

11 January 2005

MEDIA RELEASE

Narhex signs deal with US NIH on eve of listing

On the eve of its ASX listing, HIV/AIDS drug specialist Narhex Life Sciences, today announced it would partner with one of the world's foremost US medical research centres to evaluate its protease inhibitor Nar DG 35 Prodrug for its activity against Hepatitis C and SARS viruses.

The agreement with the National Institute of Allergy and Infectious Diseases follows on the heels of Narhex's initial public offering, which closed on 4 January 2005, exceeding the \$8 million needed to fast-track clinical trials of Nar 35 DG Prodrug - a promising new AIDS drug.

Narhex Life Sciences Chief Executive Officer, Mr John Majewski, said the company was particularly delighted to partner with such an internationally esteemed research centre to explore the broader application of its lead compound drug on other infectious diseases, particularly Hepatitis C virus infection which has no known vaccine.

He said the drug had already proven to be active against Hepatitis B virus in previous trials conducted by the Institute.

"Clearly, this agreement opens a window of new opportunities and a drug pipeline of potential new products for the company," said Mr Majewski.

"Our immediate priority is to continue developing and commercialising our lead compound Nar DG 35 Prodrug for the treatment of HIV infection and AIDS.

"We remain committed to seeking registration in China which benefits us by a rapid regulatory approval process through the Chinese Government and a potentially inexpensive fast track route into other industrialised nations' markets as well.

"After closing our initial public offering in excess of \$8 million we now have sufficient funding to complete our clinical studies in China and to nurture new drug discoveries for other infectious diseases including Hepatitis C and SARS."

Nar DG 35 Prodrug has undergone Phase I trials in Australia and early Phase II clinical trials in Brazil showing reductions in viral load and improvement in

immune cell markers and most importantly, lack of toxicity. (Historically, toxicity has been a major problem for this class of HIV/AIDS treatment).

Additional Phase II & Phase III clinical trials will be funded by Narhex's partner, Chinese trading company CMC Shaanxi, under which CMC will seek Chinese registration of the compound and exclusive license to distribute and market Nar DG 35 Prodrug as an approved drug in China.

According to the UNAIDS 4th Global Report (June 2004) 10 million people in China could be infected with HIV by the end of the decade.

Hepatitis C virus is a major cause of acute hepatitis and chronic liver disease, including cirrhosis and liver cancer. Globally, an estimated 170 million people are chronically infected with Hepatitis C and 3 to 4 million people are newly infected each year.

Narhex Life Sciences was established in 2000 and has developed a variety of compounds for use in HIV/AIDS treatment. The company's lead compound in clinical development is the protease inhibitor Nar DG 35 Prodrug.

Narhex is backed by a highly experienced Board of Directors and Medical Advisory Board made up of international scientists and experienced past Directors of biotech companies. These include Professor David Cooper, Damian Grobelny, Chairman Dr Michael Cohen (former Chairman for Peptech Limited) and Professor John Mills who served as a Non-Executive Director on the Board of Amrad Corporation.

Narhex Life Sciences will list on the Australian Stock Exchange on 12 January 2005.

ENDS

Further information: Mr John Majewski
Chief Executive Officer
Narhex Life Sciences Ltd
Ph: (02) 9977 6944

Ms Stephanie Paul
Managing Director
Phillips Group
Ph: 0418 753 062

For more information or a copy of the Prospectus: www.narhex.com

Narhex Life Sciences Limited

Narhex Life Sciences Limited was incorporated on 13 September 2000. On 13 March 2001, Narhex Life Sciences purchased Narhex Limited, a company which was incorporated in Hong Kong on 23 June 1981. Narhex Limited is the owner of the intellectual property rights. Narhex's purpose is now to seek registration in China, and further develop Nar DG 35 through to commercialisation. The Company has developed a variety of compounds for use in HIV/AIDS treatment, which are at different stages of development.

National Institutes of Health (NIH)

The National Institute of Allergy and Infectious Diseases is an institute of the National Institutes of Health. Founded in 1887, the National Institutes of Health today is one of the world's foremost medical research centers and the Federal focal point for medical research in the United States. The NIH, comprising 27 separate Institutes and Centers, is one of eight health agencies of the Public Health Service which, in turn, is part of the U.S. Department of Health and Human Services.

China Shaanxi Machinery Import & Export Corp (CMC)

Founded in 1986, China Shaanxi Machinery Import & Export Corp. is a trader of ships, automobiles, machinery, industrial plants, chemicals, hardware, electrical appliances, scientific instruments, electronic components, hand tools, metals, packing materials, farm machinery, and a variety of fabrics, textiles, and garments. The Company is one of China's largest import and export corporations with an annual turnover of US\$60 million.

