



NEWS RELEASE

Novation Announces Availability of Drug Discovery Assay for Identifying New Therapeutics for the Treatment of Neurological Diseases

FOR IMMEDIATE RELEASE

October 30th, 2008

Vancouver, Canada: Novation Pharmaceuticals today announced that it has completed a *Quest* small-molecule drug-discovery assay directed at **HSP-70**. The *Quest* **HSP-70** assay is optimized for high-throughput screening of compound libraries and can rapidly identify potent and selective small-molecules that are able to stimulate an increase in target protein.

About HSP-70

HSP-70 is a chaperone protein that has been shown to protect cells from oxidative stress and apoptotic stimuli and prevent neuronal cell death in models of neurodegenerative disorders, such as Parkinson's disease and Alzheimer's disease. HSP-70 therefore represents an interesting target for new therapeutics aimed at treating certain neurodegenerative diseases. The identification of new and effective small molecule compounds that can stimulate HSP-70 would present a major step forward in ameliorating these major debilitating diseases.

About Novation and the *Quest* Technology

Novation is a product focused Company using *Quest*, a breakthrough drug-discovery technology, harnessing a natural cellular control function, mRNA modulation, to identify new therapeutics for a broad range of diseases. Novation founding scientists were the first to report that it is possible to impact the stability (half-life) of mRNA with small molecules, which observation led on to the development of *Quest*.

Messenger RNA (mRNA) links gene activity and subsequent protein expression and is thus an ideal target for therapeutic intervention. In normal cells, regulation of the abundance and stability of mRNA is a key mechanism that determines which proteins get made, how much is produced and for how long. The cell is able to exercise this effect through impacting specific Stability Control Elements (SCEs) present within each individual mRNA. Novation scientists are able to identify the SCEs responsible for regulating the stability (half-life) of any target mRNA and extract and clone these into a high-throughput reporter gene assay system (the *Quest* technology).

Quest can identify both stimulatory and inhibitory small molecule compounds. Compounds that stimulate an increase in stability of a target mRNA may be useful therapeutics for those diseases where there is lack of an essential protein (e.g. Parkinson's disease, anemia etc). Similarly, *Quest* can identify compounds that are able to inhibit the



stability of a target mRNA thus causing a down-regulation of inappropriately high levels of proteins involved in certain diseases (e.g. cancer, chronic inflammation etc).

Importantly, **Quest** can be applied to currently considered intractable or “non-drugable” targets, which have been estimated to make up almost 90% of known therapeutic targets.

Novation has completed **Quest** assays for a number of targets of high interest in the areas of cancer, inflammation, angiogenesis, diabetes and neurodegeneration with other important areas in development. The Company is able to undertake drug discovery programs on behalf of partners, based on disease targets of interest (including non-drugable targets) and deliver potent and selective small molecule compounds which may become major new therapeutics. The **Quest** technology has already been successfully used to identify potent and selective compounds for previously intractable targets in the areas of cancer and diabetes.

The **Quest** drug discovery technology provides a completely new approach to drug discovery and opens up the possibility of finding new therapeutics for many diseases currently considered to be intractable. Novation has strong intellectual property related to this approach and believes that it is a leader in the field.

Ian McBeath, CEO of Novation, said today; *‘Neurodegenerative diseases, particularly related to aging, have a significant effect upon quality of life and the ability to function independently. There is an increasingly heavy burden on families and health care providers. The availability of a unique drug discovery approach, such as the Quest HSP-70 assay, enables new therapeutics to be rapidly identified that can offer real hope for the better management and treatment of such diseases. We are seeking drug discovery collaborations to access chemical libraries in order to discover and advance new compounds for this important target.’*

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.

For further information contact:

Ian McBeath
Chief Executive Officer
Novation Pharmaceuticals
635 Columbia Street, New Westminster, Vancouver, B.C.,
Canada, V3M 1A7
Telephone: (1)-604-395-7068
E mail : imcb@novation-pharma.com
Web Site: www.novation-pharma.com