

10 January 2022

Listing Compliance  
Australian Securities Exchange  
Exchange Centre  
Level 3  
20 Bridge Street  
Sydney NSW 2000

By email.

Dear Sir/Madam,

**Aware Query dated 6 January 2022**

In response to your letter dated 6 January 2022 in relation to Pharmaxis announcement of the same date (**Announcement**) we advise as follows:

Question 1: *Does PXS consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

The Information relates to additional early stage research for certain of Pharmaxis' drugs and therefore potentially of long term strategic importance to Pharmaxis. Although the Information is of sufficient importance for all shareholders to be advised by way of the ASX announcement platform, Pharmaxis ought not to have marked the announcement as price sensitive when it submitted it to ASX, and did so in error. The determination of whether listed companies should select "price sensitive" when submitting their announcements to ASX involves an element of judgement and is done in the knowledge that ASX makes the final determination as to whether an announcement is marked price sensitive when released to the market. In this case, Pharmaxis marked the announcement based on an incorrect understanding of recent ASX guidance (in particular the update to Guidance Note 8 issued in June 2021).

Notwithstanding the error and having regard to section 7.10 of ASX Guidance Note 8, Pharmaxis considers that the Announcement relates to matters of substance, is clear, has a measured tone and accurately describes the level of importance of that Information to Pharmaxis.

Question 2: *If the answer to question 1 is "no", please advise the basis for that view, commenting specifically on why PXS marked the announcement as 'price-sensitive'.*

Refer to the response on question 1 with respect why Pharmaxis marked the announcement as price sensitive.

The Announcement is not considered to be price sensitive because:

1. although of strategic importance and a demonstration of progress, the work to be undertaken under both grants is preclinical research. One grant relates to a possible additional indication for Pharmaxis' drug PXS-5505 that has already been noted in Pharmaxis public statements for some time. The other relates to an early Pharmaxis research program.
2. the grants are paid to the relevant third party research collaborators and no funding is received directly by Pharmaxis.
3. although Pharmaxis is appreciative of support from the Government and its third party research collaborators, the dollar value of the two grants are not considered material either individually or in total.

Consistent with Pharmaxis' view that the Announcement is not price sensitive, there was no material effect on the price or trading of Pharmaxis' securities in the trading days immediately following the Announcement.

Question 3: If the answer to question 1 is "yes":

3.1 Please explain the basis for that view.

Not applicable

3.2 When did PXS become aware of the Information?

While this question is not applicable, as the original release was marked by Pharmaxis as price sensitive, for the sake of completeness Pharmaxis notes:

1. Pharmaxis became aware of the information on 4 January 2022 when one of the relevant third party research collaborators notified Pharmaxis that it had received notification of the grant. Pharmaxis could not reasonably have become aware of the Information prior to this date.
2. The grants are applied for and awarded to the relevant third party research collaborators, and as such Pharmaxis does not receive any direct communication from the Government.
3. Although you have identified a website on which information concerning the grants was released on 27 December 2021 (the **NHMRC release**), that NHMRC release does not mention Pharmaxis and accordingly was not picked up by any automated search alerts.
4. The more prominent formal announcement of the grants by the Government was itself not published until 4 January 2022 (refer to <https://www.health.gov.au/ministers/the-hon-greg-hunt-mp/media/15-million-to-drive-medical-research-to-the-next-level>)
5. Moreover, the NHMRC release occurred over the holiday period on a date when the relevant research collaborators were on leave. It was only on 4 January 2022 that one of the research collaborators forwarded the notification of the grant to Pharmaxis. That research organisation only published its own announcement concerning the receipt of the grant on 4 January 2022.

*3.3 Why did PXS wait until 6 January 2021 to release the Announcement, when the Information appears to have been available from 27 December 2021?*

Having been made aware of the Information on 4 January 2022, and considering the information to be important but not price sensitive, Pharmaxis completed the drafting and internal review of the announcement and released it before opening of the market on 6 January 2022.

Question 4: *Please explain why PXS asserted in the Announcement that it is a recipient of the \$590,264 grant, when it does not appear to be listed as a recipient as per paragraph C.*

The Announcement makes it clear that all the grant funds are physically received by the relevant research collaborators, including prominently in the heading and in the executive summary.

The applications for the grants are made by individuals on behalf of their relevant organisations. The NHMRC release names only one of the applicants for each grant. In the case of the grant ASX is referring to, there are five investigators that made the application which include two employees of Pharmaxis and accordingly although Pharmaxis will not directly receive funds, it is a recipient of the grant and will be a direct party to the grant agreement.

