

31 July 2015

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	1,626,000
Issue price	Nil
Exercise price	Nil
Vesting	<p>Tranche 1: 815,000 Performance Rights granted will vest at 30 June 2016, provided that Mr Phillips is an employee at that date.</p> <p>Tranche 2 : 405,500 Performance Rights granted will vest on 30 June 2017 and 405,500 Performance Rights granted will vest on 30 June 2018 provided that Mr Phillips is an employee at these times.</p> <p>Performance Rights are not capable of exercise prior to vesting.</p>

Conditions applicable to the shares issued on exercise of Performance Rights	<p><u>Tranche 1:</u> Any shares acquired upon exercise of Tranche 1 (815,000) of Performance Rights may only be traded once exercised with prior approval of the Pharmaxis Board.</p> <p><u>Tranche 2:</u></p> <ol style="list-style-type: none"> 1. Any shares acquired upon exercise of the 405,500 Performance Rights vesting on 30 June 2017 may not be traded until 30 June 2018, and only then with prior approval of the Pharmaxis Board. 2. Any shares acquired upon exercise of the 405,500 Performance Rights vesting on 30 June 2018 may only be traded with prior approval of the Pharmaxis Board.
Shareholder approval	Shareholder approval will be sought at the 2015 Annual Meeting.
Purpose of issue	<p>To be issued to the Chief Executive Officer under, and in accordance with, the Pharmaxis employee incentive scheme.</p> <p><u>Tranche 1:</u> Performance Rights to be granted to Mr Phillips in recognition of his role in achieving a major transformation of the Company.</p> <p><u>Tranche 2:</u> Performance Rights granted to Mr Phillips as the 2015 grant of Performance Rights under the employee incentive plan, for the long term reward, incentive and retention of senior managers and other key employees.</p>
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 2014 Statutory Annual Report and will also be included in the 2015 Statutory Annual Report due to be filed with the Australian Securities Exchange before 30 September 2015.

Sincerely,



David McGarvey
Company Secretary