



NUVO

Annual and Special Meeting of
Shareholders

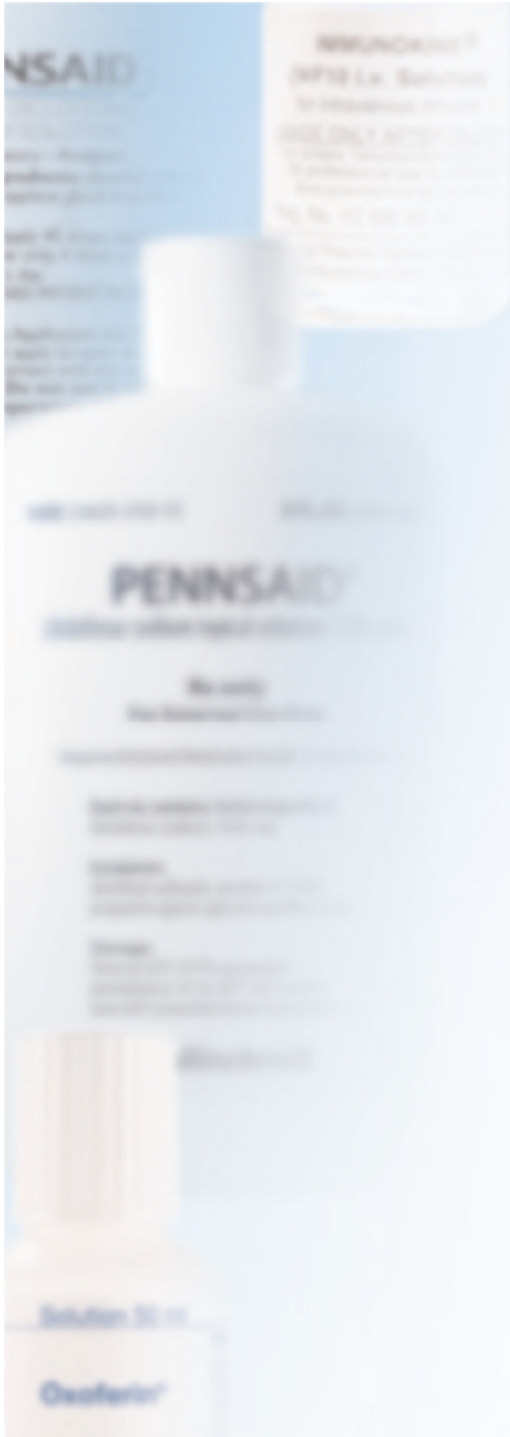
Nuvo Research Inc.

June 21, 2011



Dan Chicoine

Chairman & Co-Chief Executive Officer



Safe Harbour



Certain information to be discussed during this corporate update contains forward-looking statements within the meaning of applicable securities laws including, among others, statements concerning the Corporation's 2011 objectives, the Corporation's strategies to achieve those objectives, as well as statements with respect to Management's beliefs, plans, estimates, and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts.

Such forward-looking statements reflect Management's current beliefs and are based on information currently available to Management.

These statements are not guarantees of future performance and are based on the Corporation's estimates and assumptions and are subject to risks and uncertainties, including those described in the Corporation's Management Discussion and Analysis regarding the 2010 audited financial statements, which could cause the Corporation's actual results to differ materially from the forward-looking statements to be discussed during this presentation.

Although the forward-looking information discussed during this presentation is based upon what Management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements.

Agenda



- Introduction
- Presentations by Management
- Questions and Answers
- Call to Order
- Business Matters:
 - Notice of Meeting and Quorum
 - Presentation of 2010 Financial Statements
 - Appointment of Auditors
 - Nomination and Election of Directors
 - Approval of Share Incentive Plan
 - Approval of Share Consolidation
 - Approval of Issuance of Shares
- Termination of Formal Business



Management Presentations



Investment Highlights



- Specialty pharmaceutical company focused on pain
 - With an investment in immune modulation technology
- Growing revenue with three approved pain products - Pennsaid[®], Pliaglis[®] and Synera[®]
- Management team with track record of regulatory and commercial success
- Focused on growth through commercial expansion and product acquisition



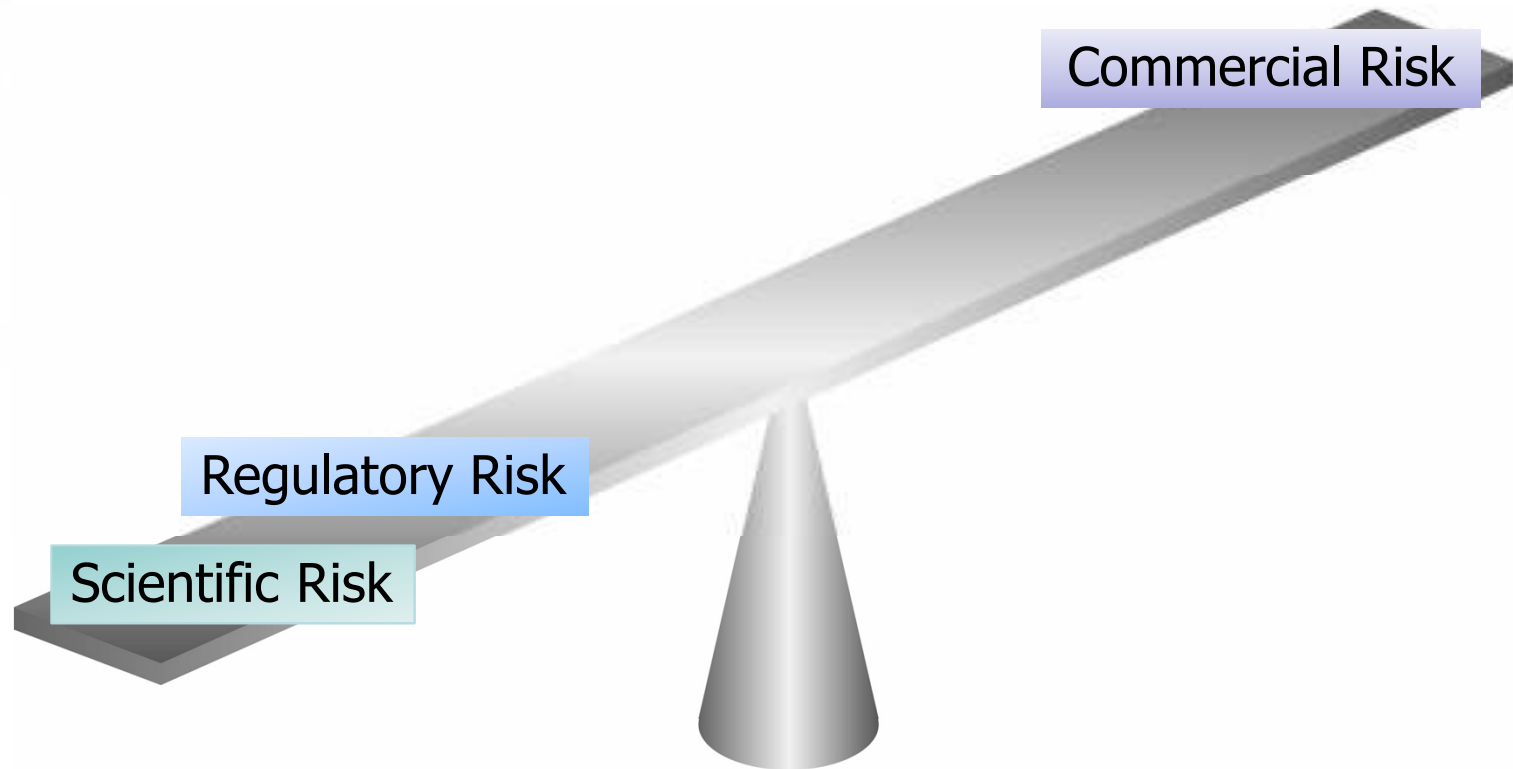
Specialty Pharmaceutical Overview



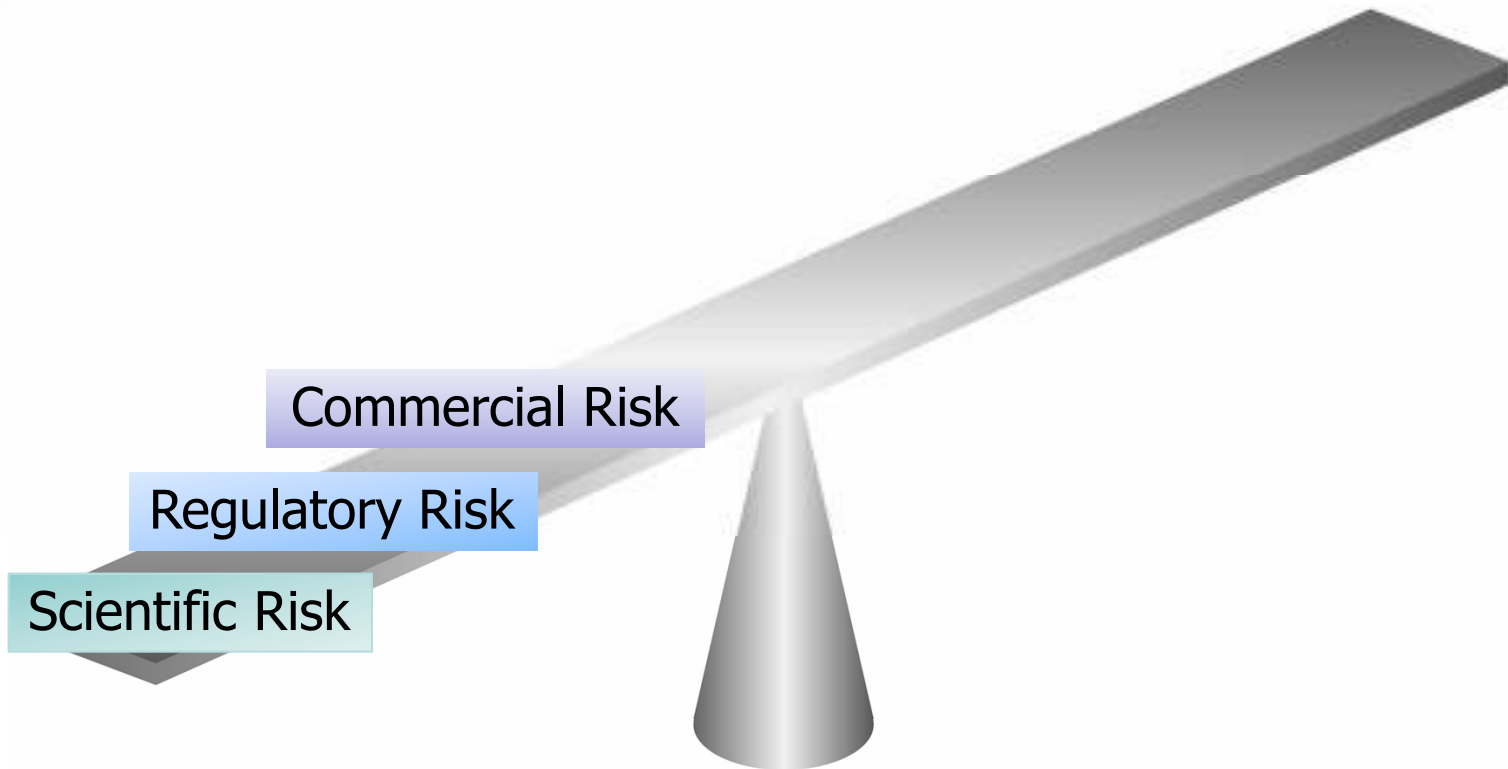
- Investors' views of the specialty pharmaceutical space continue to evolve as a result of various factors:
 - FDA/regulatory uncertainties
 - Globalization and the growth of emerging markets
 - “Patent cliffs” and advancing generics/biosimilars
 - Increasing volatility of capital markets
 - **Cost containment, including U.S. health care reform**



