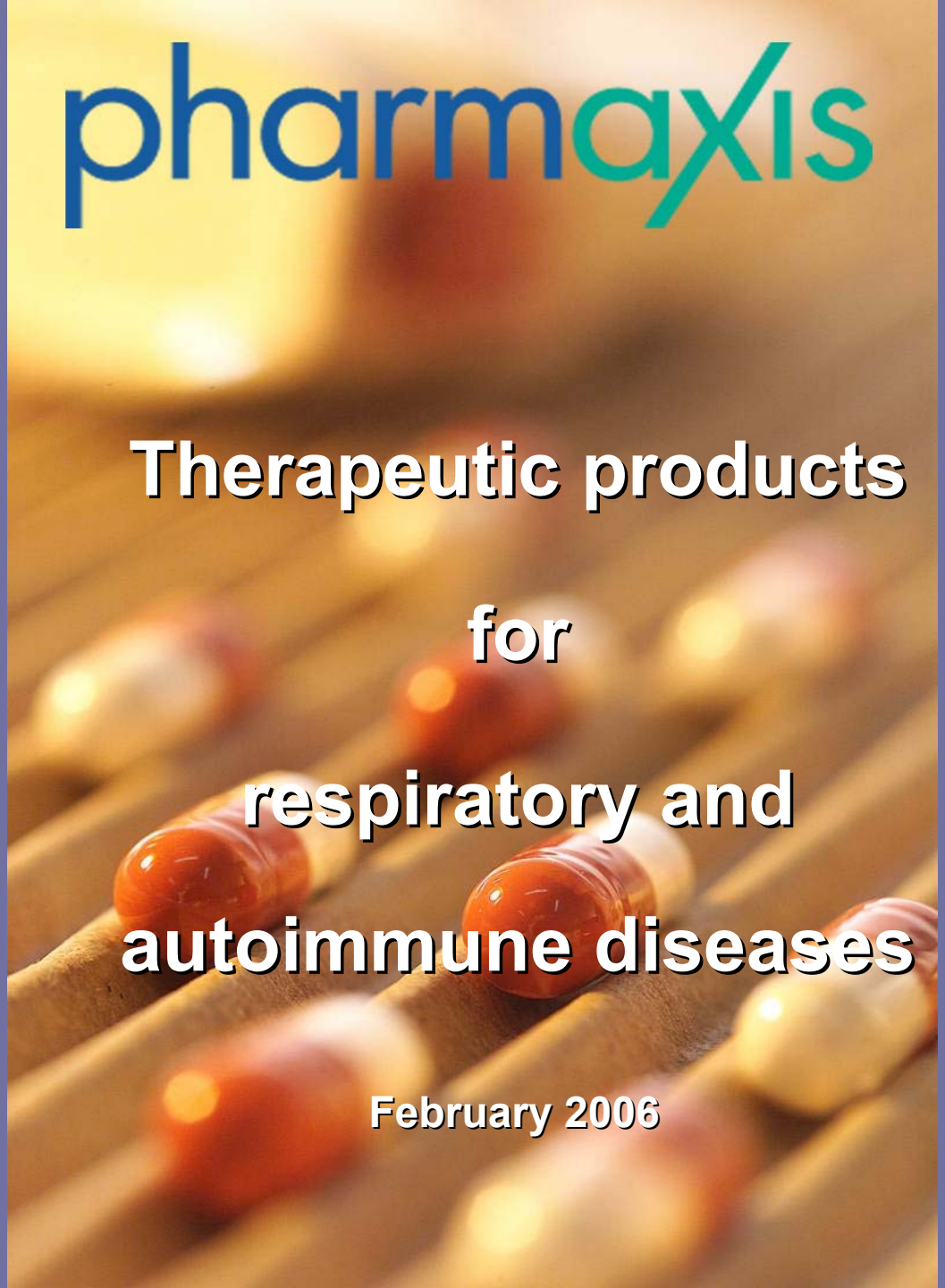
pharmaxis
Therapeutic products
for
respiratory and
autoimmune diseases
February 2006

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 (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events, or otherwise.

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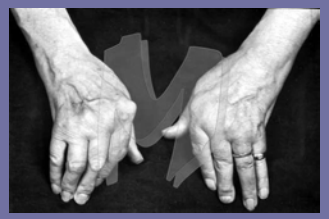
Highlights

