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Therapeutic products for respiratory and autoimmune diseases

October-November 2005

The Offering

US and Australian tranches

Issuer	Pharmaxis, Ltd.
Exchanges	PXSL (Nasdaq) / PXS (ASX)
US Offering	1,400,000 ADSs
Australian Offering	1,166,667 ADSs
ADSs Outstanding	11,565,473
Pricing	Week of Oct. 31
Bookrunner (US)	CIBC World Markets
Bookrunner (Aus.)	Wilson HTM
Co-Manager (US)	JMP Securities

Forward Looking Statements

This presentation contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The forward-looking statements contained in this presentation include statements about future financial and operating results, and risks and uncertainties that could affect Pharmaxis’ product and products under development. These statements are not guarantees of future performance, involve certain risks, uncertainties and assumptions that are difficult to predict, and are based upon assumptions as to future events that may not prove accurate. Therefore, actual outcomes and results may differ materially from what is expressed herein. In any forward-looking statement in which Pharmaxis expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement or expectation or belief will result or be achieved or accomplished.

The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: risks associated with preclinical, clinical and sales and marketing developments in the biopharmaceutical industry in general and in particular including, without limitation, the potential failure to meet Aridol revenue goals, the potential failure of Bronchitol to prove safe and effective for treatment of COPD and/or Cystic Fibrosis, determinations by regulatory, patent and administrative governmental authorities, competitive factors, technological developments, costs of developing, producing and selling Aridol, Bronchitol and Pharmaxis’ other products under development; and other economic, business, competitive, and/or regulatory factors affecting Pharmaxis’ business generally, including those set forth in Pharmaxis’ filings with the ASIC, including its Annual Report for its most recent fiscal year and its most recent Quarterly Report, especially in the “Factors Affecting Our Operating Results” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections, and its Current Reports. Pharmaxis is under no obligation to update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

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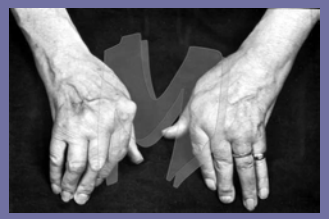
Investment Highlights

Aridol

Bronchitol



Autoimmune disease

Manufacturing

- Aridol: Asthma management tool
  - US Phase III to start late 2005
  - Filed for approval in EU, Australia (target 2006 launch)
- Bronchitol: Entering Phase III
  - Successful Phase II trial in cystic fibrosis
  - Successful proof of concept data in bronchiectasis
- Retained rights for all programs
- Experienced management
- Strong IP
- Near-term milestones

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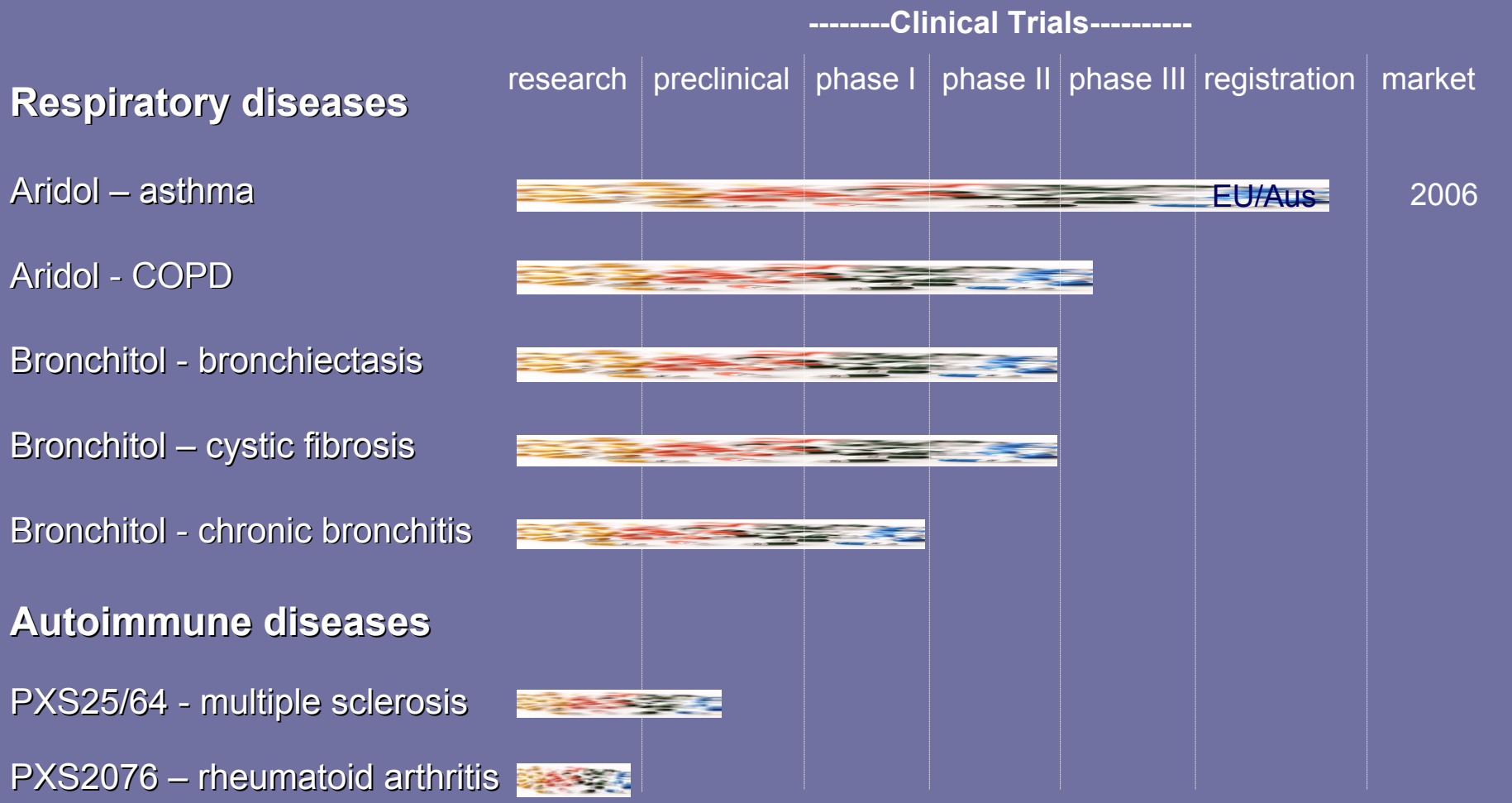
Pipeline

