

10 August 2012

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 zero grant and zero exercise price employee options under the Company's employee option plan to Dr Simon Buckingham, in connection with his appointment as a Non Executive Director earlier this year.

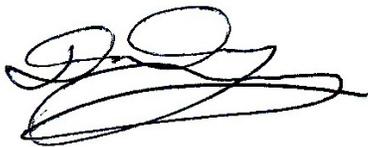
The Board's policy as set out in the Company's annual Remuneration Report, is to grant newly appointed directors, subject to shareholder approval in each instance, equity in the Company. The grant requires shareholder approval which will be sought at the annual general meeting of the Company:

Class of security	Unlisted zero grant and zero exercise price employee options over Pharmaxis Ltd ordinary shares.
Number to be issued	30,000
Issue price	Nil
Exercise price	Nil
Vesting	Three years from the grant date subject to Dr Buckingham being a director of the Company at this time.
Conditions applicable to the shares issued on exercise of Performance Rights	While Dr Buckingham is a Director, the shares issued on exercise of options cannot be traded without prior approval of the Board.
Shareholder approval	Shareholder approval will be sought at the 2012 Annual Meeting.
Purpose of issue	To be issued to the non-executive director under, and in accordance with the Pharmaxis employee option plan, 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 2012 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 be 'D. McGarvey', with a large, sweeping flourish underneath.

David McGarvey  
Company Secretary