

ASX/Media Release

5 April 2017

Capital Raising Presentation

Philadelphia PA and Sydney Australia, 5 April 2017: Medical dermatology company Botanix Pharmaceuticals Limited (ASX: BOT, "Botanix" or the "Company") is pleased to provide the attached investor presentation. The presentation includes a summary of the Company, as well as an overview of the recently announced Placement, including structure, terms, proposed use of funds and indicative completion timetable.

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 <u>www.botanixpharma.com</u> or follow us on Twitter @Botanixpharma.

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botanix PHARMACEUTICALS

RESTORING HEALTHY SKIN

Capital Raising Presentation April 2017

+ Capital raising summary



Capital raising overview

Received commitments to raise up to A\$7.4m via an oversubscribed Placement; will introduce a number of leading institutional and sophisticated investors to the register

Overview	 Capital raising via a Placement to institutional and sophisticated investors to raise up to A\$7.4m New shares will be issued at an offer price of A\$0.055 per share Offer price represents a 13.3% discount to the 20-day volume weighted average price (as at 30 March 2017) Placement was substantially oversubscribed, as well as strongly supported by existing and new institutional and sophisticated investors
Characteriza	 Tranche 1 is an unconditional c. A\$5.4m Placement of 97.9m shares issued under the Company's existing placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A
Structure	 Tranche 2 is a conditional c. A\$2.0m Placement of 36.4m shares, subject to shareholder approval at the EGM
Donking and	 Placement shares to be fully paid and rank equally with existing Botanix shares
Ranking and	 Allotment of Placement shares under Tranche 1 to occur on Wednesday, 12 April 2017
timing	 Indicative date of EGM is Monday, 15 May 2017 (a Notice of Meeting will be dispatched shortly)



Use of funds

Compelling use of funds to accelerate the clinical programs of pipeline products and Permetrex[™] commercial opportunities

Overview

- Dual development of BTX 1503 (acne) and BTX 1204 (dermatitis) improves the probability of clinical success and enhances Botanix's value
- Development of BTX 1701 (acne cleanser/wash), that does not require FDA approval, allows Botanix to potentially generate near term revenue
- Flexibility to explore the commercial potential of PermetrexTM, with the ability to potentially **generate near term revenue through licensing and partnership agreements**

Proposed use of funds¹

·	A\$m
BTX 1503 FDA Phase II IND submission data generation and preparation	0.4
BTX 1204 preparation/manufacturing for dermatitis pilot study	1.1
BTX 1204 dermatitis pilot study	1.5
BTX 1701 manufacturing and pilot study	0.4
BTX 1701 clinical study	1.8
Permetrex [™] pipeline technology support and development	1.5
Cost of offer	0.6
Total use of funds	7.4

Notes:

1. Individual use of funds figures may not add to A\$7.4m due to rounding



Capital raising timetable

Botanix is working to the indicative timetable laid out below

Indicative capital raising timetable¹

Trading halt	Friday, 31 March 2017
Closing date for receipt of firm and irrevocable bids	(4pm AWST) Monday, 3 April 2017
Allocations and offer confirmation letters sent to Placement participants	Monday, 3 April 2017
Confirmation of allocation to Lead Manager by Placement participants	Tuesday, 4 April 2017
Placement announced and Company resumes trading	Wednesday, 5 April 2017
Settlement of Placement shares via DvP under Tranche 1	Tuesday, 11 April 2017
Allotment of Placement shares under Tranche 1	Wednesday, 12 April 2017
EGM for approval of issue of Placement shares under Tranche 2	Monday, 15 May 2017
Settlement of Placement shares under Tranche 2	Thursday, 18 May 2017
Allotment of Placement shares under Tranche 2	Friday, 19 May 2017

Notes:

