

26 February 2016

Stephanie So
Senior Advisor, Listings
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

Establishment of Unmarketable Parcel Sale Facility

Pharmaxis Ltd (**Pharmaxis**) has established a share sale facility for holders of parcels of Pharmaxis shares with a market value of less than A\$500 (**Unmarketable Parcel**) as at close of trade on 19 February 2016 (**Record Date**). Based on the Pharmaxis share price of \$0.30 at close of trade on the Record Date, an Unmarketable Parcel is a holding of 1,666 (or less) Pharmaxis shares.

Pharmaxis has established the facility to assist holders of Unmarketable Parcels to sell their shares without incurring brokerage costs and to reduce the Company's administrative costs associated with maintaining a large number of shareholders with Unmarketable Parcels.

If a holder of an Unmarketable Parcel wishes to have their Pharmaxis shares sold through this facility, they do not need to take any action.


If a holder of an Unmarketable Parcel wishes to retain their shares, they must complete and return the attached Share Retention Form to the Pharmaxis' share registry, Computershare Investor Services Pty Limited, by 5:00 pm (Sydney time) on 8 April 2016. Upon the sale of the Unmarketable Parcels by the appointed broker, proceeds will be forwarded to eligible shareholders as soon as practicable.

Attached is a copy of the letter and the Share Retention Form that is being distributed to shareholders that hold an Unmarketable Parcel on the Record Date.

Yours faithfully



Mr David McGarvey
Chief Financial Officer/ Company Secretary



26 February 2016

Dear Shareholder

Important Notice - Sale of your Unmarketable Parcel of Pharmaxis Ltd shares

We are writing to advise you that Pharmaxis Ltd (**PXS** or the **Company**) has established a share sale facility (**Facility**) for holders of parcels of PXS shares with a market value of less than A\$500 as at close of trade on 19 February 2016 (**Unmarketable Parcels**).

The Company is offering the Facility to assist holders of Unmarketable Parcels to sell their shares without incurring brokerage costs and to reduce the Company's administrative costs associated with maintaining a large number of shareholders with Unmarketable Parcels.

Our records show that you held an Unmarketable Parcel of 1,666 shares or less based on the PXS share price of \$0.30 as at close of trade on 19 February 2016.

Unless you advise the Company that you want to retain some of all of your shares as set out below, your shares will be sold and you will be sent the sale proceeds.

The Facility has been established in accordance with the Company's constitution and ASX Listing Rules

If you want to sell your shares through the Facility, you do not need to take any action.

Your shares will be sold on your behalf after 8 April 2016. You do not need to appoint a broker nor pay the brokerage and handling costs associated with the sale of shares under the Facility. Any tax consequences from the sale of your shares will be your responsibility.

If you want to retain your PXS shares, you must complete and return the enclosed Share Retention Form so that it is received by 5:00 pm (Sydney time) on 8 April 2016. Please read the instructions on your personalised Share Retention Form carefully before completing it.

If you need help deciding what to do, or if you require information regarding the financial, legal or tax consequences of participating in the Facility you should consult your legal, financial or taxation adviser.

The attached Q&A information sheet sets out further details of the Facility, which you should read before making any decision.

Yours sincerely



David McGarvey
Company Secretary
Pharmaxis Ltd

Q&A Information Sheet about the Facility

1. What is an Unmarketable Parcel?

An Unmarketable Parcel of shares (also sometimes known as a small parcel) is a holding of PXS shares valued at less than A\$500 as at close of trade on the Record Date of 19 February 2016. Based on the PXS share price of \$0.30 as at close of trade on the Record Date, this is a holding of 1,666 shares or less. As the determination of an Unmarketable Parcel is undertaken at the Record Date, any increase in the PXS share price after that date will not impact what constitutes an Unmarketable Parcel. The Facility will not apply to Unmarketable Parcels held pursuant to the Company's restricted employee share scheme.

2. What price will I receive for shares sold through the Facility?

The price that you receive for your shares under the Facility will be the volume weighted average price of all PXS shares sold in the ordinary course of trading on the Australian Securities Exchange (ASX) on the trading days (or day) that shares are sold under the Facility. This price will depend on a number of factors, including market conditions at the time, and you will not have control over the time at which your shares are sold. The price you receive may be different from the price appearing in the newspaper or quoted by ASX on any day, and may not be the best price on the day that your shares are sold.

