

ASX/Media Release

28 April 2017

Botanix Pharmaceuticals 4C Quarterly Cash Flow Report

Highlights for the quarter ending 31 March 2017:

- **The Human Research Ethics Committee approved Botanix's application to conduct the first clinical studies for BTX 1503, with data expected in Q2 CY2017**
- **Substantial expansion of the Company's Permetrex™ license to cover all drugs used to treat skin diseases, not just cannabinoids**
- **Filing of five new patent applications covering Permetrex™ enabled products**
- **New acne cleanser product added to development pipeline which does not require multiple clinical trials or FDA approval before commercialisation**
- **Expanded management team with the appointment of experienced commercial and clinical leader, Dr Michael Thurn, as COO to drive acne and other development programs**

Philadelphia PA and Sydney Australia, 28 April 2017: Medical dermatology company Botanix Pharmaceuticals Limited ("Botanix" or "The Company") has today released its Appendix 4C Quarterly Cash Flow report for the period ending 31 March 2017.

The Company's cash balance as at 31 March 2017 was A\$1.53 million. Operating cash outflows for the quarter totalled A\$833,000, with approximately 79% of expenditure being related to research and development, 4.5% related to staff costs and 16.5% related to administration and corporate costs. This highlights Botanix's continued commitment to disciplined operational investment in the development of its leading clinical products.

During the quarter, the Company announced it had received ethics approval to conduct its first clinical studies for BTX 1503, its lead pharmaceutical product for the treatment of acne. The active drug used in BTX 1503 is a synthetic form of cannabidiol, which has been formulated for more efficient skin delivery using the Company's proprietary Permetrex™ technology. This study is planned to commence in the coming weeks, and data from the study is scheduled to be available in Q2 CY2017.

Additionally, the Company also expanded its license to the novel Permetrex™ drug delivery platform to encompass the use of the technology for any drug actives used to treat skin diseases. This expanded license will enable Botanix to develop a range of skin products that may or may not incorporate cannabinoids, as well as provide the opportunity to make the Permetrex™ technology available to partner companies through licensing and collaboration deals. Subsequently, Botanix filed five patent applications covering new Permetrex™ enabled products. These patent applications include additional uses for the Company's drug active, synthetic cannabidiol, in different skin diseases outside acne, as well as additional products targeted at complimentary skin care.

Botanix has already identified the first of these new product opportunities that will make use of the Permetrex™ technology. BTX 1701 is a novel acne cleanser or face wash, targeting the US\$1 billion plus over-the-counter facial cleanser market, currently dominated by products such as Galderma's *Cetaphil* and Johnson & Johnson's *Clean and Clear* products. Botanix has developed a Permetrex™ based formulation that does not contain significant levels of irritating alcohols or preservatives (that are a feature of competing products), and Botanix's formulation does not require multiple clinical trials or need FDA approval before it can be marketed. Botanix will undertake initial clinical testing of BTX 1701 in the coming months, before developing a compelling data package for this product. The Company will then pursue commercialisation of the product with international partners.

Botanix engaged the services of Dr Michael Thurn who joined the team as Chief Operating Officer to drive the Company's acne and other skin treatment development programs. Dr Thurn brings significant experience and success across a range of pharmaceutical programs, including as the founding CEO of Spinifex Pharmaceuticals which was recently sold to Novartis for more than US\$700 million. Dr Thurn's expertise in regulatory and clinical matters is directly relevant to Botanix's development programs, having most recently completed a multi-centre Phase 2 acne study in the United States.

The milestones achieved throughout the quarter underline Botanix's substantial progress following listing in July 2016. Botanix remains on track to achieve its primary goal of advancing BTX 1503 into clinical development within 12 months of listing.

"In the last quarter, the Company continued to meet key milestones in the development of BTX 1503 while also increasing our shots on goal by both expanding our ability to exploit the Permetrex™ technology and by creating a number of new pipeline products," said Botanix's Executive Director Matt Callahan.

"Throughout the current quarter, we will start and finish our Phase 1 safety and pharmacokinetics clinical trial of BTX 1503, initiate clinical testing of our pipeline acne cleanser BTX 1701, and also engage with potential commercial partners who wish to evaluate the novel Permetrex™ delivery technology."

Subsequent to the end of the quarter Botanix announced that they had received commitments for A\$7.4 million, via an oversubscribed private placement. Funds from the placement will be used to accelerate development of its acne and dermatitis products, as well as the broader pipeline of Permetrex™ enabled skin products. Separately, the Company intends to progress multiple opportunities to generate near term revenues to further enhance its funding position.

About Botanix Pharmaceuticals

Botanix Pharmaceuticals is dedicated to developing next generation therapeutics for the treatment of serious skin diseases. Our mission is to improve the lives of patients battling acne, psoriasis and atopic dermatitis, by providing new treatment options for conditions that currently are inadequately addressed or are treated with therapeutics that are burdened with side effects profiles. Botanix is

harnessing the untapped potential of a synthetic active pharmaceutical ingredient known as cannabidiol, which has a well-established safety profile. Botanix is preparing for the first human trials with synthetic cannabidiol utilising a proprietary drug delivery system (Permetrex™) for direct skin delivery of the therapy in 1H 2017 and plans to progress the development of its pipeline of other Permetrex™ enabled products alone, or in collaboration with partners.

For more information on Botanix, please visit www.botanixpharma.com or follow us on Twitter @Botanixpharma.

For more information, please contact:

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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 - Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Botanix Pharmaceuticals Limited

ABN

70 009 109 755

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(668)	(1,427)
(b) staff costs	(38)	(225)
(c) administration and corporate costs	(139)	(369)
Dividends received (see note 3)	-	-
1.4 Interest received	12	18
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(833)	(2,003)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	66
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(182)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	(116)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	2,366	3,652
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(833)	(2,003)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(116)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	1,533	1,533

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	768	866
5.2 Call deposits	765	1,500
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,533	2,366

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	38
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
6.1 – Directors fees	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Research and development	385
9.2	Staff costs	145
9.3	Administration and corporate costs	87
9.4	Leased assets	-
9.5	Other (provide details if material)	-
9.6	Total estimated cash outflows	617

10.	Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1	Name of entity	-	-
10.2	Place of incorporation or registration	-	-
10.3	Consideration for acquisition or disposal	-	-
10.4	Total net assets	-	-
10.5	Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
(Director/Company secretary)

Date: 28 April 2017.

Print name: Simon Robertson

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.