



27 May 2011

Mr David McGarvey
Company Secretary
Pharmaxis Ltd
10 Rodborough Road
Frenchs Forest NSW 2086

ASX Compliance Pty Limited
ABN 26 087 780 489
20 Bridge Street
Sydney NSW 2000
PO Box H224
Australia Square
NSW 1215
www.asx.com.au

By Email

Dear David

Pharmaxis Ltd (the "Company")

ASX Limited ("ASX") refers to the following:

- The Company's request for a trading halt on 23 May 2011 pending an announcement regarding an update on its European marketing application of Bronchitol ("Trading Halt").
- The Company's announcement to the ASX, titled "Pharmaxis receives negative trend vote from the CHMP on bronchitol" released over the ASX company announcements platform on Wednesday, 25 May 2011, lifting the Trading Halt ("Announcement").
- The oral presentation given at the Committee for Medicinal Products for Human Use ("CHMP") meeting last week ("Oral Presentation"), as referred to in the Announcement.
- The trend vote undertaken by members of the CHMP ("Trend Vote") following the Oral Presentation.
- Listing rule 3.1, which requires an entity, once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, to immediately tell ASX that information.

We would also like to draw your attention to the definition of "aware" in Chapter 19 of the listing rules. This definition states that:

An entity becomes aware of information if a director or executive officer (in the case of a trust, a director or executive officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity.

Furthermore, paragraph 18 of Guidance Note 8 – Continuous Disclosure states:

Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example.

Listing rule 3.1A sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.

- 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies.*
 - *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret*

ASX's policy position on the concept of "confidentiality" is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

'Confidential' in this context has the sense of 'secret'... and "Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports.

Additionally, paragraph 11 of Guidance Note 16 – Trading Halts and Voluntary Suspensions suggests:

An entity should consider requesting a trading halt whenever it is necessary to manage its continuous disclosure obligations under listing rules 3.1, 3.1A and 3.1B and to avoid trading in its securities happening on a basis that is not reasonably informed. Typically, this will arise where a listed entity has become aware of information that a reasonable person would expect to have a material effect on the price or value of its securities but, for reasons outside of its control, it is not in a position to make an immediate announcement about the information to the market.

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the outcome of the Trend Vote as material to the Company?
2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the outcome of the Trend Vote to be material.
3. If the answer to question 1 is "yes", when did the Company first become aware of the outcome of the Trend Vote?
4. If this was before the Trading Halt request, please identify any earlier announcement from the Company which disclosed the outcome of the Trend Vote.
5. If there was no earlier announcement, and the Company became aware of the outcome of the Trend Vote prior to requesting the Trading Halt, why was the Trading Halt not requested at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
6. Please confirm that the Company is in compliance with listing rule 3.1.

Your response should be sent to me by e-mail at emma.badhni@asx.com.au or by facsimile on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e., before 9.30 a.m. A.E.S.T.) on Tuesday, 31 May 2011.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

(sent electronically without signature)

Emma Badhni
Senior Adviser, Listings (Sydney)