Bronchitol

Aridol



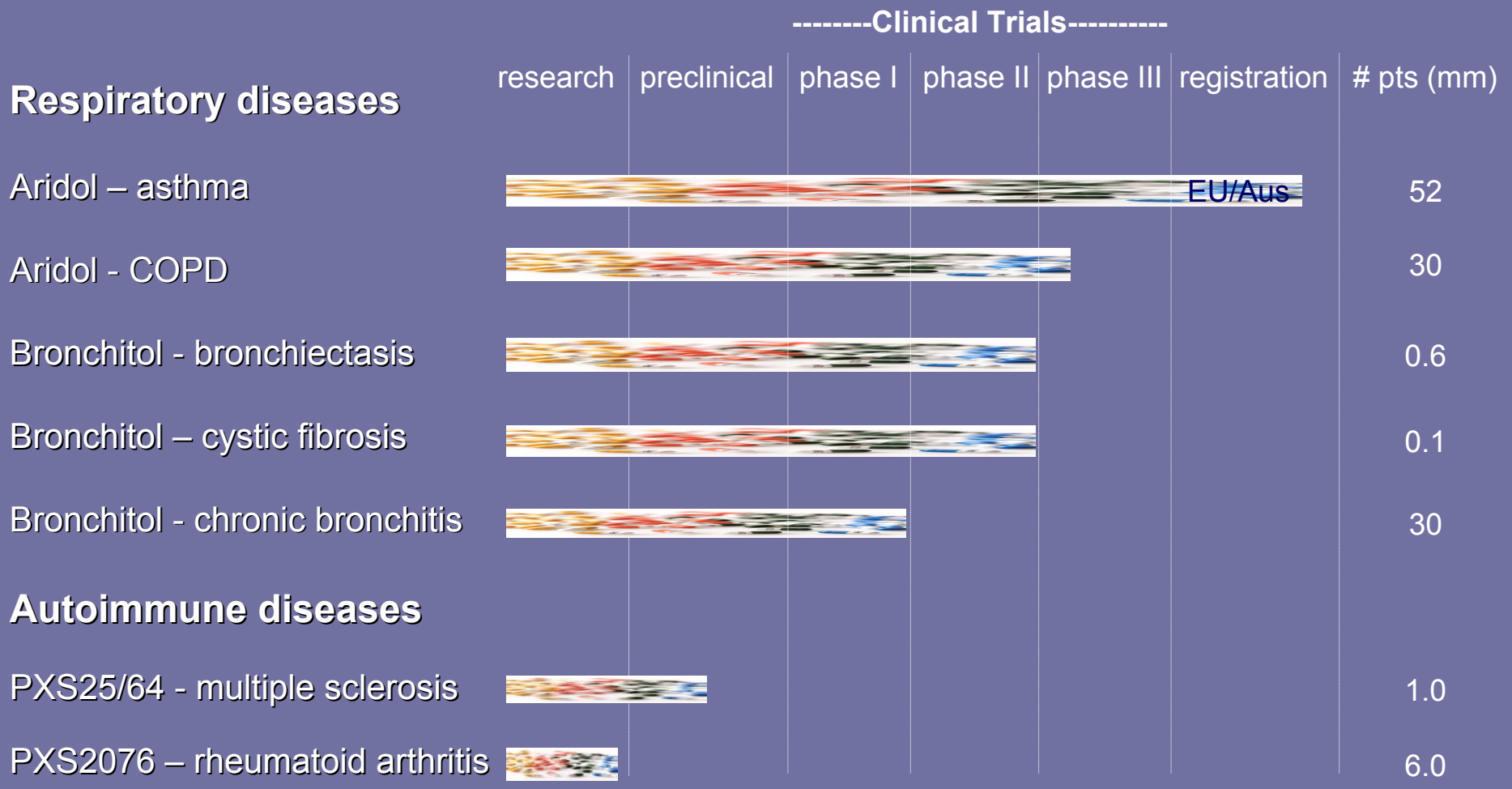
Autoimmune disease

Manufacturing

- **Aridol**
  - Completed Phase III Aridol trial in asthma (AU and EU)
  - Awaiting ADEC opinion on marketing application (Australia)
  - Marketing application filed in the EU (April 2005)
  - US Phase III studies in progress
- **Bronchitol**
  - Entering Phase III studies in Europe and USA
  - Entering Phase III studies in Europe
  - Orphan Drug designation for CF, bronchiectasis (U.S.)
  - Orphan Drug designation for CF (Europe)
- **Autoimmune Disease**
  - PXS64 – oral therapy for multiple sclerosis

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**
  CFO, Memtec (NYSE); CFO, US Filter Filtration Group

- **Brett Charlton, PhD, MBBS** — **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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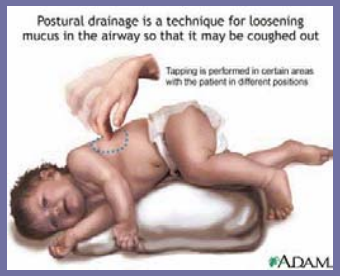
Bronchitol

cystic fibrosis



- Background
  - Genetic disorder affecting 30,000 in U.S.
  - Poorly hydrated, tenacious, thick mucus
  - Current life expectancy is 31 years
- Current treatments: rhDNase and tobramycin
  - Delivered by nebulizer (preparation, sterilization)
  - rhDNase (pulmozyme): US$265mm @ ~30% penetration
  - Tobramycin: US$233mm

