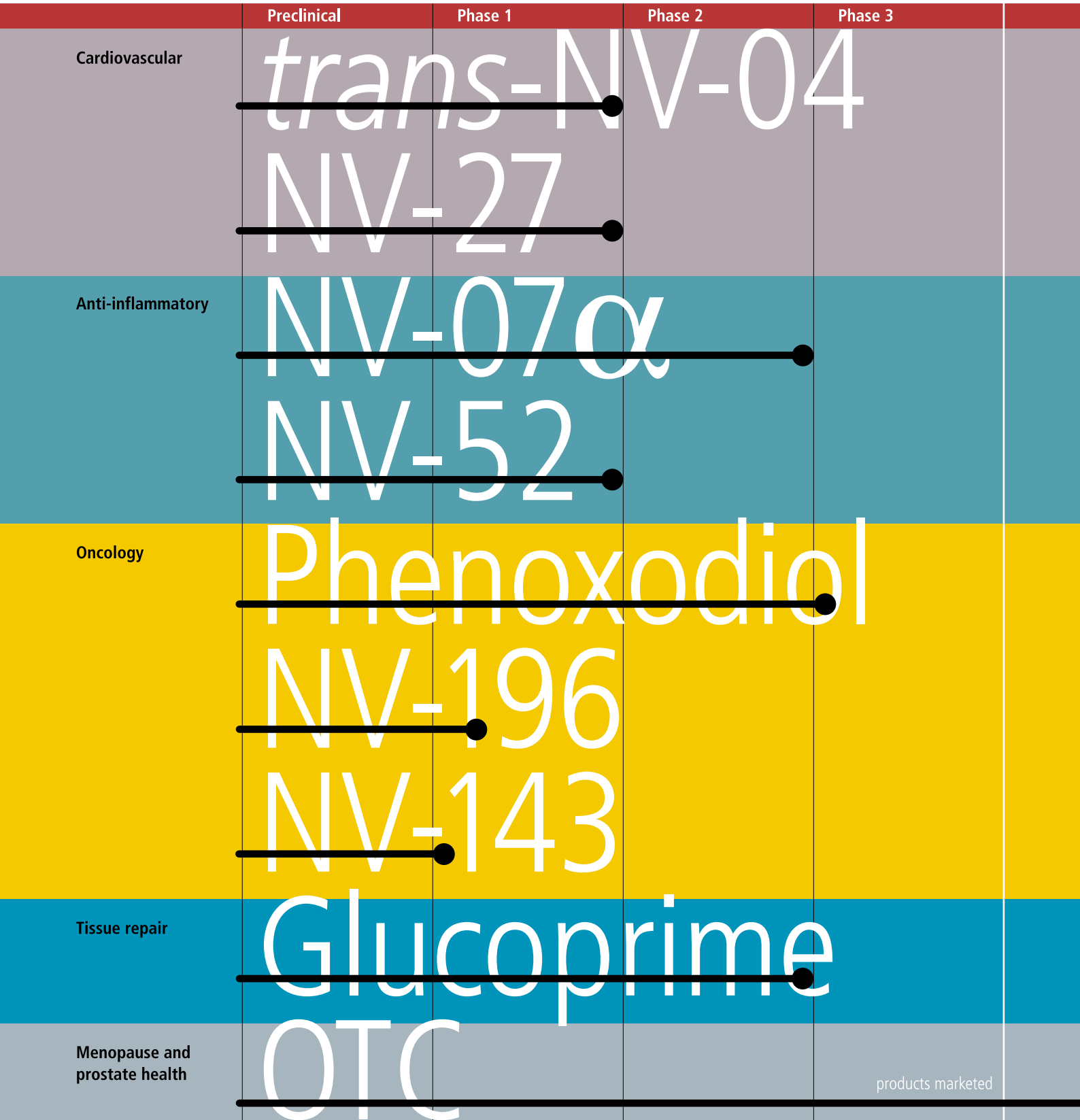


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The core science that underpins all Novogen's drug development initiatives is the Chemistry R&D program. The success of this program is evidenced by the high number of drug candidates that have progressed from lead molecule status through to administration to humans, namely *trans*-NV-04, NV-52, phenoxodiol and NV-196.

