



NUVO RESEARCH ANNOUNCES 2009 FOURTH QUARTER AND YEAR-END FINANCIAL RESULTS

Mississauga, Ontario, Canada – February 19, 2010 - Nuvo Research Inc. (TSX: NRI), a Canadian drug development company focused on the research and development of drug products that are delivered into and through the skin using its topical and transdermal drug delivery technologies, and on the development of its immune modulating drug candidate WF10, today announced its financial and operational results for the year and the fourth quarter ended December 31, 2009.

2009 Key Corporate Developments:

- Attained U.S. Food and Drug Administration (FDA) approval to market the Company's lead drug Pennsaid®, a topical non-steroidal anti-inflammatory drug (NSAID), in the U.S.;
- Entered into a license and development agreement with Mallinckrodt Inc., a subsidiary of Covidien plc (NYSE:COV), a leading global provider of healthcare products, granting it exclusive rights to market and sell Pennsaid, and its follow-on product, Pennsaid Plus, in the United States;
- Awarded the bronze medal in the Science and Medical category of the 2009 Edison Awards for the Company's High Throughput Experimentation Platform for the research and development of topical and transdermal drug delivery formulations; and,
- Finished the year with \$42.1 million in cash and cash equivalents, which will be utilized to move Nuvo's internal pipeline of product candidates forward, and potentially to acquire complementary late stage products to fit within the Company's pipeline.

"In 2009, we laid the groundwork for Nuvo to mature into a profitable, diverse, drug development company with a focus on pain-related therapeutics," said Dan Chicoine, Chairman and Co-Chief Executive Officer of Nuvo Research. "We are eagerly anticipating Covidien's launch of Pennsaid in the first half of 2010. We believe that our best-in-class topical NSAID marketed by a partner like Covidien has the potential to generate significant revenue that will allow us to more aggressively invest in our pipeline and build our Company."

Financial Results:

(thousands of Canadian dollars)

	THREE MONTHS ENDED DECEMBER 31,		YEAR ENDED DECEMBER 31,	
	2009	2008	2009	2008
Revenue	\$ 29,660	\$ 3,117	\$ 38,647	\$ 10,727
Net income (loss)	\$ 22,275	\$ (2,413)	\$ 15,018	\$ (10,552)

Pennsaid FDA Approval

On November 4, 2009, the FDA approved the New Drug Application for Pennsaid permitting it to be sold and marketed in the United States. This approval significantly impacted the Company's fourth quarter results. The quarterly revenue includes \$27.3 million in licensing fee revenue comprised of milestone and licensing payments received pursuant to the U.S. Licensing Agreement with Covidien. In addition, the Company incurred several costs directly related to the approval including: \$0.1 million, representing a 0.5% royalty payable to Paladin under the terms of its current licensing arrangements ("Royalty Payment") and a \$0.5 million milestone payment ("Milestone Payment") related to proprietary research. The net impact of these approval related items is an increase to net income of \$26.7 million.

Operating Results

Revenue consisting of product sales, license fee revenue and research and other contract revenue for the three months ended December 31, 2009 was \$29.7 million compared to \$3.1 million for the three months ended December 31, 2008, an increase of \$26.6 million. The increase was primarily attributable to licensing fee revenue of \$27.3 million related to the U.S. Licensing Agreement (see Pennsaid FDA Approval), offset by a \$0.6 million reduction in product sales. This decrease in product sales was primarily attributable to lower sales of Pennsaid to Greece as the fourth quarter of 2008 was, and still represents, the highest quarterly sales to Nuvo's Greek distributor, Vianex,. For the year, revenue increased significantly to \$38.6 million from \$10.7 million. The increase was primarily attributable to the licensing fee revenue earned pursuant to the U.S. Licensing Agreement with Covidien and an increase in Pennsaid product sales.

For the three months ended December 31, 2009, gross margin on product sales decreased to \$0.4 million compared to \$1.0 million for the three months ended December 31, 2008. The decrease in gross margin was primarily attributable to a decrease in Pennsaid sales and sales of WF10 based products and the impact of higher raw material prices versus a year ago. For the year, gross margin on product sales was \$3.3 million compared to \$3.2 million for the year ending December 31, 2008. The increase in gross margin was 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 in Varennes, Quebec.