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How Bronchitol works……

osmotic clearance of abnormal mucus

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Bronchitol

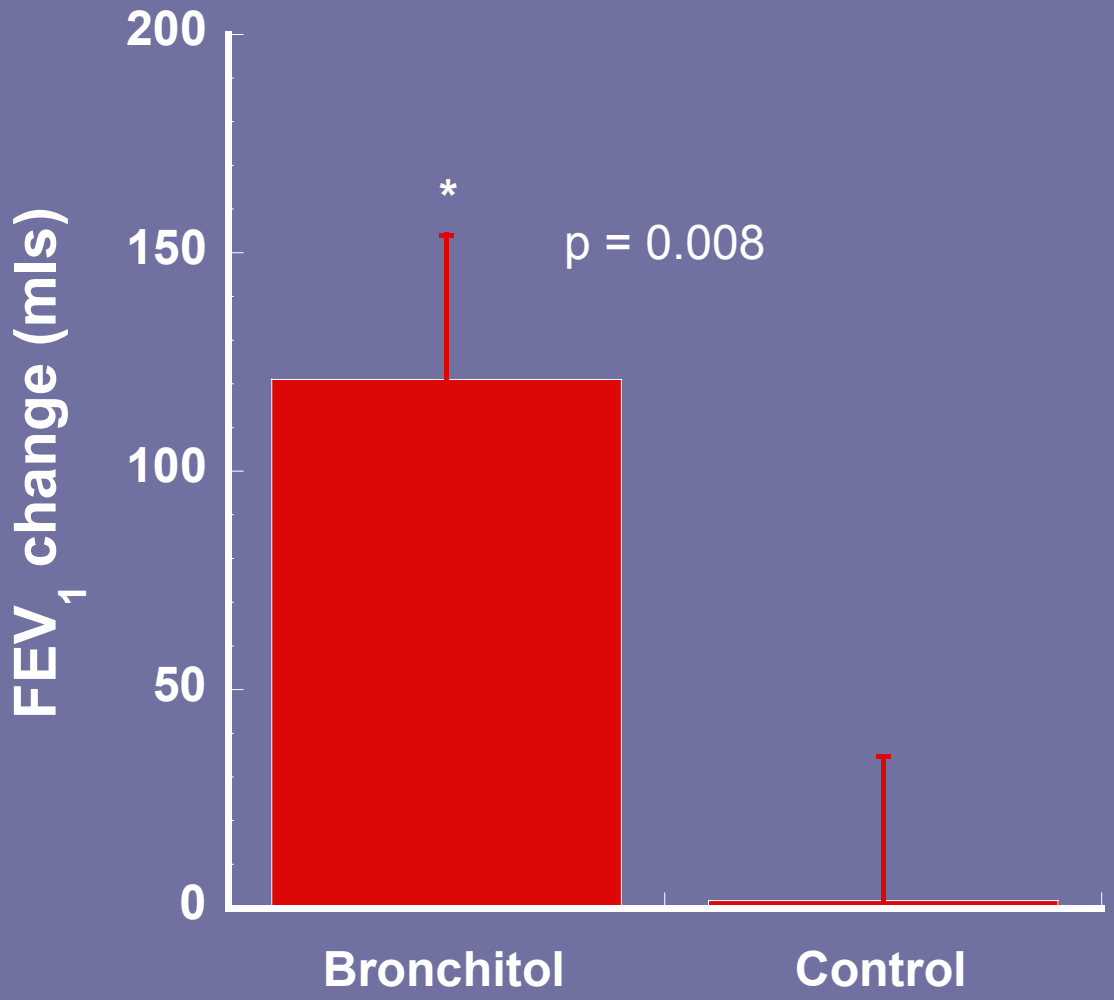
Phase II CF trial

- 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: FEV_1 Change



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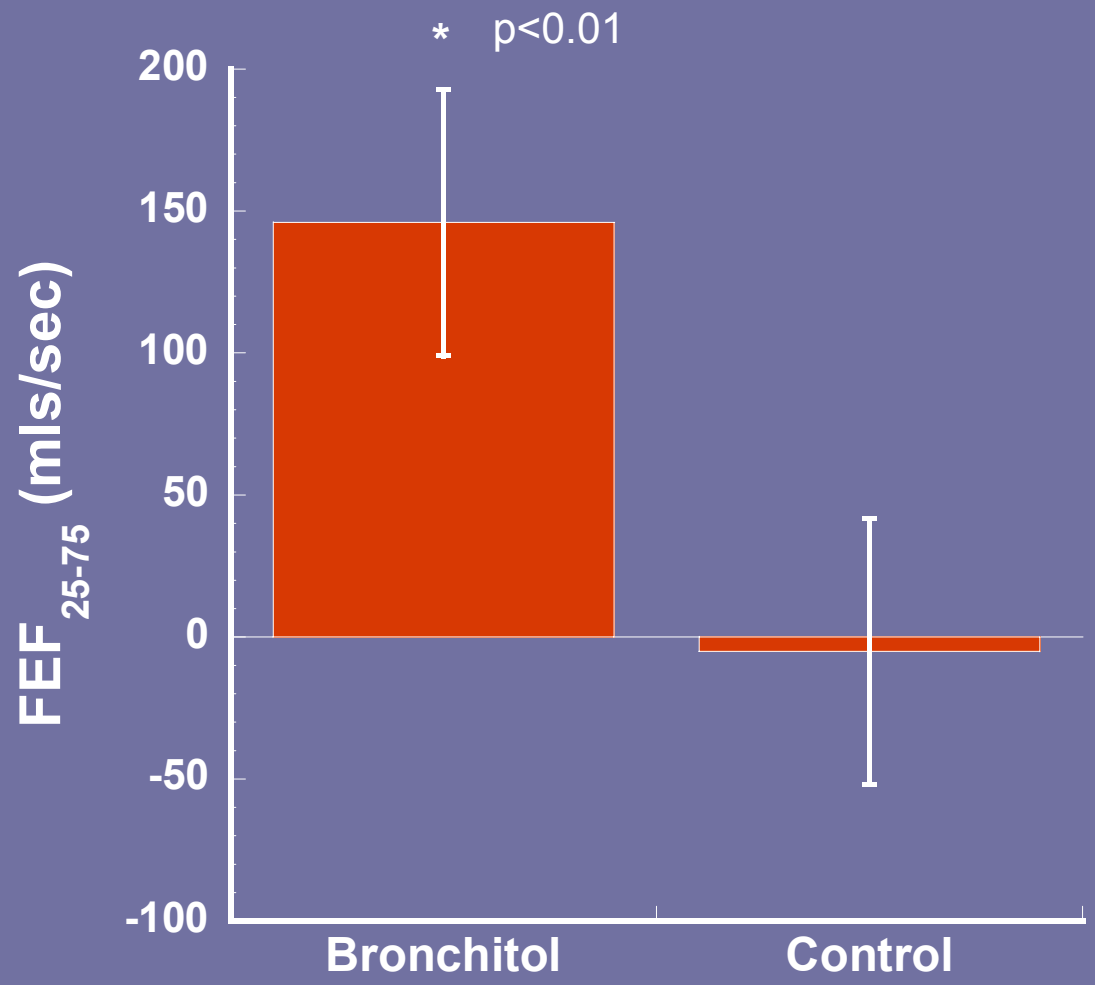
Bronchitol

