



NOTICE OF THE 2019 ANNUAL GENERAL MEETING
AND EXPLANATORY STATEMENT OF PHARMAXIS LTD

TO BE HELD AT THE OFFICES OF COMPUTERSHARE,
LEVEL 3, 60 CARRINGTON STREET, SYDNEY NSW 2000
ON 21 NOVEMBER 2019 AT 2.30 PM (SYDNEY TIME)

TO BE VALID, PROXY FORMS FOR USE AT THE MEETING MUST BE COMPLETED AND
LODGED NO LATER THAN 19 NOVEMBER 2019 AT 2.30 PM (SYDNEY TIME)

IMPORTANT

This document is important and requires your immediate attention. It should be read in its entirety. If you are in doubt as to the course you should follow, you should consult your stockbroker, solicitor, accountant or other professional adviser immediately.

18 October 2019

Dear Shareholder,

The 2019 annual general meeting of shareholders of Pharmaxis Ltd (**Company**) will be held at the offices of Computershare, Level 3, 60 Carrington Street, Sydney NSW 2000 on 21 November 2019 at 2.30 pm (Sydney time). The notice of meeting along with a proxy voting form is enclosed.

The formal part of the meeting will cover the consideration of the Company's financial statements and remuneration report, the re-election of a non-executive director, the grant of securities to our Chief Executive Officer and a minor amendment to our constitution. Details of the resolutions to be considered at the meeting are contained in the explanatory statement which accompanies the notice of meeting.

If you plan to attend the meeting, please bring the enclosed proxy form to facilitate your prompt registration. If you are unable to attend the meeting, you are able to appoint a proxy to attend and vote on your behalf online at www.investorvote.com.au or by using the enclosed proxy form. Shareholders will have an opportunity to ask questions during the meeting or by submitting written questions in advance of the meeting. Shareholders are also invited to join the board of directors for light refreshments at the conclusion of the meeting.

We look forward to welcoming you at the meeting.

Yours faithfully,



David McGarvey
Company Secretary and Chief Financial Officer

Notice of Annual General Meeting

Notice is hereby given that the 2019 annual general meeting of shareholders of Pharmaxis Ltd ABN 75 082 811 630 (**Company**) will be held at the offices of Computershare, Level 3, 60 Carrington Street, Sydney NSW 2000 on 21 November 2019 at 2.30 pm (Sydney time).

ORDINARY BUSINESS

1. Financial statements

To receive and consider the financial report, directors' report and the auditor's report of the Company for the financial year ended 30 June 2019.

2. Remuneration report

To consider and, if thought fit, pass item 2 as an **ordinary** resolution (advisory vote only):

That the remuneration report of the Company for the year ended 30 June 2019 be adopted.

3. Re-election of Mr William Delaat as a non-executive director

To consider and, if thought fit, pass item 3 as an **ordinary** resolution:

That Mr William Delaat, who retires and offers himself for re-election as a director of the Company, be re-elected as a non-executive director of the Company.

SPECIAL BUSINESS

4. Grant of performance rights to Mr Gary Phillips

To consider and, if thought fit, to pass item 4 as an **ordinary** resolution:

*That for the purposes of the ASX Listing Rules and for all other purposes, approval be given for the grant of 927,000 zero grant price and zero exercise price employee options (**Performance Rights**) to Mr Gary Phillips under the Company's performance rights plan, resolved to be granted by the Board in August 2019 and, upon exercise of those Performance Rights, the acquisition of 927,000 ordinary shares underlying those Performance Rights, in accordance with the explanatory statement accompanying this notice of meeting.*

5. Constitution amendment

To consider and, if thought fit, to pass item 5 as a **special** resolution:

That, in accordance with section 136(2) of the Corporations Act, approval be given for the constitution of the Company to be amended, with effect from the close of the general meeting, as detailed in the explanatory statement accompanying this notice of meeting.

NOTES AND IMPORTANT INFORMATION

VOTING RESTRICTIONS

Item 2 – Pursuant to the *Corporations Act 2001* (Cth) (**Corporations Act**), a vote must not be cast (in any capacity) on resolution 2 by or on behalf of either of the following persons:

- a) a member of the Company's key management personnel details of whose remuneration are included in the remuneration report; or
- b) a closely related party of such a member.

