



NUVO ANNOUNCES 2009 THIRD QUARTER FINANCIAL RESULTS

Mississauga, Ontario, Canada – October 28, 2009 - 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 and on the research and development of its immune modulating drug candidate, WF10, today announced its financial and operational results for the quarter ended September 30, 2009.

Recent Corporate Developments:

- Received funding commitments from the Development Bank of Saxony in Germany for two co-operative drug development projects with the Fraunhofer Institute in Leipzig, Germany. These two projects will focus on the preclinical and clinical development of WF10 as potential treatments for allergic rhinitis and rheumatoid arthritis;
- Announced that the U.S. Food and Drug Administration (FDA) set a new action date of November 4, 2009 under the Prescription Drug User Fee Act (PDUFA) for the FDA's response to the Company's application for U.S. marketing approval of Pennsaid, the Company's topical diclofenac product for the treatment of the signs and symptoms of knee osteoarthritis; and,
- As at September 30, 2009, had \$29.5 million in cash and cash equivalents, that included \$6.1 million in proceeds from warrants exercised in July 2009.

"We remain optimistic that the FDA will approve Pennsaid for marketing in the U.S.," said Henrich Guntermann, President and Chief Executive Officer of Nuvo Research. "In addition, our early stage pipeline of topical pain products, the emergence of WF10 as a potential treatment for allergic rhinitis and rheumatoid arthritis, and our strong cash position put Nuvo on a path to achieving our goal of becoming a diversified, well capitalized, profitable drug development company."

Financial Results:

(thousands of Canadian dollars)

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Revenue	\$ 3,234	\$ 3,289	\$ 8,987	\$ 7,610
Net loss	\$ (2,725)	\$ (3,004)	\$ (7,257)	\$ (8,139)

Revenue, consisting of product sales, license fee revenue, and research and other contract revenue, for the three months ended September 30, 2009 decreased slightly to \$3.2 million compared with \$3.3 million for the three months ended September 30, 2008. In the current

period, a significant increase in product sales was offset by lower license fees as the comparable quarter included a non-recurring \$0.9 million payment from our Canadian licensee to settle past obligations under their original Pennsaid® licensing agreements. Revenue for the nine months ended September 30, 2009 increased 18% to \$9.0 million compared to \$7.6 million for the nine months ended September 30, 2008. This increase is primarily attributable to a \$1.5 million increase in Pennsaid product sales to our Canadian licensee and Greek distributor.

For the three months ended September 30, 2009, gross margin on product sales increased to \$1.0 million compared to \$0.5 million for the three months ended September 30, 2008. The increase in gross margin is almost entirely attributable to the increase in sales of Pennsaid. For the nine months ended September 30, 2009, gross margin on product sales was \$2.9 million compared to \$2.2 million for the nine months ended September 30, 2008. The increase in gross margin is primarily attributable to higher Pennsaid sales, offset partially by higher material costs, the strengthening U.S. dollar and costs related to the capacity expansion at the Company's manufacturing facility.

Total operating expenses, excluding foreign currency losses, for the three months ended September 30, 2009 were \$3.9 million, a decrease of 13% from \$4.5 million for the three months ended September 30, 2008. The decrease in the quarter relates primarily to lower research and development expenses offset partially by increases in selling, general and administrative expenses. Total operating expenses, excluding foreign currency losses, for the nine months ended September 30, 2009 decreased to \$11.8 million compared to \$12.1 million for the nine months ended September 30, 2008. The decrease from 2008 relates to lower research and development expenses, stock-based compensation and amortization expense, partially offset by higher SG&A costs.

Research and development expenses were \$1.8 million and \$5.6 million for the three and nine months ended September 30, 2009, decreases of 29% and 18%, compared with \$2.6 million and \$6.8 million for the three and nine months ended September 30, 2008, respectively. The decrease in the three and nine-month periods relates to reduced spending on Pennsaid, as all studies necessary for filing the Company's Complete Response to the Pennsaid Approvable Letter were completed prior to filing in early 2009. In addition, under the terms of the U.S. Licensing Agreement, Covidien assumed responsibility for all Pennsaid and Pennsaid Plus development activities and costs subsequent to June 15, 2009. These declines were partially offset by severance costs and increased spending on research and formulation development activities at the Company's research labs in San Diego in the nine month period.

