

Wednesday, 22 May 2002

Marshall Edwards Raises \$US10m and lists on UK AIM

Marshall Edwards Inc., (MEI), the US subsidiary of Novogen Limited, has raised \$US10.1 million in an initial private placement from European, American and Australian investors and institutions and has listed on the Alternate Investment Market (AIM) of the London Stock Exchange.

As a result of the placement, at \$US4 a share, MEI is now 95.2 per cent owned by Novogen.

MEI was established to provide a commercial vehicle for Novogen's anti-cancer drug technology, the first of which is the novel anti-cancer drug, phenoxodiol, which Novogen has licensed into the company.

Managing Director of Novogen, Mr Chris Naughton, said the UK listing was strategically important for two reasons.

"It provides for the direct funding of the oncology drug program by investors who have expressed a desire to invest specifically in a listed anti-cancer drug company," Mr Naughton said.

"Secondly, the establishment of MEI enables equity transfer or participation arrangements to be made with commercial development partners without prejudicing Novogen's capacity to enter into similar deals with its other products.

"Shareholders who invested under the initial private placement which coincided with the AIM listing also have an option to purchase another 4.8 per cent of the company within the next 18 months at the same price, \$US4 per share," Mr Naughton said

The UK broker which facilitated the placement, KBC Peel Hunt Limited, also has an option to purchase up to half a per cent of MEI at \$US4 per share.

It is a requirement of the AIM listing that Novogen not sell any of its holding in MEI during the next 12 months.

Even if all options are exercised, Novogen will retain ownership of 90 per cent of the newly listed vehicle.

The listed shares are now available for trading and can be bought and sold through stockbrokers who deal in international shares.

While MEI is an independent company, Novogen's directors and executives will contribute to its operation and strategic direction.

Mr Naughton said the AIM listing was beneficial for existing Novogen shareholders because:

- funds had been raised for drug development at a premium which lessened the dilution effect for existing Novogen shareholders;
- existing capital resources could be used to accelerate the value of intellectual property which underpinned Novogen's drug development pipeline; and
- success with phenoxodiol, which was entering Phase II clinical trials, would entitle Novogen to milestone payments and royalties on drug sales in addition to income earned through manufacture of the drug.

A second round of data from Phase 1 clinical trials of phenoxodiol have been included in the proceedings this week at the American Society of Clinical Oncology, in Orlando, Florida.

These mainly safety data have confirmed clinical results presented in the US in April 2002, which revealed that phenoxodiol had none of the usual adverse side effects normally associated with chemotherapy.

Phenoxodiol is now due to enter Phase II clinical trials in Australia and the US, which will further assess its clinical effectiveness.

Novogen Limited is listed on the ASX (code NRT) and in the US on the NASDAQ (code NVGN). Marshall Edwards Inc. is listed on AIM (code MSH).

Statements herein that are not descriptions of historical facts are forward-looking and subject to risk and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including those set forth in the Company's Securities and Exchange Commission filings under "Risk Factors", including risks relating to the early stage of products under development; uncertainties relating to clinical trials; dependence on third parties; future capital needs; and risks relating to the commercialisation, if any, of the Company's proposed products (such as marketing, safety, regulatory, patent, product liability, supply, competition and other risks).