1. The timetable above is indicative only and may be varied subject to the ASX Listing Rules

+ Overview of Botanix Pharmaceuticals



Investment highlights

Botanix is one of the most compelling emerging companies on the ASX

- Experienced US based leadership team with FDA approvals track record
- Growing, multi-billion dollar dermatology markets with no new products approved in last 20 years (for acne)
- Key products based on pharmaceutical grade synthetic cannabidiol (versus variable naturally derived cannabidiol), greatly enhances the probability of clinical and regulatory success
- Exclusive global rights to use PermetrexTM delivery technology for all skin diseases with potential to deliver near term revenues
- Accelerated development pathway for dermatology products compared to standard development pathways, driving lower development costs and a faster timeline to approval
- Strong intellectual property portfolio including 12 patent applications across 6 patent families, along with specific dermatology know-how and trade secrets
- Multiple near term potential revenue streams to complement medium term development upside



Corporate overview

Innovative medical dermatology company with a clear path to commercialisation, and a highly aligned Board and management team holding 39% of Botanix shares

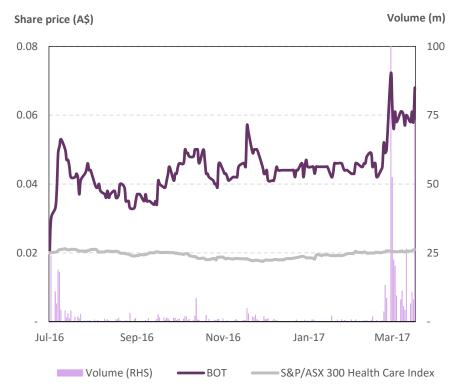
Trading information

Share price (30-Mar-17)	A\$0.068
52 week low / high	A\$0.026 / A\$0.075
Shares on issue ^{1,2}	408.8m
Market capitalisation	A\$27.8m
Cash (as at 31-Dec-16) ²	A\$2.4m
Debt (as at 31-Dec-16)	Nil
Enterprise value	A\$25.4m

Top shareholders (as at Apr 2017, pre-placement)

Shareholder	%
Matthew Callahan – Executive Director	17.3
Caperi Pty Ltd – Co-founder	17.3
Board and management (excl. shareholders above)	5.0

Share price performance



2. Excludes 38.8m unlisted options with exercise price range of A\$0.03 - A\$0.133 and expiry date range of Dec 2016 to Jun 2019

Source: IRESS

^{1.} Includes 156.5m fully paid ordinary shares subject to escrow until 15 July 2018



Recent corporate and product development

Recent corporate developments have provided a strong platform for Botanix to accelerate its clinical development program

Corporate milestones

Mar 2016 Pre-RTO: Bone Medical announce reverse take over (RTO) by Botanix Pharmaceuticals	Jul 2016 Completed RTO and commencement of trading as Botanix Pharmaceuticals (ASX:BOT)	Jul 2016 to Feb 2017 Key staff hires across the business division clinical and regulator manufacturing, toxicology and operations	S Completed expansions of Permetrex [™] lice	nse to institutional ry sophisticated investors	nent
Development	Jul 2016NSecured access toNcommercial scale1syntheticu	lov 2016 Manufactured BTX 503 trial formulation sing FDA quality omponents	Dec 2016 Completed first human safety and irritation study with Permetrex [™]	Mar 2016 Ethics approval received for first human study utilising BTX 1503	Commencement of clinical trials of BTX 1503 and BTX 1204, and development of BTX 1701 cleanser/wash
Formulatio	n → C	onfirm Permet	rex [™] Safety –		Proof of Concept
	Key mile	stones achieved			Near term focus



Senior leadership: track record of success

Proven industry professionals with a demonstrated ability to lead the development, financing, regulatory approval and commercialisation of pharmaceuticals



Mr Matthew Callahan **Executive Director** (Appointed Jul 2016)

- Founding CEO of iCeutica Inc, which has developed 3 products to date that have received FDA approval
- Previous investment director of 2 venture capital firms investing in life sciences



Dr Bill Bosch

Executive Director (Appointed Jul 2016)

- 6 FDA approved products to date and co-inventor of the iCeutica SoluMatrix Technology
- Managed the commercial development of 4 nanotechnology products at Elan Corporation

