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**The Manager
Company Announcements Office
ASX Limited**

Dear Sirs

re : Narhex Life Sciences Limited (“NLS”)

SUCCESSFUL CAPITAL RAISING

Narhex Life Sciences Limited ("Narhex"; ASX: NLS) today announced a successful capital raising via a combined Rights Issue and Placement offering. The Rights Issue has been well supported and the Placement was over-subscribed.

These raisings at \$1.9 million have well exceeded the minimum subscription of \$1.5 million and the final amount will be announced later this week following confirmation of cleared funds. Upon confirmation of the Rights Issue shortfall the Board of Directors will satisfy the over-subscriptions to the Placement.

"We were very encouraged by the extensive participation of current Narhex shareholders, as well as institutional and retail investors in this capital raising," said Prof John Mills, Narhex Managing Director. "It shows that there is broad support for Narhex's strategy of developing both HIV treatments as well as the tests used to manage patients on therapy".

"The results of the Rights Issue and Placement have exceeded Narhex's minimum requirements, and will allow us to vigorously progress both the development of DG17 as well as expanding sales of Cavid's HIV viral load and drug resistance assays in Africa and Asia," continued Prof Mills.

Narhex's anti-HIV drug, DG17, is an HIV "protease inhibitor", and is scheduled to enter Phase II clinical trials this quarter. In addition, 20-30kg of DG17 synthesized to the highest international standard, and sufficient for all planned preclinical and Phase II clinical trials, is expected to be received this quarter as well. Cavid's easy-to-use, low-cost HIV viral load assay, ExaVir® Load, is currently being sold in Africa and Oceania, and sales are expected in Asia in the near future.

For further information, please contact Managing Director, Prof John Mills on 0419 877 472 or visit the Company's websites www.narhex.com or www.cavidi.com

Yours faithfully
NARHEX LIFE SCIENCES LIMITED



per Mourice Garbutt
Company Secretary
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About Narhex Life Sciences Limited

Narhex Life Sciences Limited ("Narhex") is an Australian listed biotech company (ASX code: "NLS") which is developing an anti-HIV protease inhibitor prodrug, DG17. DG17 has had extensive and successful preclinical and Phase I testing and is about to enter Phase II clinical trials. Narhex has established a Chinese Joint Venture company with China Shaanxi Dacheng Trading Limited to manufacture, test and market DG17 and other anti-HIV drugs in China inclusive of products produced by Cavidi AB, a Swedish biotechnology company acquired by Narhex in April 2006

About Cavidi AB

Cavidi develops, produces and markets user-friendly, low-cost tests based on a patented technology for measuring viral enzymatic activities. Its lead product is ExaVir® Load, with ExaVir® Drug expected to be marketed intensively in late 2007. Both tests are used to manage HIV infection. Several leading virologists from Uppsala University, Sweden, founded Cavidi Tech AB in 1984 to develop products to help alleviate the HIV pandemic throughout the world. Since April 2006 Cavidi AB has been a wholly-owned subsidiary of Narhex, but it remains at its original headquarters in Uppsala.

www.cavidi.com