SG&A expenses increased to \$1.6 million and \$4.8 million for the three and nine months ended September 30, 2009, compared to \$1.3 million and \$3.6 million for the three and nine months ended September 30, 2008. The increase in the quarter is primarily attributable to executive management bonuses. For the nine months, the increase in SG&A is primarily attributable to costs relating to the U.S. Licensing Agreement, bonus payments and compensation expense incurred upon revaluation of the outstanding units in the Company's DSU Plan to their market value.

Net loss declined to \$2.7 million for the three months ended September 30, 2009 compared to \$3.0 million for the three months ended September 30, 2008 as the comparative period included a \$0.3 million loss on the extinguishment of the convertible debentures. For the nine months ended September 30, 2009, the net loss declined to \$7.3 million from \$8.1 million compared to the nine months ended September 30, 2008.

Cash and cash equivalents were \$29.5 million as at September 30, 2009, a substantial increase compared to \$15.2 million as at December 31, 2008, primarily as a result of the \$11.3 million Upfront Payment received from Covidien and \$11.6 million in proceeds received upon the exercise of warrants.

Cash used in operations was \$2.2 million for both the three months ended September 30, 2009 and 2008. Although the net loss in the 2009 quarter was lower, the improvement was entirely attributable to a non-cash charge related to the extinguishment of the convertible debentures such that cash used in operations was unchanged. For the nine-month period, cash used in operations decreased only slightly to \$7.0 million compared to \$7.1 million for the nine-months ended September 30, 2008.

Net cash used in investing activities totaled \$130,000 and \$333,000 for the three and nine months ended September 30, 2009 compared to \$36,000 and \$92,000 in the three and nine months ended September 30, 2008. The spending in 2009 was primarily for the purchase of new production equipment in preparation for the anticipated launch of Pennsaid in the U.S.

Net cash provided by financing activities totaled \$6.1 million and \$11.4 million for the three and nine months ended September 30, 2009, compared to \$1.4 million and \$2.3 million for the three and nine months ended September 30, 2008. During 2009 all cash provided by financing activities was attributable to the exercise of warrants.

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

About Pennsaid

Pennsaid, the Company's lead product, is used to treat the pain and symptoms associated with knee osteoarthritis. Pennsaid combines a transdermal carrier (containing dimethyl sulfoxide, popularly known as "DMSO") with diclofenac sodium, a leading non-steroidal anti-inflammatory drug ("NSAID"), and delivers the active drug through the skin directly to the site of pain. While, conventional oral NSAIDs expose patients to potentially serious systemic side effects such as gastrointestinal bleeding and cardiovascular risks, Nuvo's clinical trials suggest that some of these systemic side effects occur less frequently with topically applied Pennsaid. There are more than 27 million Americans suffering from osteoarthritis and the United States market for this condition is estimated at US\$4 billion annually.

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 and WF10, its immune modulating drug candidate. Nuvo's lead product is Pennsaid, a topical NSAID used for the treatment of osteoarthritis of the knee. Nuvo intends to leverage its skin-penetrating technologies to create a portfolio of topical and transdermal products targeting a variety of indications.

Nuvo 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 Company considers 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 future events, many of which are beyond the control of the Company, 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, 2008. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether a result of new information or future events, 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.