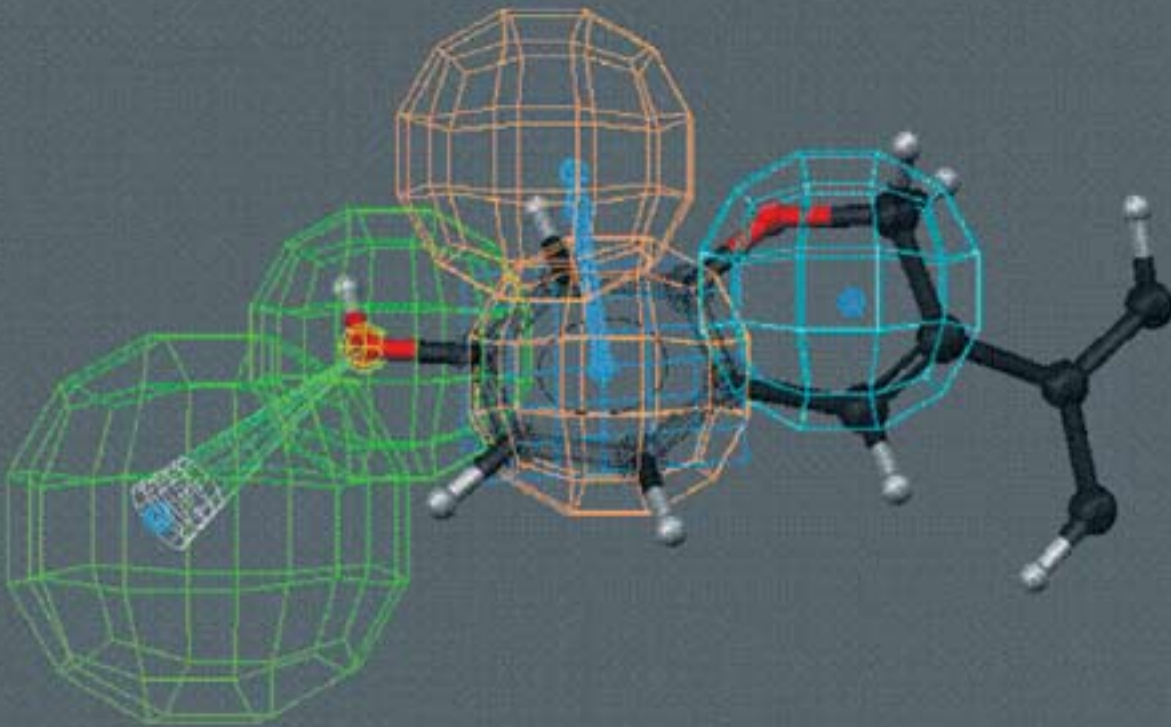


Figure 1. This diagram depicts a molecule overlaid with regions of opportunity for structural enhancements (coloured grids). These regions are the result of predictive molecular modeling produced by high power supercomputer modeling programs based on activity-function databases derived from Novogen R&D experience. Coloured regions indicate areas which, when modified by chemical groups suggested by the program, will produce predictable changes or enhancements in effector activity. This technique is used in an iterative fashion to design, screen, and model new compounds.

Overview

library produced by combinatorial chemistry techniques is often fraught with difficulty. Novogen has developed a team of skilled chemists who are now able to synthesise rapidly lead compounds from the Novogen chemical library on scales from 10mg to 100g. The scale-up step from 10mg to 100g is often the most problematical and rate-limiting step in the drug discovery program. The personnel and facilities that Novogen has developed over the last 7 years have allowed the rapid development of lead compounds from discovery through to clinical development. All the key aspects of synthesis, analysis and ADME determination are carried out in-house.

The pipeline development of new molecular leads has increased dramatically over the last 3 years as indicated by the significant expansion in the Company's IP portfolio with 9 new patents being processed during this time frame. This program of discovery will continue to generate a series of new highly active molecular scaffolds.

A critical aspect towards the end of the drug development process is the successful scale-up and manufacture of large quantities of drug to furnish not only Phase 3 clinical trials but also meet market needs if a drug is successful in gaining marketing approval. Over the last 2 years the chemistry R&D team has been working hand-in-hand with a number of specialised scale-up and manufacturing companies. This work has been successful in developing a robust scaleable process for the manufacture of the lead oncology drug, phenoxodiol. The added benefit of this partnership is the implementation of scale-up friendly strategies in the synthesis of advanced drug candidate molecules such as NV-52 and NV-196.

About QSAR

QSAR, or Quantitative Structure Activity Relationship, is a computer-based technique that aims to define the key components of a molecule that are required for efficacy in a particular biological screen. In parallel, QSAR also can define what parts of a molecule increase toxicity off-target. An example of the type of data that QSAR can produce is depicted in Figure 1. This diagram depicts the phenoxodiol molecule with key molecular requirements for activity against an unspecified screen. This technique is then used in an iterative fashion to design, screen, and then use QSAR to model new compounds. The ultimate end-point of this iterative procedure is a non-toxic, highly efficacious, biologically-available new chemical entity.

The Chemistry R&D group is responsible in the first instance for:

- identifying potential drug candidates;
- synthesising candidates for screening for biological activity and then, following the post-screening identification of successful candidates, they are responsible for;
- chemical characterisation for regulatory purposes; and
- development of a manufacturing process that will provide sufficient drug for clinical studies.

One approach utilised by many large pharmaceutical companies for identification of lead candidates is high throughput screening of large chemical libraries comprising as much as tens of thousands of compounds. In contrast to this Novogen has a small focused chemical library that is screened via a series of advanced high level screening regimes. This has the comparative advantage of affording molecular hits that have well developed drug-like properties, high potency on-target activity, low off-target toxicity, and favourable ADME (Absorption, Distribution, Metabolism and Excretion) profile. The design of Novogen's molecular library is based on naturally occurring compounds derived from rational drug design involving QSAR techniques (see description later) and random synthesis. These strategies have afforded a small chemical library that is rich in hits over the range of Novogen's drug development programs.

Arguably the most costly step, from both a time and cost perspective, in the drug discovery process is the synthetic scale-up of lead compounds. The scale-up synthesis of lead compounds from a large chemical

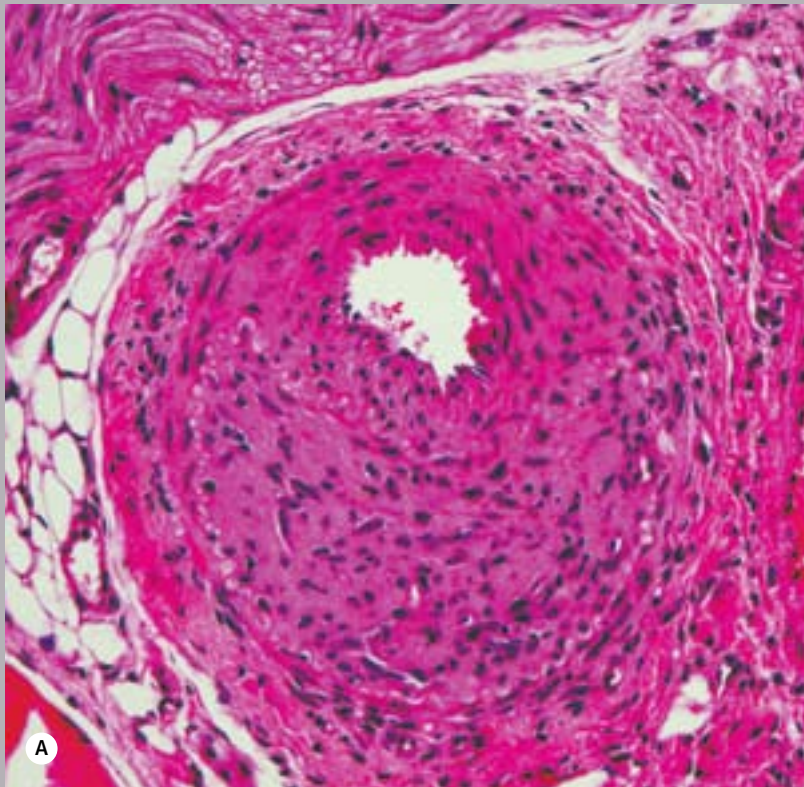
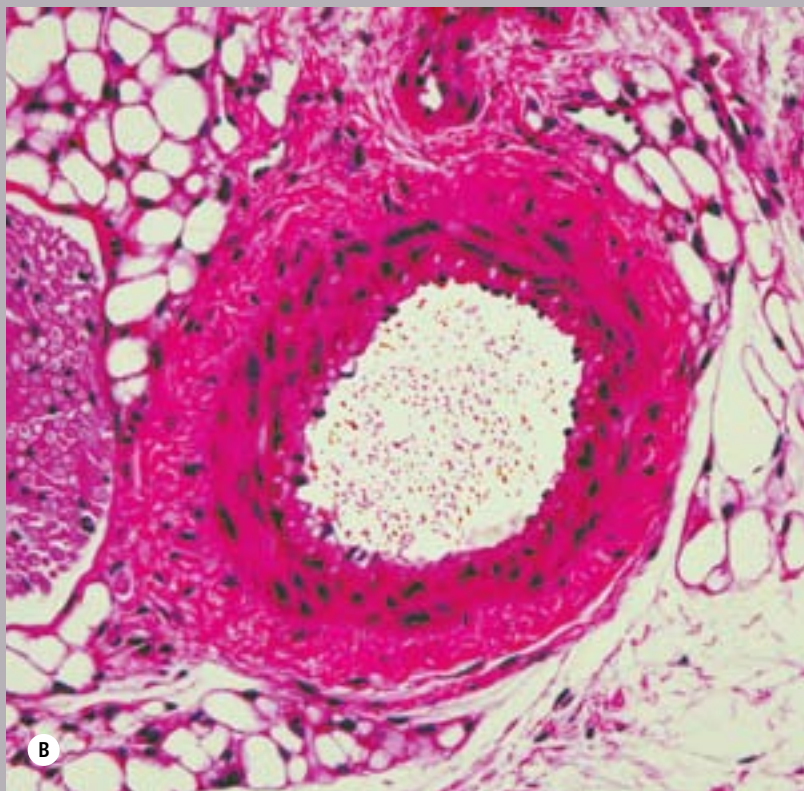


