



NEWS RELEASE

PALADIN AND SPEPHARM ANNOUNCE NEW STRATEGIC RELATIONSHIP AND FINANCING

MONTREAL, CANADA (March 3, 2010) - Paladin Labs Inc. (TSX: PLB), a leading Canadian specialty pharmaceutical company, today announced that it has made a strategic investment in SpePharm Holding B.V. SpePharm is a rapidly-growing, specialty pharmaceutical company focused on acquiring, registering and marketing high medical value specialty medicines throughout Europe.

Under the terms of this agreement, Paladin will invest €4 million Euros in SpePharm through a secured convertible debenture. Under the financing terms of this new relationship, conversion of Paladin's interest-bearing debt into equity would provide Paladin with an approximate 10% ownership interest in SpePharm. Paladin also secures a right of first discussion for all future debt funding during the term of the secured convertible debenture. In addition to these financing elements, the relationship establishes significant future strategic collaboration and value potential for both parties. As an immediate first step, in furtherance of Paladin's interest in expanding its geographic footprint and portfolio of products, it will be granted an exclusive license to Savene[®] for South Africa and Israel. Savene[®] is the only approved treatment for anthracycline extravasation, and has EMEA approval. As a second step, under the agreement, SpePharm and Paladin grant each other reciprocal rights in their respective geographies that flow from any future product acquisitions or licensing transactions. Given the strategic importance and broad nature of this relationship, Paladin will also be entitled to place a representative on SpePharm's Supervisory Board.

"International growth will be a core component of Paladin's future business and we view this investment as a strategic yet risk mitigated way to expand our international reach," stated Jonathan Ross Goodman, President & CEO of Paladin Labs Inc. "SpePharm is a pan-European specialty pharmaceutical company with a similar business strategy to Paladin of in-licensing and acquiring innovative pharmaceuticals. By investing in SpePharm, we will be able to further accelerate our existing business development search and acquisition activities via exposure to all the transactions that SpePharm is looking at. Importantly, this will also enable Paladin to offer potential licensors a capable and proven marketing partner for Europe. I look forward to sharing business growth ideas with SpePharm in a more formal manner to the benefit of our respective businesses."

"We are pleased to see Paladin Labs become a strategic partner in SpePharm," stated Jean-François Labbé, Managing Director and Chief Executive Officer of SpePharm; "we believe that this transaction not only provides us with additional capital to acquire new products but also provides important business development synergies for the future benefit of both companies."

About Savene[®]

Savene[®] is Europe's first and only proven and approved treatment for anthracycline extravasation. Savene[®] was designated as an orphan drug by the FDA (the trademark in the USA is Totect[®]) in March 2004 and by the EMEA in September 2001 and was granted marketing authorisation by the EC on July 28, 2006. Savene[®] is provided as a kit containing 10 vials of 500 mg Savene[®]

Powder and 3 bags of specifically formulated Savene[®] Diluent for infusion, sufficient for a complete treatment course of one extravasation event.

About SpePharm Holding, BV

SpePharm Holding, B.V., a Dutch company with its registered office in Amsterdam, is a pan-European specialty pharmaceutical company focused on acquiring, registering and marketing high medical value specialty medicines essentially for the hospital market. Particular areas of therapeutic interest are oncology, critical and supportive care. SpePharm was founded in September 2006 by Jean-François Labbé together with leading life science investment firms TVM Capital and Signet Healthcare Partners (part of the Sanders Morris Harris Group). Paul Capital Healthcare, one of the largest dedicated healthcare investors globally, made an equity investment in SpePharm in August 2008, and provided additional non-dilutive financing for SpePharm. Jean-François Labbé is a former top executive of Hoechst Marion Roussel and Parke Davis with over 30 years of experience in international pharmaceutical management. SpePharm completed two pan-European license/distribution agreements in 2007 and 2008 for respectively MuGard[®] and Xerotin[®] and also acquired in 2008 the full rights for Europe and other territories worldwide to dantrolene sodium (Dantrium[®] / Dantrolen[®] /Dantamacrin[®]) from Procter & Gamble Pharmaceuticals. To date SpePharm has an established commercial presence in the UK, Germany and Italy. For further information on SpePharm see also www.spepharm.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 and world markets. 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.

This press release may contain forward-looking statements and predictions. 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. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions that these assumptions regarding the future events, many of which are beyond the control of the Company and its 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 report as well as in the Company's Annual Information Form for the year ended December 31, 2008. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information or future events and except as required by law. For additional information on risks and uncertainties relating to these forward-looking statements, investors should consult the Company's ongoing quarterly filings, annual report and Annual Information Form and other filings found on SEDAR at www.sedar.com.

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