

APPENDIX 4D

Half-year Report for the period ending 31 December 2013

1. Name of entity

NARHEX LIFE SCIENCES LIMITED

ABN	Reporting Period	Previous Corresponding Period
51 094 468 318	Half year ended 31 December 2013	Half year ended 31 December 2012

2. Results for Announcement to the Market

Financial Results				31 December 2013
Revenues from ordinary activities (<i>item 2.1</i>)	Down	93 %	to	857
Profit/(Loss) from ordinary activities after tax attributable to members (<i>item 2.2</i>)	Up	64%	to	(213,285)
Net (loss) for the period attributable to members (<i>item 2.3</i>)	Up	64 %	to	(213,285)
Final and interim dividends (<i>item 2.4</i>)	It is not proposed that either a final or interim dividend be paid .			
Record date for determining entitlements to the dividend (<i>item 2.5</i>)	N/A			
Brief explanation of any of the figures reported above (<i>item 2.6</i>):	The loss for the period is attributable to operating costs. The prior year loss includes expenses relating to administration expenses and exploration expenditure. Refer attached Interim Financial Report for additional details.			

3. NTA Backing

	Current Period	Previous Corresponding Period
Net tangible assets per ordinary share (<i>Item 3</i>)	0.10 cents	0.12 cents

4. Control gained over entities

Details of entities over which control has been gained or lost (<i>item 4</i>)	N/A
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5. Dividends paid and payable

Details of dividends or distribution payments (<i>item 5</i>)	No dividends or distributions are payable.
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6. Dividend reinvestment plans

Details of dividend or distribution reinvestment plans (<i>item 6</i>)	There is no dividend reinvestment program in operation for Narhex Life Sciences Limited
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7. Details of associates

Details of associates and joint venture entities (<i>item 7</i>)	N/A
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8. Foreign entities

Foreign entities to disclose which accounting standards are used in compiling the report (<i>item 8</i>)	N/A
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9. Review Opinion

Details of any audit dispute or qualification (<i>item 9</i>)
<i>Emphasis of matter – Inherent uncertainty regarding continuation as a going concern</i> Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes that the ability of the company to continue as a going concern is dependent on the entity's ability to raise capital. As a result there is material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Narhex Life Sciences Limited

ABN 51 094 468 318

Interim Financial Report
for the half year ended 31 December 2013

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CORPORATE INFORMATION

These financial statements are for Narhex Life Sciences Limited (the “Company”). Unless otherwise stated, all amounts are presented in \$AUD.

A description of the Company’s operations and of its principal activities is included in the review of operations and activities in the directors’ report on pages 2 to 4. The directors’ report is not part of the financial statements.

Directors

Mr David Mandel (Director) *(appointed 17 May 2010 and resigned on 20 December 2013)*

Mr Peter Christie (Previous Chairman) *(appointed as Chairman on 13 January 2011 and resigned on 20 December 2013)*

Mr Simon Lill (Director) *(appointed 13 January 2011 and resigned on 20 December 2013)*

Mr Cyril D’Silva (Director) *(appointed 16 May 2013)*

Mr Adam Sierakowski (Director) *(appointed as Alternate Director on 16 May 2013, resigned as Alternate Director on 20 December 2013 and appointed on 20 December 2013)*

Dr. Robert Ramsay (Director) *(appointed 20 December 2013)*

Company Secretary

Ms Nicki Farley

Registered and Principal Office

Level 24, 44 St Georges Tce,
PERTH WA 6000

Auditors

Somes Cooke
1304 Hay St,
WEST PERTH WA 6005

Share Registry & Register

Link Market Services Ltd
Level 2, 178 St Georges Tce
PERTH WA 6000

Solicitors

Price Sierakowski Corporate
Level 24, 44 St Georges Tce
PERTH WA 6000

Bankers

National Australia Bank
100 St Georges Tce
PERTH WA 6000

Stock Exchange Listing

Narhex Life Sciences Limited is listed on
the Australian Securities Exchange.
ASX Code : NLS

Contact Information

Ph: 08 6211 5099
Fax: 08 9218 8875

Web Site

www.narhex.com.au

Directors' report

The directors of Narhex Life Sciences Limited (the “Company”) submit herewith the interim financial statements of the Company for the half year ended 31 December 2013.

Directors and executive details

The following persons acted as directors of the company during or since the end of the half year:

Mr David Mandel (Director) (*appointed 16 October 2009, resigned on 28 January 2010, reappointed 17 May 2010 and resigned on 20 December 2013*)

Mr Peter Christie (Previous Chairman) (*appointed as Chairman on 13 January 2011 and resigned on 20 December 2013*)

Mr Simon Lill (Director) (*appointed 13 January 2011 and resigned on 20 December 2013*)

Mr Cyril D'Silva (Current Chairman) (*appointed 16 May 2013*)

Mr Adam Sierakowski (Director) (*appointed as Alternate Director on 16 May 2013, resigned as Alternate Director on 20 December 2013 and appointed on 20 December 2013*)

Dr. Robert Ramsay (Director) (*appointed 20 December 2013*)

Executive functions have been carried out by Mr Cyril D'Silva.

