

ASX/Media Release

1 August 2019

Botanix receives commitments for A\$40m in US-led institutional placement and announces appointment of key US management executives

Key highlights

- Botanix has received firm commitments for a A\$40m placement, led by specialist US-based biotech investment funds and leading US institutional investors, to advance its cannabinoid clinical development and research portfolio
- New senior US-based executives appointed to support Botanix's expanding development programs and to lead commercialisation in the US
- In addition to being funded through the completion of Phase 2 studies for lead acne and atopic dermatitis programs, Botanix is now funded to progress its first antimicrobial program into clinical studies and undertake supportive studies required prior to Phase 3 studies

Philadelphia PA and Sydney Australia, 1 August 2019: Clinical stage cannabinoid company Botanix Pharmaceuticals Limited (ASX:BOT, "Botanix" or the "Company") is pleased to announce the receipt of firm commitments in respect of a A\$40m placement ("Placement") led by specialist US-based biotech investment funds and leading US institutional investors, as well as the appointment of two new experienced dermatology executives.

Executive Chairperson and President of Botanix, Vince Ippolito, said: *"The recent release of data from multiple studies has generated an exceptional level of interest globally. This has created an opportunity for the Company to further understand the applications of cannabinoids in skin diseases. The support from leading US institutional investors with significant dermatology and pharmaceuticals investment track records enables Botanix to advance to the next level."*

Placement

Botanix has received firm commitments for A\$40m at an offer price of A\$0.21 per fully paid ordinary share, underpinned by strong support from US institutional investors including specialist US-based biotech investment funds and leading institutional investors. Cowen and Company, LLC acted as lead placement agent for the placement. The Australian portion of the placement was jointly managed by Argonaut Securities Pty Ltd and Bell Potter Securities Ltd.

Upon completion of the Placement, Botanix will issue 190,476,191 shares, at an offer price of A\$0.21. The offer price represents a 16.7% discount to the 15-day VWAP of A\$0.252 to trading close on 29 July 2019. All Placement shares issued will rank equally with existing ordinary shares.

The Placement will be undertaken in a single tranche within the Company's existing placement capacity with 77,402,820 shares to be issued under ASX Listing Rule 7.1A and the remaining 113,073,341 shares to be issued under ASX Listing Rule 7.1. Shareholder approval is not required for the Placement. The offer price of A\$0.21 meets the requirements of Listing Rule 7.1A.3 being greater than 75% of the 15-day VWAP. Settlement is expected to occur on Tuesday 6 August 2019, with quotation and trading of new shares expected on Wednesday, 7 August 2019.

New Appointments of Chief Financial Officer and Chief Commercial Officer

Botanix has also bolstered its executive management team through the appointment of Richard (Ric) Peterson as Chief Financial Officer (CFO) and Howie McKibbon as Chief Commercial Officer. The new appointments significantly strengthen the executive management team and provides valuable leadership, commercial knowledge and industry expertise to drive Botanix's next phase of development.

Executive Chairperson and President of Botanix, Vince Ippolito, commented: *"Securing the services of both Ric and Howie is a testament to Botanix's impressive progress with conservative expenditure of resources over three short years and highlights the potential of its exciting cannabinoid portfolio. Ric and Howie are great additions to the team and bring a wealth of knowledge and industry experience to Botanix. The strong cash position and robust pipeline, coupled with the recently expanded management team, puts Botanix in a solid position to progress its development strategy and explore other strategic opportunities."*

Mr Peterson has extensive experience in the dermatology industry and held the position of CFO at Dermavant Sciences. During his time at Dermavant Sciences, Mr Peterson led a diverse range of group functions including finance, company secretarial and operations. Prior to Dermavant Sciences, Mr Peterson served as CFO at dermatology companies Sienna Biopharmaceuticals, Novan and Medicis Pharmaceutical. During his time at Medicis Pharmaceutical, Mr Peterson held the positions of CFO, Executive Vice President and Treasurer and played a key role in building the largest independent dermatology company and eventual sale of Medicis Pharmaceutical to Valeant for US\$2.6bn in 2012. Mr Peterson is currently a director on the Board of Universal Insurance Holdings (NYSE: UVE).

