
PHARMAXIS FILES LAWSUIT AGAINST NOVAQUEST

Pharmaxis today announced that on 1 August 2014 (US time) it filed a lawsuit against NovaQuest Pharma Opportunities Fund III, L.P. (“NovaQuest”) in response to an attempt by NovaQuest to back out of its funding obligations under the Financing Agreement signed in January 2013 between Pharmaxis and NovaQuest.

The lawsuit, filed by Pharmaxis in the Supreme Court of the State of New York, alleges NovaQuest has breached the Financing Agreement by repudiating its funding obligations and failing to comply with the Financing Agreement’s communication and dispute resolution provisions. The lawsuit further alleges that NovaQuest has not acted in good faith and has interfered with Pharmaxis’ negotiations with potential commercial partners for Bronchitol.

Amongst other things, Pharmaxis is seeking injunctive relief from the court preventing NovaQuest from suspending or terminating its obligations to provide a further US\$20 million, a declaration from the court that Pharmaxis did not breach the Financing Agreement and compensatory and punitive damages.

The filing of the lawsuit follows NovaQuest advising that it would not provide Pharmaxis with a further US\$20 million under the Financing Agreement. NovaQuest has claimed (refer to the ASX announcement dated 4 July 2014) that Pharmaxis breached the Financing Agreement by not working in a commercially reasonable manner to obtain reimbursement status for Bronchitol from key European governmental and non-governmental payers, that this breach was incurable and that an event of default would occur 31 days after the date of the initial notice. On 3 August 2014 (US time) NovaQuest issued a notice terminating its funding obligations. Pharmaxis rejects these claims and alleges that NovaQuest has manufactured the breach in order to force Pharmaxis to negotiate new terms that would be more favourable to NovaQuest.

Pharmaxis CEO Gary Phillips said, “Legal proceedings have been launched in order to protect Pharmaxis’ interests. We believe that the initial notice from NovaQuest was deliberately timed to gain maximum leverage for NovaQuest to force a renegotiated agreement. The company is committed to asserting its clear rights to the additional funding agreed to by NovaQuest under the Financing Agreement.

“Notwithstanding the lawsuit, we remain open to a commercial resolution with NovaQuest. We are also pursuing negotiations with a potential commercial partner for Bronchitol in the US to attempt to secure alternative funding for the CF303 clinical trial. That trial is a critical step to FDA approval and subsequent access to the valuable US cystic fibrosis market and brings a much needed new treatment option to US CF patients.”

#ENDS#

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About Pharmaxis

Pharmaxis (ACN 082 811 630) is a specialist pharmaceutical company involved in the research, development and commercialisation of therapeutic products for chronic respiratory disorders. Its product Bronchitol® for cystic fibrosis is marketed in Europe and Australia. Its product Aridol® for the assessment of asthma is sold in key international markets. The company's development pipeline of products includes Lysyl Oxidase Inhibitors (LOX) targeting fibrotic diseases including pulmonary fibrosis and some cancers and Semicarbazide-Sensitive Amine Oxidase Inhibitors (SSAO) for inflammatory disease including Chronic Obstructive Pulmonary Disease (COPD) and Non-alcoholic steatohepatitis (NASH). Pharmaxis is listed on the Australian Securities Exchange (symbol PXS). The company's head office and manufacturing facilities are located in Sydney, Australia. More information about Pharmaxis is available at: www.pharmaxis.com.au. To contact Investor Relations phone: +61 2 9454 7200.

Forward-Looking Statements

Forward-looking statements in this media release include statements regarding our expectations, beliefs, hopes, goals, intentions, initiatives or strategies, including statements regarding our litigation with NovaQuest, the possible outcome of that litigation, our ability to secure funding for the CF303 clinical trial, and our ability to gain FDA approval for Bronchitol. All forward-looking statements included in this media 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 cannot guarantee that we will be successful in our litigation with NovaQuest, that we will be able to obtain funding for the CF303 clinical trial, or that Bronchitol will receive FDA approval.