Pulmonary and Autoimmune Focus



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Management

Alan Robertson, PhD — **CEO**
Wellcome (GSK); Faulding; Amrad; Inventor of Zomig

David McGarvey, CA — **CFO/Secretary**
CFO, Memtec (NYSE); CFO, US Filter Filtration Group

Brett Charlton, PhD — **CMO**
Stanford; ANU

Gary Phillips, MBA — **Commercial**
CEO, Novartis Australia

John Crapper, MBA — **COO**
Managing Director, Memcor; Syntex (Roche)

William Cowden, PhD — **CSO**
ANU; Co-inventor of TNF mAb's

Ian McDonald, PhD — **CTO**
VP Discovery, SIBIA (Merck); VP Discovery, SGX

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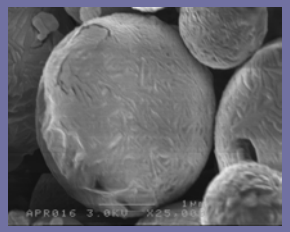
Bronchitol

overview



- Dry powder mannitol formulation of discrete particle size
- Manufactured by Pharmaxis at TGA-approved facility
- Protected by issued US patent
- Successful Phase II trials in CF, bronchiectasis
- Orphan Drug designation from the FDA for CF, bronchiectasis

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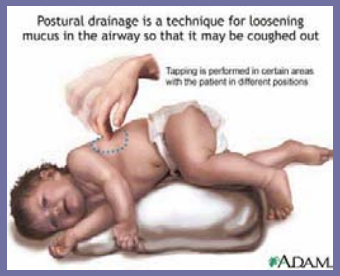
Bronchitol

cystic fibrosis



- Background
  - Genetic disorder affecting 30,000 in U.S.
  - Poorly hydrated, tenacious, thick mucus
  - Current life expectancy is 31 years
- Current treatments: pulmozyme and TOBI
  - Delivered by nebulizer (preparation, sterilization)
  - Pulmozyme: $265mm @ ~30% penetration

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Thickened mucus begins a vicious cycle….

Abnormal sodium chloride & water movement through cell

Bronchitol

Physiotherapy

Abnormally thick and dry mucus

Mucolytics eg Pulmozyme

Thickened mucus

Bronchial airway obstruction

Release of Proteases & DNA

Infection

Anti-inflammatories eg ibuprofen

Inflammation

Antibiotics eg TOBI

Progressive lung tissue destruction

Respiratory failure

How Bronchitol works……

osmotic clearance of abnormal mucus

Bronchitol

Phase II CF trial

- Crossover, 8 site study in 39 CF patients
- Randomised two week treatment periods
- Double-blind, placebo controlled
- Primary Endpoint:
  - Change in FEV_1
- Secondary Endpoints:
  - Effect on other lung function measures
  - Effect on symptoms/signs
  - Effect on QoL
  - Safety (including microbiology)