Total operating expenses, excluding foreign currency losses, for the three months ended December 31, 2009 were \$5.6 million versus \$5.0 million for the three months ended December 31, 2008. The increase in the quarter relates primarily to higher research and development expenses and selling, general and administrative expenses. Total operating expenses, excluding foreign currency losses, for the year ended December 31, 2009 increased slightly to \$17.4 million compared to \$17.1 million for the year ended December 31, 2008. The increase from 2008 relates to higher selling, general and administrative expenses, offset by lower research and development expenses, stock-based compensation and amortization expense.

Research and development expenses were \$3.0 million for the three months ended December 31, 2009, compared with \$2.5 million for the three months ended December 31, 2008. The increase in the quarter relates to the Milestone Payment and severance, while other R&D spending was lower as the fourth quarter of 2008 included expenses related to completing studies for the Company's Complete Response to the Pennsaid Approvable Letter. For the year, research and development was \$8.6 million compared to \$9.3 million for the year ending December 31, 2008. The decrease for the year relates to reduced spending on Pennsaid and Pennsaid Plus, offset by increases in costs related to research and formulation development activities at the Company's research labs in San Diego and severance costs.

SG&A expenses increased to \$2.2 million for the three months ended December 31, 2009, compared to \$1.6 million for the three months ended December 31, 2008. The increase in the

quarter relates primarily to the Royalty Payment, compensation expense and severance. For the year ended December 31, 2009, SG&A expenses increased to \$7.0 million compared to \$5.2 million for the year ended December 31, 2008. The increase was primarily attributable to increased compensation expense, legal fees and the Royalty Payment.

For the three months and year ended December 31, 2009, net income was \$22.3 million and \$15.0 million compared to net losses of \$2.4 million and \$10.6 million for the three months and year ended December 31, 2008, respectively. The significant increase in both periods relates to the Pennsaid FDA Approval related items.

Cash and cash equivalents on hand at December 31, 2009 of \$42.1 million were \$12.6 million more than the \$29.5 million at September 30, 2009. The increase was almost entirely attributable to cash received for the FDA Approval Payment, offset partially by other net spending during the quarter.

Cash provided by operating activities of \$12.9 million was significantly higher than the cash used in operating activities of \$4.2 million for the three-month period ended December 31, 2008 due to receipt of the FDA Approval Payment and a recovery of the Company's investment in non-cash working capital due primarily to lower accounts receivable and an increase in accounts payable and bonus and severance accruals at December 31, 2009. For the year ended December 31, 2009, cash provided by operating activities was \$16.3 million compared to cash used in operating activities of \$9.1 million for the year ended December 31, 2008.

Notice of Annual and Special Meeting

Nuvo will be holding its Annual and Special Meeting on Thursday, April 29, 2010 at 9:00 a.m. (EST) at One King West (The Austin Gallery), 1 King Street West, Toronto, Ontario, Canada.

About Nuvo Research Inc.

Nuvo is primarily focused on the research and development of drug products delivered into and through the skin using its topical and transdermal drug delivery technologies, and on the development of its immunomodulating drug candidate WF10. Nuvo's lead product is Pennsaid, a topical non-steroidal anti-inflammatory drug (NSAID), which is currently sold in Canada and several European countries. Pennsaid was approved for marketing in the U.S. by the FDA on November 4, 2009. The commercial launch of Pennsaid in the U.S. by Covidien is scheduled for the first half of 2010. 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 research and development centers in San Diego, California and Leipzig, Germany. For more information, please visit www.nuvoresearch.com.