Figure 2. Photomicrograph of the iliac arteries of untreated (A) and *trans*-NV-04 treated (B) mice at 5 weeks after surgical angioplasty. There was reduced neointimal proliferation and improved lumen diameter in probe-damaged arteries from mice administered *trans*-NV-04 via the oral route (B) compared with damaged arteries from untreated mice (A) where the lumen remains almost completely occluded.



trans-NV-04

Significant progress
in the search for drugs
to fight heart disease.

The Novogen cardiovascular program has two main therapeutic objectives:

- to develop a drug that prevents and treats atherosclerosis (commonly known as “hardening of the arteries”), the major cause of heart disease and stroke in the Western world; and
- to develop a drug that helps maintain the health and function of blood vessels in patients at risk of developing cardiovascular disease and which is sufficiently safe to be taken on a long-term basis.

The first drug in the Novogen library of synthesised compounds identified with promising activity as an anti-atherosclerotic drug was *trans*-NV-04. This was selected because of its potent ability in animal studies to prevent the inflammatory (sclerotic or narrowing) lesions that occur following damage to the arterial wall. This is the same type of injury that occurs in humans following angioplasty for occluded coronary arteries and is known as post-angioplasty restenosis. In an animal model of this disease, orally administered *trans*-NV-04 was able to prevent the development of this inflammatory lesion in an impressive manner (Figure 2).

A Phase 1 study then was conducted as the initial phase of clinical development of an anti-atherosclerotic drug. This was conducted at the Baker Medical Research Institute, Melbourne, Australia, in patients considered to be at risk of vascular disease because they were overweight and had elevated blood cholesterol levels. The main objectives here were: (i) to establish the safety of the drug; (ii) to ensure that the oral dosage form was bio-available; and (iii) to confirm that the drug was biologically active on the arterial wall. These are

all essential questions to be answered before the drug could be tested in patients with atherosclerosis. The key end-point used in this Phase 1 study as a marker of biological activity was a reduction in arterial stiffness as measured by the pulse wave velocity (the time taken for the pulse wave to travel down an artery).

On a double-blinded, placebo-controlled study, patients were given either *trans*-NV-04 or a placebo daily for 5 weeks and then crossed over to the opposite therapy. *Trans*-NV-04 reduced arterial stiffness in these at-risk patients by a statistically significant amount, indicating that the drug when administered in this form and dosing schedule was biologically active on the arterial wall. Importantly, this outcome was achieved without any observed adverse side-effects.

The proof-of-concept that this study has provided carries the implication that Novogen has the capacity to develop a drug that could be used to prevent or treat the inflammatory lesions associated with angioplasty or atherosclerosis and prevention of restenosis.

Since commencing this program, ongoing research has identified molecules that are even more active than *trans*-NV-04, and the Company’s scientists in collaboration with a number of Australian research institutes are working to bring those compounds into the clinic over the next 12 months as important new tools in the treatment of atherosclerosis.

The positive outcome in the Phase 1 study on pulse wave velocity also gives Novogen confidence in its aim of developing a separate drug to help maintain vascular integrity in patients at high-risk of heart disease. In a study just published (*Circulation*, 113, 657-663, 2006), arterial stiffness now has been confirmed as a major risk factor for cardiovascular disease. In the so-called ‘Rotterdam’ study, 2,835 subjects were followed for several years, and the incidence of heart disease and stroke correlated with arterial stiffness. What makes this a landmark study is that it identifies vascular stiffness as a predictor of vascular disease in otherwise healthy individuals. An increase in arterial stiffness of just 16% in this healthy population led to a doubling of the risk of heart attack over 10 years. The result with *trans*-NV-04 shows that Novogen is well on the way to developing a drug to reduce this risk.

FAIM

NV-52 heralds a new way forward for the treatment of inflammatory diseases.

Novogen has been engaged for the past 3 years in the development of a fresh approach to the treatment of inflammatory diseases, an approach designed to deliver a potent anti-inflammatory effect but without the complications associated with current anti-inflammatory drugs described opposite.