Extensive start up life sciences experience across a range of technology platforms

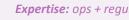
Co-founder of NanoSystems and the co-inventor of the drug delivery technology NanoCrystal



Dr Michael Thurn

Chief Operating Officer (Appointed Feb 2017)







Expertise: ops + regulatory



Expertise: manufacturing + IP

Expertise: corporate + IP



20+ FDA approved products

credited to the broader Botanix

leadership team

extina

Nexavar

Ólux-F

aprepitant

LUZU

Acanya



Zvclara

Vivlodex^{**}

Tivorbex^{**}

MEGACE

Rapamune



Dr Mark Davis



Expertise: regulatory + clinical



30 years of clinical experience with 19 FDA approved products across dermatology and injectables

Previous Managing Director of Spinifex Pharmaceutical, which was taken out by Novartis for A\$700m

- Unique experience with synthetic cannabidiol at Insys Therapeutics
- Former clinical lead with Medicis and Connetics



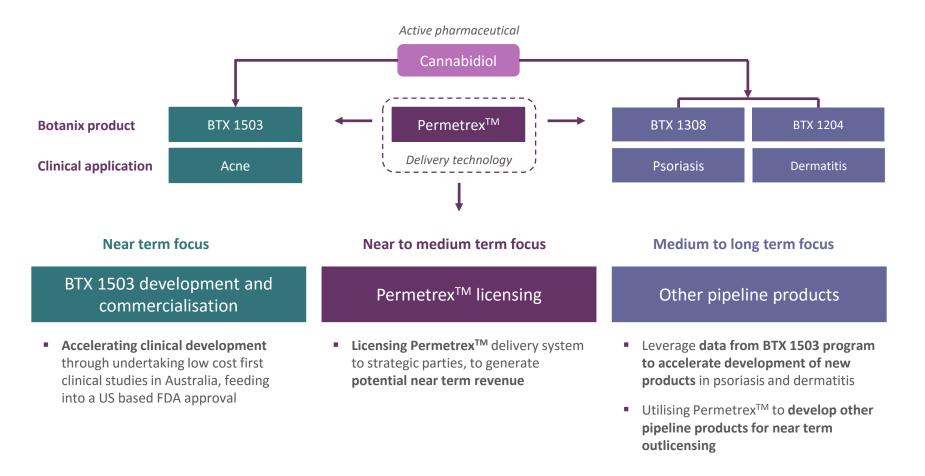


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Strategic and commercialisation focus

Primary strategy is commercialising BTX 1503, with supportive pipeline of other medical dermatology products

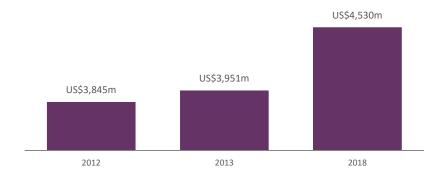




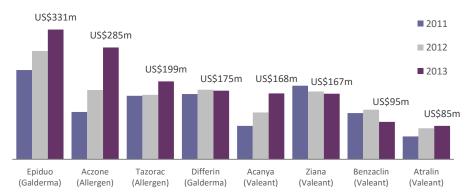
Significant and growing market opportunity

Global acne prescription products market expected to grow to >US\$4.5bn by 2018, driven by the significant US market and is only a subset of the global dermatology opportunity

Value of the global acne prescription market is expected to reach US\$4.5bn by 2018¹



Top branded acne products containing only <u>generic</u> drugs have achieved revenues of up to >US\$300m p.a.²



Large demand with limited recent product development

- 50 million patients (in the US alone) used an acne product in 2015
- No new chemical entities have been approved by the FDA in the last 20 years for the treatment of acne
- Only "new" products launched in this period were combinations of old drugs in new formulations or new packaging
- Little development expected in future years, with very few products currently in the development pipeline
- Acne is just a subset of an even larger dermatology market opportunity (psoriasis, eczema, etc.) which is in the order of US\$20bn p.a.