Bronchitol

CF Phase II Results: Change in Lung Function

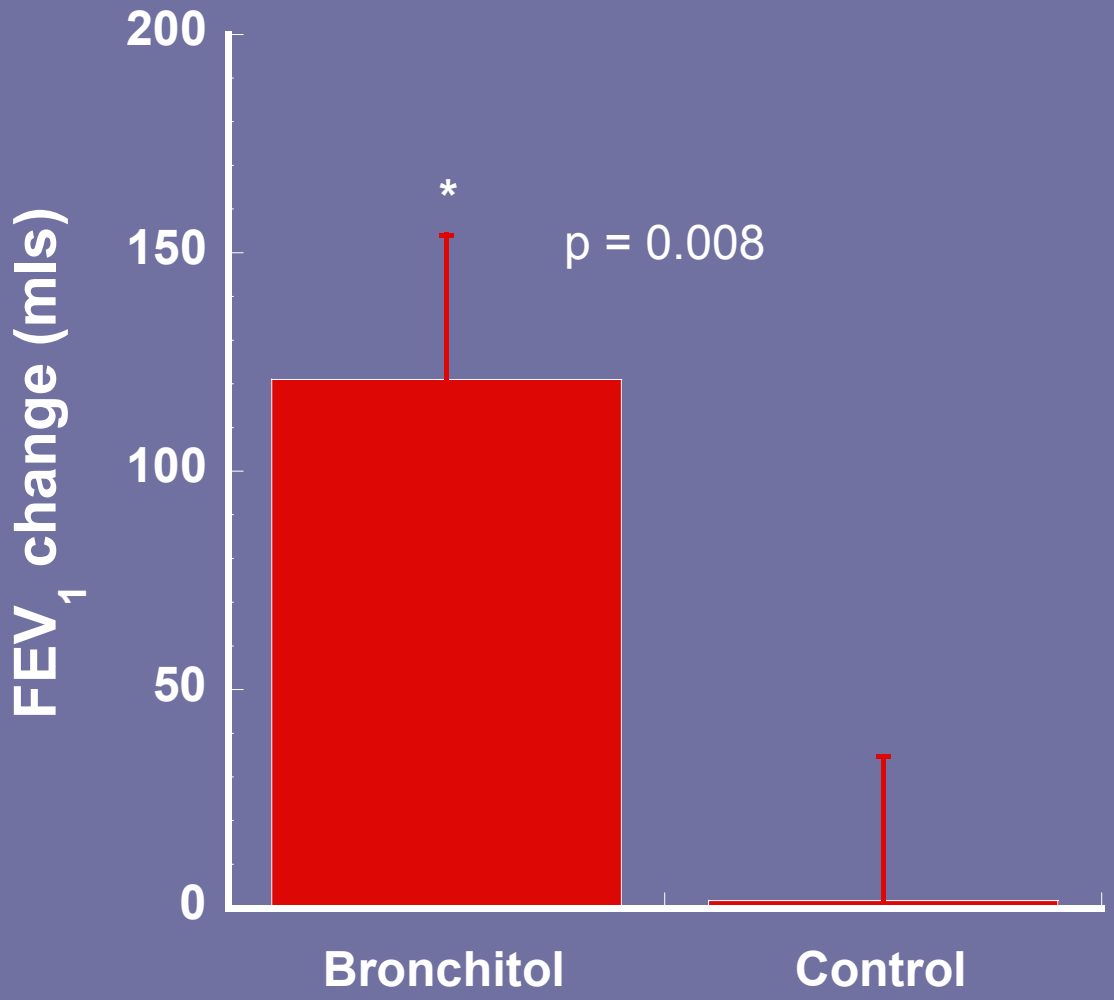
	Bronchitol*	Control*	p value
Change in FEV_1	7 ± 2%	0 ± 2%	0.008
Change in FEF_{25-75}	15.5 ± 5%	0.6 ± 5%	< 0.01

*includes patients being treated with pulmozyme

(FEF_{25-75} or MMEF is considered a measure of small airway function)

