



Narhex Life Sciences Ltd

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16 November 2012

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Outcome of Due Diligence Activities on EPC 2769

The due diligence program was designed to confirm the presence of the Tiaro Coal Measures within the permit area. The decision to drill in this location was based on proximal success by Tiaro Coal Limited and aeromagnetic survey data, run by the Department of Minerals and Environmental Research in 2009.

The Tiaro Coal Measures outcrop to the north in the Maryborough Basin and have been also observed to the East of the permit area. To date little information has been gathered in the permit area with the recent program being the first exploration carried out for coal within the area.

The three coal exploration holes were drilled within a proposed basin structure, approximately 15 Km's to the West of Gympie in the Lower Wonga area.

None of the wells drilled achieved the planned depth of 290 metres. All were drilled to a total depth where stratigraphic correlation could be easily achieved. This was decided upon to save drilling costs as further drilling would have offered little additional geological information.

The location of the holes is shown within ASX announcement on 18 October 2012. The holes were drilled to the following depths.

- NHX 12-01 = 168m
- NHX 12-02 = 87m
- NHX 12-03 = 59m

Drilling intersected sedimentary sequences in all wells but failed to intersect any significant seams of coal. The results, whilst disappointing, showed that the lithologies intersected prove the basin structure to be a valid interpretation of the regional Magnetic and density data. This in turn suggests that the other basin structures as interpreted within the permit remain valid targets for exploration.



Drilling has now finished with the rig being released following completion of the three wells. Rehabilitation of the well sites will be undertaken and is due to be completed prior to the end of this month.

The three wells only investigated one section of the identified northern target within the permit. Alternate areas as previously recognized retain their prospectivity. Additional programs are currently being considered for the remainder of the northern target and the alternate areas previously identified.

The Board is considering its options before the option exercise date of 3 January 2013.

Competent Persons Statement

Mr Malcolm Carson has compiled the information in this report from data gained during an initial appraisal by Mr Tim Stringer, P.Geo, a Consulting Geologist to Narhex Life Sciences Limited.

Mr Carson is a Member of the AusIMM, and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration results, Mineral Resources and Ore Reserves."

Mr Carson has given his consent to the inclusion in this report of the matters based on the information in the form and context in which it appears.