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



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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 a measure of small airway function)

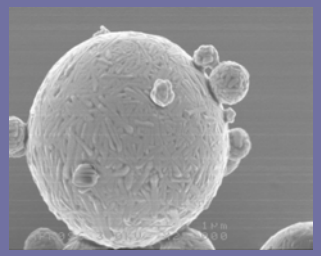
Bronchitol

cystic fibrosis registration strategy

- Phase III trial (EU & Aus):
  - Commence mid-2006
  - Primary endpoint: Same as Phase II (FEV_1)
  - Placebo-controlled, 6 month dosing, finalising design with EMEA
- Phase III trial (US) to commence 2006
  - Similar size, design to EU/Aus trial
  - FDA meeting mid-February
  - Commence mid-2006?
- Orphan drug designation – EU and USA

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

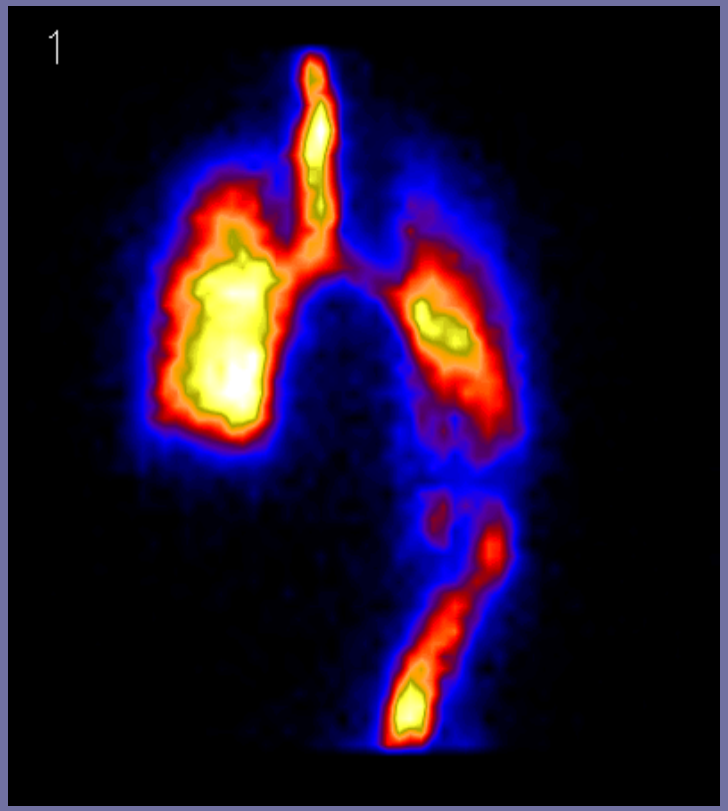
Bronchitol

bronchiectasis

- Phase II Trial results
  - 60 patient, double-blind, crossover, placebo-controlled
  - All patients – 4.5 unit improvement in QOL impact score
  - Patients with unclear chests – 6.9 unit improvement in QOL impact score
  - Well tolerated, no adverse events
- Phase III Trials
  - To commence 1Q06 in Australia, EU
  - Initiate US pivotal trial mid-2006
- Supplied on compassionate-use basis in Australia

Bronchitol in the clinic…….

Chronic bronchitis – without bronchitol



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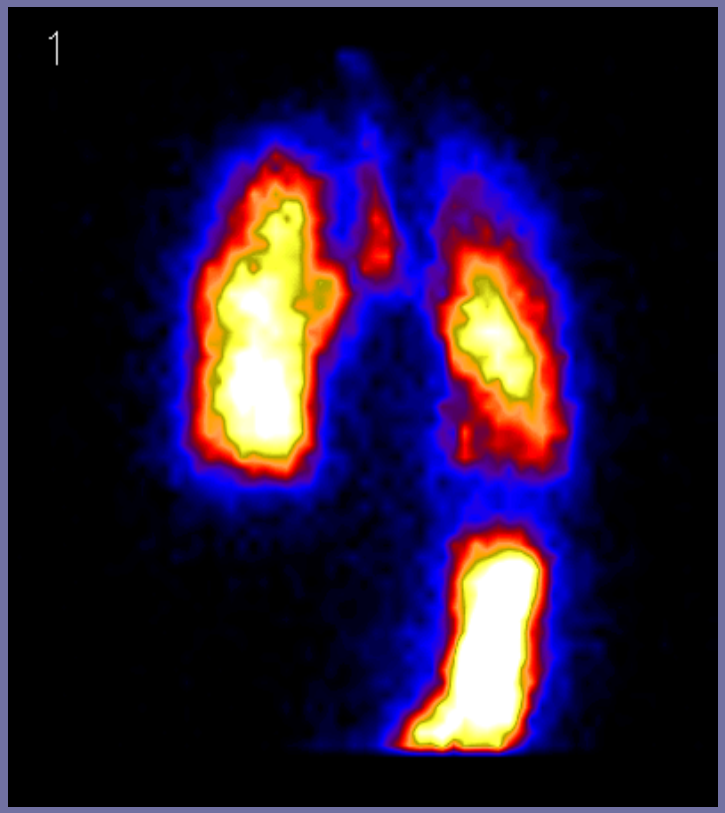
Bronchitol in the clinic…….

