

ASX Release

5 October 2006



Underwritten Share Purchase Plan and Placement

PharmAust Limited (ASX: PAA) is pleased to announce that it has established terms for a fully underwritten Share Purchase Plan (SPP) and Placement to raise A\$2.5 million (M).

Melbourne-based Chimaera Capital Markets will underwrite the A\$1.25M SPP and the conjunctural placement of A\$1.25M of shares on a pari passu basis to the SPP (Placement), both issues being at 10c per share.

The purpose of the SPP is to give Eligible Shareholders of PharmAust Limited the opportunity to increase their shareholdings to a marketable parcel without the costs of brokerage, and to provide working capital for PharmAust Limited.

Under the SPP, shareholders of PharmAust Limited (irrespective of the size of their shareholding) on the register as at 5.00pm WST on Monday 9th October 2006 (Record Date) and whose registered address is in Australia or New Zealand (Eligible Shareholders) will be eligible to apply for up to A\$5,000 of ordinary shares, for a subscription price of 10 cents per share. Full details of the SPP and an Entitlement and Acceptance Form will be sent to all shareholders of PharmAust Limited on the register at 5.00pm WST on the Record Date.

The total to be raised under the SPP is capped at A\$1.25M. Accordingly, all Eligible Shareholders who wish to apply for shares under the SPP are encouraged to return their Entitlement and Acceptance Forms promptly.

The closing date for the SPP is set for 5.00pm WST on Friday 27th October 2006 (Closing Date), unless extended at the discretion of the directors of PharmAust Limited, and allotments will be made in order of receipt of fully completed Entitlement and Acceptance Forms and the subscription price payable until the amount to be raised is reached.

The conjunctural Placement of A\$1.25M will also be completed with shares offered at the same price as the offer under the SPP. The terms and conditions of the Share Purchase Plan will be made available on PharmAust Limited's website at www.pharmaust.com.

PharmAust Managing Director, Dr Paul D'Sylva said: "These raisings secure sufficient funding to allow the Company to continue current growth and will allow several key transactions, which are currently in progress, to be concluded. The Board looks forward to creating significant shareholder value over the next 12 months."

About PharmAust Limited

PharmAust Limited was listed on the Australian Stock Exchange in December 2004. PharmAust owns three subsidiary companies:

PharmAust Manufacturing Pty Ltd specialises in the manufacture of a range of over-the-counter medicines, hospital supplies and consumer healthcare products.

Epichem Pty Ltd provides synthetic and medicinal chemistry services to the drug discovery and pharmaceutical industries.

Mimotopes Pty Ltd manufactures specialty custom peptides for the global drug discovery and development industries.

Further Comments:

Mr Paul D'Sylva
Managing Director
PharmAust Limited
P: (08) 9284 8800

Media Enquiries:

Sarah Allchurch
Allchurch Communications
P: (08) 9381 6625 M: 0412 346 412

PharmAust Limited

Level 2, 45 Stirling Highway Nedlands Western Australia 6009 Australia

T: + 61 8 9284 8800 F: + 61 8 9284 8899 E: info@pharmaust.com W: www.pharmaust.com