



ASX/ Media release

3 November 2004

Pharmaxis Announces Placement of \$16.5 million and Share Purchase Plan

Strong support has enabled Pharmaxis (ASX:PXS) to raise \$16.5 million through a fully underwritten placement to Australian institutions and sophisticated investors. The placement replenishes the company's cash funds expended on its successful clinical trials during 2004 and therefore allows Pharmaxis to proceed with a new international Phase III trial for Bronchitol™ in 2005.

Pharmaxis will issue 22 million new fully paid ordinary shares at 75 cents, an 8.9 per cent discount to Pharmaxis's volume weighted average share price over the past 30 days. The shares to be issued will rank equally with existing ordinary shares in the capital of the company.

The settlement of the placement is fully underwritten by Wilson HTM Limited and is scheduled to take place in two tranches. Sale of the first tranche of 16.2 million shares closes on 12 November 2004, while the issue of the second 5.8 million share tranche is subject to shareholder approval at a general meeting intended to be held on 13 December 2004.

A share purchase plan will be offered to all shareholders who hold shares on 8 November 2004 and will enable them to purchase up to \$5,000 worth of fully paid ordinary shares at the institutional placement price of 75 cents. The share plan offer opens on 10 November and closes on 3 December 2004.

Alan Robertson, chief executive officer of Pharmaxis said "We are particularly delighted with the strong support from the participating institutions. The proceeds of the placement and the share purchase plan will give the company cash reserves of more than \$39 million, allowing us to embark on the international Phase III clinical trial for Bronchitol and at the same time prepare for the marketing of our asthma management test Aridol™."

The placement follows successful results from Pharmaxis's Phase II clinical trial of Bronchitol in bronchiectasis and its Phase III Aridol asthma trial. Aridol is the first management tool for asthma and offers an improved health outcome for asthma patients.

Bronchitol is a patented, inhalable, dry powder that can be administered by a convenient, hand-held, pocket sized device. Bronchitol is being developed for the management of various chronic obstructive lung diseases, in particular bronchiectasis, chronic bronchitis

and cystic fibrosis. It is manufactured by Pharmaxis in the company's TGA approved manufacturing facility in Sydney.

To find out more about Pharmaxis, go to <http://www.pharmaxis.com.au>.

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About Pharmaxis (ACN 082 811 630)

Pharmaxis develops innovative pharmaceutical products to treat human respiratory and autoimmune diseases. Its pipeline of products include Aridol™ for the management of asthma, Bronchitol™ for cystic fibrosis and chronic obstructive pulmonary disease (COPD) and PXS25 for the treatment of multiple sclerosis.

Founded in 1998, Pharmaxis was listed on the Australian Stock Exchange in November 2003 and is traded under the symbol PXS. The company is chaired by Denis Hanley and is headquartered in Sydney at its TGA-approved manufacturing facilities.

For more information about Pharmaxis, go to www.pharmaxis.com.au or call +61 2 9451 5961.