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.

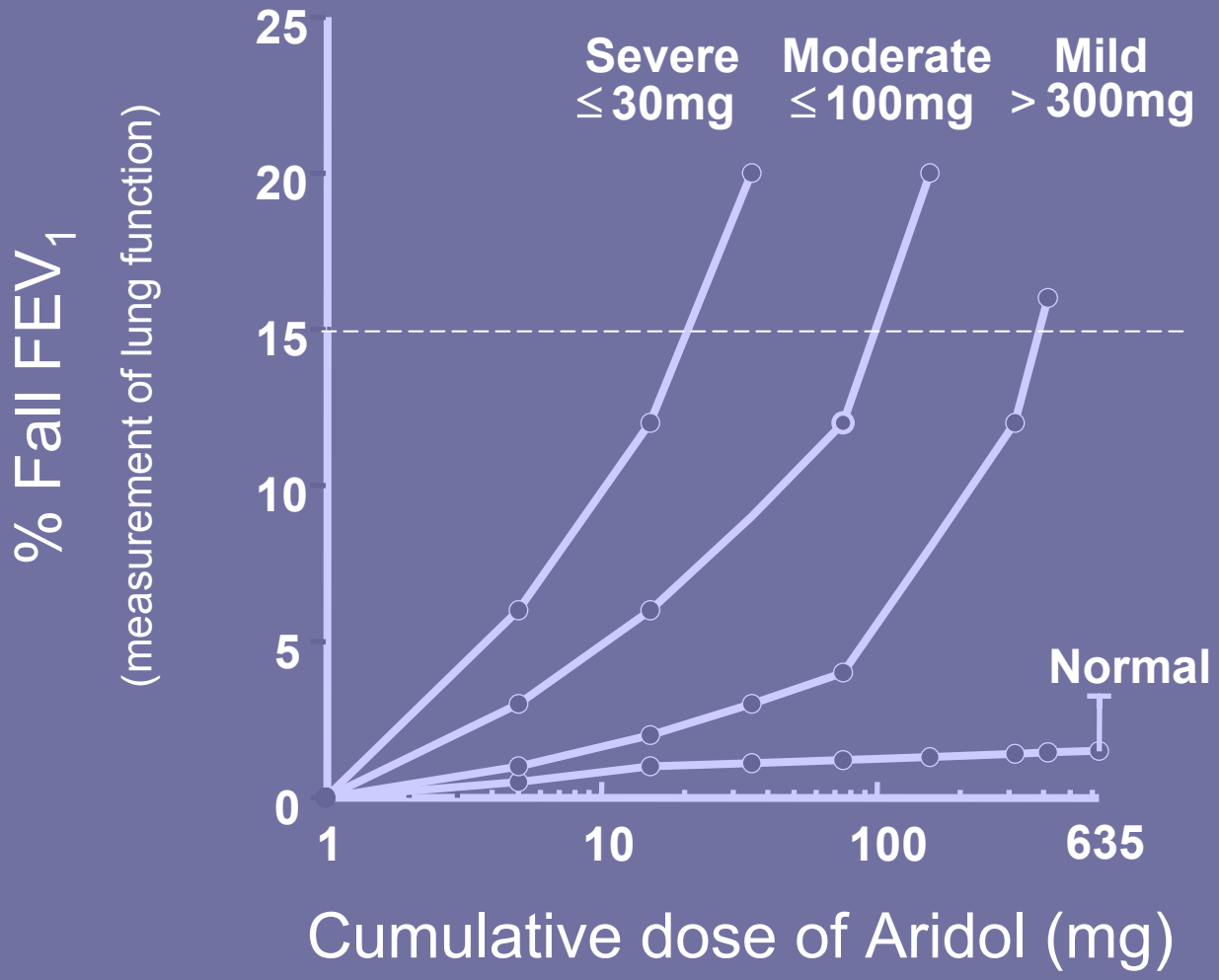
Aridol

Asthma and COPD Opportunity

- Asthma
  - 51mm patients in 7 major markets
  - No simple test
  - ~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

Aridol

measurement of airway hyper-responsiveness



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Aridol

current status

- Phase III results (646 patient study)
  - 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
  - Anticipated approval – 1H 2006
  - Two European marketing partners appointed
- US Phase III trial commenced
  - Scheduled completion mid - 2006

Aridol

Marketing Plans - Australia

- Build Marketing and Sales Force:
  - National Sales and Marketing Manager appointed
  - Recruit and train sales team
  - Understanding of market through market research
- Prepare Promotional Materials
  - Aridol to be a global brand with consistent promotional claims
- Market Introduction
  - Respiratory laboratories
  - Respiratory specialists - Aridol to be included in Hospital Formulary
  - Primary Care Physicians