However, a person described in a) or b) may cast a vote on the resolution as a proxy if the vote is not cast on behalf of a person described a) or b) above and either:

- a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- b) the voter is the chair of the meeting and the appointment of the chair as proxy: (i) does not specify the way the proxy is to vote on the resolution; and (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the company or, if the company is part of a consolidated entity, for the entity.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of the Company's key management personnel include its directors and certain senior executives.

A closely related party of a member of the key management personnel means any of the following:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependant of the member or of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- a company the member controls; or
- a person prescribed by the regulations for the purposes of this definition.

Item 4 - As required by the ASX Listing Rules, the Company will disregard any votes cast in favour of the resolution 4 by or on behalf of:

- a) a director of the Company who is eligible to participate in the employee incentive scheme in respect of which approval is sought and if ASX has expressed an opinion under ASX Listing Rule 10.14.3 that approval is required for participation in the employee incentive scheme by anyone else, that person; and
- b) an associate of that person (or those persons).

However the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy directs.

VOTING ENTITLEMENTS

For the purpose of the Corporations Act, the Company has determined that the holders of the Company's ordinary shares for the purpose of the annual general meeting, will be the registered holders of ordinary shares as at 7:00 pm (Sydney time) on 19 November 2019.

PROXIES

Shareholders have the right to appoint a proxy, who need not be a shareholder of the Company. If a shareholder is entitled to two or more votes they may appoint two proxies and may specify the percentage of votes that each proxy is appointed to exercise. A proxy form has been included with this notice of meeting. Proxy voting instructions are provided with the proxy form.

You may submit your proxy form online by visiting www.investorvote.com.au. To use the online facility you will require the secure access information set out on your proxy form. You will be taken to have duly executed the proxy form if you lodge it in accordance with the instructions prior to 2.30pm (Sydney time) on 19 November 2019. Custodians who are subscribers of Intermediary Online, please submit your votes electronically via www.intermediaryonline.com.

Completed proxies can also be lodged with the Company's registrar, Computershare Investor Services Pty Limited:

by hand: Level 3, 60 Carrington Street, Sydney NSW 2000
by post: GPO Box 242, Melbourne VIC 3001
by facsimile: 1800 783 447

or directly to the Company:

by hand or by post: 20 Rodborough Road, Frenchs Forest NSW 2086
by facsimile: +61 (2) 9451 3622

Duly completed proxies must be received by no later than **2.30pm (Sydney time) on 19 November 2019**.

POWER OF ATTORNEY

If a shareholder has appointed an attorney to attend and vote at the meeting, or if a proxy form is signed by an attorney, a certified copy of the power of attorney must likewise be received by Computershare Investor Services Pty Limited or the Company by no later than 2.30pm (Sydney time) on 19 November 2019 by one of the means listed above.

CORPORATE REPRESENTATIVES

If a corporate shareholder wishes to appoint a person to act as a representative at the meeting, that person should be provided with a letter authorising that person as the company's representative (executed in accordance with that company's constituent documents and the Corporations Act).

APPOINTMENT OF THE CHAIR OF THE MEETING OR OTHER KEY MANAGEMENT PERSONNEL AS YOUR PROXY

Due to voting exclusions and requirements referred to in this notice of meeting, if you intend to appoint a member of key management personnel (which includes each of the directors and executives named in the Company's remuneration report) or their closely related parties other than the chair of the meeting as your proxy, you are encouraged to direct them how to vote on item 2 (Remuneration report) and item 4 (Grant of performance rights to Mr Gary Phillips) by marking either "For", "Against" or "Abstain" on the proxy form for the relevant item of business. If you do not direct such a proxy how to vote on those items they will not be able to vote an undirected proxy and your vote will not be counted. This does not apply to the chair of the meeting, who is able to vote undirected proxies where he or she is expressly authorised to do so on the proxy form.


If the chair of the meeting is appointed, or taken to be appointed, as your proxy, you can direct the chair of the meeting to vote "For", "Against", or to "Abstain" from voting on, items 2 to 5 by marking the appropriate box opposite the relevant item on the proxy form. However, if the chair of the meeting is your proxy and you do not mark any of the boxes opposite those items 2 to 5, your undirected proxies held by the chair will be taken as an express authorisation for the chair to vote as he or she decides, in which case the chair of the meeting intends to vote in accordance with the stated intention below.

