

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Pharmaxis Ltd

ABN

75 082 811 630

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Unlisted Employee Options over Pharmaxis Ltd ordinary shares ("Performance Rights") |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 483,000 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Grant Price: Nil

Exercise Price: Nil

Expiry: 6 September 2010

Vesting: All of the Performance Rights will vest and be exercisable upon the third anniversary of grant (7 September 2013) provided the relevant holder is an employee at that time.

Restriction on shares issued on exercise: Until the fourth anniversary of grant (7 September 2014), any shares acquired upon exercise of Performance Rights may not be traded. With respect to direct reports to the CEO, following the fourth anniversary of grant of the Performance Rights, such shares may not be traded, except with prior approval of the Pharmaxis Board

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No. Shares issued upon exercise will rank equally with existing ordinary shares (subject to trading restrictions referred to above). To participate in a dividend, the ordinary shares underlying the options would need to be issued prior to the record date for the dividend.</p>				
<p>5 Issue price or consideration</p>	<p>Nil</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issued of 483,000 Performance Rights to 35 employees under and in accordance with the Pharmaxis employee incentive scheme.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>8 September 2010</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Number</th> <th style="text-align: left; padding: 2px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">225,721,734</td> <td style="padding: 2px;">Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	225,721,734	Fully paid ordinary shares
Number	+Class				
225,721,734	Fully paid ordinary shares				

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	3,740,000	Options expiring on various dates with an exercise price of \$0.3125 (ASX Code PXSAO)
	440,000	Options expiring 30 November 2013 with an exercise price of \$0.376 (ASX Code PXSAQ)
	15,000	Options expiring 3 June 2014 with an exercise price of \$0.426 (ASX Code PXSAU)
	225,000	Options expiring 1 February 2015 with an exercise price of \$0.8340 (ASX Code PXSAZ)
	290,000	Options expiring 11 May 2015 with an exercise price of \$1.147 (ASX Code PXSAW)
	715,000	Options expiring 4 August 2015 with an exercise price of \$1.79 (ASX Code PXSAZ)
	30,000	Options expiring 17 October 2015 with an exercise price of \$2.772 (ASX Code PXSAA)

+ See chapter 19 for defined terms.

35,000	Options expiring 12 February 2016 with an exercise price of \$2.194 (ASX Code PXSAB)
87,500	Options expiring 31 May 2016 with an exercise price of \$2.034 (ASX Code PXSAC)
792,250	Options expiring 14 August 2016 with an exercise price of \$1.917 (ASX Code PXSAD)
40,000	Options expiring 19 September 2016 with an exercise price of \$1.8918 (ASX Code PXSAE)
32,500	Options expiring 13 December 2016 with an exercise price of \$3.0710 (ASX Code PXSAF)
142,500	Options expiring 17 June 2017 with an exercise price of \$3.3155 (ASX Code PXS AH)
1,466,500	Options expiring 9 August 2017 with an exercise price of \$3.3890 (ASX Code PXSAL)
150,000	Options expiring 9 August 2017 with an exercise price of \$3.3890 (ASX Code PXS AI)
200,000	Options expiring 14 November 2016 with an exercise price of \$3.32258 (ASX Code PXS AK)

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Number	+Class
500,000	Options expiring 5 November 2017 with an exercise price of \$4.2900 (ASX Code PXSAT)
2,000	Options expiring 13 December 2017 with an exercise price of \$4.1373 (ASX Code PXS AJ)
11,000	Options expiring 7 February 2018 with an exercise price of \$3.2666 (ASX Code PXS AN)
14,000	Options expiring 10 April 2018 with an exercise price of \$2.1135 (ASX Code PXS AP)
53,500	Options expiring 22 June 2018 with an exercise price of \$1.5990 (ASX Code PXS AR)
1,233,750	Options expiring 11 August 2018 with an exercise price of \$1.8170 (ASX Code PXS AS)
200,000	Options expiring 22 June 2018 with an exercise price of \$1.5990 (ASX Code PXS AV)
200,000	Options expiring 11 August 2018 with an exercise price of \$1.8170 (ASX Code PXS AX)
132,500	Options expiring 22 October 2018 with an exercise price of \$1.6060 (ASX Code PXS AAA)

+ See chapter 19 for defined terms.

Number	+Class
35,000	Options expiring 10 December 2018 with an exercise price of \$1.1607 (ASX Code PXSAAB)
276,000	Options expiring 4 February 2019 with an exercise price of \$1.3380 (ASX Code PXSAAC)
3,750	Options expiring 22 April 2019 with an exercise price of \$1.9574 (ASX Code PXSAAD)
1,760,000	Options expiring 22 June 2019 with an exercise price of \$2.5498 (ASX Code PXSAAE)
483,000	Options expiring 6 September 2020 with a zero exercise price

Number	+Class
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)
N/A	

Part 2 - Bonus issue or pro rata issue

- | | | |
|----|--|--|
| 11 | Is security holder approval required? | |
| 12 | Is the issue renounceable or non-renounceable? | |
| 13 | Ratio in which the +securities will be offered | |
| 14 | +Class of +securities to which the offer relates | |
| 15 | +Record date to determine entitlements | |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- | | | |
|----|---|--|
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |
| 22 | Names of any brokers to the issue | |
| 23 | Fee or commission payable to the broker to the issue | |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | |
| 25 | If the issue is contingent on +security holders' approval, the date of the meeting | |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if | |

+ See chapter 19 for defined terms.

	applicable)	<input type="text"/>
29	Date rights trading will end (if applicable)	<input type="text"/>
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	<input type="text"/>
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	<input type="text"/>
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	<input type="text"/>
33	+Despatch date	<input type="text"/>

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

10,001 - 100,000
 100,001 and over

37 A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38 Number of securities for which ⁺quotation is sought

39 Class of ⁺securities for which quotation is sought

40 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

	Number	⁺ Class
42 Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 38)		

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

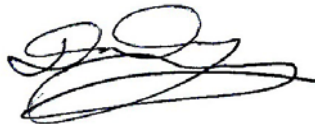
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: .. 8 September 2010
(Company secretary)

Print name:David McGarvey.....

+ See chapter 19 for defined terms.