

13 August 2021

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

Dear Sir/Madam,

Issue of Securities to Chief Executive Officer, Senior Executive Officers and Other Employees

In accordance with Listing Rule 3.10.3, Pharmaxis advises that the directors have resolved to grant performance rights to the Chief Executive Officer, Other Senior Executive Officers and Other Employees in two tranches under the Company's employee incentive scheme. The first tranche of performance rights are to Other Senior Executive Officers and Other Employees under the Company's available issuing capacity and an Appendix 3G will be filed on 13 August 2021. The grant to the Chief Executive Officer and the second tranche grant to Senior Executive Officers and Other Employees require shareholder approval which will be sought at the 2021 annual general meeting of the Company.

Details of the Proposed Grants:

	<u>Tranche #1</u>	<u>Tranche #2</u>
Chief Executive Officer	-	2,374,000
Other Senior Executive Officers	1,674,400	2,511,600
Other Employees	2,381,200	3,571,800
Total	4,055,600	8,457,400

Terms of Grant:

Class of security	Unlisted zero grant and zero exercise price employee options over Pharmaxis Ltd ordinary shares.
Total number proposed to be issued	12,513,000
Issue price	Nil
Exercise price	Nil

Vesting	<ol style="list-style-type: none"> 1. At the end of the 2022 financial year the Board will assess achievement of the long term corporate objectives set by the Board for the 2022 year and lapse Performance Rights to the extent it assesses the long term corporate objectives were not achieved. 2. 50% of the remaining performance rights will vest at each of 30 June 2023 and 30 June 2024, provided that the employee is an employee at these times.
Conditions applicable to the shares issued on exercise of Performance Rights	<ol style="list-style-type: none"> 3. Any shares acquired upon exercise of Performance Rights vesting on 30 June 2023 may not be traded until 30 June 2024. 4. Any shares acquired upon exercise of Performance Rights by the Chief Executive Officer or Senior Executive Officers may only be traded with prior approval of the Pharmaxis Board.
Purpose of issue	To be issued to 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 3G in relation to Tranche #2 when required by the Listing Rules of Australian Securities Exchange. Further detail concerning Pharmaxis' use of Performance Rights are set out in the 2021 Directors' Report and Remuneration Report filed with the Australian Securities Exchange on 12 August 2021.

Sincerely,



David McGarvey
Company Secretary