

4th March 2005

Kim-Ly Nguyen
Companies Advisor
Australian Stock Exchange
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000

Dear Kim-Ly

PRICE QUERY

In response to your letter dated 3 March 2005 concerning a change in the Pharmaxis share price from \$1.16 to \$1.31 on 3 March 2005 and an increase in the volume of trading in Pharmaxis shares, the company provides the following answers to your specific questions:

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Pharmaxis is not aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the company.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

Not applicable

3. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

The Company is not aware of any other explanation for the price change and increase in volume on 3 March. However, since the beginning of the year Pharmaxis has announced to the market the achievement of a number of important milestones:

- a. ***18 January 2005: Pharmaxis lodged an application with the TGA for regulatory approval to market our Aridol lung function test***
- b. ***9 February 2005: Pharmaxis received UK regulatory approval to commence a Phase II trial for our Bronchitol product in cystic fibrosis***

- c. *23 February 2005: The US FDA granted Pharmaxis' Bronchitol orphan drug status for the treatment of bronchiectasis*
- d. *2 March 2005: Pharmaxis expanded its senior management team with the appointment of a Chief Technical Officer.*

4. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Pharmaxis confirms that it is in compliance with the listing rules and, in particular, listing rule 3.1.

If you require any further explanation or comments, please let me know.

Sincerely,

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

David McGarvey
Chief Financial Officer & Company Secretary