



7 March 2006

The Manager
Company Announcements
Australian Stock Exchange Limited
Via Electronic Lodgement

Dear Sir/Madam

CAPITAL RAISING COMPLETED TO RAISE \$2.1 MILLION

PharmAust Limited is pleased to announce the placement of the shortfall of 7,797,086 shares and 7,797,086 options to raise \$1,559,417.20 pursuant to the Rights Issue announced to ASX on 8 November 2005.

The Company has also today agreed to place 2,650,000 shares and 2,650,000 options to raise an additional \$530,000 on identical terms to the Rights Issue to exempt investors.

As part of the Right Issue shortfall placement the Company has received an application and application monies from Dr Paul D'Sylva, the Managing Director and a related party of the Company, for 2,500,000 shares and 2,500,000 options (\$500,000). The Company proposes to accept Dr D'Sylva's application, subject to shareholder approval, and will convene a meeting of shareholders to consider the necessary approvals required for the Company to accept Dr D'Sylva's application as soon as possible.

The Company wishes to thank all parties involved in this successful capital raising.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Winton Willesee", with a long horizontal flourish extending to the right.

Winton Willesee
Company Secretary
PharmAust Limited