

FOR: PALADIN LABS INC.
TSX SYMBOL: PLB

Paladin Labs Announces Intention to Enhance Offer for Afexa Life Sciences

SEP 22, 2011 - 08:00 ET

MONTREAL, CANADA--(Marketwire - Sept. 22, 2011) - Paladin Labs Inc. ("Paladin" or the "Company") (TSX:PLB), a leading Canadian diversified specialty pharmaceutical company, today provided an update regarding its offer ("Offer") for the outstanding common shares of Afexa Life Sciences Inc ("Afexa") (TSX:FXA).

As indicated in a statement to the Alberta Securities Commission ("ASC"), Paladin intends to make an enhanced offer in the event that Afexa's two shareholder rights plans (dated January 25, 2010 and August 12, 2011) are waived by Afexa or cease-traded by the ASC within a reasonable time of the ASC hearing into Paladin's application to cease trade the rights plans. The ASC hearing is scheduled for September 23, 2011.

Paladin believes the new terms of the enhanced Offer will be superior to the existing offer for Afexa from Valeant Pharmaceuticals International, Inc. announced on August 30, 2011. Paladin will provide the details of the enhanced offer as soon as possible following a waiver or order to cease-trade the rights plans.

On September 14, 2011, Paladin extended the expiry of its offer until 8:00 p.m. (Toronto time) on September 28, 2011 to allow the Paladin Offer to remain open until after the ASC hearing.

The current Offer and related documents are available at www.sedar.com and through the Company's website, www.paladinlabs.com or at www.afexaoffer.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. Paladin's shares trade on the Toronto Stock Exchange under the symbol PLB. More information is available at www.paladinlabs.com.

This press release may contain forward-looking statements and predictions. These forward-looking statements, including any statements as to Afexa's acquisition by Paladin, 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, 2010. 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. The information in this announcement concerning Afexa and its assets and projects is based on publicly available information and has not been independently verified by Paladin.

FOR FURTHER INFORMATION PLEASE CONTACT:

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