The enormous market need for anti-inflammatory agents remains unchanged whilst regulatory developments have made the need for a completely new class of anti-inflammatory agents even more critical. The ideal anti-inflammatory therapeutic would be able to deliver a potent anti-inflammatory effect, but without any cardiovascular risks or gastro-intestinal side-effects, and without interfering with the ability of the body to self-resolve the inflammatory process.

Commencing in 2001, Novogen identified among its pipeline of synthetic isoflavonoid drugs a number of drugs that displayed in the laboratory potent anti-inflammatory activity, but with an action that did not rely on COX inhibition. Subsequent animal testing showed that they were without any gastrointestinal toxicity and, not only without cardiovascular toxicity, but some compounds went further in providing active protection of the vasculature. These drugs collectively have been designated "flavonoid anti-inflammatory molecules" (FAIMs), and comprise a family of therapeutics presenting a novel method of treating inflammation.

Novogen now has established the mechanism of action for the anti-inflammatory effect of these FAIMs, and has been able to confirm that they work via mechanisms other than COX inhibition, thereby sparing the positive functions of both COX enzymes (see opposite).

This program, although still in its pre-clinical phase, has achieved proof-of-concept data demonstrating that FAIMs represent an exciting, new generation of anti-inflammatory therapeutics, and a rational direction for this vital area of therapeutics to proceed.

The first FAIM to enter the clinic is NV-52, an agent being developed to treat patients with Inflammatory Bowel Disease (IBD) which includes Crohn's disease and ulcerative colitis. The initial approach is to use this agent to lengthen the response time following treatment with other standard drugs. Pre-clinical studies demonstrated that NV-52 was especially effective at reducing the severity of artificially-induced IBD. More importantly, it protected mice from IBD induction if they were pretreated with the drug, indicating a role for NV-52 in the maintenance of remission. This represents an area of significant unmet clinical need.

NV-52 has successfully completed its initial Phase I study, in which the safety of the drug over the short-term was confirmed, along with confirmation of its oral bio-availability. A second Phase 1 study to determine safety over the longer-term is planned to commence and a Phase 2 study in patients in remission following treatment for IBD is planned to be initiated later in the year to observe the extent to which NV-52 delays the emergence of some indicators of disease exacerbation.

Novogen believes its FAIM compounds have the potential to achieve broad market penetration as the preferred first-line approach in an array of inflammatory disorders, from headaches to chronic arthritis, with a vast market potential. Human studies to verify the use of these new agents are planned to commence in 2007 following full screening of the candidate compounds.

Figure 3. The inflammatory cascade results from conversion of arachidonic acid to a number of different products, the balance of which is determined by the relative contribution of COX1 and COX2 enzymes in driving the conversion. While blocking these products can reduce inflammatory symptoms, an improper balance in the products can lead to adverse effects on the gut and on the cardiovascular system.

Inflammation and pain in a wide variety of conditions follows a well-described pathway. In response to injury, arachidonic acid present in tissues is converted to prostaglandins such as PGH2 (Figure 3), that then produce the swelling and pain that characterise inflammation. Enzymes known as cyclo-oxygenases (abbreviated as COX) are responsible for the conversion of arachidonic acid to the pro-inflammatory prostaglandins, leading to the previous rational approach to the development of anti-inflammatory drugs, based on inhibition of the COX enzymes.

There are two forms of COX known as COX-1 and COX-2. COX-1 is present in tissues such as the lining of the stomach and the lining of blood vessels on a continuous basis and is regarded as a positive enzyme. The prostaglandins for which it is responsible produce positive effects in protecting the lining of the gut, kidney function, and preventing the clotting of platelets in healthy blood vessels. COX-2, on the other hand, is activated only when tissue is damaged, and the prostaglandins that it produces are responsible for inflammation. But in addition to being responsible for inducing the pain and swelling associated with inflammation, COX-2 then goes on to be involved in the resolution of that inflammation.

The most commonly used anti-inflammatory agents currently are non-steroidal anti-inflammatory drugs (or NSAIDs) such as aspirin, indomethacin (Indocin), ibuprofen, naproxen (Naprosyn) and piroxicam (Feldene). These are non-selective COX inhibitors, meaning that they inhibit both COX-1 and COX-2. Whilst they are reasonably effective at reducing inflammation, their use has always been limited by the side-effects associated with inhibition of COX-1, mainly gastrointestinal side-effects such as gastric ulceration, perforation and bleeding.

This problem then led to the concept of developing drugs that selectively inhibited COX-2, thereby providing an anti-inflammatory effect while sparing the positive functions managed by COX-1. These drugs are known as COX-2 inhibitors and includes drugs such as celecoxib (Celebrex), rofecoxib (Vioxx) and valdecoxib (Bextra).

However, while COX-2 inhibitors certainly were associated with much less gastric side-effects, other, potentially more serious side-effects emerged. This occurred because it was found that selective inhibition of COX-2 resulted in an increase in the products of COX-1. One of the products produced in greater quantities was thromboxane (TXA), which resulted in increased platelet aggregation leading to the formation of blood clots. This had the effect of increasing adverse cardiovascular events which resulted in Vioxx being voluntarily withdrawn from worldwide sale in September 2004.

The second concern, which is more predictable, relates to the non-resolution of the inflammatory process. By inhibiting COX-2, the symptoms of pain and swelling are controlled so long as drug therapy continues, but the absence of COX-2 activity means that the inflammatory process is less likely to be resolved.

As the COX-2 story unfolded, it also was established that in addition to gastrointestinal side-effects, NSAIDs were associated with the same increased cardiovascular risk as the COX-2 inhibitors. In June 2005, the US Food and Drug Administration (FDA) subsequently requested that all NSAIDs carry the label warning of 'increased risk of cardiovascular events' and the well described, 'serious, potential life-threatening gastrointestinal bleeding associated with their use'.

These developments have accentuated the shortcomings in currently available anti-inflammatory therapeutics. Regardless of the form of COX inhibited and in what proportions, the inhibition of inflammation via the COX pathway still comes at a price of gastrointestinal and/or cardiovascular side-effects. And while there is considerable work underway in the pharmaceutical industry to modify NSAIDs in order to make them less toxic to the gut and less likely to cause clotting, they will always have the inherent problem that they are inhibiting a finely-balanced enzyme system responsible for a wide range of positive as well as negative effects.

A study in the dangers of current methodologies for the treatment of inflammatory diseases.

