

12th April 2010

Dear Shareholder

NOTICE TO SHAREHOLDERS - NON-RENOUNCEABLE RIGHTS ISSUE

On 8th April 2010, PharmAust Limited ("PharmAust" the "Company") announced a non-renounceable rights issue of one (1) new option for every two (2) shares held by shareholders at an issue price of 0.2 cents per option to raise up to approximately \$254,708 (**Offer**). The options will be exercisable at 10 cents each on or before 31 March 2012 and the Company will apply for quotation of the options on ASX.

The Offer is non-renounceable and is available to all PharmAust shareholders registered on the record date as detailed in the timetable below. Please note that shareholders at the record date that have an address registered outside of Australia or New Zealand will not be eligible to participate in the pro-rata offer.

Based on the capital structure of the Company as at the date of this letter and assuming no options are exercised prior to the record date, a maximum of 127,353,937 options will be issued pursuant to the Offer to raise up to approximately \$254,708.

The proposed timetable for the Offer is as follows:

Lodgement of Prospectus with the ASIC	8 April 2010
Announcement of Offer and lodgement of Appendix 3B	8 April 2010
Notice sent to Shareholders	12 April 2010
Ex date	16 April 2010
Record Date for determining Shareholder entitlements	22 April 2010
Prospectus despatched to Shareholders and Opening Date	27 April 2010
Closing Date of Offer	12 May 2010
Securities quoted on a deferred settlement basis	13 May 2010
Notify ASX of under-subscriptions	17 May 2010
Despatch of holding statements and Options entered into Shareholders' security holdings	20 May 2010

* The Directors may extend the closing date by giving at least 6 business days notice to ASX prior to the closing date. For this reason the date on which the options are expected to commence trading on ASX may vary.

Full details of the Offer are contained in the prospectus which has been lodged with the ASX and is available at their website www.asx.com.au. The prospectus is also available for download from the Company's website, www.pharmaust.com.

Yours sincerely,



Sam Wright
 Director & Company Secretary