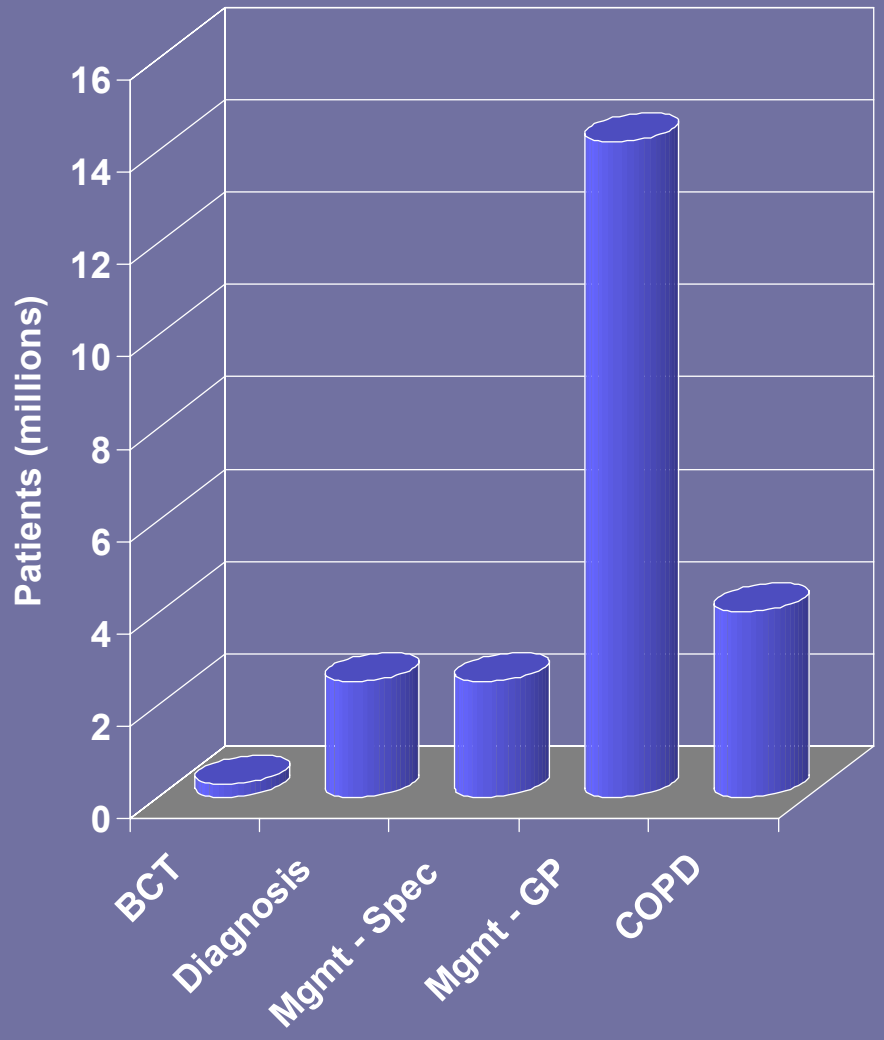
Aridol

Marketing Plans - Europe

- Approval Process:
  - Marketing application lodged with Swedish authorities
  - Anticipated notification 1H06
  - Mutual Recognition Procedure - remainder of EU (90 days)
- Market Introduction
  - Scandinavia - Niggard
  - Switzerland - Trimedal
  - Other countries - to be advised

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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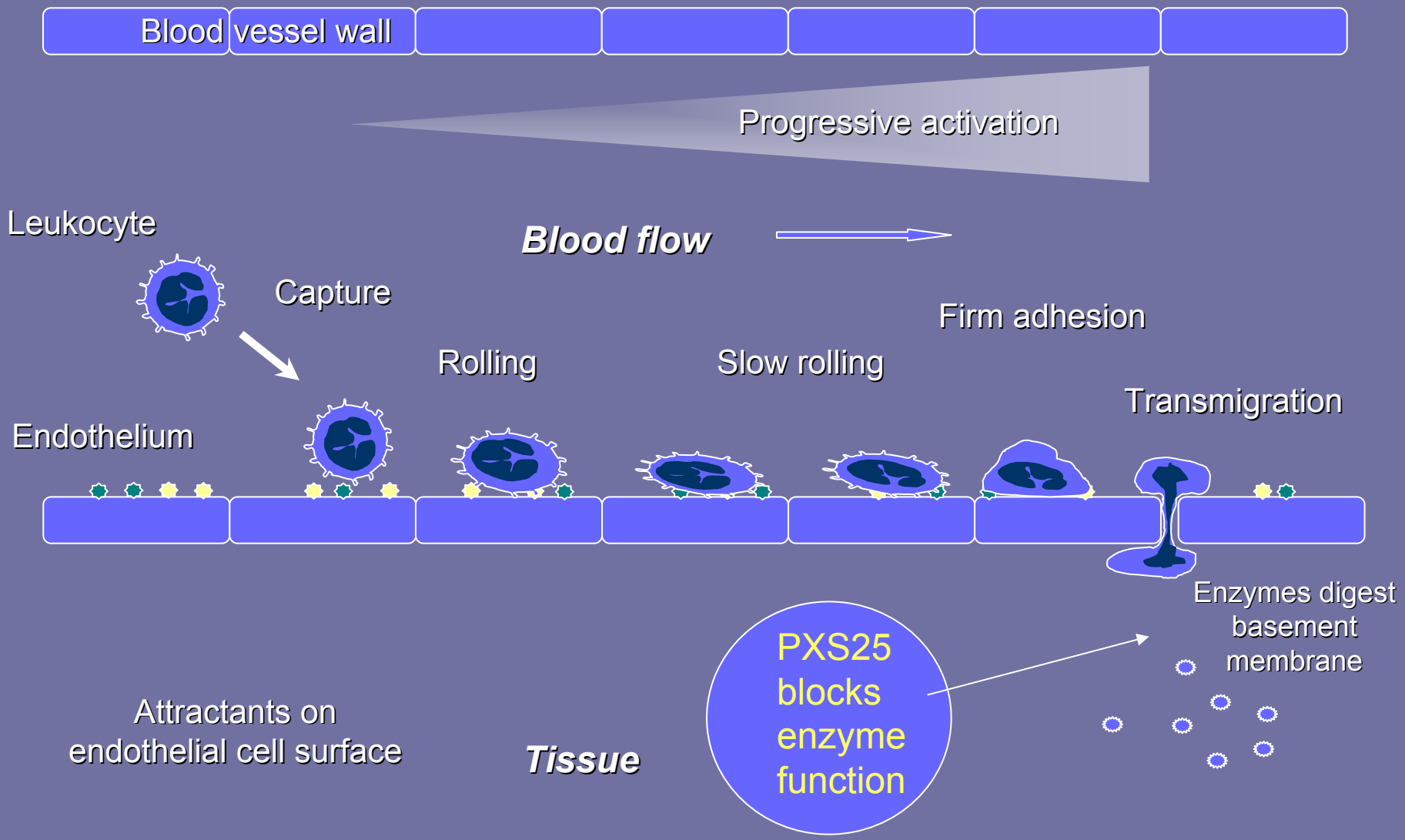
Autoimmune diseases

