

4 September 2009

Manager of Company Announcements
 Australian Stock Exchange
 Exchange Centre
 Level 3
 20 Bridge Street
 Sydney NSW 2000

Dear Sir/Madam,

Proposed Issue of Securities to Non Executive Director

In accordance with Listing Rule 3.10.3, Pharmaxis advises that the directors have resolved to grant 30,000 fully paid but restricted ordinary shares to Mr Richard van den Broek, in connection with his appointment as a Non Executive Director earlier this year.

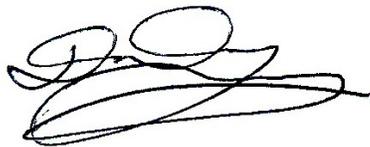
Historically, it has been the Board's practice to grant 200,000 options to non executive directors upon their appointment as part of their compensation package. These options vested over four years. Following a review of equity based remuneration, in place of options the Board has now adopted the policy of granting newly appointed directors, subject to shareholder approval in each instance, 30,000 fully paid restricted ordinary shares for nil consideration which do not vest until the third anniversary of the director's appointment.

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| Class of security | Fully paid restricted Pharmaxis Ltd ordinary shares |
| Number to be issued | 30,000 |
| Vesting | The restricted shares will not be able to be traded and will not vest in Mr van den Broek for a period of 3 years from the date of his appointment as a director. The shares will not vest if Mr van den Broek ceases to be a director during this time. |
| Restrictions | As long as Mr van den Broek remains a director of the Company, the restricted shares may only be traded with the prior approval of the Board. |
| Shareholder approval | Shareholder approval will be sought at the 2009 Annual Meeting. |
| Purpose of issue | Issued as part of Mr van den Broek's compensation following his appointment to the Board earlier in the year. |
| Issue to class | No |

Further details will be included in the notice of meeting for the 2009 Annual General Meeting.

The Company will lodge the relevant Appendix 3B when required by the Listing Rules of Australian Securities Exchange.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. McGarvey', with a large, sweeping flourish underneath.

David McGarvey
Company Secretary