Pharma Landscape



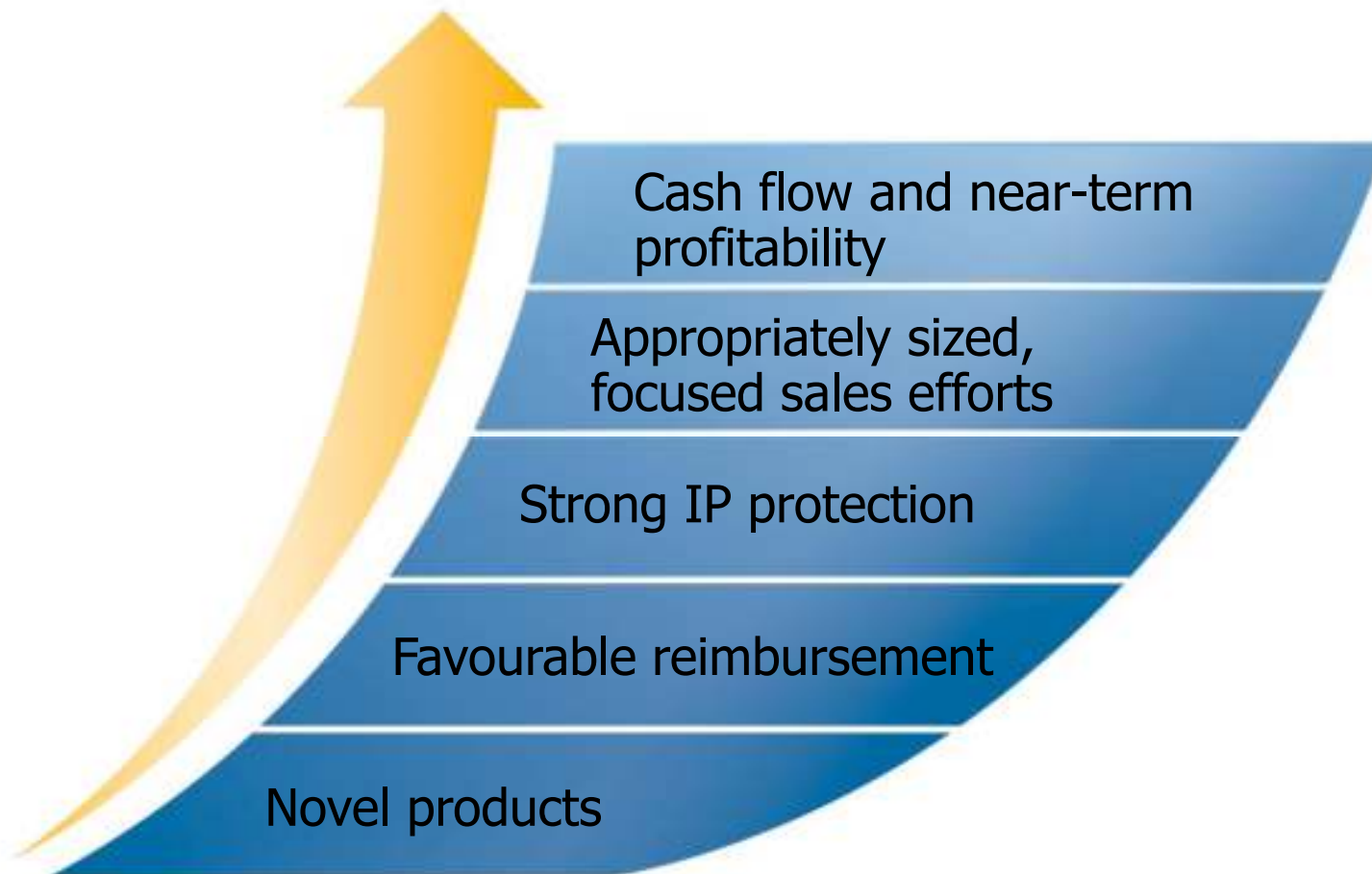
Pharma Landscape



Creating Shareholder Value



Given the tough environment, Nuvo has adopted the following strategy:



Summary of Recent Accomplishments



Pain

- Launched Pennsaid in the U.S. in late April
- Commenced enrollment of Pennsaid Viscous Solution Phase 2 clinical trial
- Acquired ZARS with two commercial stage pain assets with IP protection
- Advanced the internally developed pain product pipeline
- Reduced infrastructure for early stage drug development

Immunology

- Successful WF10 Phase 2 clinical trial results for allergic rhinitis



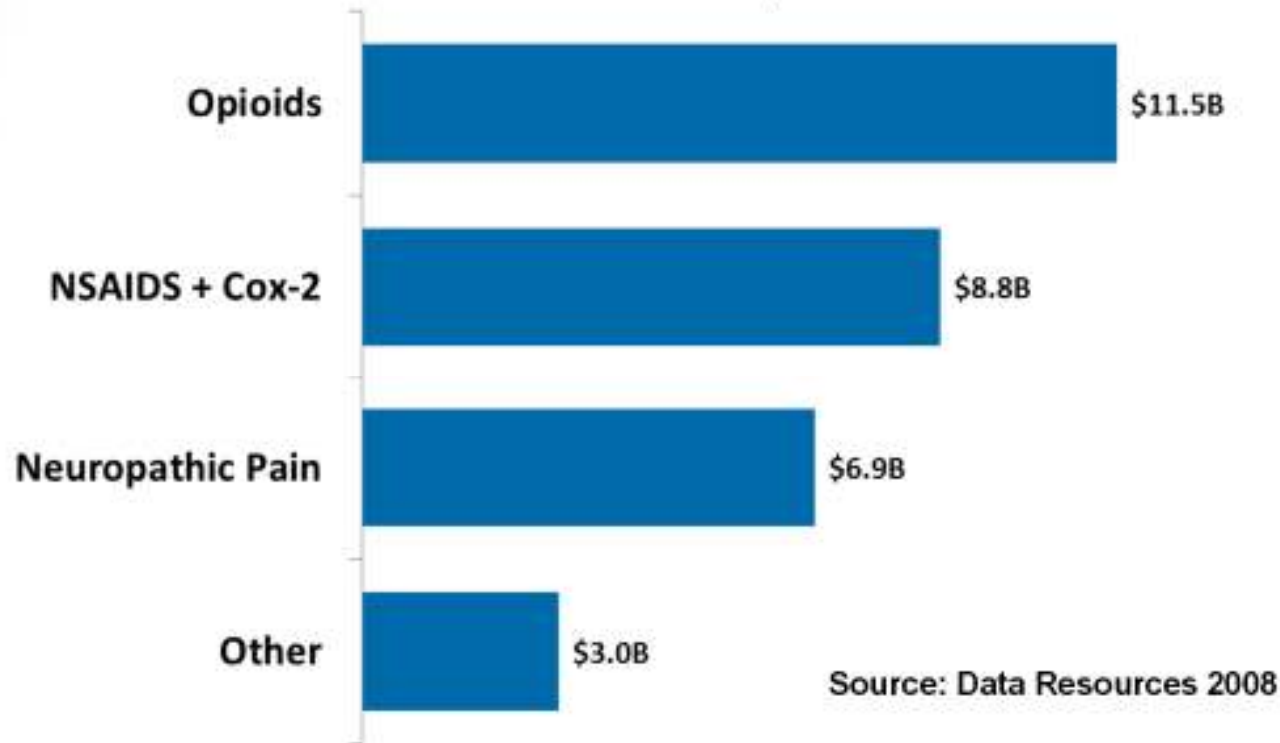
PAIN

Brad Galer, MD
President, Pain Group

U.S. Pain Market



Total U.S. Pain Market is \$30B and Growing



Chronic pain is the number one cause of adult disability in the United States

Building on the Specialty Pharma Model

- Building portfolio of novel pain products
 - Have strong IP protection
 - Focusing on unmet medical needs
 - Efficacy, safety, and patient friendly medications
 - Cognizant of reimbursement challenges
- Experienced team with proven track record of obtaining FDA approvals and marketing of pain products
 - Transitioning senior management team from drug development to Commercial & Medical Affairs
 - Appropriately sized, focused pain specialty sales efforts
- *Focused on near-term profitability*

Our Products

PENNSAID



pliaglis™
lidocaine & tetracaine Cream 7% / 7%



SYNERA™
lidocaine 70 mg / tetracaine 70 mg topical patch





Our Products

PENNSAID



pliaglis
Lipid Lowering Therapy



SYNERA
Ethinacetyline 20 mg/Levonorgestrel 0.02 mg



Pennsaid



- Treatment of signs and symptoms of osteoarthritis of the knee
- Combines diclofenac sodium, a non-steroidal anti-inflammatory drug (NSAID) with the transdermal drug carrier dimethyl sulfoxide (DMSO)
- Low systemic exposure
- Launched in the U.S. in April 2010
- Marketed in the U.S., Canada and certain European countries



**Worldwide Prescriptions
8.0 million**

Covidien - Terms of the Agreement



- \$10M upfront, \$15M on FDA approval
- Double digit royalty
- US\$100M in potential sales milestones
- Nuvo supplies product under separate manufacturing agreement
- Pennsaid Viscous Solution*: Covidien responsible for all development activities and expenses



COVIDIEN

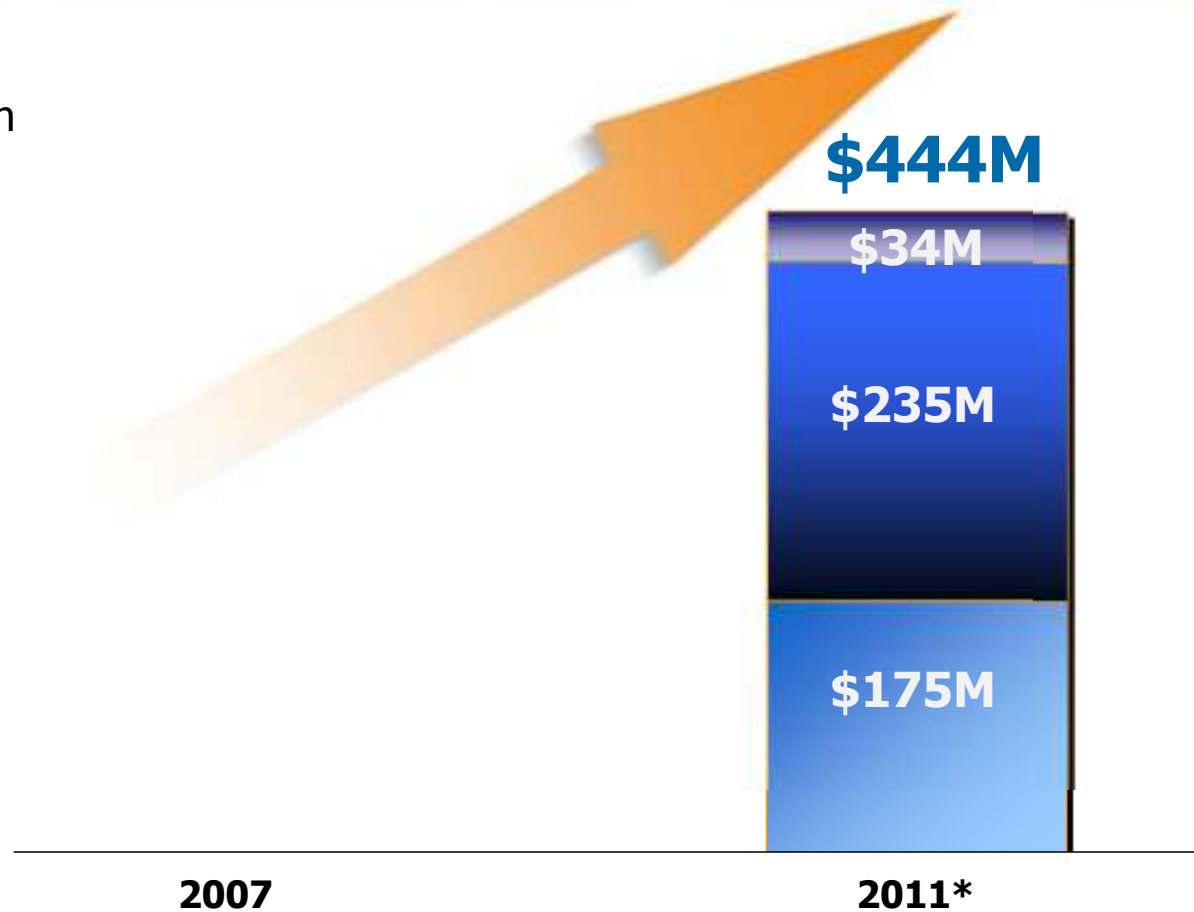
- \$10.4 billion in revenue (2010)
- 42,000 employees
- Locations in more than 60 countries
- Sell product in over 140 countries

*previously described as Pennsaid Gel

Topical NSAIDs A New and Growing U.S. Market



\$ Million



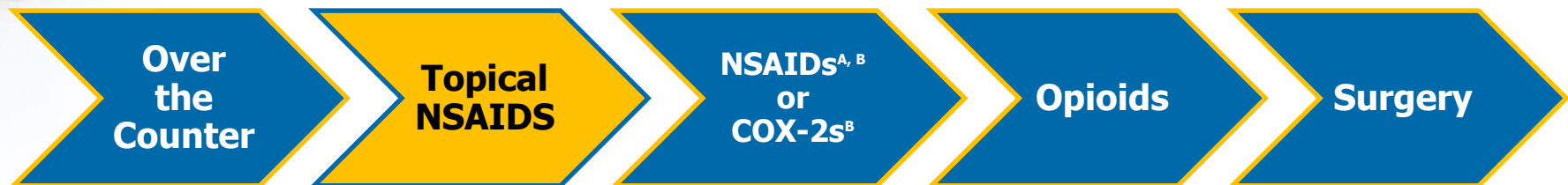
Flector Patch (launched Jan 2008)	Voltaren Gel (launched Mar 2008)	Pennsaid (launched Apr 2010)
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***Annualized Gross Sales based on June 10, 2011 TRx**

Pennsaid Fills a Void In the Market



Global OA Treatment Guideline Trend



**Nuvo's
Pennsaid
Best in Class**

^A GI Hemorrhaging
16,000 U.S. fatalities / year

^B Cardiac Complications

Pennsaid - Best in Class



How does Pennsaid fit into the Topical NSAID Market?

