



NEWS RELEASE

Novation Receives Notice of Intent To Grant a European Patent for its *QUEST* mRNA Drug Discovery Technology

FOR IMMEDIATE RELEASE

September 4th, 2007

Vancouver, Canada: Novation Pharmaceuticals today announced that it has received notice from the European Patent Office that it intends to grant a patent for Novation's *Quest* small-molecule drug discovery technology.

Quest is a novel drug discovery technology which is able to deliver unique, small molecules for significant therapeutic targets, including non-druggable targets, across a wide range of diseases.

Ian McBeath, Chief Executive Officer for Novation said today; *"The receipt of the Intent to Grant of our European patent is an important milestone for Novation and confirms and strengthens our position in the field of new drug discovery using modulation of mRNA stability as a mechanism. We believe that as well as building our own portfolio, Quest will allow Novation to become a leading source of identification of new small molecule compounds for the pharmaceutical industry"*.

Patents for *Quest* have already been issued in Australia and are pending in the United States, Japan and other territories.

About Novation's *Quest* Technology

The *Quest* technology is able to identify potent small molecule compounds that modulate, with high specificity, the presence and stability of a target mRNA. Compounds identified provide new therapeutic options for the treatment of a wide range of diseases that involve either too-much protein production (such as in cancer, inflammation etc) or, insufficient or absent essential protein (such as in Parkinson's disease etc).

Novation scientists are able to take a therapeutic target of interest (including non-druggable targets), clone certain sequences that are responsible for regulating the presence and stability of the selected mRNA and produce very specific assays suitable for high throughput screening of large compound libraries. The resultant screens identify highly selective small molecule compounds that are able to modulate the stability of the mRNA and thus have the potential for being new therapeutic agents for a broad spectrum of diseases.

Quest offers a number of advantages over other available RNA therapeutic approaches: It identifies small-molecule compounds that can be readily administered and importantly



can be used to discover both stimulators of essential proteins as well as inhibitors of aberrant proteins.

The *Quest* drug discovery technology provides a new opportunity for the screening (and rescreening) of the large chemical compound libraries that exist within pharmaceutical companies. Novation have completed *Quest* assays for a number of targets of high interest in the areas of cancer, inflammation, angiogenesis, diabetes and neurodegeneration with other areas under development.

About mRNA Modulation

mRNA is the key regulatory molecule in all cells linking gene activity and subsequent protein expression. mRNA is thus an ideal target for therapeutic intervention.

mRNA levels in normal cells are highly regulated determining which proteins get made, how much is produced and for how long. Regulation of the abundance and stability of mRNA represents a key mechanism to control activity levels of a broad range of disease relevant proteins.

This news release contains certain forward looking statements. Actual results may differ materially from the statements made as a result of various factors, including, but not limited to, the inherent risks associated with drug research and development, difficulties or delays in development testing, changes in regulatory affairs, lack of therapeutic efficacy, unacceptable side-effects, the dependence on partners, the inability to raise sufficient finance, the appearance of competitors and other risks generally associated with the biopharmaceutical industry.

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