HOW THE CHAIR OF THE MEETING WILL VOTE UNDIRECTED PROXIES

Subject to the law, the chair of the meeting will vote undirected proxies on, and in favour of, all proposed resolutions, including item 2 (Remuneration report) and item 4 (Grant of performance rights to Mr Gary Phillips).

Shareholders can appoint the chair of the meeting as their proxy to vote contrary to this stated intention or to abstain from voting on a resolution. Shareholders are encouraged to direct their proxies how to vote.

By order of the Board

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

Mr David McGarvey,
Company Secretary and Chief Financial Officer

18 October 2019

EXPLANATORY STATEMENT

Item 1 - Financial Statements

In accordance with section 317 of the Corporations Act 2001 (*Cth*) (**Corporations Act**), the financial report, directors' report and the auditor's report of the Company for the financial year ended 30 June 2019 will be presented to the meeting. Shareholders will be provided with an opportunity to ask questions in relation to the reports, however, in accordance with the Corporations Act there will be no formal resolution put to the meeting. The reports are contained in the Company's 2019 statutory annual report which is available at www.pharmaxis.com.au.

Item 2 - Advisory Vote in Relation to the Remuneration Report

Section 250R(2) of the Corporations Act requires that shareholders vote in respect of the adoption of the Company's remuneration report. The remuneration report is set out in section 2 of the Company's 2019 statutory annual report. Section 250R(3) of the Corporations Act provides that the vote on the resolution is advisory only and does not bind the Company's board of directors (**Board**) or the Company. The Board will continue to consider and take into account the outcome of the vote and feedback from shareholders on the remuneration report when reviewing the Company's remuneration policies. The chair of the meeting will allow a reasonable opportunity for shareholders as a whole to ask questions about, or make comments on, the remuneration report at the meeting before calling for a vote.

The Board unanimously recommends that shareholders vote in favour of resolution 2.

Item 3 - Re-election of Mr William Delaat as a Non-executive director

William L. Delaat AM has been a member of the Board since June 2008. Mr Delaat has over 40 years' experience in the global pharmaceutical industry, most recently as the managing director of the Australian subsidiary of Merck & Co., a position he held from 1997 until his retirement in 2008. During his career Mr Delaat has held executive positions in both Europe and Australia for Merck and AstraZeneca. Mr Delaat is experienced in sales and marketing and has been responsible for international product launches and commercialisation of respiratory products.

Mr Delaat was chairman of Medicines Australia, and the Pharmaceuticals Industry Council from 2008 to 2012. He is also the former Chairman of EnGeneIC Ltd, an unlisted Australian biotech company, and a member of other Government appointed Councils and Not-for-Profit Boards. Mr Delaat is a non-executive director of two Sydney based unlisted start-up companies, Well Movement Pty Ltd and Lucky Health Pty Ltd. Mr Delaat holds a Bachelor of Science, Physiology & Chemistry from the University of London and is a Graduate of the Australian Institute of Company Directors.

Mr Delaat is a member of the Remuneration and Nomination Committee and chair of the Audit Committee.

If re-elected, Mr Delaat's term of appointment will be until the end of the third annual general meeting following his re-election or three years (whichever is longer), subject to the constitution of the Company, the ASX Listing Rules and the Corporations Act.

The Board (with Mr Delaat abstaining) unanimously recommends that shareholders vote in favour of resolution 3.

Item 4 – Grant of Performance Rights to Mr Gary Phillips

The grant of securities to a director under an employee incentive scheme requires the approval of shareholders under ASX Listing Rule 10.14.

Mr Gary Phillips has been the Company's Chief Executive Officer and managing director since March 2013 and prior to this appointment, Mr Phillips served as our Chief Operating Officer since November 2003. If approved by shareholders, 927,000 zero grant price and zero exercise price options (**Performance Rights**) would be granted to Mr Phillips pursuant to the terms and

conditions of the Company's performance rights plan, which is governed by our existing employee option plan (**Performance Rights Plan**).

The Performance Rights have a life of 10 years. The vesting of Mr Phillips' Performance Rights is based on overall Company performance against the annual corporate objectives that have a focus on long term outcomes. At the end of the 2020 financial year the Board will assess achievement of the 2020 long term related corporate objectives and will lapse Performance Rights to the extent such objectives were not achieved. The Board has reserved the right to lapse all Performance Rights if it considers minimum performance standards have not been met. Corporate objectives are each weighted when set at the beginning of the financial year and at the end of the financial year performance is assessed on each objective individually. The remaining Performance Rights will vest in two equal tranches at each of 30 June 2021 and 30 June 2022, subject to Mr Phillips' continued employment with the Company on those dates. As further described in the Company's 2019 Remuneration Report, 55% of the performance rights granted to Mr Phillips in 2018 were lapsed in August 2019 subsequent to a Board review of 2019 corporate performance.

