

Media Release

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PHARMAXIS ANNOUNCES COMPLETION OF RESTRUCTURING AND NEW FOCUS ON PARTNERING

Pharmaceutical company Pharmaxis (ASX: PXS) is pleased to announce its transition to a strategic business plan with an increased focus on innovation and partnering in order to generate value. The new direction follows the completion of two years of restructuring that included partnering the Pharmaxis lead product Bronchitol in major markets worldwide, cutting the company's expense base and employee numbers and the sale of an early stage drug asset to Boehringer Ingelheim.

Pharmaxis CEO Mr Gary Phillips said, "Restructuring Pharmaxis and withdrawing from a direct commercial presence in global markets whilst preserving value and creating the foundations for future growth has been a significant challenge. We have now put Bronchitol on a path to profitability and reduced our cash burn, in order to focus on earlier stage development projects such as the SSAO and LOXL2 inhibitor programs."

The key elements of the Pharmaxis business plan announced today are:

- New strategic direction – to build a regional biotech centre of excellence in fibrosis and inflammation
 - o Multiple drugs from in-house amine oxidase platform developed to phase 1 or 2
 - o Collaborate where necessary to de-risk and accelerate internal and external programs
 - o Licence out to Big Pharma with attractive 1st in class drugs post phase 1 or 2
- Short to mid-term opportunities
 - o Milestone payments from Boehringer as PXS4728A progresses
 - o LOXL2 collaboration to phase 1 or 2 and subsequent partnering
 - o 3 additional drug programs in the drug discovery pipeline
 - o A stake in the US commercialisation of Bronchitol (funded by partner) and sales by distributors in the rest of the world
- Financial strength
 - o Restructured Bronchitol business to reduce investment (>50%) and shorten time to profitability
 - o Pro forma March 31 2015 balance sheet cash at \$62m

Pharmaxis Chairman Mr Malcolm McComas said, "The transaction announced yesterday with Boehringer represents a new chapter for Pharmaxis and validates both our scientific and partnering capability. By more than doubling our cash reserves it also gives us the opportunity to realise significant value for shareholders, not only from the PXS4728A deal, but also Bronchitol and our research pipeline."

More detail on the new Pharmaxis business plan is available in the presentation accompanying this release.

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About Pharmaxis

Pharmaxis (ACN 082 811 630) is a specialist pharmaceutical company with a portfolio of products at various stages of development and approval. Its product Bronchitol® for cystic fibrosis is marketed in Europe and Australia and a phase 3 trial to enable completion of an NDA for the US market is underway. Its product Aridol® for the assessment of asthma is sold in Europe, Australia and Asia. The company's development pipeline is centred around its expertise in amine oxidase chemistry and includes Semicarbazide-Sensitive Amine Oxidase Inhibitors (SSAO) for Non-alcoholic Steatohepatitis (NASH) and inflammatory diseases including Chronic Obstructive Pulmonary Disease (COPD), and Lysyl Oxidase Inhibitors (LOX) targeting fibrotic diseases including pulmonary fibrosis and some cancers. Pharmaxis is listed on the Australian Securities Exchange (symbol PXS). The company's head office, research and manufacturing facilities are located in Sydney, Australia.

Forward-Looking Statements

This document contains forward-looking statements, including statements concerning Pharmaxis' future financial position, plans, and the potential of its products and product candidates, which are based on information and assumptions available to Pharmaxis as of the date of this document. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. These forward-looking statements are not guarantees or predictions of future results, levels of performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this document. Except as required by law we undertake no obligation to update these forward-looking statements as a result of new information, future events or otherwise.