



**Nuvo Pharmaceuticals™ Announces Completion of the Acquisition
of Aralez Pharmaceuticals
Canada, U.S. and International Rights to Vimovo® and other Related Assets**

- Acquisition expected to result in significant expansion of revenue and adjusted EBITDA -
 - Acquisition includes more than 20 revenue-generating products -
 - Acquisition expected to provide platform for future growth -
- Acquisition financing provided by Deerfield Management Company, L.P., a leading, global, healthcare-specialized investor -

- Nuvo to Host Conference Call/Audio Webcast January 2 at 8:30 a.m. ET -

Mississauga, Ontario, Canada – December 31, 2018 – Nuvo Pharmaceuticals Inc. (Nuvo or the Company) (TSX:NRI; OTCQX:NRIF), a globally focused, Canadian healthcare company with a portfolio of commercial products today announced that it has closed the previously announced acquisition of a portfolio of more than 20 revenue-generating products from Aralez Pharmaceuticals Inc. (Aralez).

Key Benefits of the Transaction:

- Immediately and significantly accretive to revenue and adjusted EBITDA
- Revenue diversification from product sales and royalty revenues
- Provides Canadian platform with national sales infrastructure and an ability to launch and commercialize additional products
- Significant cash flow from U.S. and international royalties of global Vimovo® sales
- Low-cost financing from Deerfield Management Company, L.P. (Deerfield)
- Existing commercial infrastructure remains in place to ensure smooth transition

Jesse Ledger, Nuvo's President & CEO commented, "The close of this transaction positions Nuvo as one of the premier specialty pharmaceutical companies in Canada. Nuvo is now truly differentiated from our peers, as we boast a Canadian national sales and marketing organization, enhanced Ireland-based infrastructure to support our international business, a world-class manufacturing facility and a diversified portfolio of growth products, including a pipeline of line extension and complementary new product opportunities. Our newly combined business is supported by a strong and experienced management team and business infrastructure which positions us for enhanced growth, profitability and value creation moving forward."

Products Acquired From Aralez

Nuvo has acquired Aralez's Canadian specialty-pharmaceutical business, which was formerly known as Tribute Pharmaceuticals Canada Inc. This is a growing business that includes: Cambia®, Blexten™, Suvexx™ (sold as Treximet® in the U.S.), as well as the Canadian distribution rights to Resultz®, and will create a platform for Nuvo to acquire and launch additional commercial products in Canada. Nuvo has also acquired the worldwide rights and royalties from licensees for Vimovo, Yosprala® and global, ex-U.S. product rights to MT400 (to be sold as Suvexx in Canada once registered and approved) which is currently commercialized in the U.S. as Treximet. For a more detailed description of these products, please see Nuvo's press release dated August 10, 2018, filed under Nuvo's profile at www.sedar.com.

Transaction and Financing Terms

The aggregate purchase price paid by Nuvo to Aralez at closing was US\$110 million (less a US\$4.4 million deposit previously paid and subject to certain working capital and indebtedness adjustments). Nuvo

satisfied the purchase price through funding provided by certain funds managed by Deerfield, a leading, global, healthcare-specialized investor. The transaction was approved by the Courts supervising Aralez's restructuring proceeds in both Canada and the United States.

The funding arrangements with Deerfield include a 6-year, 3.5% p.a. interest amortizing loan in the principal amount of US\$60 million, an 18-month 12.5% p.a. bridge loan in the principal amount of US\$6.0 million, the issuance by Nuvo to Deerfield of 6-year, 3.5% p.a. interest, senior secured convertible notes in the principal amount of US\$52.5 million, initially convertible into 19,444,444 common shares of the Company at a conversion price of US\$2.70 (the Notes) and approximately 25,555,556 million common share purchase warrants, each such warrant initially exercisable for one common share of the Company for a period of six years from the date of issuance at an exercise price of \$3.53 per share (the Warrants).

The issuance of common shares of the Company upon the conversion of the Notes and the exercise of the Warrants is subject to shareholder approval under the rules of the Toronto Stock Exchange (TSX). The Company intends to seek such shareholder approval on a post-closing basis (either by way of written consent or at a meeting of shareholders).

The description of the transaction with Aralez and the financing arrangements with Deerfield contained in this news release are qualified in their entirety by the reference to the definitive purchase agreements and definitive financing agreements, copies of which are or will be, as applicable, filed under Nuvo's profile at www.sedar.com.

