Media Release

30 October 2013

PHARMAXIS ELECTS TO RECEIVE FULL NOVAQUEST INVESTMENT

Pharmaceutical company Pharmaxis Ltd (ASX: PXS) today announced that the Company has elected to receive the full US$40 million allowed for under the Financing Agreement signed in January 2013 with NovaQuest Pharma Opportunities Fund III, LP (NovaQuest). The initial investment of US$20 million was made by NovaQuest in February 2013 and an additional US$20 million investment is subject to Pharmaxis meeting certain commercial and regulatory performance criteria including randomisation of the first patient into a US pivotal Phase 3 clinical trial by 17 October 2014.

Pharmaxis entered into the Financing Agreement with NovaQuest to ensure the Company had sufficient funds to pursue the US approval of Bronchitol for cystic fibrosis. Under the terms of the agreement the Company had nine months (until 29 October 2013) to advise NovaQuest if it wished to reduce the additional US$20 million investment. The Company has elected not to reduce the additional investment. Pharmaxis will receive the additional US$20 million investment after the first patient is randomised into the US pivotal Phase 3 clinical trial required by the US Food and Drug Administration to obtain approval of Bronchitol in the United States. The additional investment will be paid in four equal instalments of US$5 million, each three months apart.

As consideration for its investment, NovaQuest receives quarterly payments based upon Bronchitol sales in the US and EU, determined by reference to sales revenue tiers and corresponding annual payment percentages which vary between the US and EU and vary over the term of the agreement to reflect the expected growth in Bronchitol sales. The Financing Agreement has a term of eight years in the EU and seven years from the launch of Bronchitol in the US.

Pharmaxis CEO Mr Gary Phillips said, “Executing the NovaQuest agreement earlier this year was a prudent decision. We have accessed an innovative financing source and begun transitioning the Pharmaxis business model to the use of non-equity funding for the development of the Company’s assets. Preserving the right to receive the full $40 million places us in a strong position as US Bronchitol partnering discussions progress over the current quarter with funding in place for the Phase 3 trial for the US registration of Bronchitol planned to commence in the first half of 2014.”

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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 disorders. The product Aridol® for the assessment of asthma is sold in key international markets. The product Bronchitol® for cystic fibrosis is sold in Europe and Australia. The development pipeline of products includes Bronchitol for bronchiectasis, ASM8 for asthma, PXS64 for the treatment of lung fibrosis, PXS4728 for inflammation and the PXS5033 series for fibrotic disease. Pharmaxis is listed on the Australian Securities Exchange (symbol PXS). The company's head office and manufacturing facilities are located in Sydney. For more information about Pharmaxis, go to www.pharmaxis.com.au or contact Investor Relations on phone +61 2 9454 7200.

About NovaQuest

NovaQuest Capital Management (NovaQuest) manages alternative investments in the global biopharmaceutical sector, where its principal focus is to seek returns from late-stage clinical assets and commercial phase biopharmaceutical products. Over the past decade, the NovaQuest team's investments have provided companies with alternatives to standard biopharmaceutical industry development and commercial deal-making. For more information please visit www.nqcapital.com

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 the potential 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 any product candidate will receive regulatory approval or that we will seek any such approval.