**Broadest
Indication**

(signs & symptoms
of knee OA)



**Strongest
Clinical Data**

(5 P3 trials have
achieved all 3
primary end points)



**Only Topical
that has
Demonstrated
Equivalent
Efficacy to
Oral NSAID**



**Significant
Dosage
Advantage**

5 grams vs
16 grams*

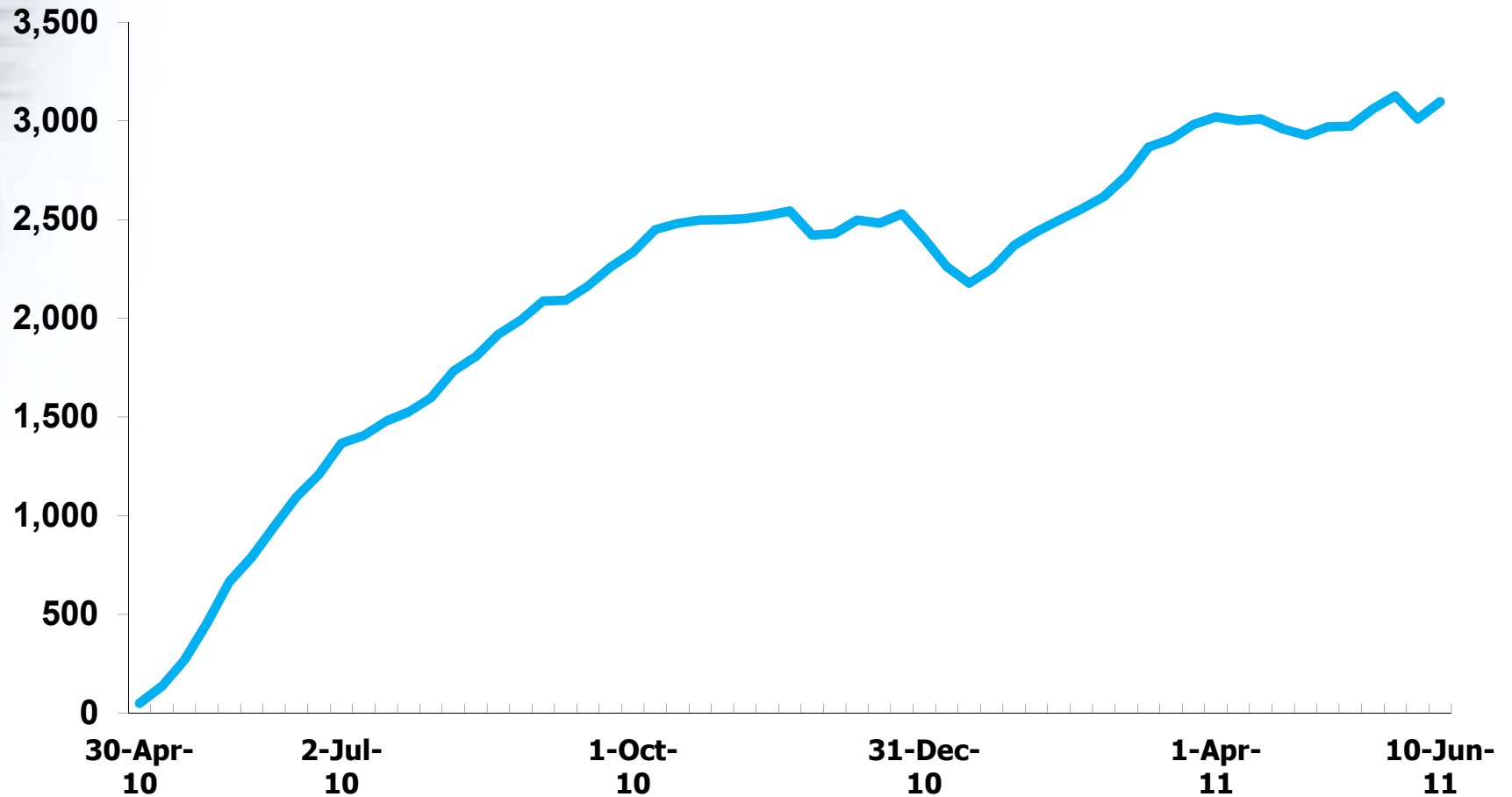


*Pennsaid vs Voltaren Gel daily dose per knee

U.S. Pennsaid Scripts are Growing



Weekly
TRx



4 Week Moving Average

The Pennsaid Franchise – Pennsaid Viscous Solution



Pennsaid Viscous Solution = Improved Pennsaid

- Better dosing = Twice per day
- Increased viscosity/faster dry time
- New patent application
- Covidien responsible for all development activities and expenses
- Phase 2 study results pending





Our New Products

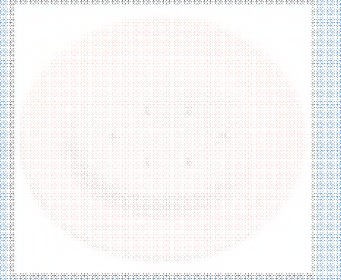
PENNSAID



pliaglis™
facare & skincare Clean™



SYNERA
anti-wrinkle treatment



Pliaglis



- Lidocaine and tetracaine (7%/7%) *proprietary* phase-changing, peelable cream
- Faster acting & easier to use than competition (EMLA)
- Provides topical local analgesia for superficial dermatological and cosmetic procedures
- Reliable and long-lasting anesthetic effect
- Patents extend to 2019



Pliaglis Commercial Status



- Licensed worldwide to Galderma, a global leader in dermatology
- Target market is cosmetic dermatologists and plastic surgeons
- Launched in the U.S. in 2008 - removed from market due to third party manufacturing issues
- Approval and launch in the U.S. and E.U. anticipated in 2012
- \$8 million milestones payable upon launch in U.S., E.U. and South America and mid-teen royalties on net sales

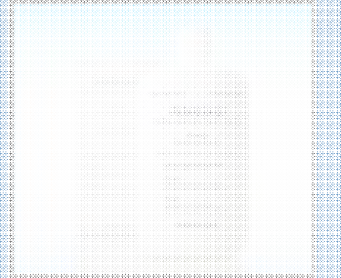


- €1,204 million in revenue (2010)
- 3,200 employees
- Headquartered in Switzerland with 31 affiliates worldwide
- Sell product in over 70 countries

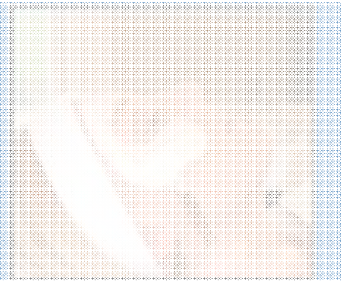


Our New Products

PENNSAID



pliaglis
nasal spray



SYNERATM
lidocaine 70 mg / tetracaine 70 mg topical patch



Synera



- Lidocaine and tetracaine heated patch using *proprietary* "Controlled Heat Assisted Drug Delivery" (CHADD) technology
- Easy to apply, large oval "band-aid"
- Produces long, dense analgesic effect with vasodilatation after 20-30 minute application time
- Provides local surface anesthesia for needle insertion pain and superficial dermatological procedures
- Patents extend to 2019 with 3 additional patent applications pending



The Science of Synera



7 Layers of Technology in One Convenient Patch



Heat - The patch may increase skin temperature by up to approximately 5°C/41°F (maximum skin temperature will not exceed 40°C/104°F) promoting vasodilatation

Lidocaine + Tetracaine – To generate effective anesthesia in as little as 20 minutes Self-contained peel and stick product for ease of use

Synera Commercial Status



United States

- Market target is pain clinics, pediatric and hospitals
- Currently marketed by 6 part-time, commissioned sales reps
- Annual sales approximately \$1.3M
- Significant opportunities to grow sales
 - Focused very small dedicated pain specialty sales force
 - Exploring *new* focal acute pain indications



Synera Commercial Status



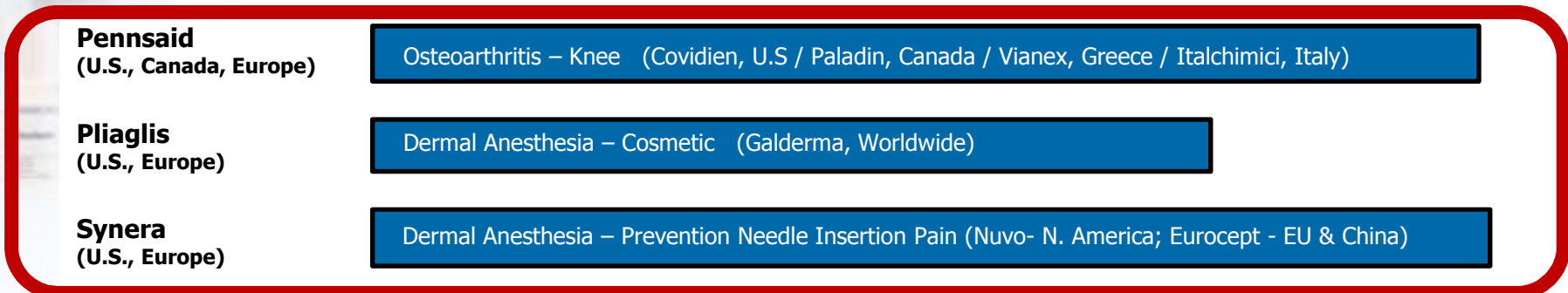
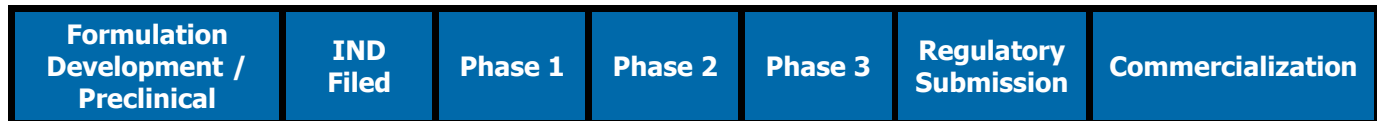
European Union & China

- Licensed to Eurocept for the E.U. & China
- Escalating royalty rate over time based on net sales
- Milestone payments based on sales levels
- Not yet launched in major markets



- €100 million in revenue (2010)
- 120 employees
- Headquartered in the Netherlands
- Focused on European homecare and pharmaceutical sales, distribution and partnerships

