

15 August 2019

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 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	927,000
Issue price	Nil
Exercise price	Nil
Vesting	<ol style="list-style-type: none"> <li>1. At the end of the 2020 financial year the Board will assess achievement of the long term related corporate objectives set by the Board for the 2020 year and lapse Performance Rights to the extent the long term corporate objectives were not achieved.</li> <li>2. 50% of the remaining performance rights will vest at each of 30 June 2021 and 30 June 2022, provided that Mr Phillips is an employee at these times.</li> </ol>
Conditions applicable to the shares issued on exercise of Performance Rights	<ol style="list-style-type: none"> <li>3. Any shares acquired upon exercise of Performance Rights vesting on 30 June 2021 may not be traded until 30 June 2022, and only then with prior approval of the Pharmaxis Board.</li> <li>4. Any shares acquired upon exercise of Performance Rights vesting on 30 June 2022 may only be traded with prior approval of the Pharmaxis Board.</li> </ol>

Shareholder approval	Shareholder approval will be sought at the 2019 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 2019 Directors' Report and will also be included in the 2019 Statutory Annual Report due to be filed with the Australian Securities Exchange before 30 September 2019.

Sincerely,



David McGarvey  
Company Secretary