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NARHEX SIGNS HEADS OF AGREEMENT TO ACQUIRE 75% OF GUINEA EXPLORATION COMPANY

Narhex Life Sciences Limited ("Narhex", "NLS" or the "Company") is pleased to announce that it has entered into a heads of agreement ("HOA") to acquire 75% of the issued capital of Golden Saint Minerals Guniee SA ("GSMG").

Guinea Exploration Company

GSMG is a Guinea incorporated company that holds 100% interest in five permits that cover four projects that are prospective for diamonds, gold and bauxite. A legally binding HOA has been executed by the parties the terms of which are summarised below.

Guinean Projects Background

Historically and currently, Guinea in West Africa is a significant producer of bauxite, gold and diamonds and hosts high-grade iron-ore deposits which are being brought into production (Fig 1). The country is estimated to contain about half of the World's bauxite reserves with direct shipping ore typically reporting Al_2O_3 greater than 50%. The bauxite is recovered from plateaus of laterite in the western part of Guinea and large-scale mining operations are located at Sangaridi (Rio Tinto), Fria and Kindia (Rusal). The eastern parts of Guinea with the older more cratonic rocks exposed are prospective for gold and diamonds. The largest goldmine, Siguri (Anglogold Ashanti) in the north-east of Guinea, consist of both fault-hosted mesothermal quartz-veins in Birimian-age rocks and an enriched lateritic cap. More recently, eastern Guinea has delivered a large-scale gold system hosted by felsic porphyry within the Tri-K project (Avocet Mining). Southern Guinea has also been a long-term producer of clear gem-quality alluvial diamonds from the current river beds and adjacent river terraces and these are often derived from the adjacent systems of kimberlite dykes and small pipes that were first described by the Soviets in the 1960's. The Simandou iron-ore project in southern Guinea hosts one of the largest and highest grade deposits in the World that has yet to be mined and is being advanced towards production by Rio Tinto Ltd and Chalco Ltd.