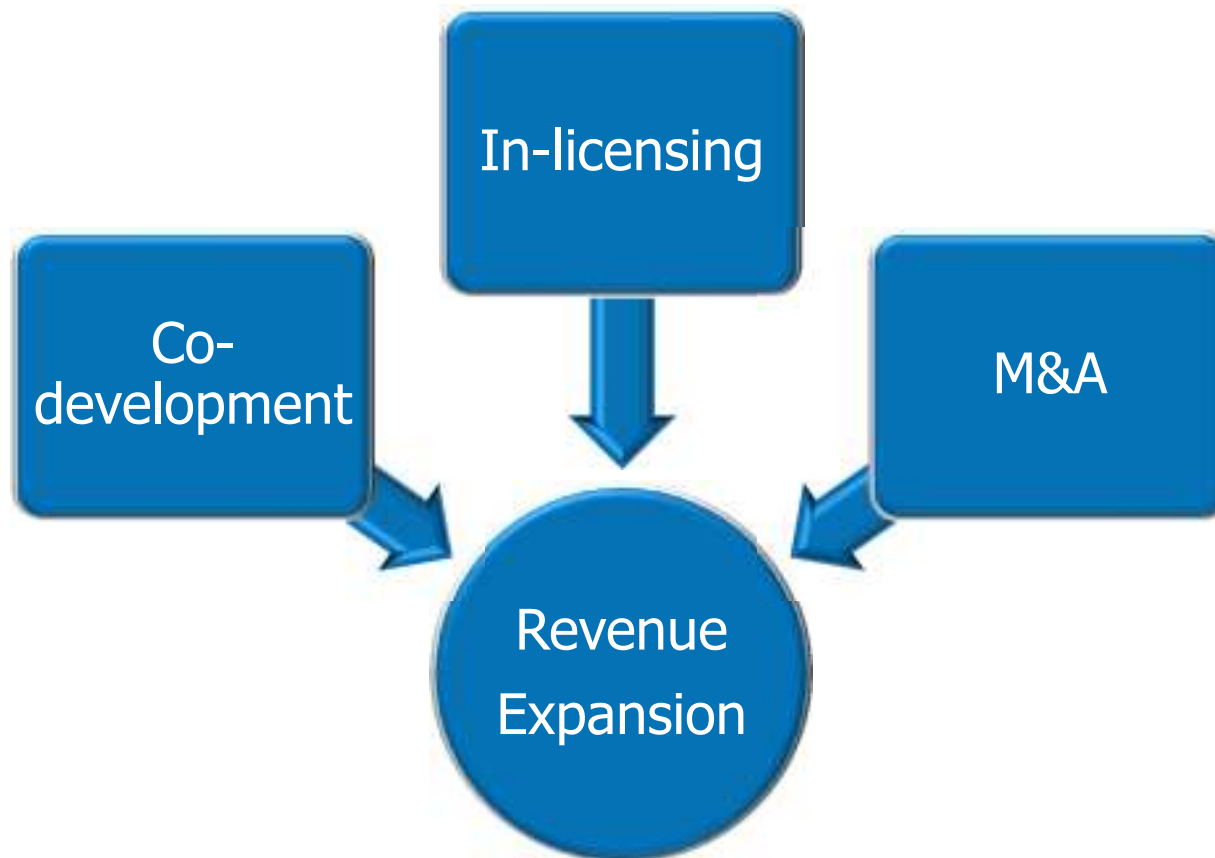
Pain Assets & Pipeline



Feeding the Commercial Engine



Aggressively Pursuing Late Stage Pain Assets



Nuvo's Pain Group – Summary



- Pain specialty pharma strategy
- Three commercial stage assets
- ZARS acquisition positions Nuvo as a leader in topical pain therapeutics
- Transitioning infrastructure from drug development to commercial
- Growth opportunities for each of our commercial assets
- Progress to cash self sufficiency



Immunology

Henrich Guntermann, MD, M.Sc.
President, Europe &
Immunology Group

Immune Modulation - WF10



- WF10 – intravenous solution containing stabilized chlorite ions
- Modulates immune response by rebalancing pro and anti-inflammatory reactions
- Potential for multiple autoimmune and oncology indications



Nuvo is active in research and development of WF10 through 60% owned subsidiary

Highlights



Positive
Allergic Rhinitis
Phase 2 Trial

Developed Two
New Wound
Healing
Products
& Filed Patent
Applications

Cooperative
Development
Programs with
Fraunhofer &
SAB



WF10 – Allergic Rhinitis Phase 2 Trial



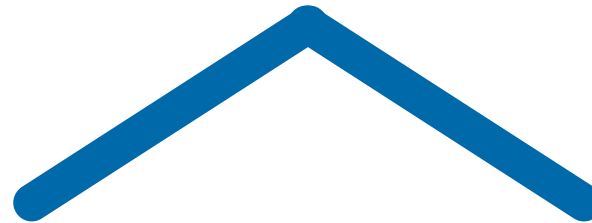
- Placebo controlled trial with 60 patients with persistent moderate to severe allergic rhinitis
- Patients received 1 daily infusion of WF10 or placebo for 5 consecutive days at beginning of trial, then no further treatment
- Achieved primary endpoint of Total Nasal Symptom Score (TNSS) improvement at 3 weeks compared to baseline p-value < 0.001
- Fraunhofer Institute responsible for additional preclinical experiments



Research and Financial Partners – Allergic Rhinitis/Rheumatoid Arthritis



Nuvo Research GmbH

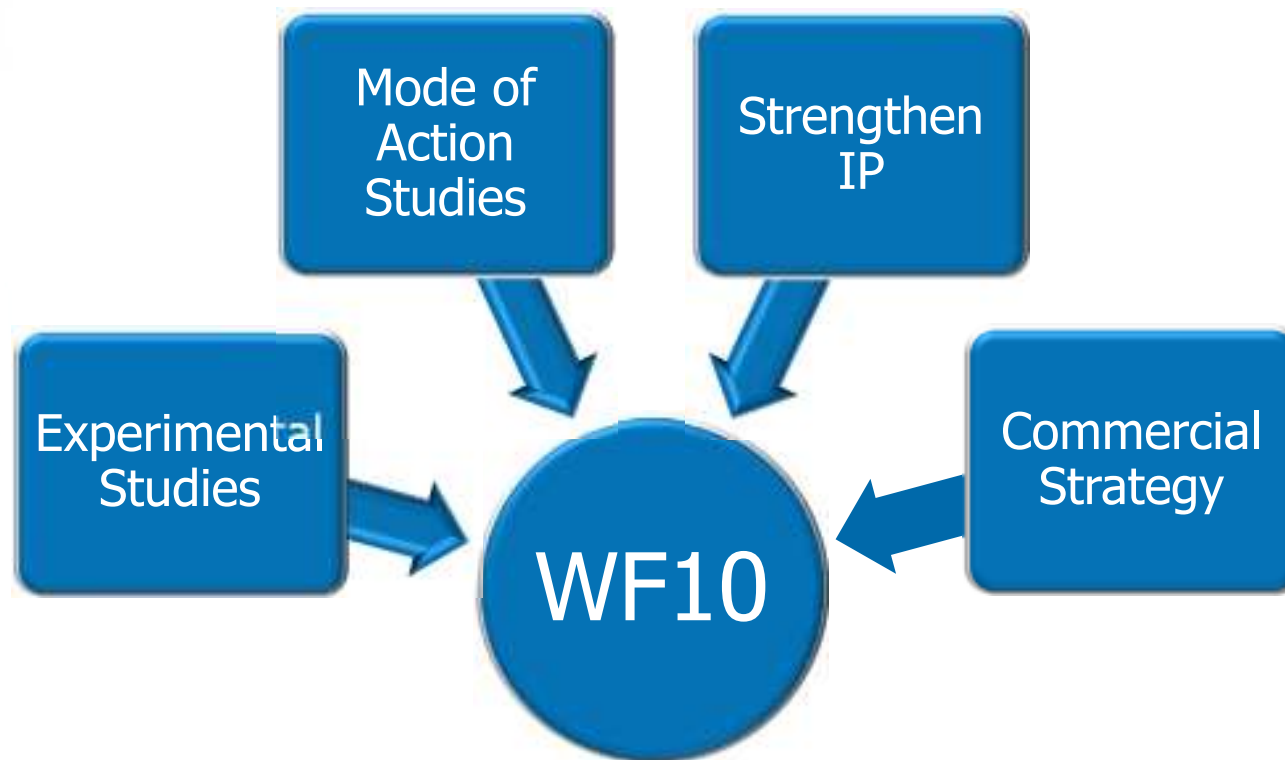


**University
Leipzig**



SAB
Sächsische AufbauBank

Developing the WF10 Plan



Summary

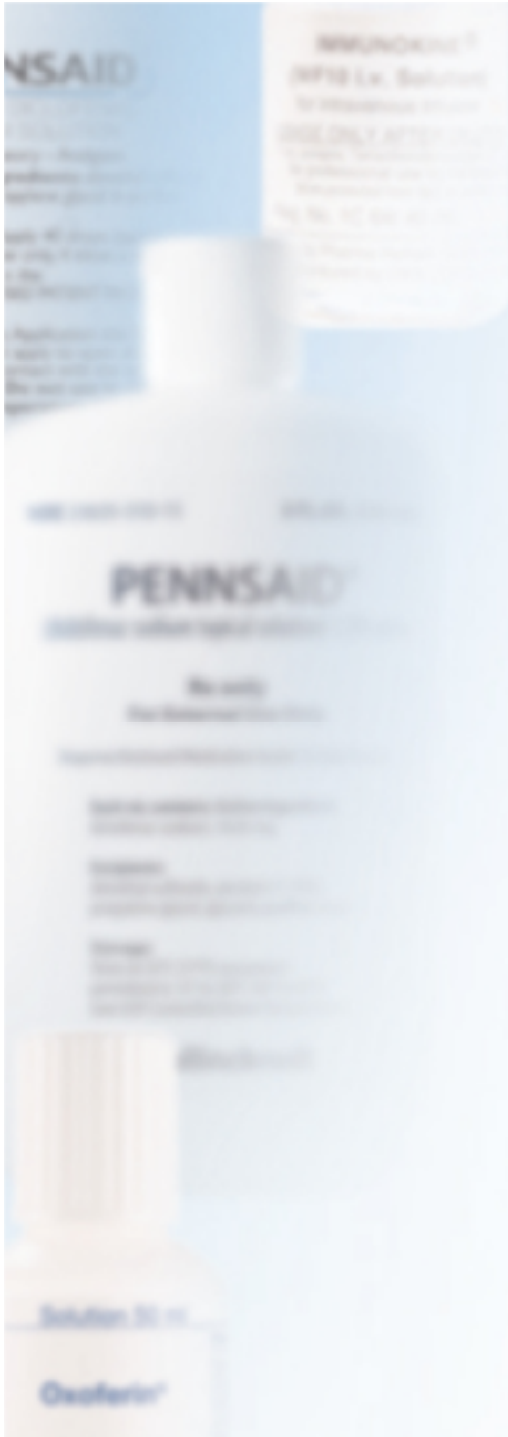


- Positive Phase 2 clinical data indicating efficacy
- Innovative cost sharing structure provides funding
- Comprehensive research and studies in progress to develop the best path forward for WF10
- WF10 strategic development plan will be completed in the second half of 2011