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

Financial Report

December 2005

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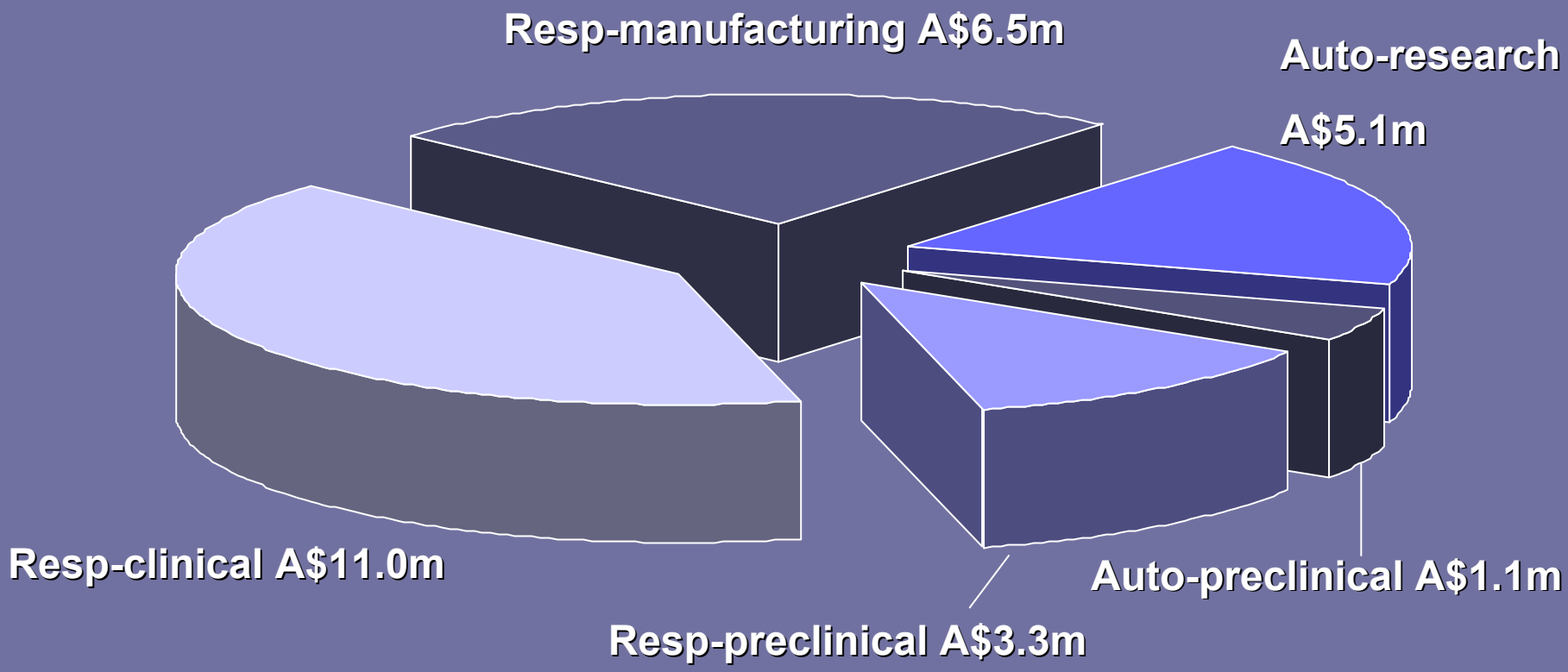
R&D from Inception to December 2005

(A$27.0m before R&D Grants of A$5.3m)