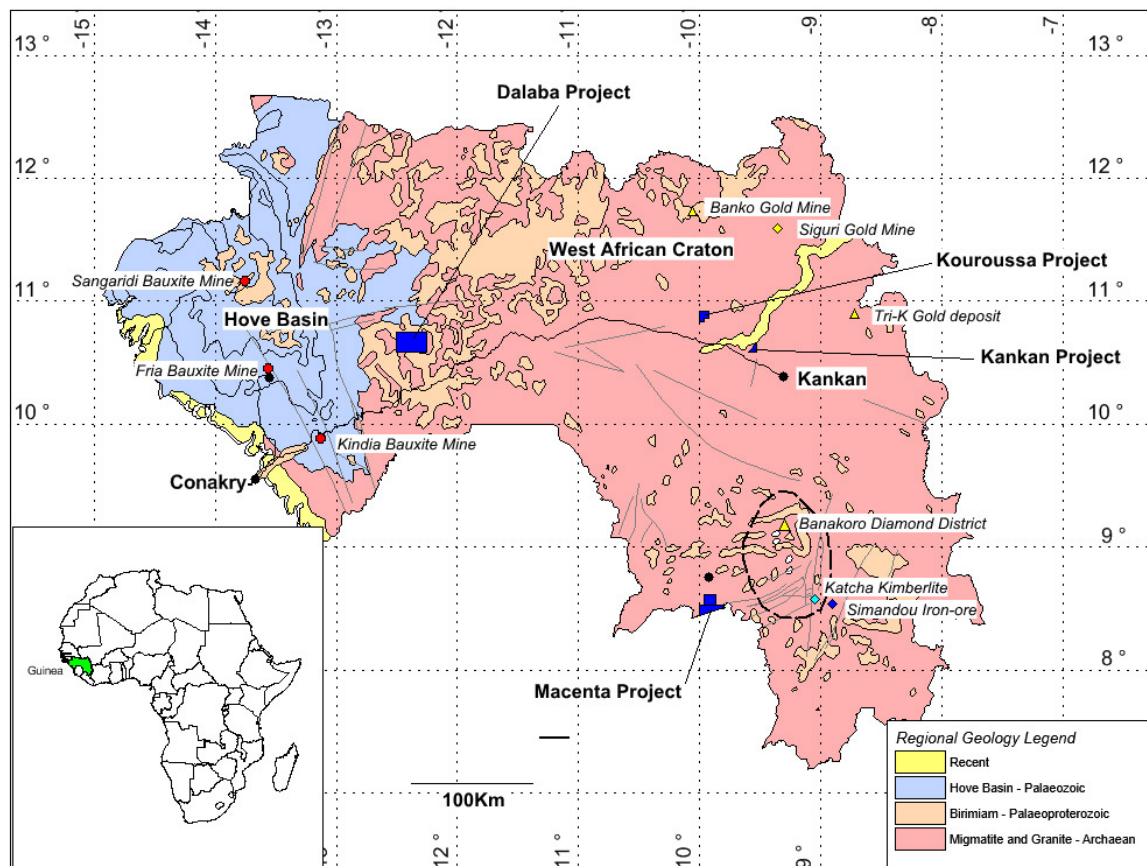


Fig 1. Regional location of the Dalaba, Kouroussa, Kankan and Macenta permits in Guinea, West Africa.

Geology and Prospectivity of the Project Areas

NLS has acquired a total of five permits in three regions of Guinea which have prospectivity for bauxite, gold and diamonds (Fig 1).

Dalaba Bauxite Project

The Dalaba permit in the western part of Guinea has an area of 499km² and covers part of an elevated plateau that is prospective for bauxite (Fig 1). The permit is located about 120km east of the Fria and Kindia Bauxite mines operated by RUSAL and some 40 km north of the Conakry to Kankan railway. There is also a significant amount of road access in the area.

The permit will be amenable to exploration by mapping and surface sampling to be followed later by either pitting or shallow drilling to assess the thickness and grade of the bauxite.

Kouroussa and Kankan Gold and Diamond Projects

The Kouroussa (66km²) and Kankan (31km²) permits in central eastern Guinea cover areas of the West African Craton (Fig 1). The region has a basement of Archaean migmatites overlain by Palaeoproterozoic siliciclastic sediments and minor volcanics that were deposited in the Siguri Basin. In places, the Siguri Basin is intruded by large-scale granites and other minor intrusives along major structural corridors. The permits are located adjacent to the Niger River where valley systems contain up to 10m of colluvium and alluvium that in places report accumulations of detrital gold and diamonds.

Exploration for gold can be undertaken by the application of stream sediment and regolith sampling followed by the drilling of any anomalous zones. Early stage assessment of the diamond potential can also be undertaken by a combination of drainage and regolith sampling.

Macenta Diamond Project

Macenta consists of two contiguous permits covering an area of 190km² in southern Guinea along the border with Liberia (Fig 1). The geology of the area is dominated by a basement of Archaean-age banded gneisses, sometimes unconformably overlain by areas of Palaeoproterozoic rocks and cut by small volumes of younger dolerites and other intrusives. Drainages in the area are well developed. The permits are located in an area which hosts a spread of diamondiferous streams within the part of southern Guinea which hosts diamondiferous kimberlites.

Exploration at Macenta will focus on assessing the distribution of diamonds and recovery of indicator-minerals from streams and gravels which might indicate the presence of diamondiferous kimberlites.

Guinea HOA Terms

Key terms of the HOA include the following:

- The parties agree to negotiate the terms of a Share Sale Agreement to be executed as soon as practicable and by no later than 60 days from signing the HOA;
- The GSMG Shareholders agree to transfer 75% of the issued capital in GSMG to NLS in consideration for NLS agreeing to issue 900 million Performance Shares to the GSMG Shareholders which will convert into ordinary shares upon the following milestones being achieved:

Vendor Consideration - Milestones	Pre-Consolidation Shares*
Completion of acquisition	25,000,000
On grant of diamond permit #1 (90 km ²)	25,000,000
On grant of diamond permit #2 (100 km ²)	25,000,000
On grant of gold permit #1 (66 km ²)	25,000,000
On grant of gold permit #2 (31 km ²)	25,000,000
On grant of bauxite permit (498.7 km ²)	25,000,000
NLS achieves a market capitalisation of \$10,000,000	100,000,000
NLS achieves a market capitalisation of \$15,000,000	200,000,000
First shipment of 500 carats of gem quality diamonds	200,000,000
First gross profit of \$1,000,000	100,000,000
First gross profit of \$2,000,000	150,000,000
Total	900,000,000

* If the issued capital of NLS is consolidated then the number of Performance Shares to be issued will be consolidated on a pro-rata basis.

