



NEWS RELEASE

PALADIN AND NYCOMED ENTER INTO CANADIAN CO-PROMOTION AGREEMENT FOR TRIDURAL™ ONCE-DAILY TRAMADOL PRODUCT

Montreal, Quebec, (January 31, 2008) - Paladin Labs Inc. (TSX:PLB) and Nycomed Canada Inc., a subsidiary of Nycomed today announced that the companies have entered into a Canadian Co-Promotion Agreement for Tridural™ once-daily tramadol. Paladin acquired the Canadian license to Tridural™ from Labopharm Inc. (TSX:DDS;NASDAQ:DDSS) in July 2007 and launched Tridural™ in September 2007.

Under this Co-Promotion Agreement, Nycomed Canada will share brand responsibilities and expenses with Paladin and will deploy a national primary care sales force to promote Tridural™. Paladin will continue to handle distribution of Tridural™ and will also continue to promote Tridural™ using its primary care sales force.

Tridural™ is a unique treatment option developed as a first-line therapy that provides 24-hour pain relief from a single tablet taken once-daily for adult patients with persistent pain who require treatment for several days or more.

Tridural™ is based on Labopharm's proprietary controlled-release technology, Contramid®, and a novel dual matrix delivery system that facilitates both rapid and sustained drug release, maintaining optimal therapeutic blood levels of tramadol for a full 24-hour period. Tridural™ offers physicians and patients greater treatment flexibility based on its relatively rapid two-day titration schedule, which could help patients reach their optimum daily dose faster than any other approved once-daily tramadol product and quickly achieve effective pain relief. In addition, Tridural™ has a demonstrated safety profile based on clinical trial experience of more than 2,400 patients globally and almost two years of commercial experience. As a tramadol product, Tridural™ provides pain relief through its action at three sites related to analgesic activity: the mu-opioid receptor, the serotonin receptor, and the norepinephrine receptor.

“Our agreement with Nycomed to share brand expenses and to deploy an additional primary care sales force to promote Tridural™ will allow us to increase the potential for this important product,” said Jonathan Goodman, President & CEO of Paladin. “We are excited to find a likeminded partner who shares our commitment to improving the treatment of pain in Canada to the benefit of patients.”

“Tridural™ presents a compelling product opportunity in a large, underserved market. We believe that Nycomed’s additional marketing and sales resources will more rapidly drive the adoption of Tridural™ as the cornerstone of treatment for patients with persistent, moderate pain. We are very pleased to be working in partnership with Paladin,” said John Suk, President & CEO of Nycomed Canada.

About Pain

Acute pain is usually of short duration, results from tissue damage due to an injury or surgery and serves as a protective mechanism. When tissue is damaged, free nerve endings in the skin send signals to the brain via the spinal cord. Chronic pain is defined as pain that persists over three months. Chronic pain can be intermittent (occurs in a pattern) or persistent (lasting more than 12 hours daily) and can be considered a disease itself. Chronic pain can result from a known cause, such as arthritis, or from abnormal processing of pain by the nervous system as in the case of fibromyalgia. According to IMS Canada, the Canadian prescription pain market was approximately \$800 million and reached almost 26 million prescriptions. It is estimated that one in five Canadians have chronic pain that interferes with their quality of life and productivity.

About Tramadol

Tramadol is a centrally acting analgesic for the treatment of moderate to severe pain. Tramadol has a 30-year history of efficacy and safety and is currently marketed in more than 70 countries worldwide, primarily in formulations that require multiple doses per day. Studies have shown that tramadol provides relief from both acute and chronic pain conditions, including osteoarthritis pain, lower back pain, cancer pain, post-operative pain and dental pain. Tramadol avoids the potentially serious side effects such as gastrointestinal bleeding that may be caused by NSAIDs and the potential cardiovascular events recently attributed to COX-2 inhibitors. Compared to stronger opioids, tramadol has, in clinical studies, demonstrated a lower incidence of major side effects, such as respiratory depression.

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

About Nycomed Canada Inc.

Nycomed Canada Inc. is the Canadian subsidiary of Nycomed GmbH; a European based, privately owned research-based company. Through its innovative products and dedicated people, Nycomed is committed to improving the health of Canadians. In Canada, Nycomed is active in the therapeutic areas of gastroenterology, respirology and dermatology. Headquartered in Oakville, Ontario, the company employs more than 265 people across the country. Employees take pride in the corporate culture, and research and development is vital to the business. For more information, please visit www.nycomed.ca.

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 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 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' ongoing quarterly filings, annual reports and Annual Information Forms and other filings found on SEDAR at www.sedar.com.

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