



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

13 May 2011

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

Dear Sir,

AGREEMENT REACHED WITH THE ACADEMY OF MEDICAL SCIENCE OF CHINA

The Biomedicine Technology Research Institute, a division of The Academy of Medical Science of China, has recently executed a contract with Xi'an Hex Life Sciences Co. Limited, the Chinese Joint Venture vehicle of Narhex Life Sciences International Pty Limited which is in turn owned 50% by Narhex Life Sciences Limited.

The Academy is one of the most prestigious medical organisations in China and the Company is both privileged and excited about introducing them as a partner in the ongoing development and approval processes of the DG17 drug.

The initial work to be done is verification of the manufacturing and testing of this drug so that it can be reviewed and approved for further animal and human testing. This work effectively duplicates work the Company has previously undertaken in Australia, and previously received the necessary approvals for further animal and human testing. However the work must be repeated in China to comply with Chinese Regulations which do not accept testing done in other Countries.

The verification work will commence straight away and is anticipated to be concluded within the next 6 months prior to commencement of further animal testing.

Option Issue

Pursuant to a resolution of the Board, the Company will seek approval to issue 2.5 million unlisted options each to Board Members Mr. Peter Christie, Mr. Peter Nash and Mr. David Mandel, as well as to former founding Director, Mr. John Majewski.

The issue of the options will be subject to shareholder approval which will be sought at a General Meeting to be held during July.

The Terms of the options are as follows:

Exercise Price: \$0.02 (2 cents) per option;



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Expiry Date: 3 years from the date of issue, which will be immediately following shareholder approval;
Escrow Period: Options cannot be exercised until 12 months after the date of issue;
Option Hurdle: Before the options can be exercised the Company's shares must have traded at a minimum price of \$0.05 per share for 10 trading days in a row after the expiry of the escrow period.

The Board, together with Mr. Majewski, contributed a substantial amount of unrewarded time and effort to achieve the reinstatement of the Company to ASX Trading and believe the option issue is warranted to recognize both their past and future efforts in respect of the Company.

As noted, a shareholder's meeting will be convened to seek the required approvals to issue the options, with a Notice of Meeting to be dispatched shortly.

Yours faithfully

Simon Lill
Director
Narhex Life Sciences Limited