Management to Host Conference Call/Webcast

Management will host a conference call to provide shareholders with additional details about the newly acquired business, its key products and further details regarding the financing transaction Wednesday, January 2, 2019 at 8:30 a.m. ET. To participate in the conference call, please dial 1 888 390 0546 or 416 764 8688. Please call in 15 minutes prior to the call to secure a line. You will be put on hold until the conference call begins.

A taped replay of the conference call will be available two hours after the live conference call and will be accessible until January 9, 2019 by calling 1 888 390 0541 or 416 764 8677 playback passcode 117886.

A live audio webcast of the conference call will be available through www.nuvopharmaceuticals.com. Please connect at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be required to hear the webcast.

About Nuvo Pharmaceuticals Inc.

Nuvo (TSX: NRI; OTCQX: NRIF) is a globally focused, healthcare company with a portfolio of commercial products and pharmaceutical manufacturing capabilities. Nuvo has four commercial products that are available in a number of countries: Pennsaid® 2%, Pennsaid, Resultz® and the heated lidocaine/tetracaine patch. Nuvo manufactures Pennsaid 2% for the U.S market, Pennsaid for the global market and the bulk drug product for the HLT Patch at its U.S. Food and Drug Administration (FDA), Health Canada and E.U. approved manufacturing facility in Varennes, Québec. For additional information, please visit www.nuvopharmaceuticals.com.

About Aralez Pharmaceuticals Inc.

Aralez Pharmaceuticals Inc. is a specialty pharmaceutical company focused on delivering meaningful products to improve patients' lives by acquiring, developing and commercializing products in various specialty areas. Aralez's global headquarters is in Mississauga, Ontario, Canada and the Irish headquarters is in Dublin, Ireland. Further information about Aralez can be found at www.aralez.com.

About Deerfield Management Company, L.P.

Deerfield is an investment management firm, committed to advancing healthcare through investment, information and philanthropy. For more information about Deerfield, please visit www.deerfield.com.

FOR MORE INFORMATION, PLEASE CONTACT:

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Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of applicable securities laws. Forward-looking statements can be identified by words such as: “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “project,” “estimate,” “expect,” “strategy,” “future,” “likely,” “may,” “should,” “will” and similar references to future periods. Forward looking information in this press release includes, but is not limited to, statements with respect to the anticipated benefits of the acquisition to Nuvo’s shareholders. The forward-looking information contained in this press release is based on certain expectations and assumptions made by Nuvo, including management’s current beliefs related to the operationalization of the acquired products and related assets; and the receipt of shareholder approval.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on the Company’s current beliefs, expectations and assumptions regarding the future of its business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Company’s control. Nuvo’s actual results and financial condition may differ materially from those indicated in the forward-looking statements due to a number of factors and risks. Material factors and assumptions used to develop the forward-looking information contained in this news release, and material risk factors that could cause actual results to differ materially from the forward-looking information, include but are not limited to the failure to obtain shareholder approval; material adverse changes in the business or affairs of the acquired businesses or Nuvo; competitive factors in the industries in which the acquired businesses and Nuvo operate; interest rates, prevailing economic conditions; and other factors, many of which are beyond the control of Nuvo. Additional factors that could cause Nuvo’s actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the risk factors included in Nuvo’s most recent Annual Information Form dated March 22, 2018 under the heading “Risks Factors”, and as described from time to time in the reports and disclosure documents filed by Nuvo with Canadian securities regulatory agencies and commissions. These and other factors should be considered carefully and readers should not place undue reliance on Nuvo’s forward-looking statements. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and none of Nuvo or any other person assumes responsibility for the accuracy and completeness of these forward-looking statements.

Any forward-looking statement made by the Company in this press release is based only on information currently available to it and speaks only as of the date on which it is made. Except as required by applicable securities laws, Nuvo undertakes no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Non-IFRS Financial Measures

Adjusted EBITDA is a non-IFRS financial measure. The term “adjusted EBITDA” does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies. The Company defines adjusted EBITDA as net income before net interest income, plus income tax expense (recovery), depreciation and amortization and stock-based compensation. Management believes adjusted EBITDA is a useful supplemental measure from which to determine the Company’s ability to generate cash available for working capital, capital expenditures and income taxes. For additional information on non-IFRS Financial measures, please refer to the reports and disclosure documents filed by Nuvo with Canadian securities regulatory agencies and commissions.