Question 5: *Please confirm that PXS is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

Pharmaxis continues to be in compliance with the Listing Rules and in particular Listing Rule 3.1.

Question 6: *Please confirm that PXS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PXS with delegated authority from the board to respond to ASX on disclosure matters.*

This response has been reviewed and approved by the Pharmaxis Disclosure Committee as required by the Pharmaxis Continuous Disclosure and Shareholder Communication Policy.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. McGarvey', with a large, sweeping flourish underneath.

David McGarvey  
Company Secretary



6 January 2022

Reference: 44944

Mr David McGarvey  
Company Secretary  
Pharmaxis Limited  
Unit 2, 20 Rodborough Rd  
Frenchs Forest, NSW 2086

By email:

Dear Mr McGarvey

### Pharmaxis Limited ('PXS'): Aware Query

ASX refers to the following:

- A. PXS's announcement titled "PXS Collaborators Receive Government Grants of \$1.4m" released on the ASX Market Announcements Platform on 6 January 2021 (the '**Announcement**'), which disclosed (relevantly, emphasis added):
- i. *"Clinical stage biopharmaceutical company Pharmaxis (ASX: PXS) has welcomed new drug development grants from the Australian Government awarding NHMRC funding to two renowned research teams to advance work they are conducting with two Pharmaxis discoveries."*
  - ii. *"Associate Professor Thomas Cox from the Garvan Institute of Medical Research has been awarded an \$827,500 NHMRC Development Grant to lead a multidisciplinary team investigating PXS-5505 as a promising new treatment approach for pancreatic cancer."*  
*"Collaborating with Pharmaxis, the Garvan-led team will conduct further preclinical studies of the experimental treatment in combination with chemotherapy. As part of this work, the team will also aim to validate biomarkers they previously identified as a potential tool to guide which patients are most likely to benefit from the therapeutic approach, and to monitor treatment response in real time."*
  - iii. *"Professor Fiona Wood and Associate Professor Mark Fear, from UWA's Burn Injury Research Unit, together with Dr Mehra Haghi, University of Technology Sydney, **and Pharmaxis have been awarded \$590,264** to examine a Pharmaxis' serine protease inhibitor as a potential new treatment for tissue repair and inflammatory skin disease."*
- (together, the '**Information**')

ASX observes that PXS marked the Announcement as 'price-sensitive' when submitted to ASX online.

- B. The National Health and Medical Research Council's ('**NHMRC**') media release in relation to the grants above, released on 27 December 2021, which provides the names of the recipients of each grant and the funds allocated to each. The media release can be viewed here:

<https://www.nhmrc.gov.au/about-us/news-centre/15-million-investment-health-and-medical-research-drive-commercial-outcomes>

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C. The detailed list of grants, to which PXS provided a link in the Announcement<sup>1</sup>, which disclosed that the recipients of the \$590,264 grant were: Assoc Prof Mark Fear; Prof Fiona Wood; Dr Wolfgang Jarolimiek; Dr Dieter Hamprecht; and Dr Mehra Haghi.

D. Listing Rule 3.1, which requires a listed entity to immediately give ASX 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.

E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an 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 an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."*

F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 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; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed."*

### **Request for information**

Having regard to the above, ASX asks PXS to respond separately to each of the following questions and requests for information:

1. Does PXS consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view, commenting specifically on why PXS marked the announcement as 'price-sensitive'.
3. If the answer to question 1 is "yes":
  - 3.1 Please explain the basis for that view.
  - 3.2 When did PXS become aware of the Information?

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<sup>1</sup> <https://www.nhmrc.gov.au/sites/default/files/documents/attachments/grant%20documents/development-grants-commencing-in-2022.pdf>

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- 3.3 Why did PXS wait until 6 January 2021 to release the Announcement, when the Information appears to have been available from 27 December 2021?
4. Please explain why PXS asserted in the Announcement that it is a recipient of the \$590,264 grant, when it does not appear to be listed as a recipient as per paragraph C.
  5. Please confirm that PXS is complying with the Listing Rules and, in particular, Listing Rule 3.1.
  6. Please confirm that PXS's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of PXS with delegated authority from the board to respond to ASX on disclosure matters.

### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEDT Tuesday, 11 January 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, PXS's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require PXS to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in PXS's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in PXS's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to PXS's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that PXS's obligation

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to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

**Release of correspondence between ASX and entity**

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

**Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Kind regards

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**Corey Lian**  
Compliance Adviser, Listings Compliance (Sydney)