- Completion will be subject to and conditional on the following:
 - NLS successfully completing a capital raising to raise not less than \$2,000,000 or such other amount as the Parties may in writing agree;
 - NLS obtaining all required shareholder and regulatory approvals; and
 - NLS re-complying with Chapters 1 and 2 of the ASX Listing Rules (as required by ASX Listing Rule 11.1.3).

- On Completion, the GSMG Shareholders will be entitled to nominate one director to the Board of NLS.

Variation to Liberian Agreement – Gold and Diamond Project

Further to the Company's previous announcement of 20 December 2013 in relation to the proposed acquisition of mining permits in Liberia from Golden Saint Australia Limited, NLS advises that the parties have agreed to amend the acquisition terms. It is agreed that the existing consideration milestones are varied with Narhex to issue a total of 100,000,000 Performance Shares (previously a total of 900,000,000 Performance Shares) that will convert to ordinary shares upon the Company achieving a JORC compliant mineral resource of 1,000,000 ounces at a minimum of 2 grams per tonne gold.

Proposed Timetable for Reconciliation

	Indicative Date
Execution of Share Sale Agreements	12 April 2014
Dispatch of Notice of Meeting	12 May 2014
Meeting of Shareholders to Approve Acquisition	12 June 2014
Results announced and suspension of Company's Shares on ASX	12 June 2014
Lodgment of Prospectus with ASIC	13 June 2014
Closure of Prospectus	18 July 2014
Satisfaction of all Requirements of Chapters 1 & 2	25 July 2014
Reinstatement to Trading	31 July 2014

* The above dates are indicative only and are subject to change. The Company will keep shareholders updated on the timing of the implementation of the transaction as it progresses

Prospectus Capital Raising

Narhex will prepare and issue a prospectus to raise sufficient funds to enable the reconciliation with Chapters 1 & 2 of the ASX Listing Rules. The capital raising will be conducted at a minimum of \$0.20 per share in accordance with the requirements of Chapters 1 & 2 of the ASX Listing Rules. Funds raised will be used to conduct exploration of the properties to be acquired, and to cover the ongoing administration costs of the Company.

Indicative Capital Structure

	Number of Shares (Pre-Reconstruction)	Number of Shares (Post -Reconstruction)
Current Issued Capital	484,729,407	24,236,470
Shares to be issued in capital raising, completed as part of the re-compliance with Chapters 1 & 2 of the ASX Listing Rules	500,000,000	25,000,000
Total Shares on Issue following Completion and Re-compliance	984,729,407	49,236,470
Potential shares to be issued under the Liberian Share Sale Agreement (subject to satisfaction of Milestones)	100,000,000	5,000,000
Potential shares to be issued under the Guinea Share Sale Agreement (subject to satisfaction of Milestones)	900,000,000	45,000,000

Total Issued Shares assuming Liberian and Guinean Milestones satisfied	1,984,729,407	99,236,470
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NB The above table shows the Company's pre and post reconstruction capital structure. The Company will most likely need to reconstruct its capital structure in order to comply with Chapters 1 and 2 of the ASX Listing Rules which require a capital raising at \$0.20 per share. The above Table is based on a share price of \$0.01 immediately prior to the issuance of the requisite Notice of Meeting, and consequently a reconstruction ratio of one share for every 20 held. However if the share price is at a high price prior to the issuance of the Notice of Meeting then the reconstruction ratio will be reduced accordingly. The Consideration Shares and shares to be issued under the capital raising will also be adjusted by the same ratio.

The above Table also contemplates a capital raising of \$5M. Not all of that capital will be required to be raised to re comply with Chapters 1 and 2, and there may be a lesser – or greater – amount raised.

It should also be noted that in order to reach the Milestones noted above, the Company may need to expend additional funds on exploration above those contemplated in the capital raising above. The funding of that exploration may be through further issues of shares in the Company which will increase the total number of shares on issue.

Adam Sierakowski
Director

Competent Persons Statement

The information in this report that relates to mineral resources and exploration is based on information compiled by Rob Ramsay BScHons, MSc PhD, Member of the Australian Institute of Geoscientists. Dr Rob Ramsay as a Non-executive Director of Narhex Life Sciences has sufficient geological 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 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Rob Ramsay 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