Principal activities

During the period the Company finalised its due diligence activities on the mining tenements in Liberia that it is proposing to acquire from Golden Saint Australia Limited (“GSAL” or “Seller”) through the acquisition of its interests in Golden Saint Liberia Limited (“GSL”).

Operating results

The loss after tax of the Company for the half year ended 31 December 2013 was \$213,285 (2012: loss \$589,833).

Directors' report

REVIEW OF OPERATIONS

Liberian Gold and Diamond Project

On 27 December 2012, the Company announced its intent, subject to due diligence, to enter into the gold and diamond mining sector through a Letter Agreement with Golden Saint Australia Limited (“**GSAL**”) to acquire its interest in Golden Saint Liberia Limited (“**GSL**”). **GSL** is a Liberian registered company that is the beneficial owner of 80% of mining tenements in Liberia, namely Block 71 – The Grand Cape, and Block 72 – Mount Henry/Gengba.

Both Blocks are targets for primary and secondary gold and diamond occurrences. In the artisanal workings, gold is associated mainly with quartz veins in addition to sedimentary gold along streams. Diamonds are also being recovered in the stream systems. This indicates prospectivity for kimberlites because the Man Craton is a known host of diamondiferous kimberlites which can report high grades, high quality and larger stone sizes.

On 20 December 2013 the Company announced that **GSAL** had been advised that **GSL** has been offered three additional tenements in Liberia to replace the Mt Henry Licence, a large part of which has recently been gazetted as an Environmental Protected Area. The new licence areas are named T1, T2 and T3. **GSAL**, together with Narhex, are assessing the tenements to determine whether to accept the tenements in total or in part.

As a consequence of this offer of additional tenements the Company considers it has finalised its due diligence on the acquisition of **GSAL** and now plans to proceed with the acquisition of that company.

Acquisition Terms

The current acquisition terms of the Liberian Gold and Diamond project (as amended) are as follows:

- A non-refundable deposit of \$50,000;
- Narhex is to conduct a due diligence in relation to the Company and the Tenements (including a Geological Review of the Tenements);
- If the Due Diligence results are acceptable the Parties agree to enter into a formal Share Purchase Agreement (“**SPA**”);
- A further \$50,000 is payable on Execution of the **SPA**;
- Narhex, on obtaining shareholder approval for the transaction, and recomplying with Chapters 1 and 2 of the ASX Listing Rules, would issue 100,000,000 Performance Shares (previously totalling 900,000,000 Performance Shares) to the Seller that would 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.

The shares will most likely require consolidation to re-comply with Chapters 1 and 2, and the Performance Shares to be issued will be consolidated in accordance with that ratio.

The Company agrees to spend a minimum of \$5,000,000 on, or in relation to, the Tenements in order to acquire 100% of the issued capital of **GSAL**, with the Seller transferring a proportional interest to the Company as follows:

- 25% of the Shares upon the Buyer having incurred \$1,250,000 in relation to the Tenements;
- 25% of the Shares upon the Buyer having incurred \$2,500,000 in relation to the Tenements;
- 25% of the Shares upon the Buyer having incurred \$3,750,000 in relation to the Tenements; and
- 25% of the Shares upon the Buyer having incurred \$5,000,000 in relation to the Tenements.

The Sellers are also entitled to nominate 2 persons to the Board of Directors on completion of the transaction. At the date of this report the following actions have occurred:

- The \$50,000 non-refundable deposit has been paid;
- The technical and commercial due diligence has been concluded with the Company to proceed to enter into the Share Sale Agreement;
- All necessary approval processes have been extended by mutual consent; and
- The first nominee to the Board, Mr Cyril D’Silva, was appointed on 16 May 2013. **GSAL** have not advised their second nominee who, in any event, is not scheduled to join the Board until Completion, unless otherwise agreed by the Board and the Vendor.

Directors' report

Board Changes

On 20 December 2013 the Company announced that having finalised the due diligence regarding the Liberian acquisition, and in agreement with GSAL, Messrs Lill, Christie and Mandel resigned as directors of the Company. Mr. Adam Sierakowski and Dr Robert Ramsay were appointed to the Board on this date. In addition, existing director Mr. Cyril D'Silva assumed the role of Executive Chairman of the Company.

Placement

On 20 December 2013 the Company announced it had completed a Placement raising \$546,120.57 through the issue of 54,612,057 Shares at 1 cent per share.

