Covalon Provides Corporate Update and Second Quarter Fiscal 2012 Financial Results

MISSISSAUGA, ON, May 28, 2012 /CNW/ - Mr. Brian Pedlar, President and CEO of Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV), an advanced medical technologies company, is pleased to provide the following update.

"During the six months ended March 31, 2012, Covalon continued to progress in expanding wound care sales, establishing international distribution networks and moving new products through the regulatory clearance process.

On May 15, 2012 Covalon reached a significant milestone with the announcement of United States Food and Drug Administration ("FDA") clearance of IV Clear, the Company's breakthrough antimicrobial silicone adhesive film dressing designed for securing vascular intravenous access devices. We expect to begin sales of IV Clear in the coming months.

During the quarter-ended March 31, 2012, Covalon presented at the Arab Health Congress in the Ontario Canada pavilion in Dubai, U.A.E. This was the first time the Company formally presented its line of advanced wound care and medical coating products, including ColActive® Plus Ag in a trade show outside of North America. We expect to announce a number of new distribution relationships as a result of our successes at the Arab Health show in the coming months.

At the same time, Covalon continues to evaluate acquisition opportunities that have the potential to significantly add new capabilities and new market opportunities.

During the six months ended March 31, 2012, Covalon recognized modest revenue from shipments to a number of new wound care distribution partners. We expect to sign additional new distribution partners in the coming months, and expect the shipment volumes of wound care products to our new distributors to increase both within North America and internationally over time.

We continue to see very promising changes underway at Covalon and I am confident that these improvements will translate into improved financial results in the coming quarters and beyond", stated Brian Pedlar, Covalon's President and CEO.

The Company announced financial results for its second quarter of fiscal 2012 ended March 31, 2012. Revenue for the quarter was $1,090,038. Revenue was up marginally compared to the prior year's second quarter, however product and services revenue substantially increased compared to non-cash license fees, which were significantly lower. Product and services revenues were driven mostly by sales of the Company's wound care product ColActive Plus and medical coating products and services.

Quarterly operating expenses were $1,115,823 or a decrease of $23,754 over the comparative period. The Company continues to invest in sales and marketing activities including adding additional sales and marketing staff and attendance at sales-related trade shows compared to last year.

Net loss was $604,146 or $0.01 per share. Covalon continues to have a strong balance sheet with no long-term debt and over $3,400,000 in cash, cash equivalents and short-term investments as of March 31, 2012.

About Covalon

Covalon Technologies Ltd. researches, develops and commercializes new healthcare technologies that help save lives around the world. Covalon's patented technologies, products and services address the advanced healthcare needs of medical device companies, healthcare providers and individual consumers. Covalon's technologies are used to prevent, detect and manage medical conditions in specialty areas such as wound care, tissue repair, infection control, disease management, medical device coatings and biocompatibility. To learn more about Covalon, visit our website at www.covalon.com

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This news release contains forward-looking statements which reflect the Company's current expectations regarding future events. The forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "estimate", "expect", "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These forward-looking statements involve risk and uncertainties, including the difficulty in predicting product approvals,

acceptance of and demands for new products, the impact of the products and pricing strategies of competitors, delays in developing and launching new products, the regulatory environment, fluctuations in operating results and other risks, any of which could cause results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. Many risks are inherent in the industry; others are more specific to the Company. Investors should consult the Company's ongoing quarterly filings for additional information on risks and uncertainties relating to these forward-looking statements. Investors should not place undue reliance on any forward-looking statements. The Company assumes no obligation to update or alter any forward-looking statements whether as a result of new information, further events or otherwise.

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