Mr McKibbon has more than 20 years of experience in the pharmaceutical industry. He recently served as Senior Vice President (SVP), Worldwide Commercial Operations, at Dermavant Sciences with responsibility for all commercial activity. Prior to Dermavant Sciences, he was SVP, Sales and Marketing, at Anacor Pharmaceuticals, where he built the sales, marketing and managed markets functions. Prior to Anacor Pharmaceuticals, he was VP, Dermatology and Immunology, at Medicis Pharmaceuticals. He also held commercial leadership positions for neuroscience and oncology brands from development to exclusivity at Cephalon and Wyeth. Mr McKibbon has launched 15 products including 11 in dermatology. He has managed over 30 dermatology products and played a significant role in two of the largest dermatology transactions with a combined valuation of US\$7.8bn.

Accelerating pipeline development

The funds from the Placement will enable Botanix to continue to execute its key clinical development programmes and accelerate its broader commercialisation strategy. Botanix is now fully funded to progress the development of its antimicrobial program into clinical studies and also undertake supportive studies that will be required prior to commencement of Phase 3 studies for BTX 1503 (acne) and BTX 1204 (atopic dermatitis). Botanix remains on track to complete the Phase 2 BTX 1503 in 3Q CY2019 and BTX 1204 in 4Q CY2019, with data readouts to follow completion of these studies shortly thereafter. Funds from the Placement are also available for general working capital use.

About Botanix Pharmaceuticals

Botanix Pharmaceuticals Limited (ASX:BOT) is a clinical stage cannabinoid company based in Perth (Australia) and Philadelphia (USA) committed to the development of pharmaceutical products that are underpinned by science and supported by well-controlled randomised clinical trials. The Company's focus is the development of safe and effective topical treatments for acne, psoriasis, atopic dermatitis and other skin conditions, together with a development platform of antimicrobial drug candidates. The active ingredient contained in Botanix products is a synthetic form of cannabidiol. Treatment targets for skin diseases include inflammation, deterioration of the skin barrier, skin cell proliferation, pruritus (itch), excess sebum production and bacterial infection.

Botanix has an exclusive license to use a proprietary drug delivery system (Permetrex™) for direct skin delivery of active pharmaceuticals in all skin diseases. Botanix is working with multiple parties to test the application of Permetrex™ on both a fee-for-service and traditional license basis. Botanix pursues a rapid clinical development strategy aimed at accelerating product commercialisation.

The Company completed its first acne patient studies with BTX 1503 in January 2018 and has commenced a Phase 2 clinical study in June 2018 with patient treatment expected to complete in 3Q CY2019. The BTX 1204 atopic dermatitis Phase 2 patient study is also underway with enrolment expected to complete in 4Q CY2019. A mechanism of action study for Phase 1b BTX 1308 (psoriasis) has recently completed, with positive interim data announced in June 2019. Development of a pipeline of product candidates that leverages the antimicrobial properties of cannabidiol are also moving forward and first products are planned to enter the clinic in 2H CY2019.

To learn more please visit: <https://www.botanixpharma.com/>

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Any statements in this press release about future expectations, plans and prospects for the Company, the Company's strategy, future operations, and other statements containing the words "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "predict," "project," "target," "potential," "will," "would," "could," "should," "continue," and similar expressions, constitute forward-looking statements. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including: risks and uncertainties associated with market conditions and the satisfaction of customary closing conditions related to the Placement, the expected gross proceeds from the Placement and the intended use of proceeds of the Placement, the Company's ability to successfully develop its product candidates and timely complete its planned clinical programs and the Company's ability to obtain marketing approvals for its product candidates. In addition, the forward-looking statements included in this press release represent the Company's views as of the date hereof. The Company anticipates that subsequent events and developments will cause the Company's views to change. However, while the Company may elect to update these forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date hereof.