Recompliance With Chapters 1 And 2 of the ASX Listing Rules

Following execution of the SPA the Company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to finalising the acquisition. Narhex will call a meeting of shareholders, at which the shareholders will be asked to vote on the proposal to acquire GSAL. If the shareholders approve the transaction to acquire GSAL, the Company's shares will be suspended from trading on the ASX until the requirements of Chapters 1 and 2 of the ASX Listing Rules have been satisfied.

Subsequent events

On 14 February 2014 the Company announced that it has entered into a heads of agreement ("HOA") to acquire 75% of the issued capital of Golden Saint Minerals Guinea SA ("GSMG"). 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.

In relation to the proposed acquisition of mining permits in Liberia from Golden Saint Australia Limited ("GSAL"), the Company advises that the parties have agreed to amend the acquisition terms. It is agreed that the existing consideration milestones are varied with the Company 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 of gold.

Dividends

No dividend has been proposed or paid.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of this report.

Signed in accordance with a resolution of the directors



Mr Cyril D'Silva
Chairman

Perth
28 February 2014

Auditor's Independence Declaration

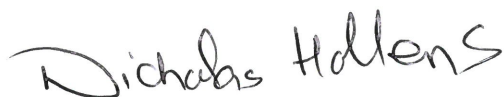
To those charged with the governance of Narhex Life Sciences Limited

As auditor for the audit of Narhex Life Sciences Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Somes Cooke



Nicholas Hollens
Partner

Perth

28 February 2014

**Condensed Statement of profit or loss and other comprehensive income
for the half year ended 31 December 2013**

	Note	December 2013 \$	December 2012 \$
Interest revenue		857	12,340
Administration expenses		(143,123)	(241,283)
Employee benefits expense		(70,614)	(63,067)
Finance costs		(405)	(267)
Exploration expenditure		<u>-</u>	<u>(297,556)</u>
Loss before income tax		(213,285)	(589,833)
Income tax benefit		<u>-</u>	<u>-</u>
Loss for the half year		<u>(213,285)</u>	<u>(589,833)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Comprehensive income for the half year		<u>(213,285)</u>	<u>(589,833)</u>
From continuing operations			
Earnings per share (basic and diluted) (cents)	4	(0.04)	(0.1)

**Condensed Statement of financial position
as at 31 December 2013**

		31 December 2013 \$	30 June 2013 \$
CURRENT ASSETS			
Cash and cash equivalents		551,536	149,489
Trade and other receivables		9,953	15,331
Prepayments		5,258	-
Total Current Assets		<u>566,747</u>	<u>164,820</u>
NON-CURRENT ASSETS			
Deferred acquisition costs	6	<u>80,443</u>	<u>80,443</u>
Total Non-Curent Assets		<u>80,443</u>	<u>80,443</u>
Total Assets		<u>647,190</u>	<u>245,263</u>
CURRENT LIABILITIES			
Trade and other payables		<u>143,175</u>	<u>74,083</u>
Total Current Liabilities		<u>143,175</u>	<u>74,083</u>
Total Liabilities		<u>143,175</u>	<u>74,083</u>
Net Assets		<u>504,015</u>	<u>171,180</u>
EQUITY			
Issued capital	4	3,169,149	2,623,029
Reserves	5	210,000	210,000
Accumulated losses		<u>(2,875,134)</u>	<u>(2,661,849)</u>
Total Equity		<u>504,015</u>	<u>171,180</u>

**Condensed Statement of changes in equity
for the half year ended 31 December 2013**

	Fully paid ordinary shares \$	Equity-settled benefits reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2012	2,623,029	202,933	(1,739,041)	1,086,921
Loss for the period	-	-	(589,833)	(589,833)
Total recognised income and expense	-	-	(589,833)	(589,833)
Share based payments	-	7,067	-	7,067
Issue of fully paid ordinary shares	-	-	-	-
Balance at 31 December 2012	2,623,029	210,000	(2,328,874)	504,155
Balance at 1 July 2013	2,623,029	210,000	(2,661,849)	171,180
Loss for the period			(213,285)	(213,285)
Total recognised income and expense			(213,285)	(213,285)
Share based payments		-	-	-
Issue of fully paid ordinary shares	546,120	-	-	546,120
Balance at 31 December 2013	3,169,149	210,000	(2,875,134)	504,015

**Condensed Statement of cash flows
for the half year ended 31 December 2013**

	Note	December 2013 \$	December 2012 \$
Cash flows from operating activities			
Cash payments in the course of operations		(144,526)	(444,035)
Interest received		857	12,340
Interest paid		(404)	(267)
Net cash flows used in operating activities		(144,073)	(431,962)
Cash flows from investing activities			
Payments for exploration expense		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from the issue of shares		546,120	-
Payments for share issue costs		-	-
Net cash flows provided by financing activities		546,120	-
Net increase/(decrease) in cash and cash equivalents		402,047	(431,962)
Cash and cash equivalents at the beginning of the half year		149,489	951,615
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	-
Cash and cash equivalents at the end of the half year		551,536	519,653

NOTE 1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Statement of Compliance

These half year financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Narhex Life Sciences Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the Company and are consistent with those in the June 2013 financial report. The half-year report does not include full disclosures of the type normally included in an annual financial report.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2013.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current half year.

