NOVATION
Pharmaceuticals Inc.

NEWS RELEASE

Novation Pharmaceuticals Commences mRNA Small Molecule Drug Discovery Project with Novartis

FOR IMMEDIATE RELEASE **November 23rd 2005**

Vancouver, Canada: Novation Pharmaceuticals today announced that it has commenced a drug discovery project with Novartis (NYSE, NVS). Novation has provided Novartis with certain of its proprietary ***Quest*** assays for the identification of new, oral, RNA directed therapeutics.

Novation has developed a new approach to drug discovery, using modulation of messenger RNA (mRNA), to identify orally active small molecules for major therapeutic targets, spanning multiple disease areas.

Novation's ***Quest*** technology is potentially more powerful than other RNA drug discovery technologies in that it can identify orally active, small molecule drugs which are able to enter cells and selectively impact protein expression.

About mRNA and Novation's Technology

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.

Novation scientists have directed their efforts towards designing assay systems which exploit the use of naturally occurring sequence motifs known to regulate the activity of key disease mediating mRNAs. The ***Quest*** technology includes proprietary assays systems that enable the identification of small molecules that are able to influence and regulate the stability of intracellular mRNA specifically through these sequences.

Novation has currently developed assays for a number of targets of high interest in the areas of cancer and inflammation and have under development assays in other areas, including neurodegeneration and cardiovascular diseases.

About the Program

The Novartis Lead Discovery Center at the Novartis Institutes of BioMedical Research, Basel, Switzerland will work with Novation scientists to establish mRNA assay systems that will allow high throughput screening to identify small molecules that influence and regulate mRNA stability. Novation's ***Quest*** mRNA drug discovery technology will be used to identify new small molecule drugs against well validated disease targets that have so far proven to be poorly drugable. Novation will immediately provide one of its assays to Novartis for a major target of interest and both companies will jointly develop a further 3 assays for other disease targets. The agreement between the parties is non-exclusive.

Ian McBeath, Acting Chief Executive Officer of Novation today said; *"This project with Novartis is very important to Novation in that provides recognition by a major pharmaceutical company of the potential for our mRNA modulation approach to identify new, orally active, small molecule drugs that can impact gene expression. We believe that our technology may allow new oral RNA therapeutics to be brought to market. Novation's technology could become a leading source of new RNA directed drugs for the pharmaceutical industry, across many therapeutic areas."*

About Novation

Novation is a privately held Vancouver based biopharmaceutical company focused on identifying and developing new oral pharmaceuticals that work through modulation of mRNA. Novation believes that its technology is unique and that its patents allow it to be the leader in this field.

Novation has developed ***Quest***, a proprietary assay system, which is able to identify new small molecule drugs that can enter cells and impact inappropriate gene expression.

Novation also has in development, ***Modulin***, a potential new oral anti-cancer drug, currently in pre-clinical trials. ***Modulin*** is thought to exert its activity through down regulation of the mRNA of the proto-oncogenes c-myc and bcl-2.

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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