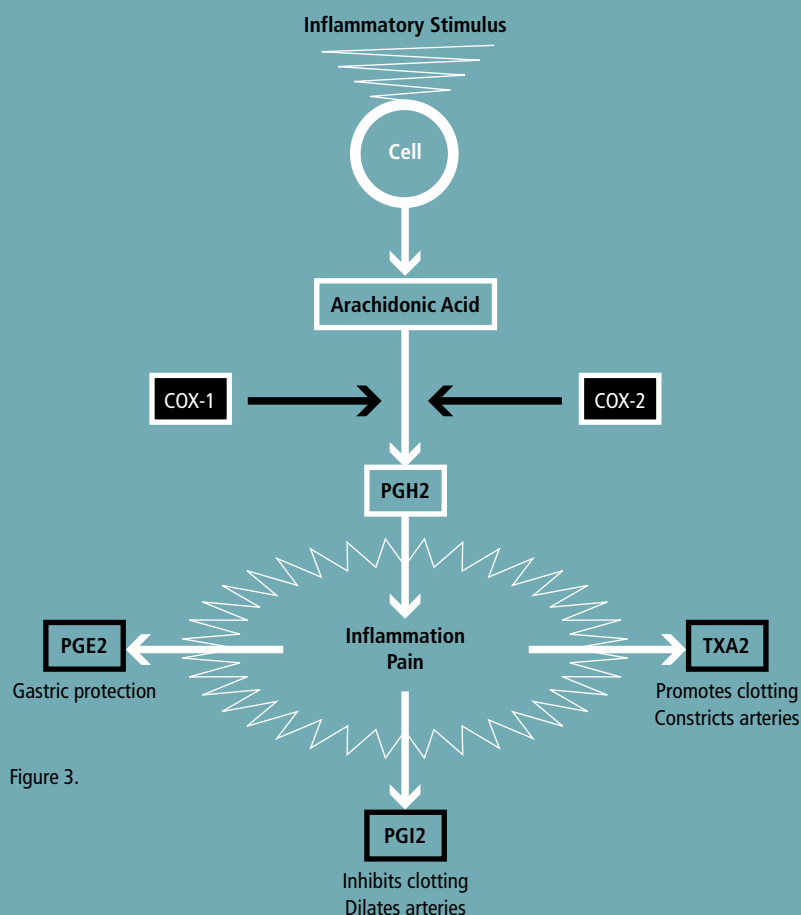


Figure 3.

Phenoxodiol

Awaiting FDA approval
to commence Phase 3 trial
for ovarian cancer.

Licensee Marshall Edwards, Inc. is managing
the phenoxodiol program.

The first therapeutic indication being sought for phenoxodiol is as a chemosensitiser for carboplatin in patients with ovarian cancer that has become refractory or resistant to at least two lines of platinum therapy. The compound, now under the control of licensee company Marshall Edwards, Inc. (MSHL), demonstrated efficacy in this setting in Phase 2 studies which led to phenoxodiol being granted Fast Track Approval status by the FDA in 2004. This offers the opportunity for the drug to be assessed for Accelerated Approval during its pivotal study. Accelerated Approval can occur following an interim analysis early in the study where evidence of efficacy based on an agreed surrogate endpoint can lead to the drug being granted marketing approval, while the Sponsor continues to study the drug to provide proof that the drug leads to a survival benefit.



Phase 3

A 15 month odyssey

The Phase 3 OVATURE study has undergone considerable progress towards initiation over the past 15 months. MSHL, the oncology company majority owned by Novogen, has worked closely with the FDA on the Overture Study. The company retains the services of the Health Care division of one of the largest law firms in the US to advise on regulatory matters, including helping to guide the regulatory strategy and to coordinate the liaison with the FDA.

Mindful of the fact that a number of pivotal drug studies by other companies over the past 2 years have received criticism by the FDA for their inadequate design, MSHL has sought to design this pivotal study in a way that is compatible with the latest FDA guidelines. This is always challenging because of the inevitable shift in official thinking over time as different clinical studies conclude and yield data that varies from the unexpected to the contentious. There are few absolutes in the oncology field, each set of data being considered on its own merits, and often the cause of considerable debate between the sponsor and the agency.

The design of this pivotal study has been an exhaustive process that commenced with the appointment of a Steering Committee (comprising sponsor representatives and respected oncologists), which then consulted with senior oncologists from the UK and US who had agreed to participate in OVATURE and to be Principal Investigators for their hospitals. Overseeing the whole design process and liaising with the FDA, is the company's Washington-based legal and regulatory representatives.

Pursuant to a meeting with the FDA in late 2004, a study design was selected that was finally ratified by a meeting of 20 international oncologists in Florida in April 2005. That design was duly submitted to the FDA for its approval under the IND (Investigational New Drug) scheme in May 2005, a default scheme where a trial can start unless blocked by the FDA for reasons such as safety concerns. That submission coincided with the completion by another major pharmaceutical company of a large study of an anti-cancer drug for use in late-stage lung cancer patients. The FDA had earlier granted Accelerated Approval status on the basis of an apparent delay in tumour progression but a continuation of the study failed in the FDA's view to provide ultimately any overall survival benefit. The rescinding by the FDA of regulatory approval for that drug in that particular indication is the subject of ongoing discussion.

A major consequence of this experience was to cause the FDA to review its policy concerning Accelerated Approval, an entirely unanticipated outcome, but one which obliged MSHL to undertake a major re-design of the OVATURE study. A new design subsequently was discussed with the FDA, using a design that involved a novel approach by which reversal of chemoresistance could be tested. However, MSHL considered it prudent to test this novel, highly stringent approach in a pilot study using a small group of patients with late-stage ovarian cancer. Sufficient data subsequently was generated by that pilot study to allow the re-designed protocol to be lodged with the FDA in November 2005.

That protocol is the subject of ongoing discussion between MSHL and the FDA as both parties move towards a mutually-acceptable design that will provide the successful basis for two determinations by the FDA – the first being consideration for Accelerated Approval following the interim analysis, and the second being consideration for New Drug Approval status following the final analysis. Based on the discussions to date, the company has every confidence that finalisation of this matter is imminent, allowing OVATURE to proceed with patient enrolment in Q306.