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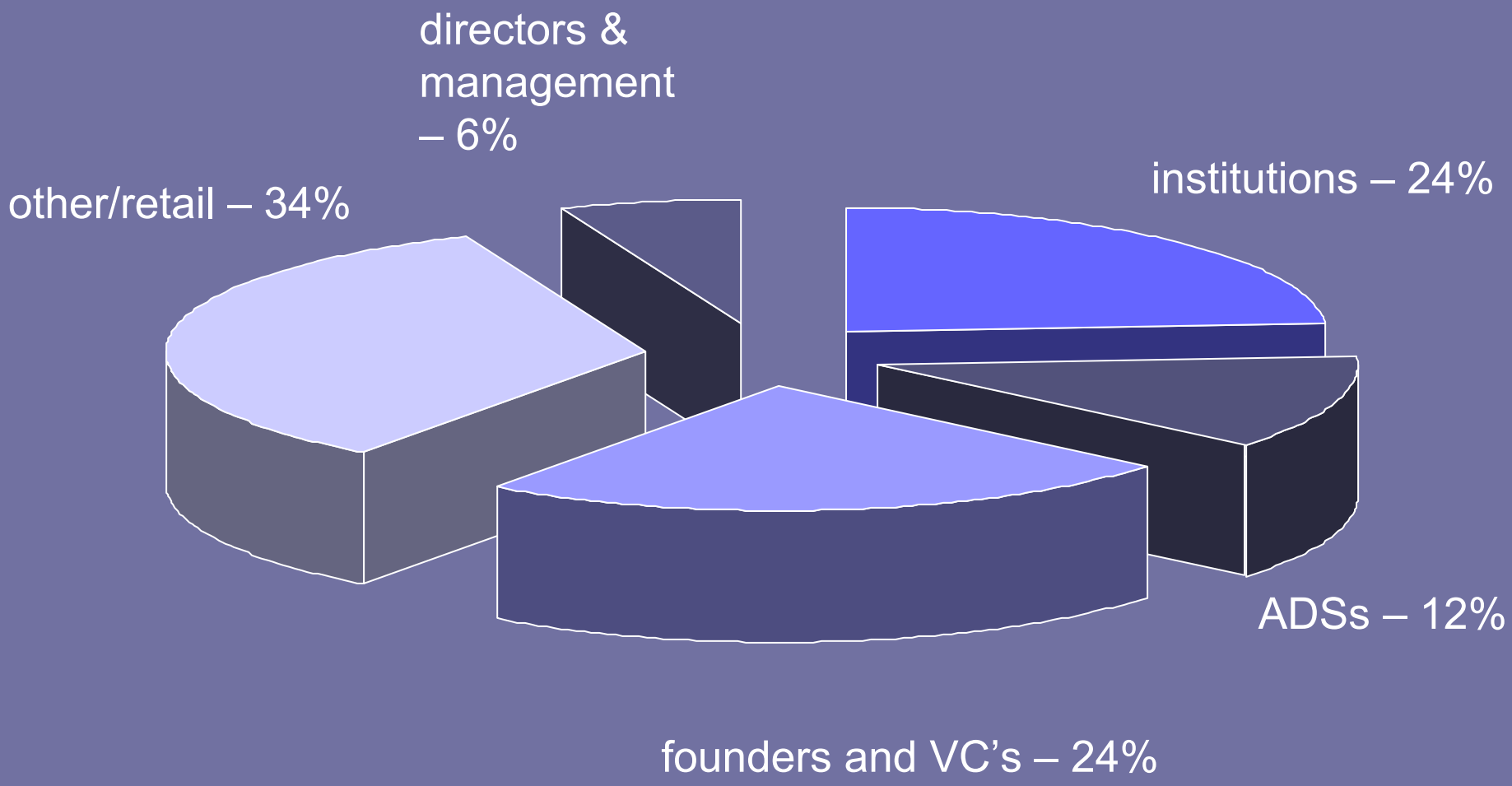
Share Capital
(including options)



31 December 2005: 174m shares; 12m options

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Australian GAAP

Unaudited - $'000 (except per share data)

Income Statement

	Three months ended		Half year ended	
	31-Dec-05	31-Dec-04	31-Dec-05	31-Dec-04
Revenue				
Interest	997	390	1,436	711
Other income				
Grant income	72	155	430	490
Other	-	-	-	-
	1,069	545	1,866	1,201
Expenses				
Research & development	(3,113)	(1,886)	(5,646)	(4,279)
Commercial	(397)	(120)	(603)	(320)
Administration	(1,217)	(663)	(2,182)	(1,596)
Total expenses	(4,727)	(2,669)	(8,431)	(6,195)
Net loss before and after tax	(3,658)	(2,124)	(6,565)	(4,994)
Basic and diluted earnings (loss) per share	(0.023)	(0.018)	(0.045)	(0.044)
Depreciation & amortisation	307	137	532	274
Expense arising from employee option plan	247	47	403	94

Australian GAAP

Unaudited - $'000 (except per share data)

Balance Sheet Data	As at	
	31-Dec-05	30-Jun-05
Cash and cash equivalents	106,434	33,389
Plant & equipment	2,950	2,477
Intangible assets	1,077	1,106
Total assets	111,875	37,937
Total liabilities	2,969	2,470
Total shareholders' equity	108,906	35,467

Australian GAAP

Unaudited - $'000 (except per share data)

Cash Flow Data	Three months ended		Half year ended	
	31-Dec-05	31-Dec-04	31-Dec-05	31-Dec-04
Net cash flows from operating activities	(2,596)	(2,740)	(5,579)	(4,784)
Net cash flows from investing activities	(562)	(313)	(976)	(588)
Net cash flows from financing activities	79,552	18,981	79,600	19,015
Net increase (decrease) in cash held	76,394	15,928	73,045	13,643

Upcoming Milestones

- Aridol
  - Potential Aridol approval in Australia & EU: 1H06
  - Data from Phase II COPD trial: 2H06
  - Data from Phase III US 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: Mid-06
- Pipeline
  - US IND for PXS64 for multiple sclerosis: 2006
  - Nominate IND candidate for PXS2076 for RA: 2006