

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

Fully paid ordinary shares (**Shares**).

- 2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

Up to approximately 76,372,103 new Shares to be issued under the pro-rata accelerated non-renounceable entitlement offer announced to ASX on 16 November 2011 (**Entitlement Offer**).

The Entitlement Offer is underwritten to \$40 million. The Entitlement Offer will comprise an underwritten institutional offer (**Institutional Entitlement Offer**) and a retail offer (**Retail Entitlement Offer**).

The exact number of new Shares to be issued is subject to rounding of shareholder entitlements and the number of employee options exercised prior to the record date of 21 November 2011.

+ See chapter 19 for defined terms.

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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)

Fully paid ordinary shares.

⁺ See chapter 19 for defined terms.

4 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	Yes.				
5 Issue price or consideration	\$1.05 per new Share.				
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The proceeds from the Entitlement Offer will be used to increase Pharmaxis' cash reserves and strengthen the Company's balance sheet in anticipation of the commercial launch of Bronchitol for cystic fibrosis in Europe, which is expected to occur in the first half of 2012.				
7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates	(1.) On or about 29 November 2011 in respect of Shares to be issued under the first settlement; and (2.) On or about 19 December 2011 in respect of Shares to be issued under the second settlement.				
8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)	<table> <tr> <th data-bbox="786 1396 1068 1432">Number</th><th data-bbox="1068 1396 1344 1432">⁺Class</th></tr> <tr> <td data-bbox="786 1432 1068 1713">After completion of the Entitlement Offer, there will be up to approximately 305,488,412 Shares on issue (assuming the Entitlement Offer is fully subscribed).</td><td data-bbox="1068 1432 1344 1713">Fully paid ordinary shares</td></tr> </table>	Number	⁺ Class	After completion of the Entitlement Offer, there will be up to approximately 305,488,412 Shares on issue (assuming the Entitlement Offer is fully subscribed).	Fully paid ordinary shares
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⁺ See chapter 19 for defined terms.

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	2,800,000	Options expiring on various dates with an exercise price of \$0.3125 (ASX Code PXSAO)
	250,000	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 PXSAY)
	290,000	Options expiring 11 May 2015 with an exercise price of \$1.147 (ASX Code PXSAW)
	700,000	Options expiring 4 August 2015 with an exercise price of \$1.79 (ASX Code PXSAZ)
	30,000	Options expiring 16 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)
769,750	Options expiring 14 August 2016 with an exercise price of \$1.917 (ASX Code PXSAD)
25,000	Options expiring 19 September 2016 with an exercise price of \$1.8918 (ASX Code PXSAB)
25,000	Options expiring 13 December 2016 with an exercise price of \$3.0710 (ASX Code PXSAC)
132,500	Options expiring 17 June 2017 with an exercise price of \$3.3155 (ASX Code PXSAD)
1,460,500	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 PXSAL)
200,000	Options expiring 14 November 2016 with an exercise price of \$3.2258 (ASX Code PXSAB)

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Number	+Class
490,000	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 PXSAJ)
8,000	Options expiring 7 February 2018 with an exercise price of \$3.2666 (ASX Code PXSAN)
11,500	Options expiring 10 April 2018 with an exercise price of \$2.1135 (ASX Code PXSAP)
51,500	Options expiring 22 June 2018 with an exercise price of \$1.5990 (ASX Code PXSAR)
1,196,000	Options expiring 11 August 2018 with an exercise price of \$1.8170 (ASX Code PXSAS)
200,000	Options expiring 22 June 2018 with an exercise price of \$1.5990 (ASX Code PXSAY)
200,000	Options expiring 11 August 2018 with an exercise price of \$1.8170 (ASX Code PXSAX)
70,000	Options expiring 22 October 2018 with an exercise price of \$1.6060 (ASX Code PXSAAA)

+ 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)
208,500	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)
1,693,000	Options expiring 22 June 2019 with an exercise price of \$2.5498 (ASX Code PXSAAE)
508,000	Options expiring 6 September 2020 with a zero exercise price (ASX Code PXSAAF)
8,640	Options expiring 23 September 2020 with a zero exercise price (ASX Code PXSAAG)
23,000	Options expiring 14 November 2020 with a zero exercise price (ASX Code PXSAAH)
7,000	Options expiring 23 January 2021 with a zero exercise price (ASX Code PXSAAI)
31,000	Options expiring 29 August 2021 with a zero exercise price (ASX Code PXSAAJ)
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

+ See chapter 19 for defined terms.

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11	Is security holder approval required?	No.
12	Is the issue renounceable or non-renounceable?	Non-renounceable.
13	Ratio in which the *securities will be offered	1 new Share for every 3 existing Shares held as at the record date for the Entitlement Offer.
14	*Class of *securities to which the offer relates	Fully paid ordinary shares.
15	*Record date to determine entitlements	7:00pm (Sydney time) on 21 November 2011.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No.
17	Policy for deciding entitlements in relation to fractions	Where fractions arise in the calculation of the entitlements under the Entitlement Offer, the number of shares will be rounded up to the nearest whole number of shares.
18	Names of countries in which the entity has *security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	All countries other than Australia and New Zealand and any other jurisdiction into which it is decided to make offers.
19	Closing date for receipt of acceptances or renunciations	17 November 2011 (Institutional Entitlement Offer). 8 December 2011 (Retail Entitlement Offer).
20	Names of any underwriters	Merrill Lynch International (Australia) Ltd and Wilson HTM Corporate Finance Limited.
21	Amount of any underwriting fee or commission	(1.) a management fee of 1.5% of the Entitlement Offer proceeds; (2.) an underwriting fee of 3.0% of the Institutional Entitlement Offer proceeds; and (3.) a selling fee of 3.0% of the Retail Entitlement Offer proceeds.
22	Names of any brokers to the issue	Not applicable.

+ See chapter 19 for defined terms.

23	Fee or commission payable to the broker to the issue	Not applicable.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable.
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable.
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	A Retail Entitlement Offer booklet together with a personalised entitlement and acceptance form will be sent to eligible retail shareholders on or about 24 November 2011.
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	16 November 2011.
28	Date rights trading will begin (if applicable)	Not applicable.
29	Date rights trading will end (if applicable)	Not applicable.
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not applicable.
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable.
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	Not applicable.
33	+Despatch date	Refer to Item 7 of this Appendix 3B.

Part 3 - Quotation of securities

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

+ See chapter 19 for defined terms.

Appendix 3B

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

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

+ See chapter 19 for defined terms.

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)					
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> <tr> <td style="height: 60px;"></td> <td style="height: 60px;"></td> </tr> </table>	Number	+Class		
Number	+Class					

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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: .. 16 November 2011
(Company secretary)

Print name:David McGarvey.....
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