreement is subject to customary closing conditions, including the parties having received certain third-party consents and approvals.

David J. Mazzo, Ph.D., President and CEO of Æterna Zentaris commented, “Last fall we put forth our new focused business strategy which included identifying non-core assets and actively seeking to divest them as a way to infuse non-dilutive funds into the Company. We are very pleased to have entered into an agreement for the sale of the compound, miltefosine, and look forward to consummating the deal in the near future.”

“This transaction marks the first time that Paladin has acquired international rights to a patented, medically important product”, said Jonathan Ross Goodman, President and CEO of Paladin Labs. This transaction is expected to be immediately accretive to earnings and it fits within our broader strategy to grow Paladin's revenues beyond the Canadian border.”

### **About Miltefosine**

Miltefosine is a phosphocholine analogue currently marketed under the brand name Impavido®, the first oral drug for the treatment of visceral and cutaneous leishmaniasis. Impavido® has been proven to be highly effective and less toxic than current therapies. Other current available treatments are liposomal amphotericin (Ambisome®) and Paromomycin.

### **About Leishmaniasis**

Leishmaniasis is an infectious disease transmitted by the bite of the phlebotomine sandfly. The cutaneous form of the disease normally produces skin ulcers on the exposed parts of the body such as the face, arms and legs. The visceral form - also known as kala azar - is characterized by irregular bouts of fever, substantial weight loss, swelling of the spleen and liver, and anaemia (occasionally serious).

According to the World Health Organization, the disease is endemic in 88 countries with nearly 350 million people at risk. If untreated, visceral leishmaniasis can result in death within 6 months

to 2 years. There are more than one million new cases per year of cutaneous leishmaniasis and an estimated prevalence of 12 million people already infected.

**About Æterna Zentaris Inc.**

Æterna Zentaris Inc. is a global biopharmaceutical company focused on endocrine therapy and oncology with proven expertise in drug discovery, development and commercialization. News releases and additional information are available at [www.aezs.com](http://www.aezs.com)

**About Paladin Labs Inc.**

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. For more information, please visit the Company's web site at [www.paladinlabs.com](http://www.paladinlabs.com).

*These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. Both Æterna Zentaris and Paladin Labs "The Companies" consider the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but caution that these assumptions regarding the future events, many of which are beyond the control of the Companies and their subsidiaries, may ultimately prove to be incorrect. Factors and risks, which could cause actual results to differ materially from current expectations, are discussed in the annual reports, as well as in the Companies' Annual Information Forms for the year ended December 31, 2006. The Companies disclaim any intention or respective obligation to update or revise any forward-looking statements whether a result of new information, future events, or except as required by law. For additional information on risks and uncertainties relating to these forward-looking statements, investors should consult the Companies' respective ongoing quarterly filings, annual reports and Annual Information Forms and other filings found on SEDAR at [www.sedar.com](http://www.sedar.com).*

**For more information, please contact:**

**Paladin Labs**

Samira Sakhia  
Chief Financial Officer  
514-340-5067  
514-344-4675 (FAX)  
[info@paladin-labs.com](mailto:info@paladin-labs.com)  
[www.paladinlabs.com](http://www.paladinlabs.com)

**Æterna Zentaris**

Jenene Thomas, Senior Director  
Investor Relations & Corporate Communications  
(908) 626-5509  
[jthomas@aezsinc.com](mailto:jthomas@aezsinc.com)

Paul Burroughs  
Media Relations  
(418) 652-8525 ext. 406  
[pburroughs@aeszinc.com](mailto:pburroughs@aeszinc.com)