^{1.} BCC Research, May 2013. Skin Disease Treatment and Global Markets

^{2.} Symphony Health Solutions, Pharmaceutical Audit Suite for 2012 as reported in Demira S1



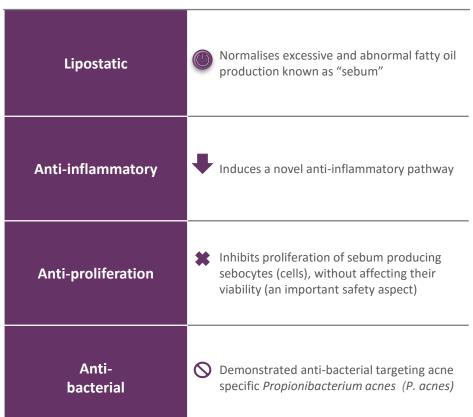
Botanix's most advanced product – BTX 1503

BTX 1503 is topically applied for the treatment of moderate and severe acne utilising a novel skin delivery technology called Permetrex[™]

Overview

- BTX 1503 is a formulation of pure, synthetic cannabidiol that is administered via the PermetrexTM delivery system
- Cannabidiol is a chemical that can be naturally extracted in raw form from the cannabis plant
- Cannabidiol has an established safety profile with >100 human clinical trials completed or underway, in a range of different diseases
- Cannabidiol has anecdotally been found to be effective in treating a range of skin diseases
- BTX 1503 is designed to maximise the delivery of cannabidiol to the sebaceous glands with little systemic exposure

Cannabidiol mechanism of action in acne





BTX 1503 market positioning

BTX 1503 has the potential to be the market leading product for acne treatment with no undesirable side effects

Market landscape for acne treatments¹

- BTX 1503 has multiple mechanisms of action that directly treat the key pathogenic factors causing acne, making it a potentially superior treatment to existing therapies
- While systematic therapies (i.e. oral isotretinoin) may inhibit sebum (skin-oil) production, its use is limited by very serious side-effects
- Significant market opportunity; major existing treatments fetched annual revenues in the range of US\$700m-US\$800m when they were
 patented products
- BTX 1503's patent protection is a significant competitive advantage, as all other treatments below are now generic products

	botanix	Pfizer	VALEANT			Perrigo	Roche
Method of action	BTX 1503	Clindamycin	Tretinoin	Adapalene	Minocycline	Erythromycin	Accutane
Reduces excessive sebum (skin oil) production	\checkmark						\checkmark
Anti-inflammatory	\checkmark		\checkmark	\checkmark			\checkmark
Anti-bacterial	\checkmark	\checkmark			\checkmark	\checkmark	\checkmark
Topical (applied to a specific area of the body)	\checkmark		\checkmark	\checkmark			
Minimal side effects	\checkmark		\checkmark	\checkmark		\checkmark	
Patent protected (not a generic product)	\checkmark						



BTX 1503 key advantages

Synthetic cannabidiol and a proprietary skin delivery system provides significant competitive advantages compared to other products in development

Challenge 1

Significant commercial and regulatory hurdles in extracting sufficient naturally derived cannabidiol at the required purity, lowers the chance of achieving clinical success

Botanix solution

Synthetically derived cannabidiol allows for **consistent manufacturing, greater scalability** and more **straightforward regulatory approval** prospects

Advantages of synthetic cannabidiol

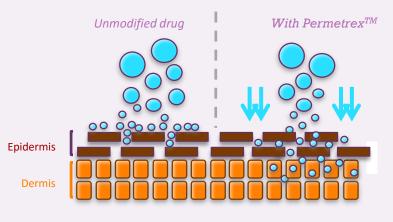
Synthetic cannabidiol	Naturally extracted cannabidiol
1 chemical	100+ chemicals
100% pure	Multiple impurities
Scaled up to ~50kg	Scaled up to ~1kg
Material registered with FDA	Not registered with FDA
No additional compliance required	Must comply with FDA's "Botanical Drug Development Guidance for Industry"

Challenge 2

Medicinal cannabidiol is generally administered orally, however, only 6% of cannabidiol consumed orally is available in the blood stream (even less makes it to the target organs in the skin)

Botanix solution

Permetrex[™] delivers cannabidiol efficiently into the skin for the targeted treatment of various skin diseases.