In the meantime MSHL, along with the Contract Research Organisation retained for project management, has used the available time to establish the trial infrastructure and to select and appoint hospital sites within the US, Europe, UK and Australia.

The ability to manufacture the considerable quantity of drug product required for a Phase 3 clinical trial also has been developed in this interim period.

Joint study with Sanofi-Aventis and Yale University enrolling patients.

The following study is currently enrolling patients at Yale-New Haven Hospital, Connecticut, USA: 'A Randomized Placebo-Controlled Phase Ib/IIa Safety, Tolerability and Efficacy Study of Oral Phenoxodiol in Combination with Docetaxel versus Docetaxel Alone in Patients with Recurrent Epithelial Ovarian, Fallopian Tube and Primary Peritoneal Cancer.'

The purpose of this study is to test the ability of phenoxodiol to restore sensitivity to docetaxel (Taxotere™, Sanofi-Aventis) in patients who have failed prior taxane therapy. This follows on from laboratory studies at Yale which showed that phenoxodiol had a potent ability to reverse resistance in ovarian cancer cells to docetaxel. Sixty (60) patients will be randomised to either docetaxel alone or a combination of docetaxel and phenoxodiol.

The objectives of this study are as follows:

Primary objective:

- to determine the safety and tolerability of combination therapy of oral phenoxodiol + docetaxel in patients with recurrent ovarian cancer.

Secondary objective:

- to determine the effect of phenoxodiol on the toxicity of docetaxel using a weekly treatment regimen;
- to determine if combination therapy of phenoxodiol + docetaxel is more efficacious than docetaxel therapy alone;
- to determine if combination therapy of phenoxodiol + docetaxel affects blood levels of either drug;
- to determine phenotypic differences in the tumor cells of 'responders' and 'non-responders.'

Phenoxodiol proves to have anti-cancer effect in cervical cancer.

The following study is enrolling patients at Yale-New Haven Hospital, USA, and shortly at other US hospitals: 'Phase Ib study of Neoadjuvant Use of Oral Phenoxodiol in Patients with Primary Diagnosis of Squamous Cell Carcinoma or Adenocarcinoma of the Cervix, Vagina or Vulva.'

There are two main reasons for conducting this study. The first is to provide incontrovertible, biological evidence that the oral dosage form of phenoxodiol exerts an anti-tumour effect when used as a monotherapy, and to determine the most effective dose. The nature of these types of gynaecological malignancies is conducive to this objective. In this study, women with a primary diagnosis of cancer of the cervix, vagina or vulva are receiving daily phenoxodiol therapy at one of three doses for up to 28 days prior to surgical resection of the cancer. This is known as a neoadjuvant treatment trial, where a drug is added to normal surgical management in order to evaluate the drug's effectiveness without disturbing normal management of the cancer. In this case, each patient has granted permission for investigators to gain access to the tumour both before phenoxodiol commences and at the time of surgical resection. The effect of phenoxodiol therapy on tumour size, rate of tumour cell death, and the level of phenoxodiol within the cancer are all being measured.

The company has already reported on the results from women who have completed the 2 lower doses of 50mg and 200mg phenoxodiol per dose. Radiology has confirmed that as little as 28 days of phenoxodiol therapy has been sufficient to halt tumour growth in many cases and in some cases even to lead to tumour shrinkage.

Prostate Cancer

Marshall Edwards, Inc. is also committed to the development of phenoxodiol as a treatment for prostate cancer. Following the successful completion of a Phase 2 study where phenoxodiol was used as a second-line therapy in men with hormone-refractory prostate cancer, the company currently is engaged in collaboration with urologists internationally in the development of a clinical program where phenoxodiol will be evaluated both as a monotherapy in early-stage prostate cancer and as a chemosensitiser for standard therapy in late-stage prostate cancer. A Prostate Cancer Steering committee has been established to advise the company on this program, and the company anticipates being able to inform shareholders during 2006 of the details of this program.

Phase 2 Complete

At the 200 mg dose, all of the 8 patients showed stable disease over this period, with 2 of the 8 patients showing a 19% and 20% reduction in the diameter of their tumour. It has also been shown that phenoxodiol accumulates in the tumour tissue, indicating that the oral dosage form is a suitable, bioavailable form of this drug.

While the use of phenoxodiol to treat these gynaecological tumours is of considerable clinical interest in offering a prospective therapeutic option, the primary interest in testing this form of cancer relates to the second objective in conducting this study which is to test the place for phenoxodiol in early-stage or even pre-malignant cancer. Testing that hypothesis requires a form of cancer which is readily diagnosed early, and where the course of the disease is readily followed. Cervical cancer is one such cancer, where PAP smears and colposcopy are able first to diagnose and then to track the course of this disease. This opportunity is possible also because of the safety of phenoxodiol, making chemotherapy in patients with very early-stage cancer feasible.

NV-196

A novel and potentially new anti-cancer drug with a highly selective tumour-killing effect.

Marshall Edwards, Inc. is now in licensing negotiations with Novogen for NV-196.

NV-196 is the second drug in the Novogen oncology drug pipeline to enter the clinic. Closely related structurally to phenoxodiol, and sharing the ability of phenoxodiol to kill a wide range of cancer cells and to reverse resistance in those cells to standard anti-cancer drugs, NV-196 has a substantially different biological profile, marking it a highly attractive new drug candidate.

