Covalon Announces Closing of Non-Brokered Private Placement

MISSISSAUGA, ON, Oct. 26, 2012 /CNW/ - Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV), an advanced medical technologies company, today announced the closing of a non-brokered private placement comprised of 9.55 million units at a price of $0.052 per unit for gross proceeds of $496,600. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to acquire an additional common share at a price of $0.10 per share for a period of five years from the closing date. All securities issued pursuant to the Offering will be subject to a hold period expiring February 27, 2013. Directors and officers of Covalon participated in the non-brokered private placement for an aggregate of 1.8 million units. Proceeds of the private placement will be used by Covalon to develop and commercialize new wound care products, expand international distribution channels and for general working capital.

No commission or finder's fee will be paid in connection with the private placement. As Insiders will participate in the private placement, any such subscriptions will be considered to be related party transactions within the meaning of TSXV Policy 5.9 and Multilateral Instrument 61-101 ("MI 61-101"). The Company intends to rely on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(b) and 5.7(a) of MI 61-101 in respect of such Insider participation.

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

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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.

SOURCE: Covalon Technologies Ltd.

For further information:

Brian Pedlar
CEO, Covalon Technologies Ltd.

Email: bpedlar@covalon.com
Phone: 905.568.8400 x 233
Toll free: 1.877.711.6055
Fax: 905.568.5200
Web site: www.covalon.com
Twitter: @covalon