2(a) Key Judgment - Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The company incurred an operating loss of \$213,285 for the period ended 31 December 2013 (31 December 2012: \$589,833) and a net cash outflow from operating activities amounting to \$144,073 (31 December 2012: \$431,962).

The ability of the Company to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional funds. The Directors believe that their plans moving forward will allow the Company to raise additional funds based on the Company's mining interests in Liberia and Guinea. Consequently the Directors have prepared a cash flow forecast which indicates that the company will have sufficient cash flow to meet all commitments and working capital requirements for the 12 months period from the date of signing this financial report.

NOTE 3 ADOPTION OF NEW AND REVISED AUSTRALIAN ACCOUNTING STANDARDS

The Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory or became available for early adoption in the current period. None of the Standards adopted had a material impact upon these financial statements.

NOTE 4 ISSUED CAPITAL

	No	December 2013 \$
Fully paid ordinary shares and authorised capital		
Balance at beginning of the financial period	430,117,350	2,623,029
Issue of fully paid ordinary shares at	<u>54,612,057</u>	<u>546,120</u>
Balance at the end of the financial period	<u>484,729,407</u>	<u>3,169,149</u>

Notes to the financial statements

NOTE 5 RESERVES

	December 2013 \$	June 2013 \$
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The share-based payment reserve represents unissued capital in respect of the company's issued unlisted options

Share based payment reserve	210,000	210,000
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NOTE 6 DEFERRED ACQUISITION COSTS

During the year, the Company did not wish to proceed with the potential coal developments in Queensland as after great in depth analysis, management believed the tenements to hold no value. The monies previously capitalised was written off during the year.

During the year, the Company also entered into a Letter Agreement with Golden Saint Australia Limited ("GSA") to acquire its interest in Golden Saint Liberia Limited ("GSL"), a Liberian registered company that is the beneficial owner of 80% of mining tenements in Liberia, namely Block 71 – The Grand Cape, and Block 72 – Mount Henry/Gengba. During the year ended 30 June 2013, due diligence activities were performed and amounts capitalised as deferred acquisition costs.

	December 2013 \$	June 2013 \$
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Deferred acquisition costs reconciliation:

Opening balance	80,443	117,095
Deferred Acquisition Costs		
Exploration expenditure incurred	-	80,443
Impairment of exploration expenditure	-	117,095
Closing balance	80,443	80,443

NOTE 7 CONTINGENT LIABILITIES

As at 31 December 2013 the Company had no known contingent liabilities.

NOTE 8 SUBSEQUENT EVENTS

On 14 February 2014, the Company announced that it has entered into a heads of agreement ("HOA") to acquire 75% of the issued capital of Golden Saint Minerals Guniee SA ("GSMG"). GSMG is Guinea incorporated company that holds 100% interest in five permits that cover four projects that are prospective for diamonds, gold and bauxite.

In addition, the Company advised that the parties have agreed to amend the acquisition terms in relation to the proposed acquisition of mining permits in Liberia from Golden Saint Australia Limited ("GSAL"). It is agreed that the existing consideration milestones are varied with the Company 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 of gold.

Directors' Declaration

The directors of the Company declare that:

- (1) The attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - (b) giving a true and fair view of the Company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.
- (2) The directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board



Mr Cyril D'Silva
Chairman

Perth
28 February 2014

Independent Auditor's Report To the members of Narhex Life Sciences Limited

Report on the Financial Report

We have reviewed the accompanying half-year financial report of Narhex Life Sciences Limited, which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the financial half-year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our review. We conducted our review in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to review engagements and plan and perform the review to obtain reasonable assurance about whether the financial report is free from material misstatement.

A review involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. A review also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

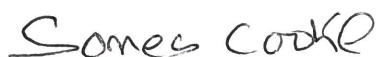
- (a) the financial report of Narhex Life Sciences Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 2 to the financial report, which describes that the ability of the company to continue as a going concern is dependent on the entity's ability to raise capital. As a result there is material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Opinion

In our opinion, the Remuneration Report of Narhex Life Sciences Limited for the half-year ended 31 December 2013 complies with section 300A of the *Corporations Act 2001*.



Simes Cooke



Nicholas Hollens
28 February 2014
Perth