In accordance with the Performance Rights Plan, if a formal takeover offer is made for the Company, all Performance Rights which have not yet vested, automatically vest. When exercisable, each Performance Right would entitle Mr Phillips to subscribe for one fully paid ordinary share. Each ordinary share issued on exercise of a Performance Right will rank equally with all other ordinary shares then on issue. While Mr Phillips is our Chief Executive Officer, restrictions will apply to the shares issued on exercise of Performance Rights, including that the shares may only be traded following Board approval. Additionally, the Performance Rights which are capable of vesting on 30 June 2021 are not able to be traded until 30 June 2022, and then only after Board approval.

Further information about our remuneration framework for executive officers, including the use of performance rights, is set out in the remuneration report contained in the 2019 statutory annual report. The Board considers that performance rights are widely accepted in the Australian context to provide equity remuneration to management and employees. Performance rights typically provide lower potential rewards to managers and employees when compared to traditional options, but by also reducing the risk for employees they provide a stable equity remuneration instrument to retain and reward employees over the longer term.

As approval of shareholders is being sought pursuant to ASX Listing Rule 10.14, ASX Listing Rule 7.2 Exception 14 provides that the Company is not required to seek approval under ASX Listing Rule 7.1.

The Board (with Mr Phillips abstaining) recommends that shareholders vote in favour of resolution 4.

Additional ASX Listing Rule disclosures for Item 4: The Performance Rights would be granted to Mr Phillips as soon as practicable after the meeting and in any event, no later than 12 months from the date of the meeting. The Company will not provide any loans or other financial assistance in connection with the grant or exercise of Performance Rights. Mr Phillips is the only director entitled to participate in our employee option plan as the Board has resolved that no other directors are entitled to participate. On 22 November 2018, following receipt of necessary shareholder approval at the 2018 annual general meeting, the Company granted 690,000 zero grant price and zero exercise price employee options to Mr Gary Phillips (55% of which have been lapsed as noted above). No other equity securities have been issued by the Company to any other director under our employee option plan or any other employee incentive scheme since this last approval.

Item 5 – Amendment of the Constitution

ASX Listing Rule 8.14.1 expressly permits a reasonable fee to be charged for registering a paper-based share transfer, commonly known as an "off market transfer". These fees are intended to cover the costs associated with processing such off market transfers, reducing the risks of errors and enhancing fraud detection practices. Article 23 of the Company's current constitution is inconsistent with ASX Listing Rule 8.14.1 as it does not permit a fee to be charged for off market transfers.

The Company wishes to amend the constitution of the Company to make it consistent with the ASX Listing Rules by deleting the existing Article 23 of the constitution of the Company in its entirety and replacing it with the following text:

“23 Reasonable fee for the registration of transfers

The Company may charge a reasonable fee for the registration of a transfer of shares except where it is not permitted to do so by the Listing Rules.”


Under section 136(2) of the Corporations Act, a company may amend its constitution with a special resolution of its shareholders. A copy of the constitution of the Company is available on the Company’s website at: <http://www.pharmaxis.com.au/corporate-governance>.


The Board unanimously recommends that shareholders vote in favour of resolution 5.



PXS
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Need assistance?

 **Phone:**
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 2.30pm (AEDT) Tuesday 19 November 2019.

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

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Online:

Use your computer or smartphone to appoint your proxy and vote at www.investorvote.com.au or scan your personalised QR code below using your smartphone.

Your secure access information is



Control Number: 999999

SRN/HIN: I999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Pharmaxis Ltd hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Pharmaxis Ltd to be held at the offices of Computershare, Level 3, 60 Carrington Street, Sydney NSW 2000 on Thursday, 21 November 2019 at 2.30pm and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2 and 4 (except where I/we have indicated a different voting intention in step 2) even though Items 2 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2 and 4 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

2 Remuneration report

For	Against	Abstain
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3 Re-election of Mr William Delaat as a non-executive director

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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SPECIAL BUSINESS

4 Grant of performance rights to Mr Gary Phillips

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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5 Constitution amendment

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

PXS

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Computershare