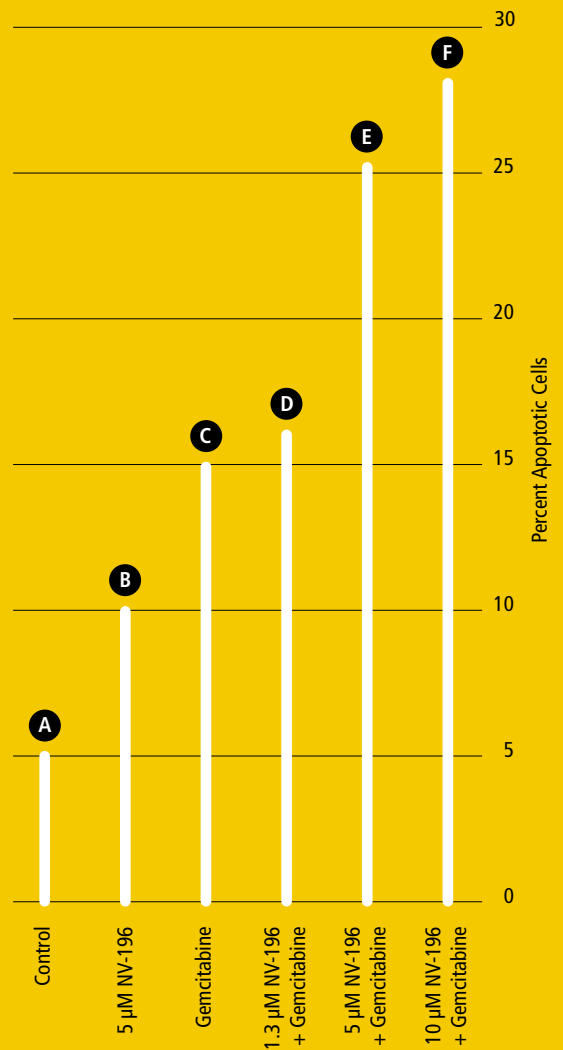
The clinical development program for NV-196 currently is planned to focus on its use as an orally-delivered, chemosensitising agent, intended for use in conjunction with standard chemotoxic anti-cancer drugs for the treatment of pancreatic cancer, cholangiocarcinoma (cancer of the bile duct), and possibly malignant melanoma.

The differential effect of NV-196 compared to phenoxodiol is thought to be associated with its ability to kill cancer cells via the TRAIL family of death receptors, compared to the Fas death receptor, the main pathway through which phenoxodiol induces tumour cell death. The differential effect of NV-196 and phenoxodiol on a tumour cell's death receptor mechanisms is thought to account for the drug's substantially greater activity against pancreatic cancer, cholangiocarcinoma, and melanoma.

In common with phenoxodiol, the tumour-killing effect of NV-196 is highly selective, with little effect on non-tumour cells. The safety of NV-196 has been confirmed in animals at what is expected to be therapeutically effective doses. An initial Phase Ia study has been conducted in a small number of cancer patients, confirming that oral NV-196 is absorbed, and showing that short-term dosing with NV-196 is without toxicity.

continued over

Figure 4. The percent of pancreatic cancer cells which die by apoptosis (programmed cell death) as a result of treatment with gemcitabine, NV-196 or a combination of both drugs. Untreated cells (A) display very low levels of apoptosis, but increased cell death is observed when cells are treated with NV-196 (B) or gemcitabine (C). However a combination of both drugs is more effective than either drug alone (D, E, F) and this synergistic effect is magnified with increasing doses of NV-196.



Oncology continued

The promising potential of NV-196 in pancreatic cancer is demonstrated by its effect *in vitro* in pancreatic cancer cell lines that are highly resistant to the drug gemcitabine, the standard therapy for patients with advanced pancreatic cancer. In the example shown in Figure 4, NV-196 is able to kill MIAPaCa-2 pancreatic cancer cells on its own and to chemo-sensitise the ability of gemcitabine to kill these particularly chemo-resistant cells. Similar results have been achieved with cholangiocarcinoma cells, also notoriously chemoresistant, and for which there are no approved chemotherapies.

On the basis of impressive preclinical data, Novogen is planning to test NV-196 initially in patients with pancreatic cancer and cholangiocarcinoma, both of which show poor sensitivity to standard chemotoxic drugs and which carry a poor prognosis when diagnosed in late-stage. In addition, having in mind *in vitro* activity of NV-196 against a broad range of cancer cells, Novogen will continue to explore other cancer indications.

The next step in the clinical program is to conduct Phase I studies intended to define the safety and efficacy of NV-196 when given over sustained periods of time to patients with solid cancers. That will define the dose to be taken into Phase II trials in combination with gemcitabine in patients with pancreatic cancer and cholangiocarcinoma.

Pancreatic cancer and cholangiocarcinoma usually are diagnosed at a late stage, are usually inoperable (approximately 15% and 20% of patients, respectively, undergo surgery) and have a very poor survival rate. Pancreatic cancer is the fourth most common cause of cancer-related mortality with the death rate >98%. According to the American Cancer Society, an estimated 33,730 new cases of pancreatic cancer are expected to occur in the US in 2006 and about 4,000 people in the US will develop bile duct cancer each year.

NV-196 is currently under consideration by Marshall Edwards, Inc. for in-licensing under the terms of its option agreement with Novogen for access to oncology pipeline compounds once they enter clinical phase testing.

NV-196 shows significant promise as a selective radiosensitiser.

Radiosensitisation refers to the ability to enhance the killing effect of radiotherapy on cancer cells. Procedures used range from hyperthermia, to lowering the oxygen tension, to drugs. Each of these modalities has produced a modest increase in the effectiveness of the radiotherapy at best, but in each case has had the unwanted consequence of enhancing the side effects of the radiotherapy as a result of their non-specificity.

NV-196 has proven in the laboratory to be a potent radiosensitiser in certain tumour cell types, and to achieve this effect selectively, that is, without any effect on non-tumour cells (Figure 5). In conjunction with a number of different radiobiology research institutes around the world, Novogen currently is active in further exploring the potential for NV-196 to be a selective radiosensitiser in a range of cancers where radiation is standard therapy, including cancer of the breast, lung, and head and neck.

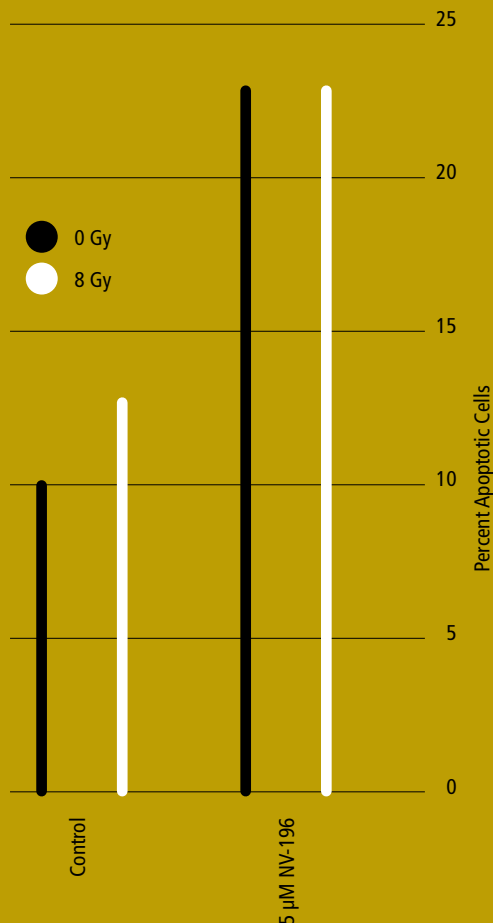


Figure 5. The percentage of pancreatic cancer cells entering apoptosis as a result of radiotherapy at each of two doses of radiation (0 Gy and 8 Gy) is enhanced by pre-treatment of cells with NV-196.

