

PHARMAXIS LTD
2009 Annual General Meeting
Chairman's Address

Earlier this year the world celebrated the 40 year anniversary of that pivotal moment in history when Neil Armstrong took man's first steps on the surface of the moon. That project consumed more than 400,000 man years of effort using an extraordinary team to finally make it happen. Along the way there were many important milestones achieved that stiffened the resolve to get to that famous end point.

On a vastly different scale but with a very important end point for Pharmaxis shareholders, Pharmaxis this year achieved not one, but two significant milestones of its own that have contributed to the foundations for the company's future.

In the first week of May we announced the results of a pivotal phase 3 clinical trial of Bronchitol in patients with Cystic Fibrosis.

The study involved 325 subjects in over forty centres across four countries. It was the largest clinical study conducted by an Australian company to report out of Australia and one of the largest clinical trials ever conducted in cystic fibrosis. The trial itself took two years but its research base in the laboratories of the Royal Prince Alfred Hospital and at Pharmaxis spanned more than 12 years.

The results demonstrated that we have a product that could change the way people with cystic fibrosis manage their disease and indeed opened the prospect that their lives, particularly the younger patients, could be extended.

With this product we will have the ability to build a global business - one which fills a worldwide clinical need.

The second step for Pharmaxis this year was the completion of a 30-million dollar manufacturing plant in Sydney which will provide the capacity to ultimately supply Bronchitol to the world's CF population.

The factory has also been the culmination of a great deal of teamwork and careful planning and it brings together our clinical researchers, technicians, production crew and management under the same roof in an impressive, state of the art facility.

The road ahead will undoubtedly present some challenges, but we are well equipped with a core team to complete the journey. The year ahead will see us file for regulatory approval in the EU, a commercial launch, and the marketing of the product.

From this base we plan to build out the business by moving to

- CF in the US
- Bronchiectasis
- Other indications for Bronchitol like in the Intensive Care Unit setting
- Other products for respiratory diseases such as PXS25 for Pulmonary Fibrosis

We will need to keep our vision, determination and focus on execution of our tasks. Patience, particularly shareholder patience will be key.

As we reflect on the strategic steps taken in 2009 I would like to thank our departing director Peter Farrell for his valuable contribution to the growth of the company. Peter joined us over 3 ½ years ago and has contributed from his own wealth of experience in taking an Australian invention and building a global business from it. The extent of his own work now restricts him in terms of the time he can devote to our Board but Peter has advised me that he remains interested and available to consult with us if he can be of assistance into the future.

I would like to welcome Richard van den Broek to the Board. Richard's knowledge of the global markets for new pharmaceutical products will be invaluable in helping the Board navigate the next few years of important strategic positioning.

Lastly, on your behalf I thank Alan Robertson and the Management and employees of Pharmaxis for the achievements of the past year.

Thank you.

Denis M Hanley
Chairman
21 October 2009