For more information about Nuvo, please contact:

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Summary financial statements attached:

**NUVO RESEARCH INC.
CONSOLIDATED BALANCE SHEETS**

(thousands of Canadian dollars)	As at September 30, 2009 Unaudited \$	As at December 31, 2008 Audited \$
ASSETS		
CURRENT		
Cash and cash equivalents	29,489	15,219
Accounts receivable	2,959	2,294
Inventories	1,768	1,393
Prepaid expenses and other	309	446
TOTAL CURRENT ASSETS	34,525	19,352
Restricted cash	71	93
Property, plant and equipment	1,842	1,990
TOTAL ASSETS	36,438	21,435
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	3,136	2,736
Deferred revenue	2,241	2,241
Current portion of long-term debt and capital lease obligations	150	181
TOTAL CURRENT LIABILITIES	5,527	5,158
Deferred revenue	12,982	3,321
Long-term debt and capital lease obligations	158	320
Debentures	2,912	4,774
TOTAL LIABILITIES	21,579	13,573
SHAREHOLDERS' EQUITY		
Common shares	209,845	189,603
Warrants	4,652	10,847
Contributed surplus	7,801	6,890
Accumulated other comprehensive income	114	114
Deficit	(207,553)	(199,592)
TOTAL SHAREHOLDERS' EQUITY	14,859	7,862
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	36,438	21,435

NUVO RESEARCH INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

Unaudited	Three months ended		Nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
(thousands of Canadian dollars except per share and share amounts)	\$	\$	\$	\$
REVENUE				
Product sales	2,567	1,808	7,025	5,578
Cost of goods sold	1,555	1,281	4,138	3,366
Gross margin on product sales	1,012	527	2,887	2,212
Other revenue				
Licensing fees	560	1,453	1,680	1,953
Research and other contract revenue	107	28	282	79
	1,679	2,008	4,849	4,244
EXPENSES				
Research and development	1,810	2,556	5,586	6,793
Selling, general and administrative expenses	1,638	1,278	4,792	3,564
Stock-based compensation	131	131	395	497
Amortization of property, plant, and equipment and intangibles	153	221	450	633
Foreign currency loss	525	255	306	12
Interest expense	169	418	642	1,046
Interest income	(22)	(146)	(65)	(461)
	4,404	4,713	12,106	12,084
Loss from operations	(2,725)	(2,705)	(7,257)	(7,840)
Loss on extinguishment of convertible debenture	-	(299)	-	(299)
NET LOSS AND TOTAL COMPREHENSIVE LOSS	(2,725)	(3,004)	(7,257)	(8,139)
Net loss per common share – basic and diluted	(0.01)	(0.01)	(0.02)	(0.03)
Average number of common shares outstanding – basic and diluted (millions)	388.8	310.1	353.9	304.2

NUVO RESEARCH INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Nine months ended	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Unaudited (thousands of Canadian dollars)	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(2,725)	(3,004)	(7,257)	(8,139)
Items not involving current cash flows:				
Amortization	153	221	450	633
Deferred revenue recognized	(560)	(560)	(1,680)	(1,271)
Stock-based compensation and payments	131	131	395	497
Deferred stock unit expense	12	-	251	-
Accretion of interest on debentures	117	295	412	729
Loss on extinguishment of convertible debenture	-	299	-	299
Other	721	408	464	147
Net change in non-cash working capital	(422)	1,400	(998)	1,058
Proceeds from licensing arrangements and advances on research contracts	-	1,093	11,341	1,093
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(2,573)	283	3,378	(4,954)
INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(130)	(36)	(333)	(120)
Proceeds from sale of assets	-	-	-	28
CASH USED IN INVESTING ACTIVITIES	(130)	(36)	(333)	(92)
FINANCING ACTIVITIES				
Issuance of common shares and warrants, net of related costs	6,142	(1)	11,584	946
Issuance of debentures, net of related costs	-	1,932	-	1,932
Repayments of long-term debt and capital lease obligations	(45)	(548)	(139)	(608)
CASH PROVIDED BY FINANCING ACTIVITIES	6,097	1,383	11,445	2,270
Effect of exchange rate changes on cash and cash equivalents	(165)	(76)	(220)	(113)
Net change in cash and cash equivalents during the period	3,229	1,554	14,270	(2,889)
Cash and cash equivalents, beginning of period	26,260	17,348	15,219	21,791
CASH AND CASH EQUIVALENTS, END OF PERIOD	29,489	18,902	29,489	18,902
<i>Interest paid</i>	<i>10</i>	<i>6</i>	<i>271</i>	<i>160</i>