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Summary financial statements attached

Forward-Looking Statements

This document contains forward-looking statements. Some forward-looking statements may be identified by words like "expects", "anticipates", "plans", "intends", "indicates" or similar expressions. 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. Nuvo 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 Nuvo's Annual Information Form for the year ended December 31, 2008. Nuvo 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

**NUVO RESEARCH INC.
CONSOLIDATED BALANCE SHEETS**

	As at December 31, 2009	As at December 31, 2008
(Canadian dollars in thousands)	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents	42,102	15,219
Accounts receivable	2,091	2,294
Inventories	2,078	1,393
Prepaid expenses and other	445	446
TOTAL CURRENT ASSETS	46,716	19,352
Restricted cash	-	93
Property, plant and equipment	1,834	1,990
TOTAL ASSETS	48,550	21,435
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	4,589	2,736
Deferred revenue	2,241	2,241
Current portion of long-term debt and capital lease obligations	79	181
Current portion of debentures	3,038	-
TOTAL CURRENT LIABILITIES	9,947	5,158
Deferred revenue	1,080	3,321
Long-term debt and capital lease obligations	65	320
Debentures	-	4,774
TOTAL LIABILITIES	11,092	13,573
SHAREHOLDERS' EQUITY		
Common shares	210,086	189,603
Warrants	-	10,847
Contributed surplus	12,536	6,890
Accumulated other comprehensive income	114	114
Deficit	(185,278)	(199,592)
TOTAL SHAREHOLDERS' EQUITY	37,458	7,862
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	48,550	21,435

NUVO RESEARCH INC.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

(Canadian dollars in thousands, except per share and share figures)	Year ended December 31, 2009	Year ended December 31, 2008
	\$	\$
REVENUE		
Product sales	8,795	8,008
Cost of goods sold	5,534	4,809
Gross margin on product sales	3,261	3,199
Other revenue		
Licensing fees	29,553	2,514
Research and other contract revenue	299	205
	33,113	5,918
EXPENSES		
Research and development	8,575	9,263
Selling, general and administrative expenses	6,950	5,204
Stock-based compensation	598	803
Amortization of property, plant, and equipment and intangibles and impairment of intangibles	547	1,068
Foreign currency (gain) loss	689	(93)
Interest expense	815	1,283
Interest income	(79)	(497)
	18,095	17,031
Income (loss) from operations	15,018	(11,113)
Change in estimate of contingency	-	860
Loss on extinguishment of convertible debenture	-	(299)
NET INCOME (LOSS) AND TOTAL COMPREHENSIVE INCOME (LOSS)	15,018	(10,552)
Net income (loss) per common share		
basic	\$0.04	\$(0.03)
diluted	\$0.04	\$(0.03)
Average number of common shares outstanding (millions)		
basic	363.4	306.3
diluted	400.2	306.3

NUVO RESEARCH INC
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31, 2009	Year ended December 31, 2008
(Canadian dollars in thousands)	\$	\$
OPERATING ACTIVITIES		
Net income (loss)	15,018	(10,552)
Items not involving current cash flows:		
Amortization	547	1,068
Deferred revenue recognized	(2,241)	(1,832)
Stock-based compensation and payments	598	815
Deferred stock unit expense	225	-
Accretion of interest on debentures	538	828
Loss on extinguishment of convertible debenture	-	299
Change in estimate in contingency	-	(860)
Unrealized foreign exchange loss (gain)	488	(214)
Other	(75)	49
Net change in non-cash working capital	1,161	270
Deferred proceeds from licensing arrangements	-	1,014
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	16,259	(9,115)
INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(391)	(151)
Proceeds from sale of assets	-	28
CASH USED IN INVESTING ACTIVITIES	(391)	(123)
FINANCING ACTIVITIES		
Issuance of common shares and warrants, net of related costs	11,704	1,115
Issuance of debentures, net of related costs	-	1,956
Costs related to the November 2004 Unsecured Convertible Debenture amendments	-	(32)
Repayments of long-term debt and capital lease obligations	(243)	(630)
CASH PROVIDED BY FINANCING ACTIVITIES	11,461	2,409
Effect of exchange rate changes on cash and cash equivalents	(446)	257
Net change in cash and cash equivalents during the year	26,883	(6,572)
Cash and cash equivalents, beginning of year	15,219	21,791
CASH AND CASH EQUIVALENTS, END OF YEAR	42,102	15,219
<i>Interest paid</i>	<i>363</i>	<i>256</i>