Narhex Life Sciences Ltd

Level 24, 44 St George's Terrace
PERTH WA 6000
P: +61-8-6211 5099
F: +61-8-9218 8875

ABN: 51 094 468 318

28 April 2011

Company Announcements Office
Australian Securities Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

QUARTERLY OPERATIONS REPORT TO 31 MARCH 2011

- Successfully completed $2.5 million capital raising
- Reinstated to Official Quotation on the ASX
- Recommencement of activities in the Xi'an Hex Joint Venture in China

CORPORATE

During the March 2011 quarter, Narhex Life Sciences Limited ("**Company**") successfully completed its restructure and was reinstated to official quotation on the ASX on 14 March 2011. Completion of the recapitalisation proposal restructured the Company's issued capital and net asset base, provided working capital and terminated the Deed of Company Arrangement. Key features of the recapitalisation included:

- Consolidation of the existing issued capital of the Company on a 1 for 10 basis such that existing shareholdings were reduced from 201,172,902 to 20,117,350 shares.

- The issue of 160 million Proponent Shares at an issue price of $0.003 per Share to raise $480,000.

- The issue of 250,000,000 Shares in the Company at $0.01 each under a Prospectus to raise $2,500,000.

- The establishment of a new entity, Narhex Life Sciences International Pty Ltd (NLSI) into which the Company transferred all of its shareholdings in its subsidiaries. NLSI is currently owned 50% by Narhex Life Sciences Developments Pty Ltd (NLSD) and 50% by the Company.

- Appointment of Peter Christie as Chairman and Simon Lill as non-executive director. David Mandel and Peter Nash remain as non-executive directors of the Company.

Narhex Life Sciences Ltd

Level 24, 44 St George's Terrace
PERTH WA 6000
P: +61-8-6211 5099
F: +61-8-9218 8875

ABN: 51 094 468 318

OPERATIONAL ACTIVITIES

As a result of the above transactions the Company's activities occur through NLSI, whereby the Company has agreement with NLSD that NLSD is to expend the first $500,000 on activities within NLSI, with the Company to expend the next $500,000 through NLSI.

To date there has been some $335,000 expended by NLSD, and forecast expenditures indicate no expenditure requirements by the Company for at least another 3 months.

NLSI's primary focus has been the development and commercialization of its anti-HIV protease inhibitor DG-17. DG-17 is the water-soluble pro-drug of the active anti-HIV drug DG-35. This development is occurring through its 75% interest in the Xi'an Hex Joint Venture in China.

Delays in the JV activities as a result of the financial difficulties of the Company in recent times have seen much work needing to be redone. Consequently the JV has to revisit previous agreements, and has reached agreement with the Chinese Medical Academy for the certification and manufacture of the DG17 drug. This is in preparation for the next stage of activities which is clinical trials on animals.

Work has also commenced on a review of JV accounting issues in China.

NLSI holds an interest of approximately 9% in Cavidi AB. Cavidi is developing and selling viral load diagnostic products under the ExaVir brand, for HIV monitoring of treated or to be treated HIV patients. The World Health Organization has recently recommended the use of accurate and regular tests to measure the HIV viral load as a means of improving treatment for patients with HIV. There is therefore a growing need for accurate tests that are cost efficient and easy to use. NLSI has provided $135,000 to Cavidi AB to maintain its 9% interest in that entity, and to assist Cavidi to more aggressively pursue third party license agreements for product development and distribution to leverage the company's technology platform in the most promising markets.

All patents and applications within NLSI are being maintained.

Simon Lill
Director
Narhex Life Sciences Limited