

8 September 2010

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

Dear Sir/Madam,

**Proposed Issue of Securities to Chief Executive Officer**

In accordance with Listing Rule 3.10.3, Pharmaxis advises that the directors have, subsequent to a review of the Company's performance over the past year, resolved to grant performance rights to the Chief Executive Officer under the Company's employee incentive scheme. The grant requires shareholder approval which will be sought at the annual general meeting of the Company:

Class of security	Unlisted zero grant and zero exercise price employee options over Pharmaxis Ltd ordinary shares
Number to be issued	50,000
Issue price	Nil
Exercise price	Nil
Vesting	All of the Performance Rights will vest and be exercisable upon the third anniversary of grant (7 September 2013) provided Dr Robertson is an employee at that time.
Conditions applicable to the shares issued on exercise of Performance Rights	<ol style="list-style-type: none"> <li>1. Until the fourth anniversary of grant (7 September 2014), any shares acquired upon exercise of Performance Rights may not be traded.</li> <li>2. Following the fourth anniversary of grant of the Performance Rights, such shares may not be traded, except with prior approval of the Pharmaxis Board</li> </ol>
Shareholder approval	Shareholder approval will be sought at the 2010 Annual Meeting.
Purpose of issue	To be issued to the Chief Executive Officer under, and in accordance with, the Pharmaxis employee incentive scheme.
Issue to class	No

The Company will lodge the relevant Appendix 3B when required by the Listing Rules of Australian Securities Exchange. Further detail concerning Pharmaxis' use of Performance Rights are set out in the 2010 Statutory Annual Report scheduled to be released to the market on 10 September 2010.

Sincerely,



David McGarvey  
 Company Secretary