

2 July 2012

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

Dear Sir/Madam,

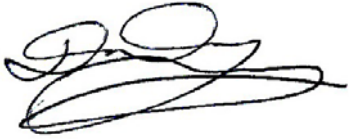
Proposed Issue of Securities to Chief Executive Officer

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	200,000
Issue price	Nil
Exercise price	Nil
Vesting	Fifty percent of the Performance Rights granted will vest upon the second anniversary of grant (being 29 June 2014) and fifty percent of the Performance Rights granted will vest upon the third anniversary of grant (being 29 June 2015 provided that Dr Robertson is an employee at these times. Performance Rights are not capable of exercise prior to vesting.
Conditions applicable to the shares issued on exercise of Performance Rights	<ol style="list-style-type: none"> 1. Until the third anniversary of grant (29 June 2015), any shares acquired upon exercise of Performance Rights may not be traded. 2. Following the third anniversary of grant of the Performance Rights, such shares may not be traded, except with prior approval of the Pharmaxis Board
Shareholder approval	Shareholder approval will be sought at the 2012 Annual Meeting.
Purpose of issue	To be issued to the Chief Executive Officer under, and in accordance with, the Pharmaxis employee incentive scheme.
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 2011 Statutory Annual Report.

Sincerely,

A handwritten signature in black ink, appearing to be 'D. McGarvey', with a large, sweeping flourish underneath.

David McGarvey
Company Secretary