Jim Moulds

Executive Vice President & Chief Financial Officer



2010 Financial Highlights

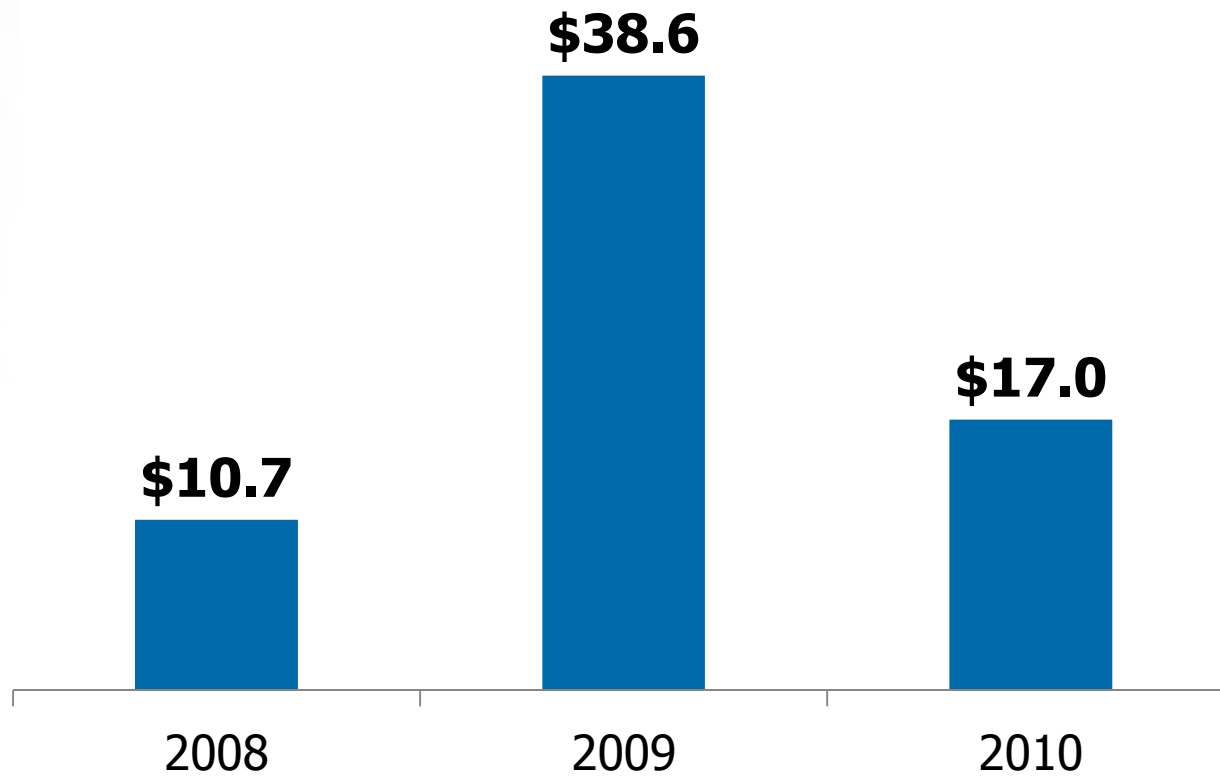


- New revenue streams
- Increased product sales and royalties
- Continued cost containment
- Ended the year with \$28.3 million in cash

Total Revenue



Millions

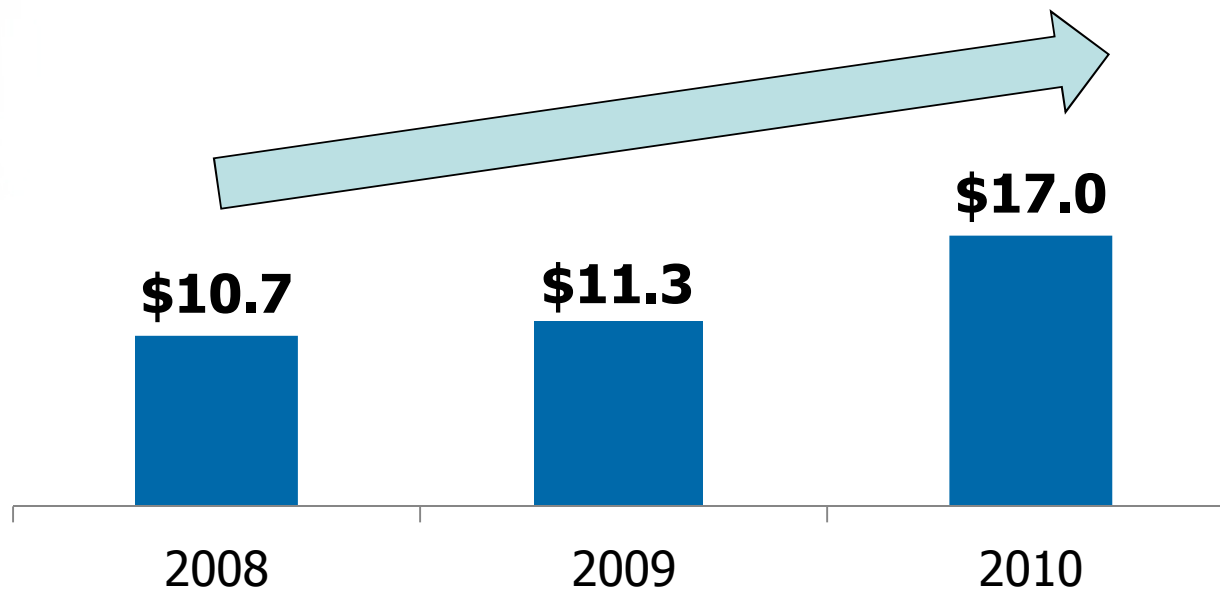


Total Revenue



Millions

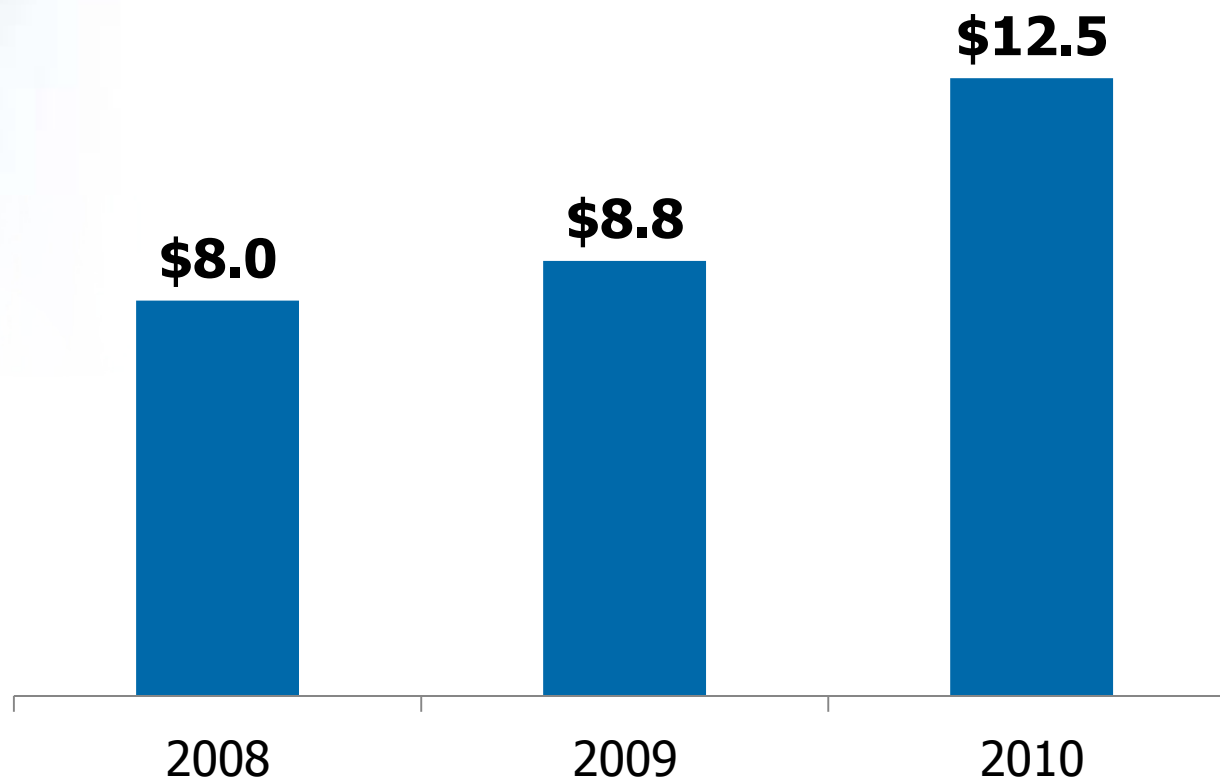
Excluding one-time milestone payments, total revenues increased approximately 50%



Product Sales



Millions



Royalty Revenue



Millions

\$1.7



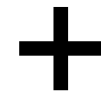
2010

\$0.9



Q1 2011

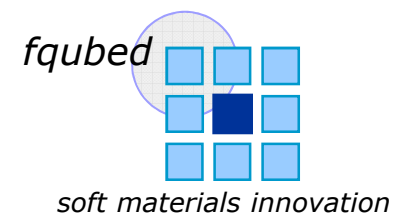
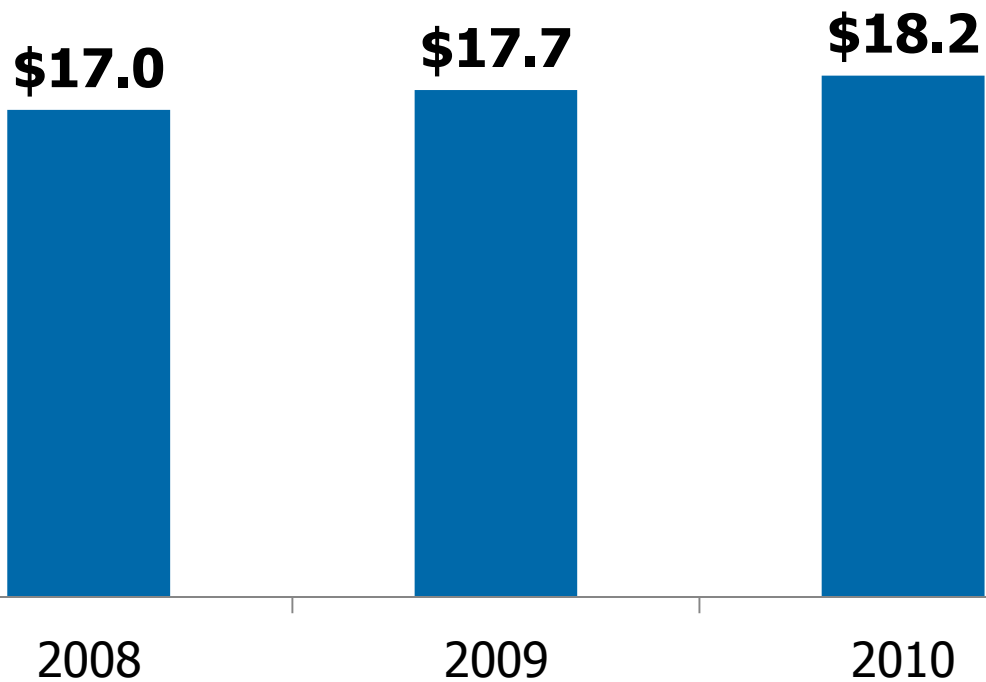
No royalty revenues received in Q1 2010



