

Press Release

ProStrakan Group plc

ProStrakan Announces Outlicensing of Abstral® and Sancuso® in Canada

Galashiels, Scotland, 22 December 2008: ProStrakan Group plc, the international specialty pharmaceutical company, today announces that it has signed an exclusive licence and distribution agreement with Paladin Labs Inc. (TSX: PLB) for Abstral® and Sancuso® in Canada.

Under the terms of the agreement, ProStrakan will receive an undisclosed upfront payment. Further milestone payments will be paid subject to the products being approved by the Canadian regulatory authority and the subsequent achievement of certain sales targets. Paladin intends to submit Abstral and Sancuso for Canadian regulatory approval in 2009.

Abstral (formerly branded as Rapinyl) is a fast-dissolving tablet for sub-lingual (under the tongue) administration of fentanyl, intended for the management of breakthrough cancer pain in patients who are already receiving opioid analgesics. ProStrakan has in-licensed the exclusive rights to this product in Europe and North America from the Swedish pharmaceutical company, Orexo AB.

Sancuso, is ProStrakan's novel, patent protected, transdermal patch for the prevention of chemotherapy-induced nausea and vomiting (CINV) in patients receiving chemotherapy for up to five consecutive days. The product has been shown to be as efficacious as oral granisetron in preventing the side effects of nausea and vomiting in patients undergoing chemotherapy. Sancuso has the advantage of offering this protection through a single transdermal patch application, eradicating the need for repeated daily injections or having to swallow multiple pills on a repeated daily basis.

In September 2008, ProStrakan received approval from the US Food and Drug Administration (FDA) for Sancuso and the product was launched in the US in November 2008.

Commenting on today's announcement, Dr Wilson Totten, ProStrakan's Chief Executive, said:

"Our strategy is to ensure that we capitalise on the strength of our high value products through outlicensing agreements in territories that are non-core for ProStrakan. In Paladin, we have a partner with demonstrable sales and marketing expertise, particularly in the area of cancer pain, and a very significant presence in the Canadian pharmaceuticals market."

Jonathan Ross Goodman, President and Chief Executive Officer of Paladin Labs Inc., said:

"We intend to submit these two innovative products for Canadian regulatory approval in mid-2009. We expect Abstral and Sancuso to fulfill an unmet need for cancer patients in Canada."

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ProStrakan

ProStrakan Group plc is a rapidly growing specialty pharmaceutical company engaged in the development and commercialisation of prescription medicines for the treatment of unmet therapeutic needs in major markets.

ProStrakan's head office is situated in Galashiels in Scotland. The company's development capabilities are centred on Galashiels and Bedminster, New Jersey, USA. Sales and marketing of ProStrakan's portfolio of products are handled by commercial subsidiaries in the UK, US, France, Germany, Spain and other EU countries.
www.prostrakan.com

About Paladin Labs Inc.

Paladin Labs Inc., headquartered in Montreal, Canada, is a specialty pharmaceutical company focused on acquiring or inlicensing 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.