



NUVO ANNOUNCES 2007 FOURTH QUARTER AND YEAR END FINANCIAL RESULTS

Mississauga, Ontario, Canada – February 21, 2008 - Nuvo Research Inc. (TSX: NRI), a Canadian drug development company focused on the research and development of drug products that are delivered to and through the skin using its topical and transdermal drug delivery technologies, today announced its financial and operational results for the year and the fourth quarter ended December 31, 2007.

Key Corporate Developments:

- Made substantial progress regarding studies necessary for the Complete Response to the approvable letter for Pennsaid®, a topical non-steroidal anti-inflammatory drug (NSAID) used to treat the pain and stiffness associated with knee osteoarthritis;
- Significantly strengthened the Company's scientific team with the appointment of Dr. Bradley Galer as Vice President, Pain Products;
- Continued the successful launch of Pennsaid® in Greece; and,
- Focused corporate resources towards the development of the topical and transdermal drug candidate pipeline.

"We are making good progress towards our Complete Response to the FDA for Pennsaid," stated Dan Chicoine, Nuvo's Chairman. "All studies that will provide the information to support our Complete Response are on track to be completed by the end of this year, so that we can resubmit our application for Pennsaid FDA approval in early 2009. We continue to strengthen our management and scientific teams and our drug candidate pipeline, which, while at an early stage, looks very promising."

Pennsaid's U.S. Regulatory Approval Process:

Nuvo received an approvable letter (the "Approvable Letter") from the FDA for Pennsaid® on December 28, 2006 which indicated that Pennsaid® is approvable subject to Nuvo satisfying certain conditions. None of the conditions in the Approvable Letter relate to the clinical efficacy or the clinical safety of Pennsaid®, which were evidenced in Nuvo's Phase III trials. The FDA has not requested that Nuvo conduct any additional Phase III clinical trials as a condition of approval. The conditions require that Nuvo provide additional information in three areas: 1) Bottling and packaging, 2) Safety of Pennsaid in every day use, and 3) Non-clinical dermal safety.

Nuvo has made substantial progress toward satisfying these conditions and expects to complete a majority of the studies that will generate information to support its Complete Response by the end of this summer. The longest-term study that is being completed prior to submission of the Complete Response, which is a 12 month dermal animal safety study, is underway and will be completed by the end of 2008. Nuvo and the FDA have agreed that an additional long-term dermal animal study may be completed post approval provided that no

safety concerns have arisen from the other safety studies. Nuvo believes it will be in a position to resubmit its Pennsaid application to the FDA in early 2009 and that the FDA will respond six months thereafter.

Other Development Programs

In order to achieve the Company's "vision" of being a leader in the research and development of drug products delivered to and through the skin, in the second half of 2007, the Company reevaluated its allocation of corporate resources. Through this difficult process, the Company made the decision to focus additional resources on research and early to mid-stage drug development and fewer resources on late-stage drug development, administration and regulatory affairs. The Company reduced its overall headcount including administrative and regulatory staff, but added key personnel to its management and scientific teams including the promotion of Dominic King-Smith to the role of Vice President, New Product Planning and recruitment of Dr. Bradley Galer into the position of Vice President, Pain Products. The Company continues to build its scientific team at its research and development facility in San Diego.

This reallocation of resources allows Nuvo to focus on the development of new drug candidates utilizing its topical and transdermal drug delivery technologies and development expertise. Nuvo's focus is primarily on the treatment of pain, particularly in cases where changing the dosage form of proven active drugs from oral to topical provides the possibility of clinical benefit, with reduced systemic exposure and fewer systemic side effects. Nuvo's technologies are also well suited to the treatment of many dermatological conditions. Nuvo personnel are active in several areas where its technologies and expertise have potential application including: acute inflammatory and acute and chronic neuropathic pain, onychomycosis, and other dermatological areas.

"For 2008, the Company's focus will be on three critical areas," stated Henrich Guntermann, Nuvo's President and CEO. "They are the completion of the studies necessary for the Complete Response to the Pennsaid Approvable Letter; signing a licensing agreement for Pennsaid in the U.S. market; and, meaningfully expanding the drug candidate pipeline while at the same time effectively managing our cash resources."