Operating Expenses



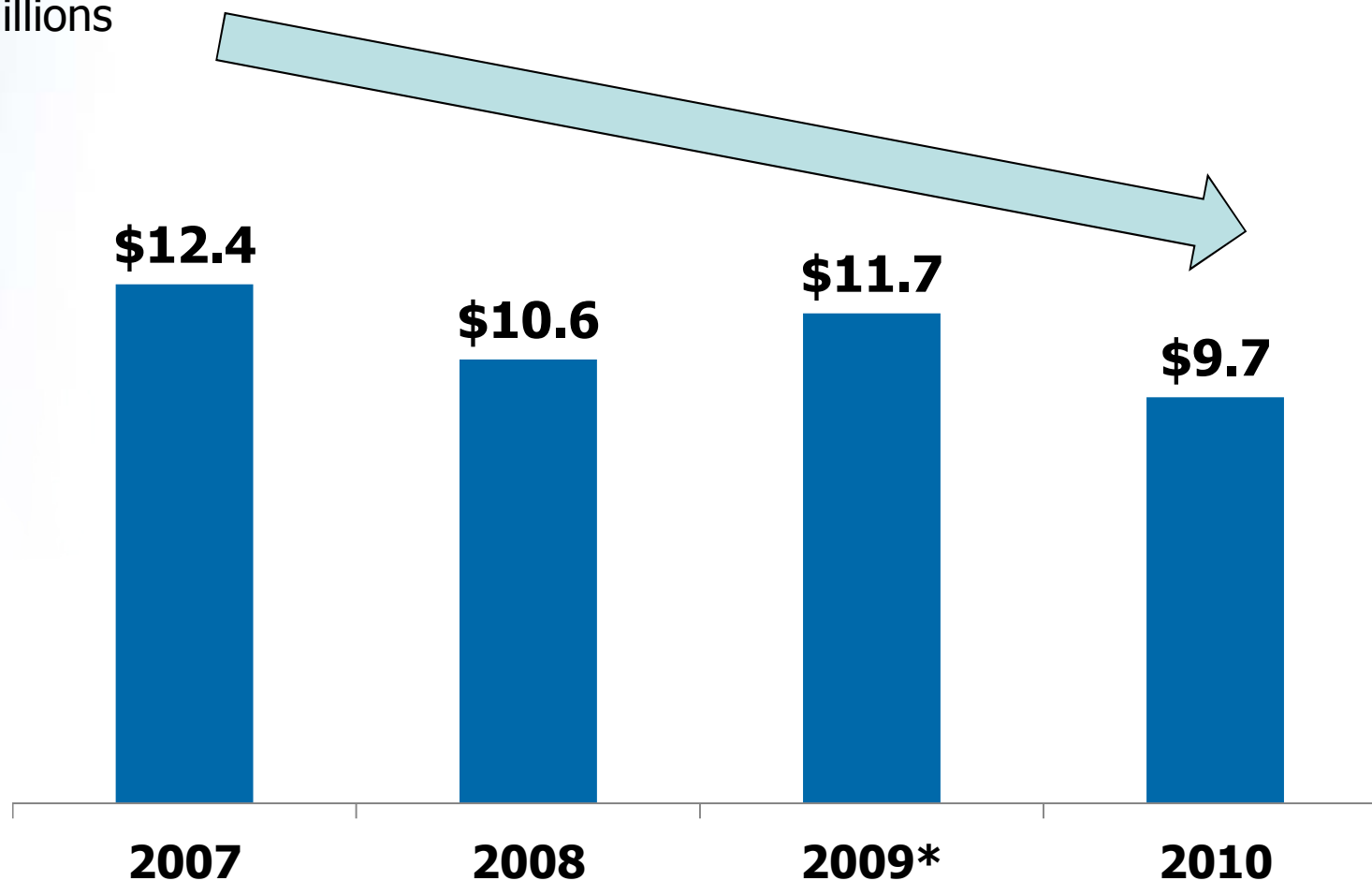
Millions



Net Loss



Millions



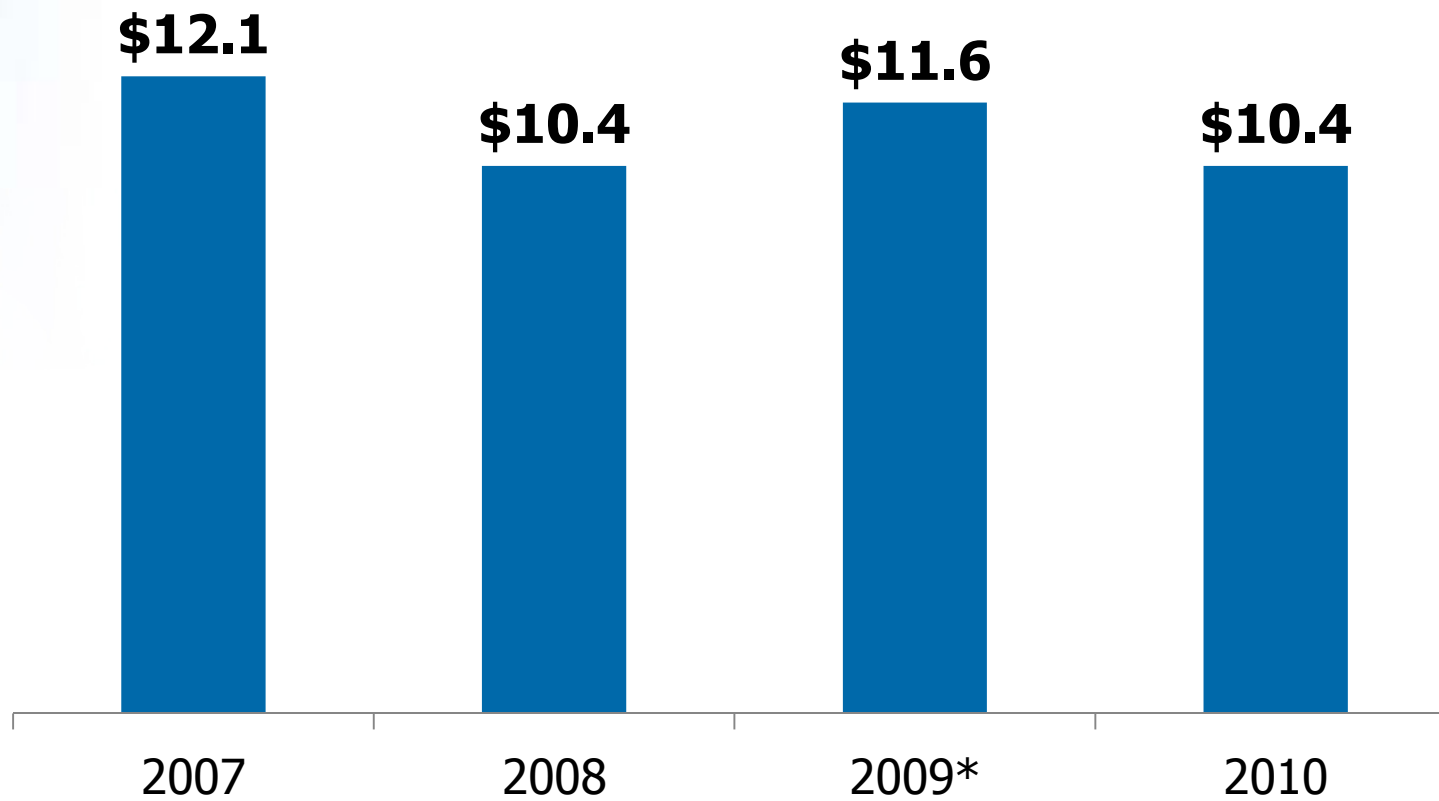
*Excluding Covidien Milestones

Cash Used In Operations



Millions

**2010 Monthly Burn Rate
Less Than
\$900K per month**

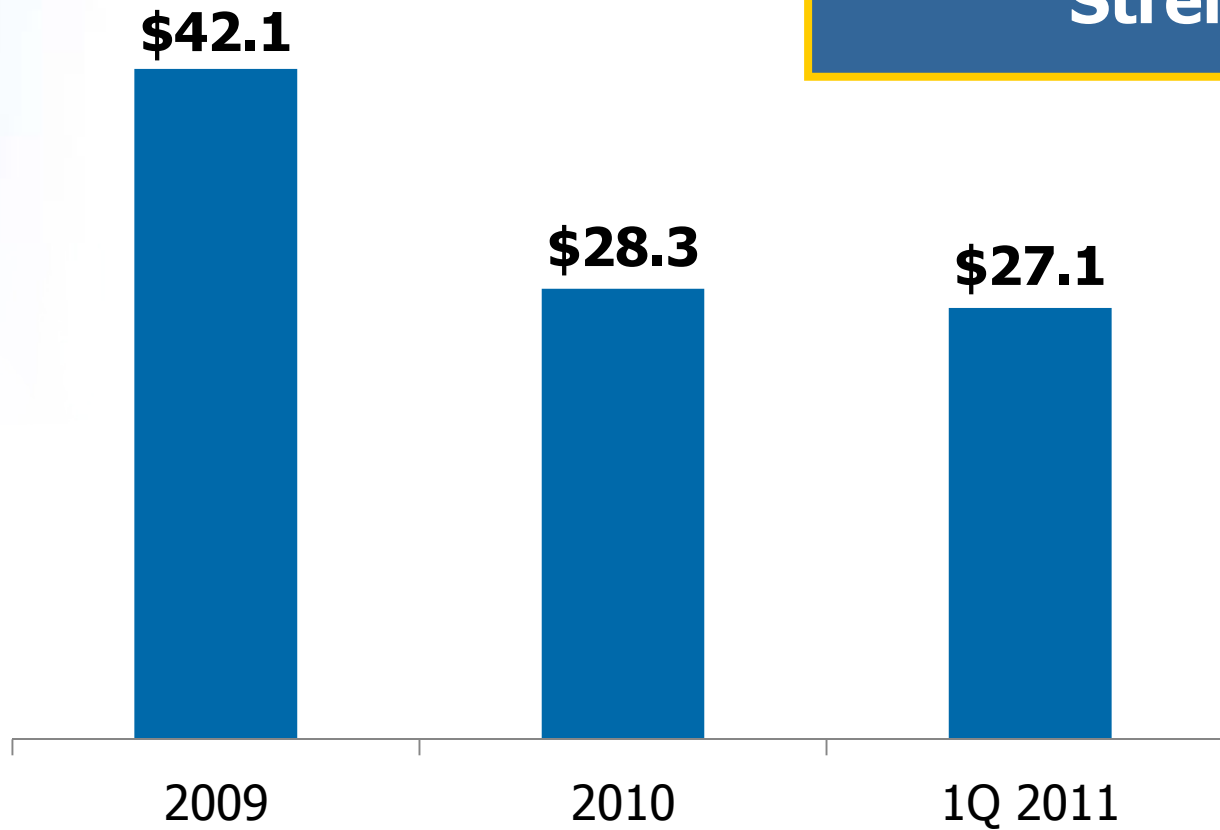


*Excluding Covidien Milestones

Cash



Millions



**Financial
Strength**



Recent Developments



Acquisition of ZARS Pharma, Inc.



- Closed deal May 12th
- Creates leader in topical pain market
- Two approved products
 - Synera and Pliaglis
- Minimal upfront cash payment
- Cash can be used to grow Synera



ZARS - Terms of the Agreement



- ✓ **99.8 million shares**
issued on closing
- ✓ **\$0.2 million cash**
paid on closing
- ✓ **\$2 million debt assumption**
repaid shortly after closing
- ✓ **\$23 million OR 115 million shares**
in potential milestones



ZARS – Value Proposition



✓ **\$20 million in stock**
only 1/3rd of combined company

✓ **2 approved products**
modeled aggregate sales
\$75 million

✓ **Pliaglis**
World leader in dermatology
Double digit royalty
Near term milestones

✓ **Synera**
Uptapped potential
Double digit royalty in EU
Potential sales milestones in EU

✓ **Pipeline**



ZARS – The Opportunity



- Reduce duplication in the combined entity
- Integrate operations quickly
- Relaunch Synera
- 3 globally marketed products next year

**Merger Creates a Leader in the
Field of Topical Pain**

Capital Markets Strategy



- **Nuvo had hoped to pursue a U.S. listing in 2010**
 - Soft market conditions
 - Slew of biotech IPOs
 - Drop in market cap below \$75 million
 - Lack of substantive news flow

- **U.S. listing does not make sense at the current time**
 - Market cap too low
 - Too expensive
 - Too distracting as we integrate ZARS

Capital Strategy



- **Capital structure & U.S. Investor Base**
 - Share price too low
 - Transaction costs too high for foreign investors
 - Investing restrictions

Nuvo will be asking shareholders to approve a resolution in the formal portion of the meeting

- **Key Goals**
 - Eliminate “penny” stock stigma
 - Large enough float to maintain liquidity
 - Ensure timing coincides with news flow
 - 8 major milestones in the next 18 months
 - Monitor U.S. listing opportunity