Bronchitol

CF Phase II Results: FEV_1 Change



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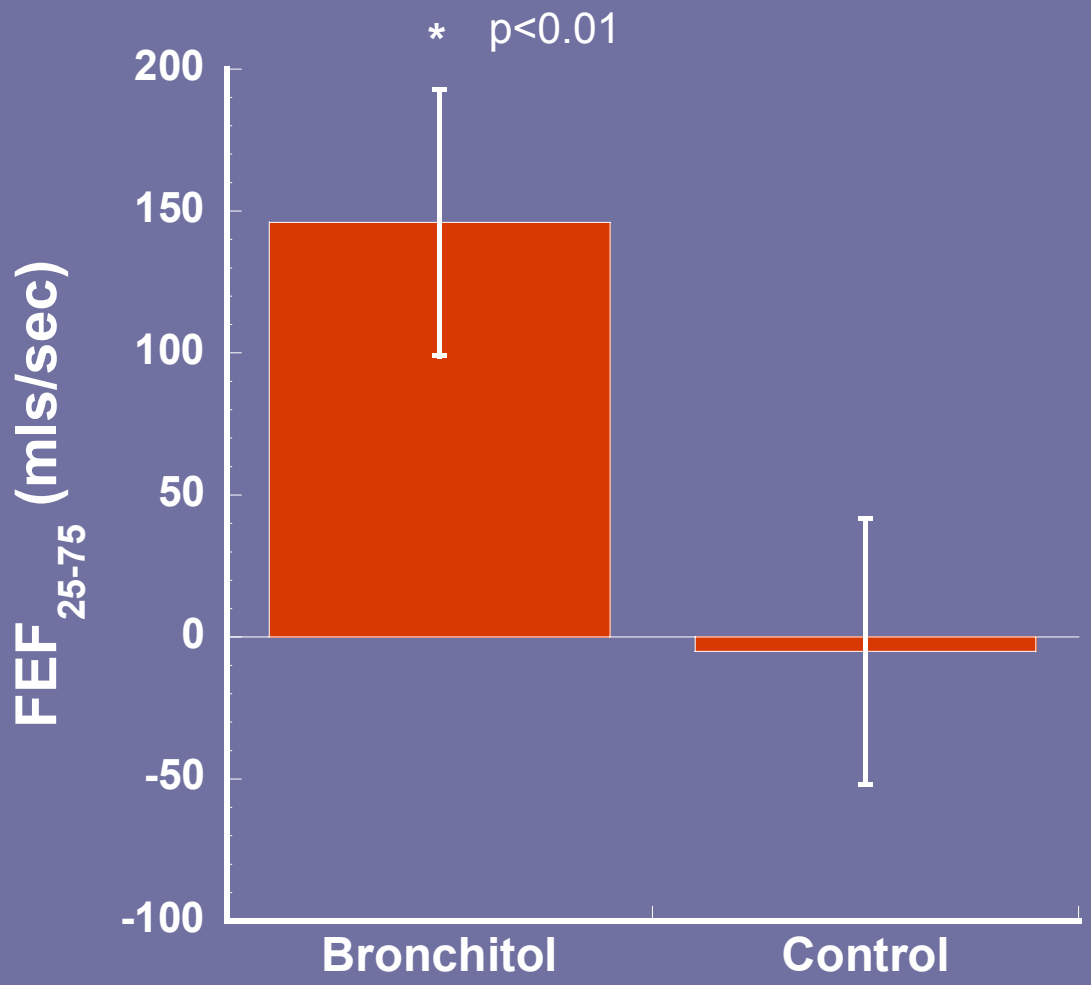
Bronchitol

CF Phase II Results: FEV_{25-75} Change



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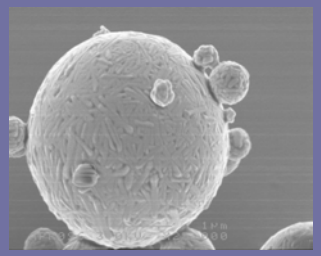
Bronchitol

cystic fibrosis status

- Dose ranging study underway; data 1H2006
- Phase III trial (EU & Aus) to commence 1H2006
- Phase III trial (US) to commence 2006
- US Orphan Drug designation
- Combination study with pulmozyme underway

Bronchitol

bronchiectasis



- Background
  - Abnormal, irreversible dilation of the lower airways
  - Daily mucus production, constant coughing, breathlessness: major quality of life impact
  - Normal lung clearance impaired
  - 100,000 affected in the U.S.
- Current treatments: bronchodilators, antibiotics
  - No drugs effective to clear mucus

Bronchitol

bronchiectasis

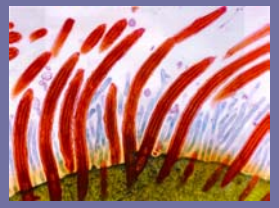
- Phase II Trial results
  - 60 patient, double-blind, crossover, placebo-controlled
  - Promising results in QoL, symptom scores ($p<0.05$ versus placebo)
  - For all patients – 4.5 unit improvement in St. George's impact score
  - For the 75% of patients with unclear chests – 6.9 unit improvement in St George's impact score
  - Well tolerated, no adverse events
- Phase III Trials
  - Plan to commence 4Q05/1Q06 in Australia, EU
  - Finalising protocol following FDA meeting
  - Initiate US pivotal trial mid-2006
- Supplied on compassionate-use basis in Australia

Bronchitol

chronic bronchitis

- Background
  - Chronic cough, breathlessness, tenacious sputum
  - >30 million people affected in 7 major pharma markets
  - No therapy halts disease progression
  - Palliative treatments aimed at symptom relief / bronchodilation

