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PHASE III BRONCHITOL CLINICAL TRIAL FULLY RECRUITED

Pharmaceutical company Pharmaxis (ASX: PXS, NASDAQ: PXSL) today announced that its Phase III clinical trial of Bronchitol in bronchiectasis has reached the recruitment target of 354 subjects.

The double blinded placebo controlled trial, which commenced dosing subjects in May 2006, is being conducted at 22 hospitals across Australia, New Zealand and the United Kingdom. It is expected to complete and report in the middle of 2007.

Subjects enrolled into the study receive Bronchitol or placebo for three months and may voluntarily elect to continue treatment for an additional nine months. Data on the effectiveness of Bronchitol is collected after the first three months of treatment.

Dr Alan Robertson, Pharmaxis CEO said: "We believe Pharmaxis has the only product in Phase III clinical trials for this indication worldwide and we continue to supply the drug on a compassionate use basis to patients throughout Australia. A positive outcome from this study will enable us to seek approval to market Bronchitol.

"The trial has been conducted very smoothly which is a credit to everyone involved. We look forward to the reporting of the trial and to the next phase of the development of Bronchitol."

Bronchiectasis is an incurable, degenerative and chronic lung condition affecting more than half a million people worldwide. In the United States, at least 110,000 people are receiving treatment for bronchiectasis, medical-care expenditure is over US$630 million per year and patients spend between US$6,000 and US$13,000 on treatment. Widespread availability of high resolution scanners is leading to increases in diagnosis rates and the understanding that bronchiectasis is more common than previously thought. Pharmaxis is developing Bronchitol as a twice daily treatment administered directly to the patient's lungs.

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About Bronchitol

Pharmaxis Ltd is developing Bronchitol for the management of chronic obstructive lung diseases including cystic fibrosis, bronchiectasis and chronic bronchitis. Bronchitol is a proprietary formulation of mannitol administered as a dry powder in a convenient hand-held inhaler. It is designed to hydrate the lungs, restore normal lung clearance mechanisms, and help patients clear mucus more effectively. Clinical studies have shown Bronchitol to be well tolerated, to improve quality of life, and to stimulate mucus hydration and clearance in people with cystic fibrosis and bronchiectasis.

About Bronchiectasis

Bronchiectasis is one of the chronic obstructive pulmonary diseases, or COPDs, and affects children and adults. It is often mistaken for asthma or pneumonia and misdiagnosis is common. In this disease the bronchial tubes become irreversibly enlarged, forming pockets that can become infected. The bronchi walls are damaged, causing impairment to the lung's complex cleaning system. The tiny hairs, or cilia, which line the bronchial tubes and sweep them free of dust, germs and excessive mucus are unable to function properly. The result is that matter such as mucus and bacteria accumulates affecting the performance of the lungs and the quality of life of the individual.

About Pharmaxis

Pharmaxis (ACN 082 811 630) is a specialist pharmaceutical company involved in the research, development and commercialization of therapeutic products for chronic respiratory and autoimmune diseases. Its development pipeline of products include Aridol for the management of asthma, Bronchitol for cystic fibrosis and chronic obstructive pulmonary disease (COPD) and PXS64 for the treatment of multiple sclerosis.

Founded in 1998, Pharmaxis is listed on the Australian Stock Exchange (symbol PXS), and on NASDAQ Global Market (symbol PXSL). The company is headquartered in Sydney at its TGA-approved manufacturing facilities. For more information about Pharmaxis, go to www.pharmaxis.com.au or contact Jane Sugden, Investor Relations +61 2 9454 7230.

Forward-Looking Statements

The statements contained in this press release that are not purely historical are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements in this press release include statements regarding our expectations, beliefs, hopes, goals, intentions, initiatives or strategies, including statements regarding the potential for Aridol and/or Bronchitol. All forward-looking statements included in this press release are based upon information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statement as a result of new information, future events or otherwise. We can not guarantee that any product candidate will receive FDA or other regulatory approval or that we will seek any such approval. Factors that could cause or contribute to such differences include, but are not limited to, factors discussed in the "Risk Factors and Other Uncertainties" section of our Form 20-F lodged with the U.S. Securities and Exchange Commission.