

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