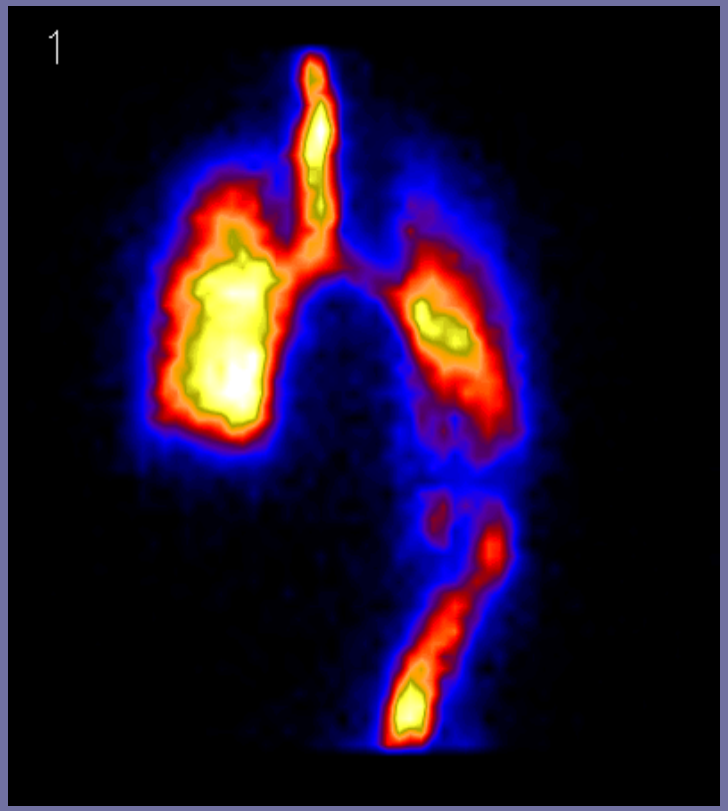
- Acute pilot studies completed
- Phase II clinical protocol in development
  - Quality of Life
  - Reduction in exacerbation period



- Study to commence 2006

Bronchitol in the clinic…….

Chronic bronchitis – without bronchitol



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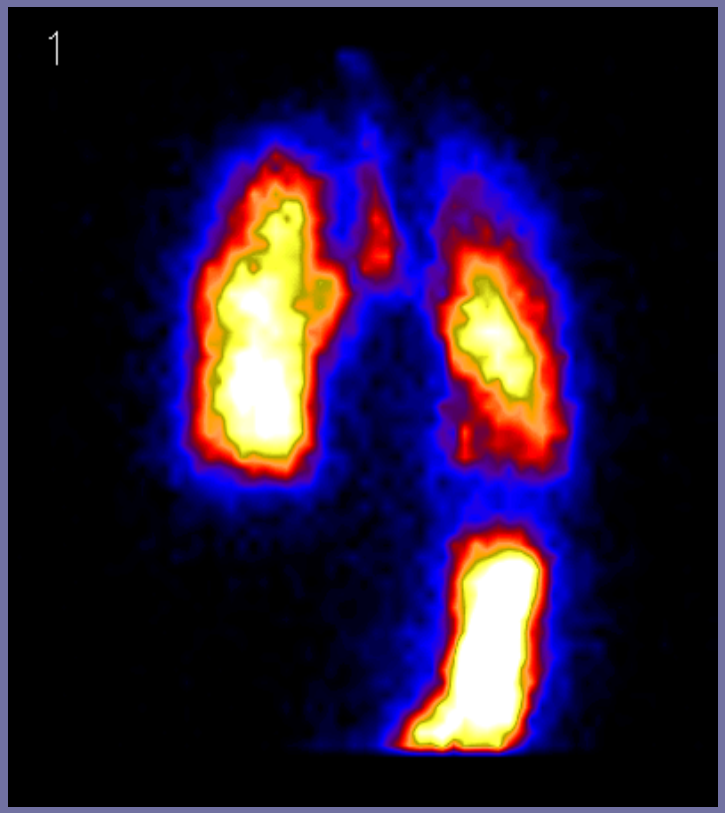
Bronchitol in the clinic…….

Chronic bronchitis – with 400 mg bronchitol



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Aridol™

A rapid and simple test for airways inflammation that facilitates diagnosis and management of asthma and COPD patients.

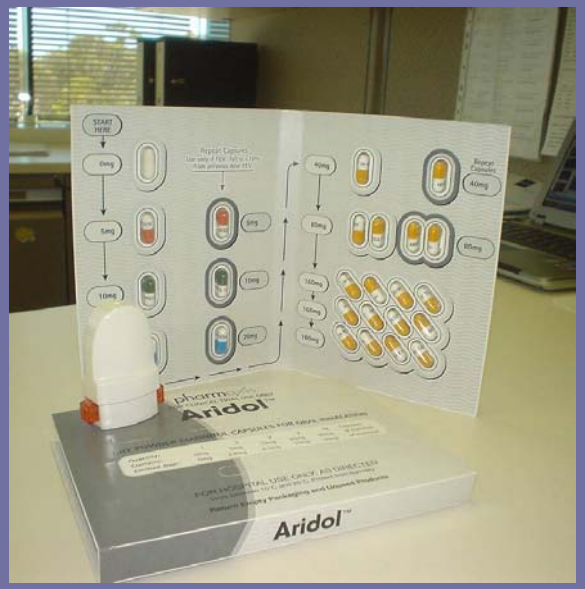
Aridol

Asthma and COPD Opportunity

- Asthma
  - 51mm patients in 7 major markets
  - No simple test, many not diagnosed
  - ~34% of people diagnosed with asthma do not have the disease
  - Ongoing patient management difficult
- COPD
  - 30 million people affected in 7 major pharmaceutical markets
  - Cost to US healthcare - US$30 billion pa
  - 20-25% respond to inhaled steroids but no test to identify them
- methacholine (US), histamine (EU), saline (Aus) currently used

