

## **PRESS RELEASE**

Australia, Sydney. 28 October 2004.

### **Narhex Life Sciences' \$8 million IPO to continue clinical trails and commercialise a new Australian-developed drug for the treatment of HIV/AIDS.**

HIV/AIDS drug specialist Narhex Life Sciences Limited (Narhex) today announced its intention to raise AU\$8 million through an Initial Public Offering (IPO) to assist in further clinical trials and the commercialisation of its novel protease inhibitor Nar Dg 35 Prodrug. The offer opens today, 28 October 2004.

Full details of the offer can be found in Narhex's prospectus, which is dated, and was lodged with the Australian Securities and Investment Commission (ASIC) on 20 October 2004. The IPO is sponsored by Montagu Stockbrokers Pty Ltd. The offer of shares in Narhex will be made in the prospectus and anyone wishing to subscribe for shares will need to complete an application form in the prospectus.

Since the onset of the HIV/AIDS epidemic more than two decades ago, the HIV virus has infected approximately 58 million people worldwide. According to the latest UNAIDS 4th Global Report (June 2004), 38 million people are now living with HIV. Last year 2.9 million people died from AIDS and almost 5 million new cases were diagnosed – the largest number in any one-year since the epidemic began. The World Health Organisation recently claimed HIV/AIDS to be the fourth leading cause of mortality worldwide and a UNAIDS report says efforts need to be focussed in Asia, which it warns needs to act now to prevent "a full blown AIDS catastrophe".

There is currently no known cure for AIDS. Protease inhibitors are an important component of multi-drug regimes which, when used appropriately, extend both the quality and duration of life of HIV-infected patients.

#### **Encouraging clinical trials**

Narhex's lead compound in clinical development is the protease inhibitor, Nar DG 35 Prodrug. Clinical trials to date suggest that Nar DG 35 Prodrug may have advantages over the majority of protease inhibitors currently available on the market. The compound has undergone a pilot Phase I trial in Australia and a pilot Phase II clinical trial in Brazil where it was tested in 12 HIV-infected patients. The results of this latter trial, conducted over 4 weeks, appeared to be promising with reductions in HIV viral load, improvement in immune cell markers and lack of toxicity.

### **Strong Intellectual Property protection**

Narhex has registered patents for Nar DG 35 Prodrug in major markets including China, USA, Canada, EU and Australia, in order to protect its intellectual property.

### **Commercialisation in sight**

Narhex has signed an agreement with CMC Shaanxi (a government instrumentality controlled by the Chinese Ministry of Foreign Trade) for CMC Shaanxi to organise and fund clinical Phase II/III studies on Nar DG 35 Prodrug in China, to seek Chinese registration of this compound and to obtain an exclusive license to distribute and market Nar DG 35 Prodrug as an approved drug in China.

Ten million people in China could contract the HIV virus by the end of the decade, pushing the country towards a potential disaster of “unimaginable proportions” according to the latest UNAIDS 4th Global Report (June 2004). “China is on the verge of a catastrophe that could result in unimaginable human suffering, economic loss and social devastation,” the Joint UN Programme on HIV/AIDS (UNAIDS) says in the study, entitled “HIV/AIDS: China’s Titanic Peril”. “Indeed, we are now witnessing the unfolding of an HIV/AIDS epidemic of proportions beyond belief, an epidemic that calls for an urgent and proper - but currently unanswered - quintessential response.”

Apart from the costs of the offer, all proceeds from the Narhex’s IPO will be used to advance the commercial development of Nar DG 35 Prodrug, with \$3M to be used to purchase a GMP-certified manufacturing plant registered with the State Food & Drug Administration (SFDA) in China and the majority of remaining funds to be used in funding further short and long-term human clinical trials in China over the next two years.

After reviewing Narhex’s independent medical report, “Phase IB Study of Tolerability of Multiple Doses of DG 35 Prodrug”, and as a physician who treats patients daily with antiretroviral therapy including various protease inhibitors, Professor David Cooper believed Nar DG 35 Prodrug “deserved further investment for development as the drug shows promise for the treatment of persons with HIV/AIDS globally”.

Professor Cooper went on to say, “there is an increasing need for safer antiretroviral drugs including protease inhibitors, these preliminary findings suggest it is worthwhile taking Nar DG 35 Prodrug development of the next stage”.

David Cooper AO is a Professor of Medicine at the University of New South Wales and Head of the Immunology/HIV/Infectious Diseases Clinical Service Unit at St Vincent’s Hospital, Sydney - one of the largest inpatient and outpatient services for the treatment of HIV in Australia.

Narhex is pleased to have on their Board of Directors and Medical Advisory Board, a team of international scientists and experienced past directors of numerous other listed biotech companies including Professor David Cooper and Damian Grobelny, and its Chairman, Dr Michael Cohen, who served as Chairman for Peptech Limited and Professor John Mills who served as a non-executive Director on the board of Amrad Corporation.

### **Key Dates**

Offer opens	27 October 2004
Offer closes	30 November 2004
Expected ASX listing date	10 December 2004

### **Offer Summary**

<b>Offer price per Share</b>	<b>AU\$0.20</b>
New shares offered to investors	60 million
Total shares on issue post-IPO	161 million
Total options on issue post-IPO	2.7 million
Market capitalisation post-IPO	\$32 million
ASX code (anticipated)	NLS

This press release does not constitute an offer to sell or a solicitation of an offer to buy securities in any jurisdiction. Narhex Life Sciences Limited shares are to be offered under a prospectus. Copies of the prospectus are available at [www.narhex.com](http://www.narhex.com). The shares offered under the prospectus have not been and will not be registered under the US Securities Act and may not be offered, sold or delivered in the US or to, or for the account or benefit of, any US Person; as such terms are defined in Regulation S under the US Securities Act.

**For further information, please contact:**

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