Financial Results:

(thousands of Canadian dollars)

	Three months ended December 31, 2007	Three months ended December 31, 2006	Year ended December 31, 2007	Year ended December 31, 2006
Revenue	\$ 2,207	\$ 1,005	\$ 7,178	\$ 4,248
Loss from continuing operations	(3,332)	(3,142)	(12,376)	(13,195)
Net loss	\$ (3,332)	\$ (3,012)	\$ (12,376)	\$ (13,015)

Revenue for the three-months ended December 31, 2007 increased 120% to \$2.2 million compared with \$1.0 million for the three-months ended December 31, 2006. The increase was entirely attributable to \$1.3 million in Pennsaid product sales to the Company's Greek distributor

which launched the product earlier this year. An increase in Canadian Pennsaid product sales versus a year ago was entirely offset by a decline in Italian Pennsaid sales. Revenue from other sources was similar in both periods. For the year, revenue increased 69% to \$7.2 million versus \$4.2 million as sales of Pennsaid increased twofold to \$5.1 million from \$2.5 million. The increase in Pennsaid product sales for the year is primarily attributable to the launch of Pennsaid in Greece during the second quarter of 2007.

Total operating expenses for the three-month period ended December 31, 2007 increased to \$4.3 million versus \$3.5 million for the three-months ended December 31, 2006. The increase in expenses is primarily due to higher research and development expenses and \$0.4 million of severance costs offset by lower selling, general and administrative expenses in the fourth quarter of 2007 due to reductions in corporate headcount in October and the closure of the international marketing office at the end of the third quarter. Total operating expenses for year ended December 31, 2007 were \$15.7 million, an increase of 5% compared to \$14.9 million for the year ended December 31, 2006. The increase from 2006 relates to higher research and development spending as the Company commenced the majority of the studies to address the conditions raised in the Approvable Letter of December 28, 2006.

Included in operating expenses are research and development costs which were \$2.1 million for the three-month period ended December 31, 2007 compared to \$1.2 million for the three-months ended December 31, 2006. In the period ending December 31, 2007 the Company incurred approximately \$1.0 million in external costs related to completing studies and work for its Complete Response to the Approvable Letter versus the fourth quarter of 2006 when the Company was using primarily internal staff to prepare for the expected Pennsaid Plus phase III clinical trial. Research and development expenses were \$8.3 million for the year ended December 31, 2007 an increase of 24% compared to \$6.7 million for the year ended December 31, 2006. The majority of spending for the year related to work and studies to address the conditions raised in the Approvable Letter.

The loss from continuing operations for the three-months ended December 31, 2007 was \$3.3 million versus \$3.1 million for the three-months ended December 31, 2006. The increase is due to higher research and development expenses and severance costs as discussed above, more than offsetting the increase in gross margin attributable to higher revenue from Pennsaid product sales. During the fourth quarter of 2006, the Company recorded \$0.1 million of income from discontinued operations. As a result, the net loss for the three-months ended December 31, 2007 was \$3.3 million compared with \$3.0 million for the comparable period in 2006. For the year ended December 31, 2007, net loss was \$12.4 million, a decrease over the \$13.0 million for the year ended December 31, 2006. The smaller net loss is attributable to a \$1.2 million reduction in the loss from operations for 2007, reduced by lower gains on asset sales and no income from discontinued operations in 2007.

Cash and cash equivalents on hand at December 31, 2007 of \$21.8 million were \$2.7 million less than the \$24.5 million at September 30, 2007. The decrease is almost entirely attributable to cash used by operating activities. At December 31, 2006 cash and cash equivalents were \$11.2 million.

Cash used in operating activities of \$2.7 million was lower than the \$3.4 million used in the three-month period ended December 31, 2006 due a large investment in non-cash working capital in the fourth quarter of 2006. This investment was necessary as inventory levels increased in preparation for shipments in the new year including initial sales to Greece while accounts payable and accruals decreased. In the fourth quarter of 2007, the investment in non-

cash working capital was smaller as the Company received the final payment relating to the sale of property in Varennes. For the year cash used in operating activities decreased by 11% to \$12.3 million versus \$13.9 million in 2006. The decrease is primarily due a significant decrease in cash invested in non-cash working capital in 2007 compared to 2006.

