NOVATION PHARMACEUTICALS INC.
DISCOVERING SMALL MOLECULES THAT MODULATE RNA

NEWS RELEASE

Dr. Inder Verma Joins Novation's Scientific Advisory Board

FOR IMMEDIATE RELEASE **September 11th, 2008**

Vancouver, Canada: Novation Pharmaceuticals today announced that Dr. Inder Verma has joined its Scientific Advisory Board. Dr. Verma is American Cancer Society Professor of Molecular Biology in the Laboratory of Genetics at the Salk Institue, La Jolla, California. In February 2008, Dr. Verma was awarded the prestigious Vilcek Prize in biomedical science for extraordinary contributions to society in the United States. Dr. Verma is a member of the National Academy of Sciences and the Institute of Medicine. Dr Verma was a founder of Signal Pharmaceuticals and is a member of the Board of Directors or Scientific Advisory Board for a number a number of pharmaceutical companies including, Cell Genesys, Ceregene and Jubilant Biosys.

Ian McBeath, CEO of Novation said today; *"We are delighted that Dr. Verma has agreed to join our SAB and is able to provide his scientific and commercial expertise to management in Novation. Dr. Verma is a world-renowned scientist with significant experience in establishing and building biopharmaceutical companies. We are very much looking forward to working with him as we continue to develop our* ***Quest*** *technology, a new paradigm in small molecule drug discovery"*.

About Novation and the *Quest* Technology

Novation was formed as a spin-out from Novartis Pharma by scientists who made the discovery that it was possible to impact the stability (half-life) of messenger RNA (mRNA) with small molecules. This discovery has now been developed into ***Quest***, a breakthrough in new drug discovery.

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 mechanism is affected through specific Stability Control Elements (SCEs) present within an individual mRNA.

Novation scientists, using ***Quest***, are able to exploit the SCEs for an mRNA target of interest (including non-drugable targets) and identify potent and selective small molecules that impact the stability of the mRNA, either stimulating or inhibiting protein production.

The ***Quest*** technology has already been used to identify potent new compounds against previously intractable targets in cancer and diabetes and other disease area programs are on going. Novation is using ***Quest*** develop its own therapeutic programs as well as undertaking drug discovery programs on behalf of pharmaceutical company partners.

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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