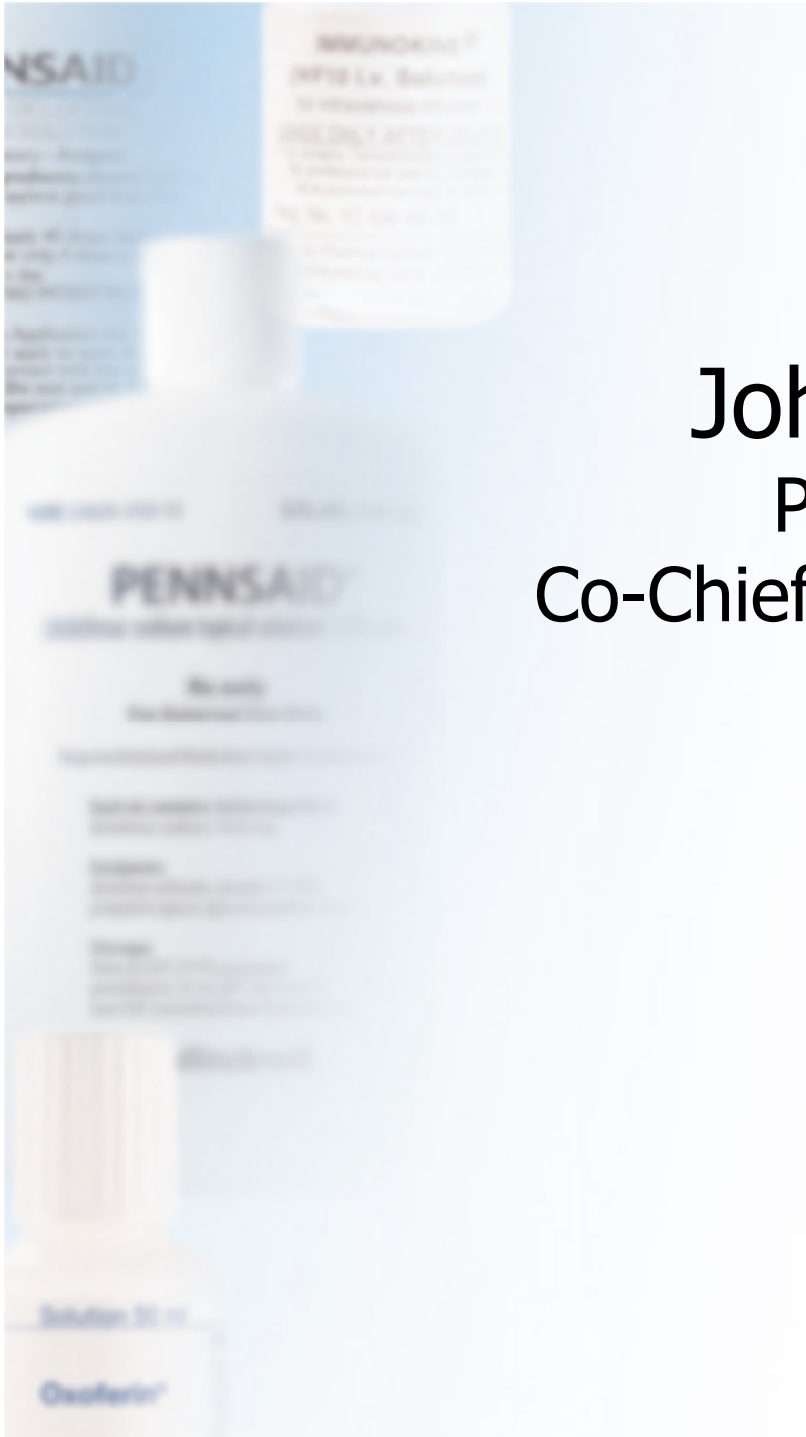
Summary



- 2010 lays building blocks for successful pain company
 - Cost containment + New revenue streams
 - = Strong cash position
- Acquisition of ZARS major step in becoming profitable leader in the space
- 8 major milestones in the next 18 months
- Fix capital structure
 - Attract U.S. Investors
 - Reduce cost of ZARS acquisition



John London
President &
Co-Chief Executive Officer



Shareholder Concerns



- Nuvo has approximately 14,000 retail and institutional shareholders
- Management frequently receives advice and questions such as:

Why is Nuvo's share price so low?

Should Nuvo buy back shares?



Why is Nuvo's Share Price So Low?

April 2009 AGM



- Key Nuvo Issues
 - Will Pennsaid be approved by U.S. FDA?
 - Will Nuvo secure a strong U.S. commercial partner?
 - What is Pennsaid's sales potential?
- Marketing report estimates Pennsaid / Pennsaid Gel peak annual sales in 2014 at \$377M
- Potential U.S. licensees agree
- No other Nuvo products close to commercialization
- Nuvo share price is \$0.16



April 2010 AGM



- U.S. licensing agreement with Covidien! (June 2009)
- Pennsaid approved! (Nov 2009)
- Pennsaid launched by Covidien just prior to AGM
- No other Nuvo products close to commercialization
- Nuvo share price is \$0.265

June 21, 2011 AGM



- Covidien has now been selling Pennsaid in U.S. for one year
- \$34 million annualized U.S. gross sales rate
- Quarter-over-quarter prescription growth of 6%
- Nuvo has 2 new near commercial stage assets (Pliaglis and Synera)
- Cash of \$27.1M
- Nuvo share price is \$0.08

Why Are Pennsaid Sales Below Expectations?



Possible reasons

- U.S. health care and reimbursement environment
- Are competitor topical NSAIDs taking Pennsaid market share?
- Market for topical NSAIDs, including Pennsaid, may be less than what we all thought

OR

- Pennsaid sales will grow more slowly than anticipated

Market Factors Affected Nuvo's Share Price



- Concern that Nuvo will need to raise more cash via a dilutive financing
- Capital markets have changed
 - Minimal value given for future development and sales potential
 - Maximum value given for current revenue and profits

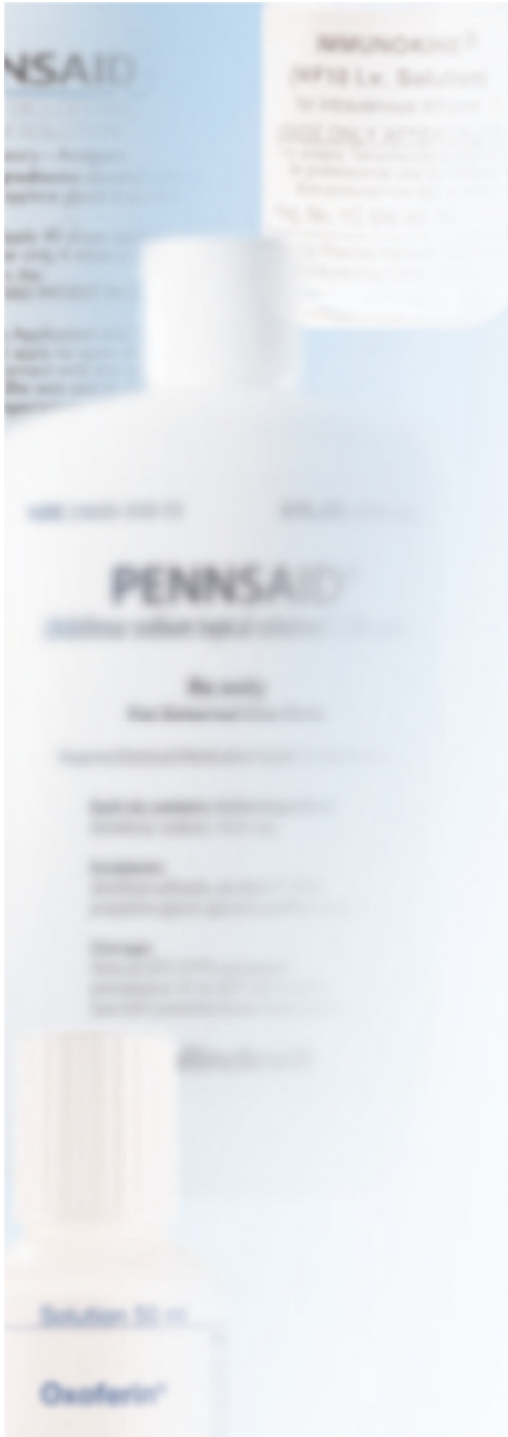
Reasons for Optimism



- Pennsaid should reach significantly higher sales; albeit more slowly than anticipated
 - U.S. launch has been respectable
 - Covidien reimbursement initiatives should ultimately be successful
 - Topical NSAID market is expanding
- New assets (Pliaglis and Synera) will start generating revenue soon
- Current cash, plus cost containment strategy will lead to cash self sufficiency
- Striving to become a profitable specialty pharma that financial markets value
- WF10 has proven clinical efficacy and may have significant value



Should Nuvo Buy Back Shares?



Should Nuvo Buy Back Some Shares?

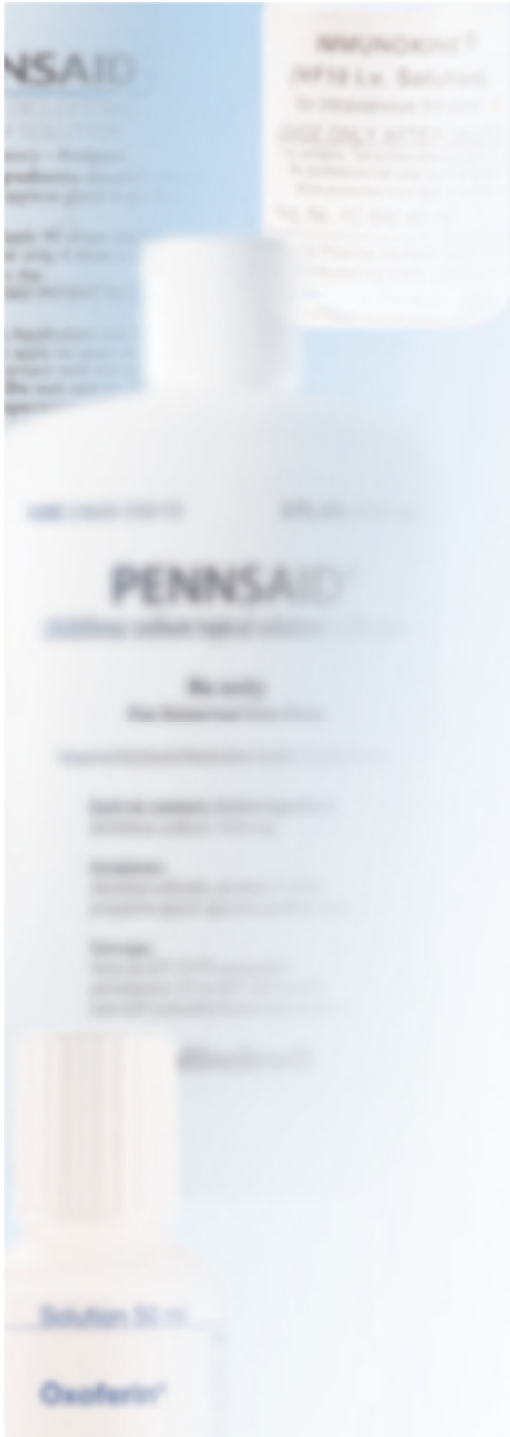


- Nuvo not yet profitable or cash flow positive
- No access to “cheap” capital
- Life science companies with weak cash positions are under significant pressure
- Share buybacks without cash flow or inexpensive funding historically do not increase long-term shareholder value
- Best use of Nuvo cash
 - invest in Nuvo products and pipeline
 - maintain a strong balance sheet

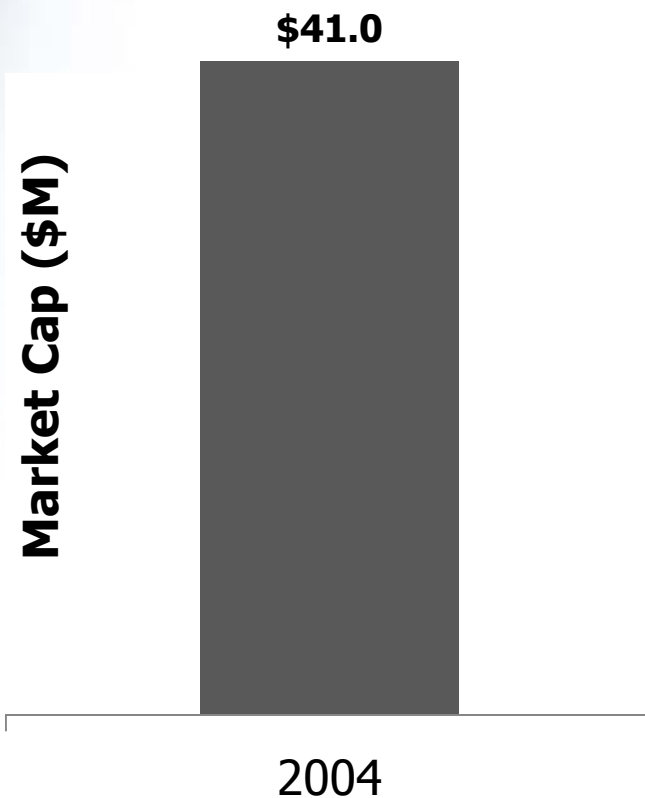


Dan Chicoine

Chairman & Co-Chief Executive Officer

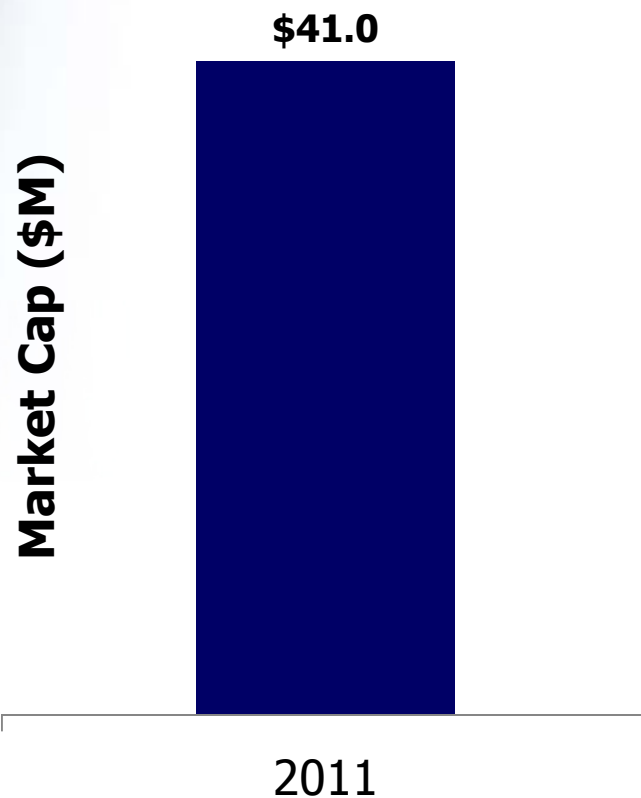


Nuvo 2004



- \$50 million in debt
- No cash
- Huge cash burn rate
- No U.S. approved products
- No U.S. Partner
- Low product revenues
- WF10 failed HIV trial
- No patented formulation for Pennsaid follow on product
- One pipeline product