3. What is the price of PXS shares?

The last sale price of PXS shares on 19 February 2016 was \$0.30. The share price is subject to change and more recent prices are available in newspapers and from the ASX website (www.asx.com.au) under the ASX code "PXS". Consistent with its continuous disclosure obligations, the Company may release to the ASX information that may be material to a shareholder's decision as to whether they wish to retain their shares. This information will, if released, be available on the ASX website www.asx.com.au and on the Company's website www.pharmaxis.com.au.

4. When will the proceeds from the sale of shares be sent to me?

Payment will be sent to you as soon as is practicable following the last sale under the Facility and in any event within 60 days. Payment will be made in Australian dollars by cheque or to your nominated bank account. You will be notified by way of a transaction confirmation statement of the number of your shares sold, and the price and your sale proceeds. The transaction statement (and cheque if applicable) will be sent by post to your address as shown in the share register at the time the payment is made.

5. If I buy more shares, will I retain my holding?

Yes, PXS will treat any purchase of additional shares to increase the value of a PXS shareholding to more than A\$500 as an indication that you do not want your shares to be sold through the Facility. For a purchase to be an effective notification that you wish to retain your shares, any additional shares must be registered by 5:00pm (Sydney time) on 8 April 2016 under the same name and address and with the same holder number (SRN or HIN) as set out in this letter.

6. What if my shares are held in a CHESS holding?

If your Shares remain in a CHESS holding at 5:00pm (Sydney time) on 8 April 2016, the Company may move those Shares to an issuer sponsored holding and the Shares will be sold through the Facility.

7. Important notes

- If you currently have more than one holding on the PXS share register, you may wish to consider amalgamating your holdings so that they are registered as one holding by 5:00pm (Sydney time) on 8 April 2016. This may result in your amalgamated holding no longer being an Unmarketable Parcel. Under these circumstances your shares will not be sold as part of this Facility.
- PXS reserves the right to change any of the dates referred to in this letter by notice to the ASX or not to proceed with the sales under the Facility.
- The letter does not constitute advice nor a recommendation to buy, sell or hold shares nor that the Facility is the best way to sell PXS shares.
- If you are in any doubt about what to do, you should consult your legal, financial or taxation adviser.

PXS

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

For all enquiries:

☎ **Phone:**
(within Australia) 02 9454 7200
(outside Australia) +61 2 9454 7200

Share Retention Form

 **If you wish to retain your shares, your completed form must be received by 5:00pm (AEST) on Friday, 8 April 2016**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Shareholding Details

Use this form if you wish to retain your shares in Pharmaxis Ltd.

If you have recently bought or sold shares your shareholding may differ from that shown. If you have already sold all your shares in Pharmaxis Ltd, do not complete or return this form. If you have more than one shareholding on Pharmaxis Ltd's register and you do not wish to sell your shares under the Small Shareholding Sale Facility, you should consider consolidating them. For further advice on how to do this, contact Computershare Investor Services Pty Limited (CIS) on the number above.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHES sponsored shareholding, please contact your Controlling Participant (generally your broker) to notify a change of address.

Step 2: Signing Instructions

Individual: Where the shareholding is in one name, the shareholder must sign.

Joint Shareholding: Where the shareholding is in more than one name, all of the shareholders must sign.

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the shareholding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

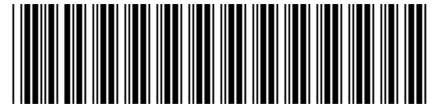
Overseas Companies: Where the shareholding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: Where the shareholding is in the name of a deceased estate, all executors must sign; and a certified copy or original, of the required documentation must accompany this form. Details of the documentation required can be found by searching "deceased estates" on our website www.computershare.com or by calling Computershare Investor Services Pty Limited on 1300 850 505 or +61 3 9415 4000. If the shareholding is in more than one name the surviving shareholder may sign the form and return it together with a certified copy of the death certificate of the other joint shareholder.

Step 3: Contact Details

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form →



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Share Retention Form

For your security keep your SRN/
HIN confidential.

STEP 1 Shareholding Details

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001



Change of address. If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.

Shares held as at 19 February 2016:

2000

STEP 2 Signature of Shareholder(s) *This section must be completed.*

By signing and returning this form, in accordance with the requirements set out in 'Step 2: Signing Instructions' overleaf, I/we confirm that I/we understand that my/our **SHARES WILL NOT BE SOLD** under the Small Shareholding Sale Facility.

Individual or Shareholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Shareholder 2

Director

Shareholder 3

Director/Company Secretary
(cross out titles as applicable)

STEP 3 Contact Details

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____

Email Address _____

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.