In the fourth quarter of 2007 the Company did not generate any cash from financing activities but during the fourth quarter of 2006, the Company generated \$3.2 million in net cash that included: \$2.9 million from the exercise of warrants and stock options and employee contributions under the Stock Purchase Plan; \$500,000 in proceeds on the issuance of the debenture to Paladin; and, \$250,000 as an upfront licensing payment for Pennsaid Plus in Canada; offset by, \$417,000 in long-term and capital lease repayments. Amounts in the current period were insignificant. For the year net cash provided by financing activities totaled \$23.2 million compared with \$20.0 million for the year ended December 31, 2006. In 2007, the majority of the cash provided by financing activities was raised through the issuance of common shares and warrants via the July 13, 2007 bought deal equity financing and the proceeds from the exercise of 13.1 million warrants under the warrant incentive program.

Detailed financial statements and the MD&A are available at www.nuvoresearch.com or www.sedar.com.

Notice of Annual General Meeting

Nuvo will be holding its Annual Meeting of Shareholders on Thursday, May 1, 2008 at 9:00 a.m. (EST) at the Gallery of the Toronto Stock Exchange (TSX) Broadcast & Conference Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario, Canada.

About Pennsaid

Pennsaid® is a topical non-steroidal anti-inflammatory drug (NSAID) used for the treatment of osteoarthritis and is currently approved for sale in Canada and several European countries. Pennsaid® allows the diclofenac solution to be delivered to a specific site via the surface of the skin and thus limits complications associated with systemic delivery. According to published clinical trials, Pennsaid® is as effective as the maximum daily dose of comparable oral medication at relieving pain and stiffness associated with osteoarthritis of the knee, as well as improving overall well-being. There are more than 21 million Americans suffering from osteoarthritis, a very painful and debilitating condition, and the United States market for this condition is estimated at US\$4 billion annually. In December 2006, the U.S. Food and Drug Administration issued an approvable letter that indicated Pennsaid® is approvable subject to Nuvo satisfying certain conditions.

About Nuvo Research Inc.

Nuvo is a Canadian drug development company primarily focused on the research and development of drug products that are delivered to and through the skin. Nuvo is also involved in research and development activities involving WF10, a chlorite-based, immunomodulating drug through its 60% interest in Dimethaid AG.

Nuvo believes it is uniquely positioned to research and develop new drug product candidates for delivery to and through the skin using its multiplexed molecular penetration enhancers ("MMPE™s"), that interact with the skin and enhance its permeability thereby allowing certain drug molecules to pass into and through the skin to proximate tissues and its high throughput experimentation systems that allow its scientists to rapidly screen combinations of existing molecular penetration enhancers ("MPE™s") with large numbers of potential drug formulations

to measure their ability to permeabilize and permeate the skin. Nuvo's lead product Pennsaid®, a topical non-steroidal anti-inflammatory drug (NSAID) utilizes the Company's technology to treat the symptoms of osteoarthritis of the knee locally. Nuvo intends to leverage its technologies to create a portfolio of topical and transdermal products targeting a variety of indications. Nuvo Research Inc. is a publicly traded company headquartered in Mississauga, Ontario, with manufacturing facilities in Varennes, Québec and Wanzleben, Germany and a research and development facility in San Diego, California. For more information, please visit www.nuvoresearch.com.

This release may contain forward-looking statements, subject to risks and uncertainties beyond management's control. Actual results could differ materially from those expressed here. Risk factors are discussed in the Company's annual information form filed with the securities commissions in each of the provinces of Canada. The Company undertakes no obligation to revise forward-looking statements in light of future events.