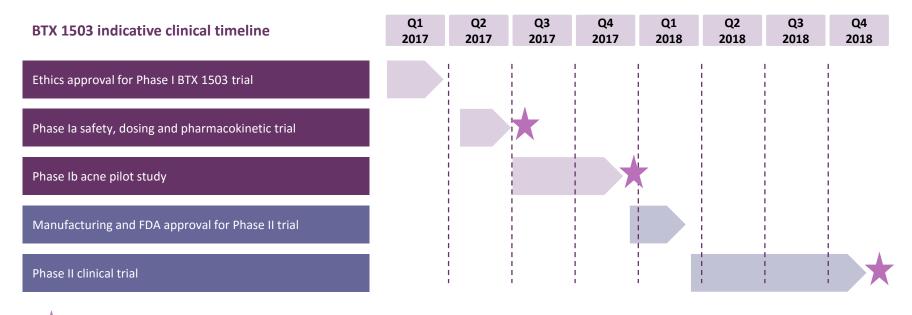
Botanix holds the **exclusive rights** to utilise Permetrex[™] for all drugs that treat skin diseases



BTX 1503 accelerated clinical development

Botanix is pursuing a rapid clinical development strategy in order to minimise the time until product commercialisation and first revenues

- In December 2016, Botanix completed its first human study of the PermetrexTM delivery technology and successfully showed that PermetrexTM did not cause any safety or irritation issues
- First enrolment of Phase Ia acne study estimated for 2Q CY2017, with study data also planned to be available by the end of 2Q CY2017
- Botanix is fully funded for the Phase Ia and Phase Ib clinical trials of BTX 1503



Clinical milestones where potential development partnerships and/or licensing agreements may be considered



Accelerated development timeline

Botanix is executing on an efficient, more economical and less risky clinical development strategy compared to traditional pharmaceutical development pathways

Botanix's accelerated indicative clinical timeline

	Fioven ability to execute. Achieved since isting			
		_		1
	Tradition	al process	Botanix a	approach
Phases	Costs (est.)	Timing (est.)	Costs (est.)	Timing (est.)
Discovery and pre-clinical	~\$430m			
Investigational New Drug or equivalent	~\$1m	~5 years	~\$1m	~6 months
Phase I clinical	~\$25m	-	~\$2m	~6 months
Phase II clinical	~\$35m	~\$35m ~7 years		~28 months
Phase III clinical	~\$54m		~\$20m	20 11011(115
New Drug Application	~\$5m	~2 years	~\$2m	~12 months
Total	~\$460m	~14 years	~\$30m	~4 years

Proven ability to execute: Achieved since listing

- Botanix is pursuing an accelerated development timeline, due to:
 - Minimal pre-clinical development due to known safety profile of cannabidiol
 - Dermatology studies tend to be shorter in duration and require smaller study populations
 - Objective measurements of efficacy (end points are typically visual assessments)
- Opportunity to generate **near term revenue** from potential licensing agreements for PermetrexTM
- Known safety profile increases probability of successful clinical development

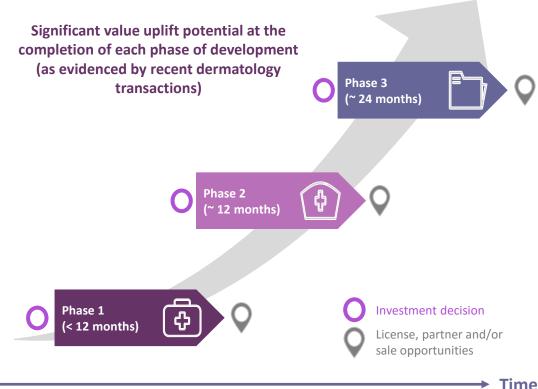


Commercialisation strategy

Botanix's focused and accelerated timeline to product commercialisation results in significant potential value uplift