Aridol

potential advantages

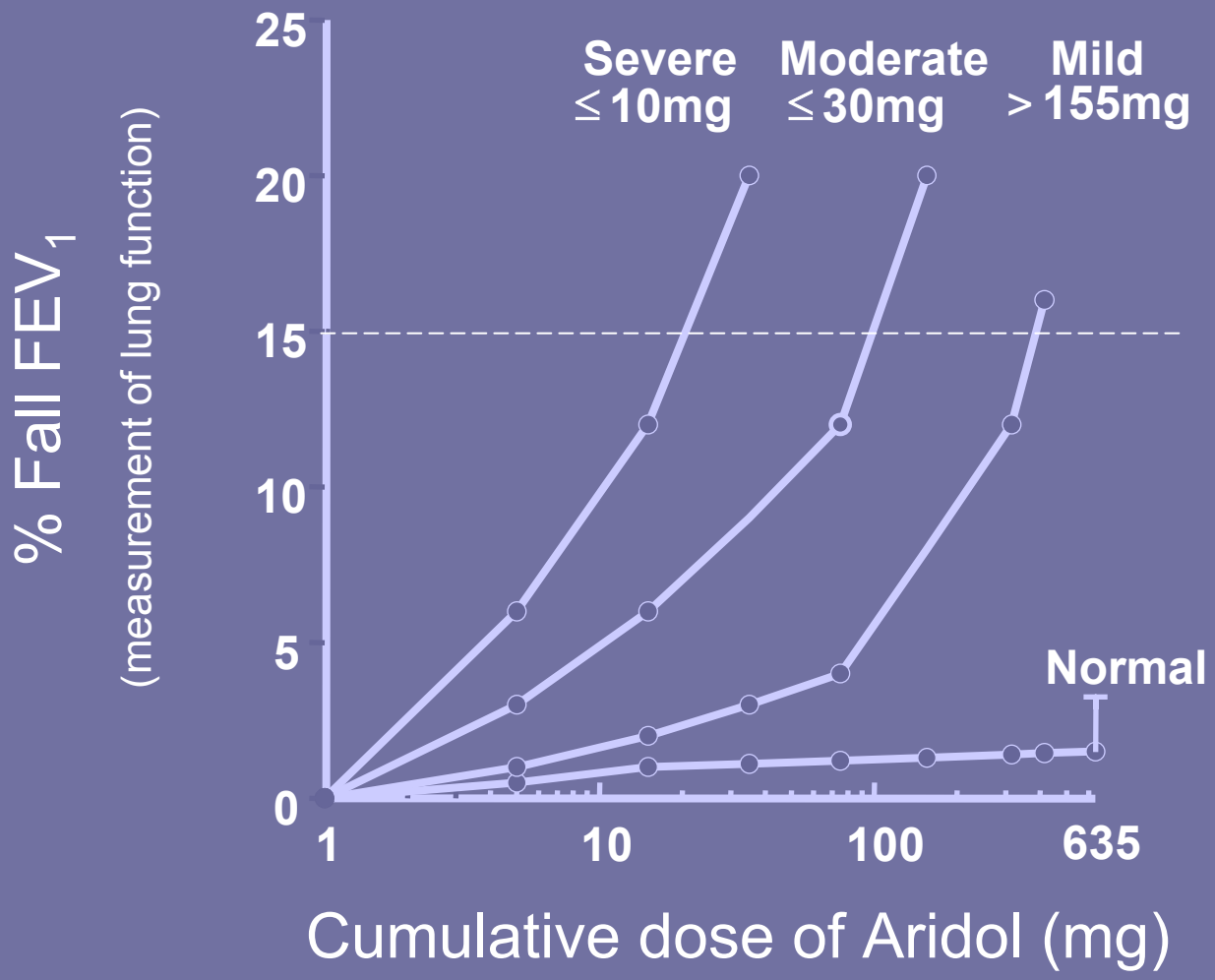


A simple, "point of care" test with a high degree of sensitivity and specificity for airway inflammation

- Useful in excluding and confirming asthma
- Useful for exercise asthma
- Assess disease severity, control
- Identifies COPD patients who respond to steroids (20-25%)