For more information:

Investor Relations:

Christina Bessant
Equicom Group Inc.
416-815-0700 x269
cbessant@equicomgroup.com

Summary financial statements attached:

CONSOLIDATED BALANCE SHEETS

(thousands of Canadian dollars)	As at December 31, 2007 \$	As at December 31, 2006 \$
ASSETS		
CURRENT		
Cash and cash equivalents	21,791	11,213
Accounts receivable	1,802	968
Other receivable	579	375
Inventories	1,042	1,051
Prepaid expenses and other	789	892
TOTAL CURRENT ASSETS	26,003	14,499
Restricted cash	79	-
Property, plant and equipment	2,475	3,120
Intangible assets	90	-
TOTAL ASSETS	28,647	17,619
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	2,994	3,008
Short term loan	587	557
Deferred revenue	1,211	1,352
Current portion of long term debt and capital lease obligations	94	677
Current portion of debentures	500	-
TOTAL CURRENT LIABILITIES	5,386	5,594
Deferred revenue	5,169	6,552
Long term debt and capital lease obligations	222	337
Debentures	2,006	1,999
TOTAL LIABILITIES	12,783	14,482
SHAREHOLDERS' EQUITY		
Common shares	187,877	165,400
Warrants	11,243	9,402
Contributed surplus	5,670	4,885
Accumulated other comprehensive income	114	114
Deficit	(189,040)	(176,664)
TOTAL SHAREHOLDERS' EQUITY	15,864	3,137
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	28,647	17,619

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

(thousands of Canadian dollars except per share amounts)	Year ended December 31, 2007	Year ended December 31, 2006
	\$	\$
REVENUE		
Product sales	5,933	3,281
Cost of goods sold	4,391	3,411
Gross margin (loss) on product sales	1,542	(130)
Other revenue		
Licensing fees	1,000	789
Research and other contract revenue	245	178
	2,787	837
EXPENSES		
Research and development	8,319	6,685
Selling, general and administrative expenses	5,498	5,349
Stock-based compensation	808	1,235
Amortization of property, plant, and equipment and intangibles	869	786
Foreign currency (gain) loss	(118)	89
Interest expense	1,102	1,114
Interest income	(779)	(328)
	15,699	14,930
Loss from operations	(12,912)	(14,093)
Gain on sale of assets	536	947
Impairment charge	-	(135)
Restructuring cost recovery	-	86
Loss from continuing operations	(12,376)	(13,195)
Net Income from discontinued operations	-	180
NET LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE LOSS	(12,376)	(13,015)
Deficit, beginning of year	(176,664)	(163,649)
DEFICIT, END OF YEAR	(189,040)	(176,664)
Net income (loss) per common share from:		
– continuing operations – basic and diluted	\$(0.05)	\$(0.09)
– discontinued operations – basic and diluted	0.00	0.00
Net loss per common share – basic and diluted	\$(0.05)	\$(0.09)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of Canadian dollars)	Year ended December 31, 2007 \$	Year ended December 31, 2006 \$
OPERATING ACTIVITIES – continuing operations		
Net loss	(12,376)	(13,195)
Items not involving current cash flows:		
Amortization	869	786
Deferred revenue recognized	(1,278)	(1,015)
Stock-based compensation and payments	940	1,297
Accretion of interest on debentures	665	569
Impairment charges	-	135
Gain on sale of assets	(536)	(947)
Other	(341)	16
Net change in non-cash working capital balances	(211)	(1,535)
CASH USED IN OPERATING ACTIVITIES – continuing operations	(12,268)	(13,889)
INVESTING ACTIVITIES – continuing operations		
Investment in term deposits with restricted use	(79)	-
Acquisition of property, plant and equipment	(222)	(593)
Proceeds from disposal of property, plant & equipment	-	2,758
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES – continuing operations	(301)	2,165
FINANCING ACTIVITIES – continuing operations		
Issuance of common shares and warrants, net of related costs	23,854	18,581
Issue of debentures, net of related costs	-	1,000
Proceeds from license and supply agreements	-	3,500
Repayment of short term loan	-	(1,598)
Repayments of long term debt and capital lease obligations	(675)	(1,492)
CASH PROVIDED BY FINANCING ACTIVITIES – continuing operations	23,179	19,991
Cash flow provided by discontinued operations	-	175
Effect of exchange rate changes on cash and cash equivalents	(32)	55
Net increase in cash and cash equivalents during the year	10,578	8,497
Cash and cash equivalents, beginning of year	11,213	2,716
CASH AND CASH EQUIVALENTS, END OF YEAR	21,791	11,213
<i>Interest paid</i>	<i>299</i>	<i>451</i>