NOVATION PHARMACEUTICALS INC.
DISCOVERING SMALL MOLECULES THAT MODULATE RNA

NEWS RELEASE

Availability of *Quest* Oncology Drug Discovery Assays for Intractable Cancer Targets

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Vancouver, Canada: Novation Pharmaceuticals today announced that it has assembled a suite of ***Quest*** small-molecule drug-discovery assays directed at numerous intractable cancer targets.

Novation's ***Quest* Oncology** assays are able to identify new, potent and selective small-molecule compounds for a number of different cancer targets that up to now have been considered to be difficult to access or "non-drugable".

The Quest Oncology Assays

Quest* Oncology** Assays are now available for immediate application to the cancer targets: **bcl-2, c-myc, VEGF** and **DNMT1**. Nearing completion for other cancer targets are ***Quest assays for: **K-Ras, β-catenin** and **Brn-3b**. Together these ***Quest* Oncology** assays cover targets that are of major importance in the progression of a wide range of different cancers.

Cancer is a spectrum of diseases characterized by uncontrolled cell growth and intrusion into other tissues or spread to other parts of the body. Nearly all cancers are associated with inappropriate protein production determined by disregulation in the genetic code that controls cell growth, repair or death. Messenger RNA (mRNA) is transcribed from DNA and carries the protein manufacturing code to the ribosomes in the cell where protein is produced. The ability to inhibit mRNA from passing on the code offers a potentially attractive way of treating various cancers.

Novation's ***Quest* Oncology** assays can identify compounds that are able to inhibit aberrant protein production and thus may provide new therapeutic approaches for a number of cancers that are currently poorly treated.

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, an observation which led on to the development of ***Quest.***

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 specific Stability Control Elements (SCEs) present within each individual mRNA. Novation scientists identify the SCEs responsible for regulating the stability of any target mRNA and extract and clone these into a high-throughput reporter gene assay system (the ***Quest*** technology) which is then used to screen libraries of small-molecule compounds.

Quest can identify both inhibitory and stimulatory small molecule compounds. Those compounds that are able to inhibit the stability of a target mRNA, thus causing a down-regulation of inappropriately high levels of proteins, may be useful in treating diseases such as cancer or chronic inflammation. Similarly, ***Quest*** can identify compounds that are able to stimulate an increase in stability of a target mRNA and therefore may provide useful therapeutics for those diseases where an essential protein is lacking, such as Parkinson's disease or anemia.

Importantly, ***Quest*** can be applied to targets that are currently considered intractable or "non-drugable", which are estimated to make up almost 90% of known therapeutic targets. ***Quest*** has already been used to successfully identify potent and selective compounds for targets in the areas of cancer and diabetes.

Novation has also completed ***Quest*** assays in other disease areas: inflammation, angiogenesis, diabetes and neurodegeneration. The Company is able to construct specific ***Quest*** assays and 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 active against these targets.

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

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, B.C., Canada, V3M 1A7
Telephone: (1)-604-395-7068, Email : imcb@novation-pharma.com,
Web Site: www.novation-pharma.com