Aridol

quantitation of airway hyperresponsiveness



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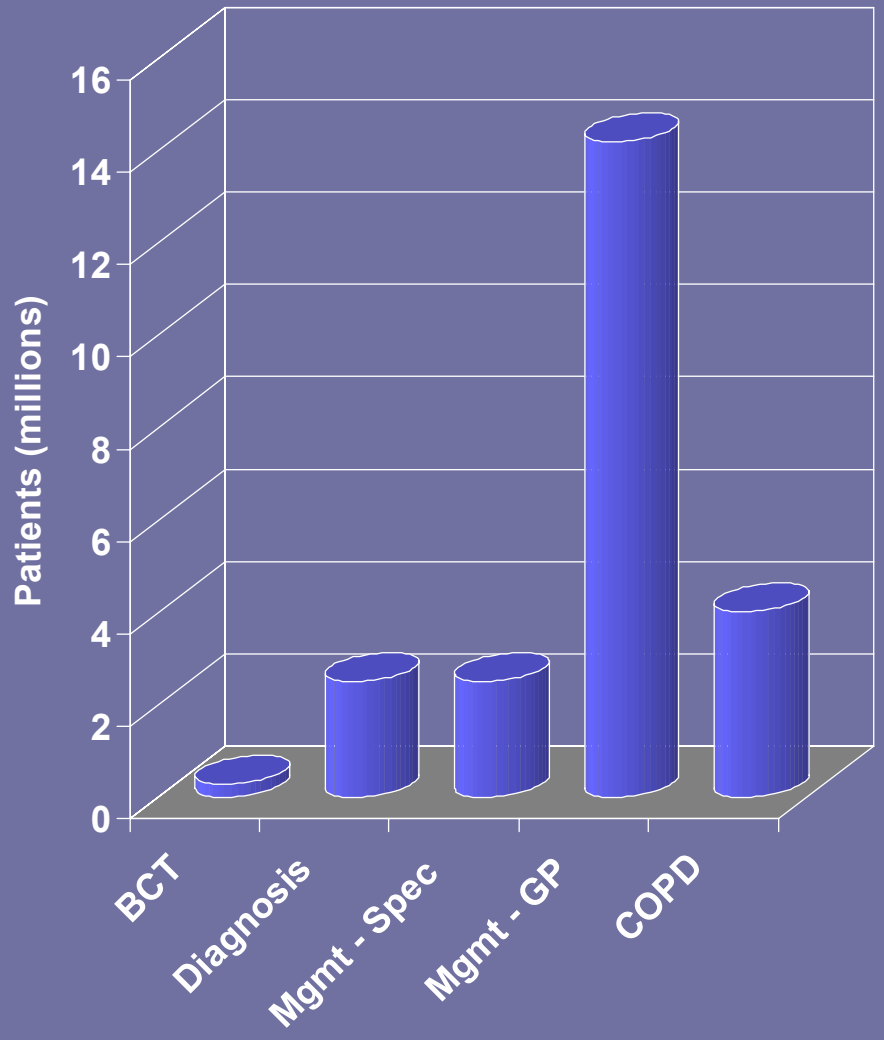
Aridol

current status

- Phase III results (646 patient study)
  - Good agreement with hypertonic saline ($p<0.01$)
  - Effective at identifying clinical mis-diagnosis (7%)
  - 20% of subjects over treated and over diagnosed
  - 25% of subjects not well controlled
- European and Australian marketing authorization submitted
  - Potential 2006 launch
- US Phase III
  - Comparison vs. methacholine in identifying exercise-induced bronchoconstriction
  - Commence 4Q05, data 1H06, NDA thereafter

Aridol

addressable market



- Multiple trials in progress with key US/EU opinion leaders
- Reimbursable under existing codes in US
- Marketing partner for GP audience
- Publication of clinical results for ICH acceptance
- First revenue 2006 (subject to approval)

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Financial Overview

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Income Statement

US GAAP at 30 June 2005

	Years ended June 30,			
	2003	2004	2005	2005
	A$	A$	A$	U.S.$
	(in thousands, except per share data)			
Revenue	$ -	$ -	$ -	$ -
R&D	925	4,806	7,885	6,007
G&A	981	2,182	3,105	2,365
Commercial	-	-	807	615
Amortization of intangibles	86	89	90	68
Stock option expense	383	532	260	199
Total operating expenses	2,375	7,609	12,147	9,254
Loss from operations	(2,375)	(7,609)	(12,147)	(9,254)
Interest and other income	327	1,123	1,702	1,297
Amortization of preference share issue expenses	(65)	(161)	-	-
Net loss	($2,113)	($6,647)	($10,445)	($7,957)
Basic and diluted net loss per share	($0.19)	($0.09)	($0.08)	($0.06)
Weighted average number of ordinary shares used in calculating basic and diluted net loss per share	11,200	75,744	123,933	123,933

Balance Sheet

US GAAP / US$ at 30 June 2005

	Actual	As adj. for offering	As adj. for offering and Australian Placement
Cash and cash equivalents	$ 25,344	$ 65,886	$ 101,461
Total assets	28,824	69,366	104,941
Total shareholders' equity	27,019	67,561	103,136

Debt-free Balance Sheet

Recent Milestones

- Aridol
  - Completed Phase III Aridol trial in asthmatics
  - Filed for Aridol approval in Australia, EU
- Bronchitol
  - Announced positive Phase II CF results
  - Announced positive Phase II bronchiectasis results
  - Received Orphan Drug designation for CF, bronchiectasis
  - In FDA discussions regarding pivotal program
- Discovered PXS64 for MS - improved / oral form of PXS25
- Tripled manufacturing capacity
- A$6 million Aus P3 government grant awarded

