



NUVO RESEARCH AND PALADIN ANNOUNCE AMMENDMENTS TO PENNSAID AND PENNSAID PLUS AGREEMENTS

Mississauga, Ontario, Canada – July 08, 2008 - Nuvo Research Inc. (TSX: NRI), a Canadian drug development company focused on the research and development of drug products delivered to and through the skin using its topical and transdermal drug delivery technologies, and **Paladin Labs Inc. (TSX: PLB)**, a leading Canadian specialty pharmaceutical company, today announced modifications to their existing licensing arrangements for Pennsaid and its follow-on product, Pennsaid Plus.

Paladin's wholly owned subsidiary, Squire Pharmaceuticals Inc., has made a \$2,500,000 payment to Nuvo in lieu of future payments relating to Canadian sales of Pennsaid accruing prior to January 1, 2011. In addition, Squire will pay Nuvo a royalty on future Canadian sales of Pennsaid occurring after January 1, 2011.

Squire has also invested \$2,000,000 in Nuvo by way of a two-year convertible debenture. The new debenture bears interest at 8% per annum and is convertible into Nuvo common shares at a price of \$0.1380. The conversion price is based on Nuvo's volume weighted average trading price on the TSX for the five-day trading period ending July 4, 2008.

The existing Canadian Pennsaid Plus license between Nuvo and Squire has been amended to grant Squire the right to market, distribute and sell Pennsaid Plus in South Africa and Israel and, if certain conditions are met, Central and South America. Nuvo will receive royalties in respect of any sales of Pennsaid Plus by Squire in these additional territories. Pennsaid Plus is an improved gel version of Pennsaid that requires less frequent dosing. Patent applications are pending. Pennsaid Plus has not yet been approved by Health Canada or the U.S. Food and Drug Administration (FDA).

"These amended arrangements provide us with additional cash that extends our financial runway beyond mid 2009 when we expect to receive FDA approval of Pennsaid," said John London, Nuvo's Vice Chairman. "We continue to complete the non-clinical studies to respond to the FDA's December, 2006 Approvable Letter, and have started to prepare our Pennsaid resubmission, which we expect to file with the FDA in early 2009. This would lead to an expected response from the FDA in the third quarter of 2009. The funds will also allow us to continue to develop our early stage transdermal pipeline."

"Pennsaid continues to be one of our most important products," said Jonathan Goodman, President and CEO of Paladin. "This transaction is an effective use of our existing cash and assists Nuvo towards completing its development of Pennsaid Plus. Consistent with our strategy of growing internationally, we have secured the rights to Pennsaid Plus for Israel, South Africa and, under certain conditions, Central and South America."

About Paladin Labs Inc.

Paladin Labs Inc., headquartered in Montreal, Canada, is a leading specialty pharmaceutical company focused on developing, 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*. For more information about Paladin, please visit the Paladin web site at www.paladinlabs.com.

About Nuvo Research Inc.

Nuvo is focused on the research and development of drug products delivered to and through the skin using its topical and transdermal drug delivery technologies. Nuvo's lead product is Pennsaid[®], a topical non-steroidal anti-inflammatory (NSAID) used for the treatment of osteoarthritis. Nuvo intends to leverage its skin-penetrating technologies to create a portfolio of topical and transdermal products targeting a variety of indications.

Nuvo Research Inc. is a publicly traded, Canadian pharmaceutical company headquartered in Mississauga, Ontario, with manufacturing facilities in Varennes, Québec and Wanzleben, Germany and a research and development Center in San Diego California. For more information, please visit www.nuvoresearch.com.

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, 2007. 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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