

10 November 2005

Manager of Company Announcements
Australian Stock Exchange
Exchange Centre
Level 3
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

Deposit of ordinary shares with The Bank of New York in connection with the Company's public offering in the United States

As previously advised, the Company is undertaking a public offering of ordinary shares in the form of American Depositary Shares in the United States.

In anticipation of the closing of the public offering in the United States, the Company has issued 19,500,000 ordinary shares and has deposited them with The Bank of New York as depositary agent. The Bank of New York will in turn issue 1,300,000 American Depositary Shares which will be sold in the public offering in the United States.

Enclosed with this letter is the Appendix 3B advising of the issuance of the 19,500,000 ordinary shares.

The Company will lodge an Appendix 3B on 11 November for the 19,900,000 ordinary shares to be issued in the Australian placement component of the global capital raising

Please contact the Company Secretary if you have any questions.

Sincerely,



David McGarvey
Chief Financial Officer/Company Secretary

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Pharmaxis Ltd

ABN

75 082 811 630

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 19,500,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | As set out in the constitution of the Company. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes. The ordinary shares rank equally with all ordinary shares currently on issue.</p> | | | | |
|--|---|--------|--------|-------------|----------------------------|
| <p>5 Issue price or consideration</p> | <p>A\$2.20</p> | | | | |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>The 19.5 million ordinary shares have been deposited with The Bank of New York who will issue 1.3 million American Depositary Shares which will be sold in the public offering in the United States, scheduled to close 10 November 2005 in the U.S.</p> <p>The net proceeds of the global capital raising will be used for the further development of Aridol and Bronchitol and commercialization of Aridol, pre-clinical development of the Company's product pipeline and further expansion of its manufacturing facilities. Any remaining net proceeds will be used to accelerate the commercialization and investigate additional indications for Bronchitol, for working capital and for general corporate purposes.</p> | | | | |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>10 November 2005</p> | | | | |
| <p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p> | <table border="1"> <thead> <tr> <th data-bbox="686 1713 997 1780">Number</th> <th data-bbox="997 1713 1283 1780">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="686 1780 997 1991">129,534,092</td> <td data-bbox="997 1780 1283 1991">Ordinary fully paid shares</td> </tr> </tbody> </table> | Number | +Class | 129,534,092 | Ordinary fully paid shares |
| Number | +Class | | | | |
| 129,534,092 | Ordinary fully paid shares | | | | |

+ See chapter 19 for defined terms.

| | Number | +Class |
|---|------------|--|
| 9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable) | 24,964,000 | Restricted fully paid ordinary shares (restricted until 10 November 2005) (ASX Code PXSAK) |
| | 2,620,000 | Options expiring on various dates with an exercise price of \$0.125 (ASX Code PXSAM) |
| | 6,916,000 | Options expiring on various dates with an exercise price of \$0.3125 (ASX Code PXSAO) |
| | 500,000 | Options expiring 30 November 2013 with an exercise price of \$0.376 (ASX Code PXSAQ) |
| | 30,000 | Options expiring 24 March 2014 with an exercise price of \$0.508 (ASX Code PXSAS) |
| | 15,000 | Options expiring 3 June 2014 with an exercise price of \$0.426 (ASX Code PXSAU) |
| | 255,000 | Options expiring 1 February 2015 with an exercise price of \$0.8340 (ASX Code PXSAY) |
| | 330,000 | Options expiring 11 May 2015 with an exercise price of \$1.147 (ASX Code PXSAW) |
| | 619,500 | Options expiring 4 August 2015 with an exercise price of \$1.79 (ASX Code PXSAZ) |
| | 155,000 | Options expiring 17 October 2015 with an exercise price of \$2.772 (ASX Code PXSAA) |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the +securities will be offered

14 +Class of +securities to which the offer relates

15 +Record date to determine entitlements

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

17 Policy for deciding entitlements in relation to fractions

18 Names of countries in which the entity has +security holders who will not be sent new issue documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.

19 Closing date for receipt of acceptances or renunciations

+ See chapter 19 for defined terms.

| | | |
|----|---|--|
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do +security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?

33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of securities for which
+quotation is sought

39 Class of +securities for which
quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

| | Number | +Class |
|---|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38) | | |

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.


- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

+ See chapter 19 for defined terms.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: .. 10 November 2005
(Company secretary)

Print name:David McGarvey.....

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+ See chapter 19 for defined terms.