Upcoming Milestones

- Aridol
  - Potential Aridol approval in Australia & EU: 1H06
  - Data from Phase II COPD trial: 2H06
- Bronchitol
  - Initiate bronchiectasis pivotal trial: 4Q05/1Q06
  - Initiate US bronchiectasis pivotal trials: mid-06
  - Initiate CF pivotal trials: 2006
  - Data from CF dosing study 1H06
- Pipeline
  - US IND for PXS64 for multiple sclerosis: 1H06
  - Nominate IND candidate for PXS2076 for RA: 2006

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Therapeutic products for respiratory and autoimmune diseases

October-November 2005

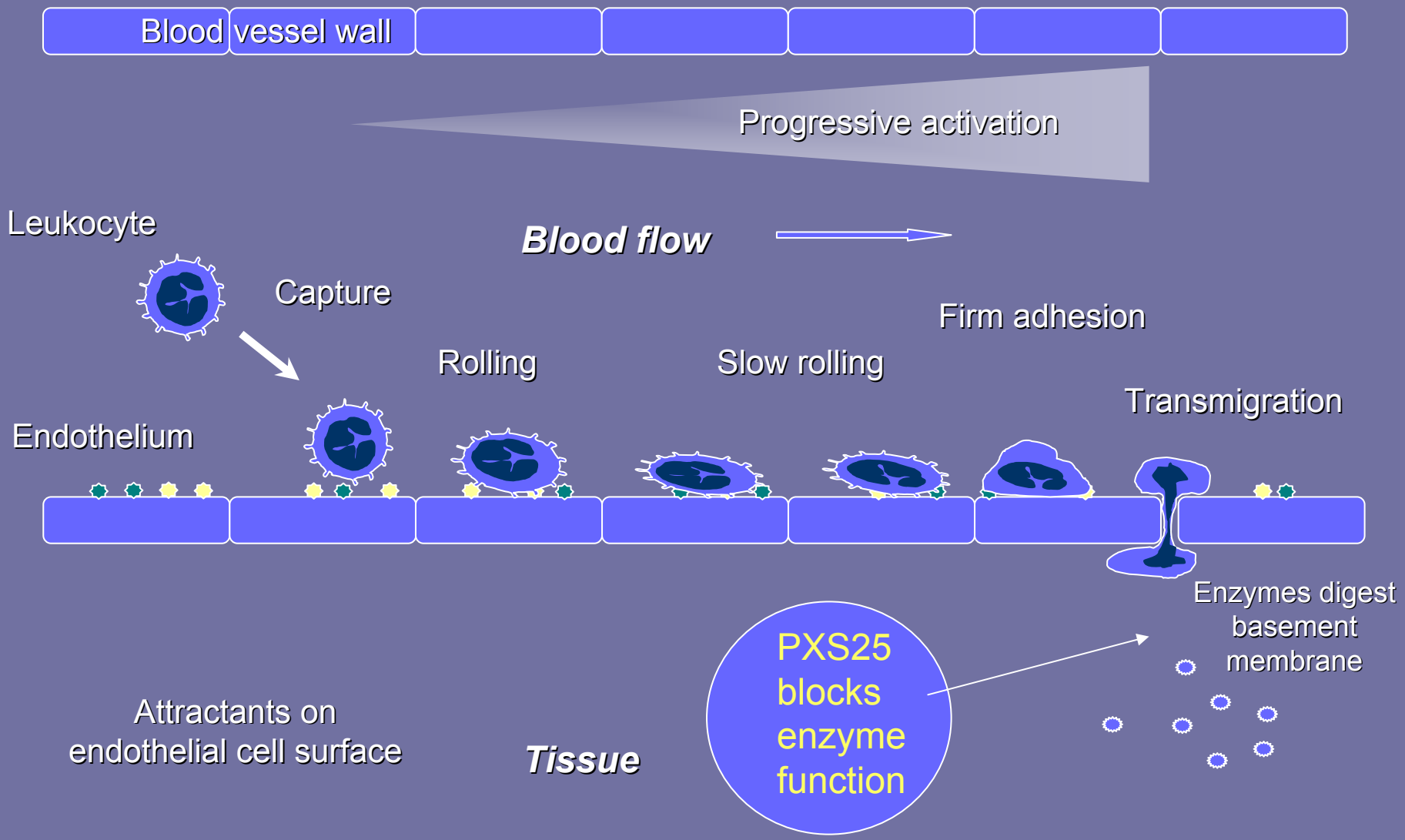
Autoimmune diseases

multiple sclerosis

rheumatoid arthritis

Autoimmune Disease

Inflammation: the leukocyte activation cascade



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Autoimmune Disease

PXS64

- Selective inhibitor of T cell migration
- Novel mechanism
- Effective in animal models of multiple sclerosis
- Oral prodrug of PXS25, both discovered by Pharmaxis
- Current status: preclinical development, start human Phase I clinical trials 1H06