Nuvo 2011



- No debt
- \$27 million in cash
- Low burn rate
- 3 approved products
- Multi licensing partners
- Growing royalty & product revenue
- Positive WF10 Phase 2 trial results
- Follow on product for Pennsaid with IP protection pending
- Pipeline of products

Nuvo Valuation Creation

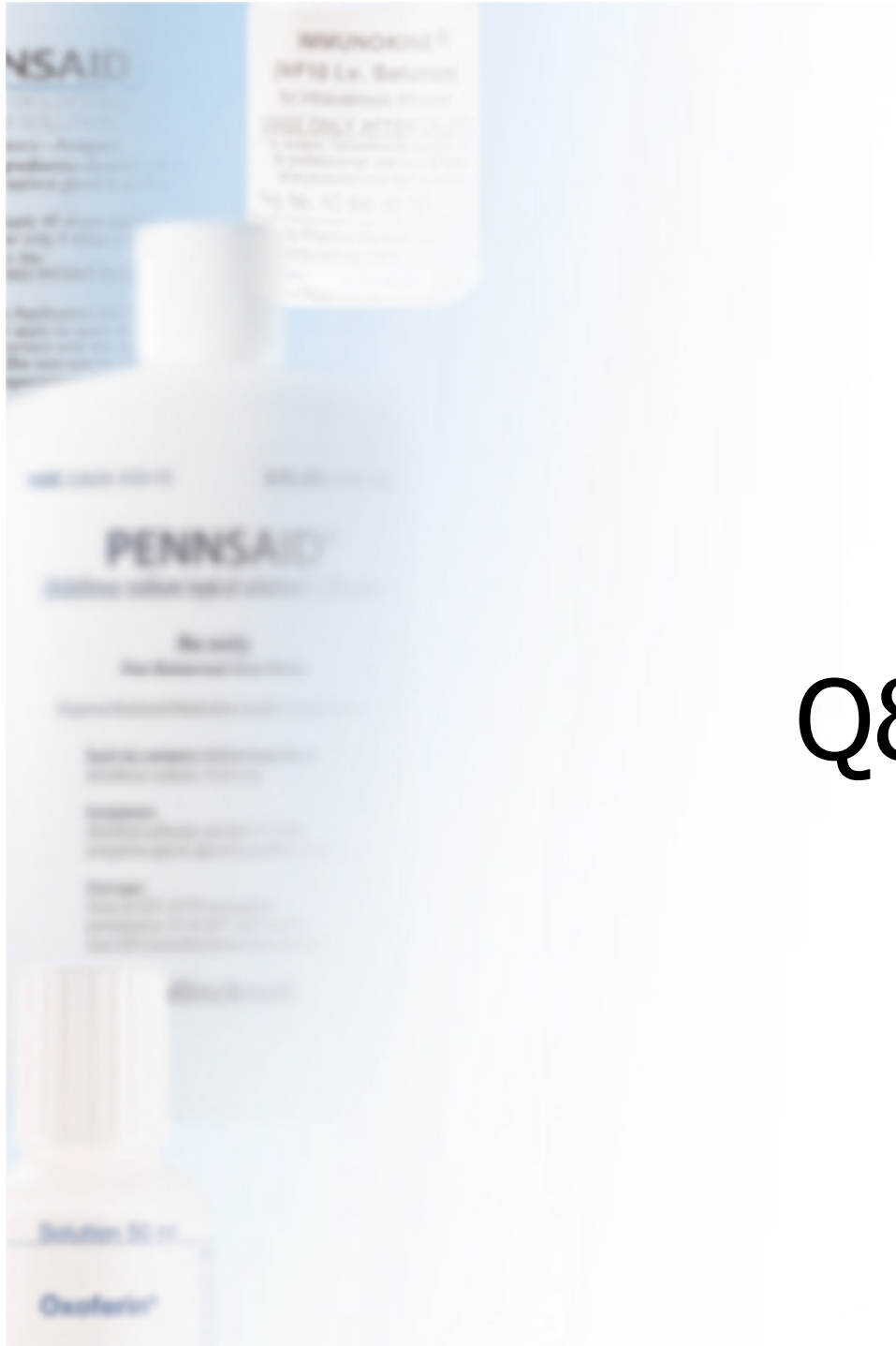


- Support Covidien in growing Pennsaid U.S. sales = higher royalty revenue
- Announce positive Pennsaid Viscous Solution Phase 2 trial results
- Support Covidien strategy for approval of Pennsaid Viscous Solution
- Execute Pliaglis launch in the U.S. and E.U.
- Relaunch Synera in the U.S. and expand in the E.U.
- File IND for an early stage pipeline product
- Announce action plan for WF10 development
- Fix capital structure

Summary



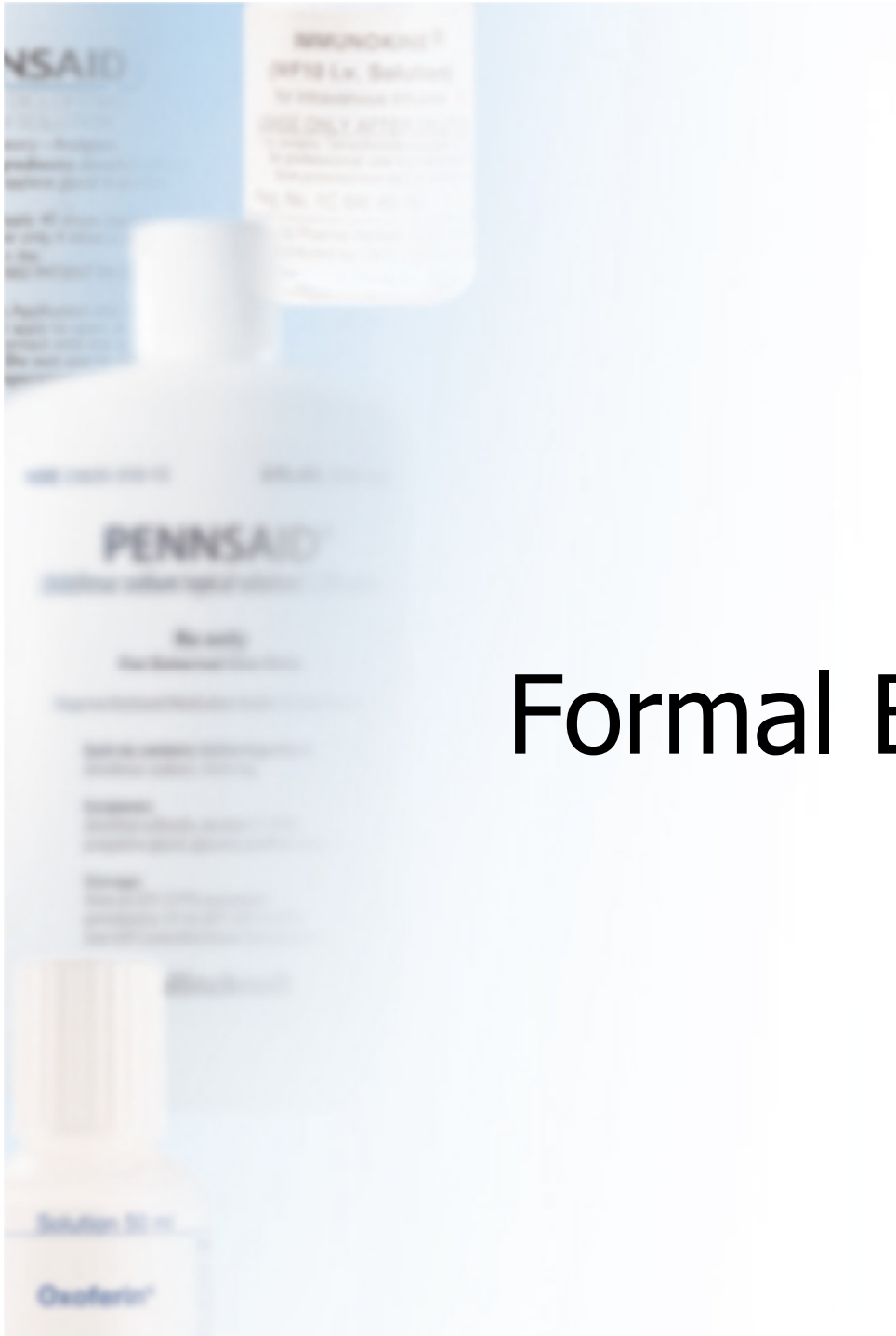
- Nuvo management is dedicated to creating shareholder value
 - We believe Nuvo has reached an inflection point
 - We have built a leader in the topical pain space
 - We are focused on growing revenues both organically and by acquisition
 - We will optimize the value of our pain and immunology pipelines
 - We will remain dedicated to disciplined spending
 - We will reduce burn and progress to profitability



Q&A



Formal Business



Agenda



- Call to Order
- Business Matters:
 - Notice of Meeting and Quorum
 - Presentation of 2010 Financial Statements
 - Appointment of Auditors
 - Nomination and Election of Directors
 - Approval of Share Incentive Plan
 - Approval of Share Consolidation
 - Approval of Issuance of Shares
- Termination of Formal Business

Resolution – Auditors



RESOLVED that BDO Canada LLP, Chartered Accountants, be appointed as the Auditor of the Corporation, to hold office until the next Annual Meeting of Shareholders or until a successor is appointed and that the Directors be authorized to fix their remuneration.

Nomination of the Directors of the Corporation



The following persons are nominated for election as
Directors of the Corporation:

David Copeland

John London

Daniel Chicoine

Jacques Messier

Anthony Dobranowski

Klaus von Lindeiner

Henrich Guntermann

Theodore Stanley

Resolution – Electing Directors



RESOLVED that the eight persons nominated are hereby elected as Directors of the Corporation to hold office until the next Annual Meeting or until their successors are elected or appointed or they otherwise cease to hold office pursuant to the provisions of the Corporation's By-Laws.

Resolution – Share Incentive Plan



RESOLVED that the resolution set forth on page A-1 as Schedule A of the Management Information Circular, relating to the Share Incentive Plan of the Corporation, be passed.

Resolution – Share Consolidation



RESOLVED that the special resolution set forth on page B-1 as Schedule B of the Management Information Circular, relating to the Share Consolidation of the Corporation, be passed.

Resolution – Issuance of Shares



RESOLVED that the ordinary resolution set forth on page C-1 as Schedule C of the Management Information Circular, relating to the Issuance of Shares of the Corporation, be passed.

Resolution –
Terminate the Meeting



RESOLVED that the Annual & Special Meeting of Shareholders for 2011 terminate.