

26 July 2016

Manager of Company Announcements
Australian Securities Exchange
Exchange Centre
Level 3
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

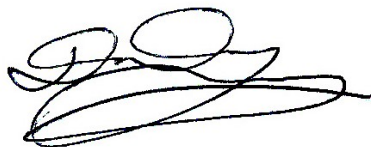
Proposed Issue of Securities to Chief Executive Officer

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	827,000
Issue price	Nil
Exercise price	Nil
Vesting	413,500 Performance Rights will vest on 30 June 2018 and 413,500 Performance Rights will vest on 30 June 2019 provided that Mr Phillips is an employee at these times.
Conditions applicable to the shares issued on exercise of Performance Rights	1. Any shares acquired upon exercise of the 413,500 Performance Rights vesting on 30 June 2018 may not be traded until 30 June 2019, and only then with prior approval of the Pharmaxis Board. 2. Any shares acquired upon exercise of the 413,500 Performance Rights vesting on 30 June 2019 may only be traded with prior approval of the Pharmaxis Board.
Shareholder approval	Shareholder approval will be sought at the 2016 Annual Meeting.
Purpose of issue	To be issued to the Chief Executive Officer under, and in accordance with, the Pharmaxis employee incentive scheme for the long term reward, incentive and retention of senior managers and other key employees.
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 2015 Statutory Annual Report and will also be included in the 2016 Statutory Annual Report due to be filed with the Australian Securities Exchange before 30 September 2016.

Sincerely,

A handwritten signature in black ink, appearing to be 'D. McGarvey', with a stylized, sweeping flourish extending from the end of the name.

David McGarvey
Company Secretary