Glyc-101

Glucan technology addresses unmet medical needs in tissue repair.

Glycotex, Inc. is a US-based subsidiary of Novogen, established to focus on the development and commercialisation of its licensed proprietary tissue repair technology based on the immune modulator, (1→3)(1→6)-β-glucan. The company currently is located in San Francisco, California, under the direction of CEO, Dr Reinhard Koenig.

Glycotex's intellectual property asset is licensed patents (both granted and pending) and proprietary know-how concerning the use of various glucan compounds to stimulate and accelerate the healing processes in a variety of wounds in skin, fibrous tissues, and bone. The technology platform has the potential to be used across a range of product applications and to address large, multi-billion dollar markets, each of them benefiting from growth rates that are driven by an ageing population worldwide.

The first product currently undergoing clinical development is a gel containing a proprietary glucan configuration called glucoprime (Glyc-101). This product successfully concluded a Phase 2 study – conducted in Australia – in patients with leg ulcers due to chronic venous insufficiency disease. Discussions with the FDA commenced earlier this year with a view to gaining approval to start a clinical program with this product in the US. Those discussions identified the information required by the FDA in order to gain the necessary Investigational New Drug (IND) approval as a preliminary to conducting the next stage of clinical development in the US. Glycotex is currently assembling that information with a view to lodging an IND application in 2006.

The proposed development program for Glyc-101 is broad-based across manufacturing, pre-clinical science, and clinical development. These areas are being planned and executed in close co-operation with regulators, medical and scientific experts, and US-based commercial partners.

Among additional product development opportunities to be pursued in the medium-term are: (i) Glyc-102, a topical product for the treatment and prevention of UV-induced skin damage; and (ii) Glyc-103, an injectable product for the acceleration of bone formation in multiple orthopedic and surgical indications.

In late December 2005 the US Securities and Exchange Commission granted Glycotex approval to raise public funding and seek a listing on the NASDAQ stock market. However, the company chose to postpone the listing proposal until all glucan technology and know-how has been transferred from Novogen to Glycotex's base in the US, a process that is current. When that transfer is complete, Glycotex intends to establish the necessary corporate capabilities to support an active clinical trials program and R&D program in the US, and accordingly have an even stronger and more valuable investment proposition for shareholders.

In the near future, Glycotex, Inc. will launch its own internet presence at www.glycotexinc.com where interested parties can follow progress and obtain additional information.

New products are an essential component of brand building.

Novogen Consumer is developing a pipeline of new products to invigorate its brands and expand the consumer base that will gain benefit from the Company's products. New products will be regularly introduced into markets in North America, Europe, Australia and Asia. The new product campaign commenced in North America with the recent introduction of Promensil After Menopause and in Australia with the introduction of Promensil Menopause Test.

Promensil Menopause Test

The first symptoms of menopause are, hot flushes (75%), night sweats (59%), sleep problems (49%), irritability/anxiety (44%) and irregular periods (44%). These symptoms always generate a reaction of concern, anxiety and the inevitable question, "Am I menopausal?". Research conducted by Novogen in late 2005 showed that 45% of women self-diagnose or guess they are menopausal after experiencing typical symptoms, the balance of women go to their doctor for diagnosis.

Based on the high proportion of women who self-diagnose it was considered that a readily available (in pharmacy and supermarkets) urine test that could conclusively answer the question "Am I menopausal?" would be an appealing product proposition. Consumer research validated this idea with 67% of women surveyed claiming the Promensil Menopause Test would be an extremely useful product. This is a very high level of consumer interest for a new product concept.

Promensil Menopause Test was developed and then launched into the Australian market in March 2006. The product will be supported by consumer, retail and professional communication and advertising. The launch of Promensil Menopause Test will continue to develop

Promensil's position as the leading natural menopause brand in the Australian market. The Test will be launched into UK, parts of Europe and North America in the second half of 2006.

Promensil is the Number 1 brand in the natural alternative market in Australia and Canada and a very strong Number 2 in UK. Promensil holds the position of the fourth largest natural alternative menopause brand in the USA.

Promensil After Menopause

Promensil After Menopause is formulated for women who are no longer experiencing menopausal symptoms. It may also be used by women who have previously been using HRT either for menopausal symptom relief or for long-term maintenance of heart and bone health. It could also be used by women who are aware of osteoporosis and high cholesterol and the importance of preventing both diseases.

For post menopausal women, Promensil After Menopause will help to keep their bones and their heart strong, for strength and vitality in their later years.




The Promensil brand is recognised as a quality women's health product. The plan is to 'migrate' consumers from Promensil Menopause to Promensil Post Menopause as their physical symptoms subside and the more serious health implication of bone weakening and increasing cholesterol become a reality for women over 55 years.

The product formulation contains Isoflavones, Vitamin D and Calcium. The claims of improved bone and cholesterol health are based on published studies supporting the role of isoflavones in the reduction of bone loss and the many studies supporting the role of Calcium and Vitamin D. Additionally there are two published studies and an international presentation supporting the role of isoflavones in cholesterol health and reduction in arterial stiffness.

Promensil After Menopause was introduced into USA in late 2005 and into Canada in early 2006. The global rollout will take place throughout the rest of 2006.

Only Promensil offers clinical menopausal diagnosis and clinically supported menopausal symptom relief with one brand.

Problem	Diagnosis	Solution
<p>Hot flushes Night sweats Mood swings Irritability</p>	 <p>Achieve certainty and take control</p>	 <p>Menopause symptom relief and bone and heart health</p>

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