



4 March, 2008

The Manager
Company Announcements
Australian Stock Exchange Limited
Via Electronic Lodgement

Dear Sir/Madam

Subsidiary Placed in Voluntary Administration

PharmAust Limited (ASX: PAA) has today placed its 100% owned subsidiary PharmAust Manufacturing Pty Ltd (PAM) into voluntary administration. Martin Jones, Andrew Saker and Darren Weaver of Ferrier Hodgson have been appointed as Joint and Several Administrators to implement an orderly sale process with a view to the PAM business continuing as a going concern under new ownership.

As previously stated, the Board of PharmAust has undertaken an extensive and detailed assessment of its subsidiary businesses - PAM and Epichem Pty Ltd - to determine the long-term value and future of these assets. This review has now been completed and the Board has concluded that the sale or partial sale of PAM to an existing industry player is in the best interests of PharmAust shareholders.

It is clear from the Board's review that the parent company will need to continue to contribute over \$1.5 million to PAM in order for it to approach self-sustainability.

The Board believes that retaining these funds and looking to an orderly disposal of the manufacturing business maintains the greatest value for shareholders. This is particularly relevant in the current market circumstances.

Preliminary discussions have taken place with a number of parties that have expressed interest in the whole or partial purchase of PAM.

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