Efficient commercialisation path with multiple options

- Continued clinical development success is reflected in significant value uplift after each successive phase
 - Typically monetised via licensing, partnering and/or sale/merger opportunities
 - Additional indications can be partnered while pursuing acne focus
- Potential future revenue streams:
 - Product licensing agreements
 - Partnership with strategic parties
 - Product sales revenue



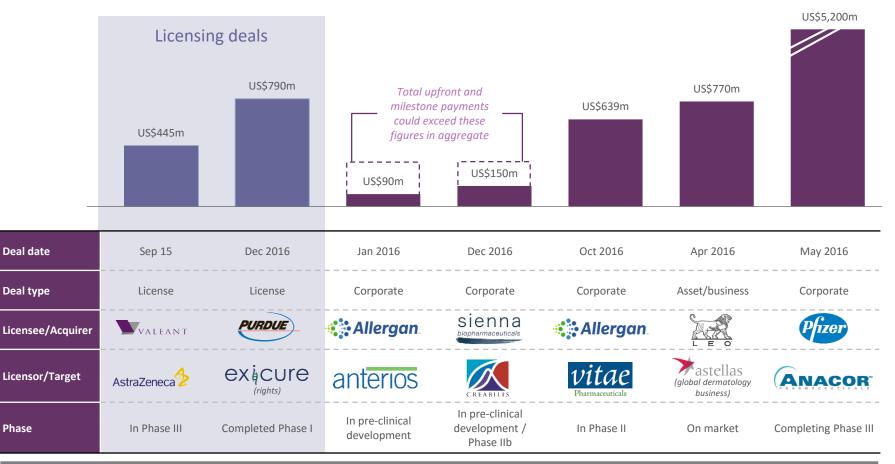
Value uplift



Recent dermatology transactions

Licensing and partnering transactions are potential monetisation options

Dermatology transactions



Source: Bloomberg, Company disclosure

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Clinical development pipeline

Development pipeline also includes other synthetic cannabidiol clinical products targeting key dermatology markets

These products will leverage both the BTX 1503 synthetic cannabidiol clinical program as well as the Permetrex[™] delivery system

BTX 1204: dermatitis

- Target market: US patient incidence estimated to be 31 million (10% to 18% of children)
- Market size: estimated annual cost of treating atopic dermatitis in the US is ~US\$4bn
- Current issues: most treatments on the market (i.e. steroids) only address the symptoms

Funded through to the completion of human clinical study

BTX 1308: psoriasis

- Target market: 7.5 million Americans have psoriasis (most have plaque psoriasis)
- Market size: estimated annual costs of injectable biologic treatments in the US is ~US\$20bn
- Current issues: biologic drugs are very expensive have serious side effect issues (including lymphoma)



Psoriasis



Dermatitis



OTC development pipeline

Development pipeline includes "over the counter" products with near term potential, that can be developed and marketed without FDA approval

BTX 1701: cleanser/wash

- Target market: 50 million patients in the US alone purchased an acne treatment product in 2015
- Market size: ~US\$1bn+ p.a. for cleansers and washes
- Comments: acne treatment products (e.g. cleansers) will utilise the novel Permetrex[™] delivery system

This product can be developed and marketed <u>without FDA approval</u>

Top 10 facial cleaners based on sales

	Sales (US\$m)	Change in sales (%)	Unit sales (m)	Change in unit sales (%)
Private label	137.5	6.0	33.5	5.2
Bioré	68.3	47.5	9.4	53.1
Simple	54.3	5.8	9.5	2.3
Cetaphil	51.1	22.2	5.8	12.0
Olay	46.6	-9.6	7.6	-10.1
Burt's Bees	46.0	21.3	7.1	23.1
Johnson's Clean & Clear Morning Burst	40.0	-4.1	11.0	3.4
CeraVe	39.8	24.1	3.7	33.4
Neutrogena Deep Clean	37.0	-4.9	5.9	-5.1
Pond's	33.4	4.5	7.0	0.5



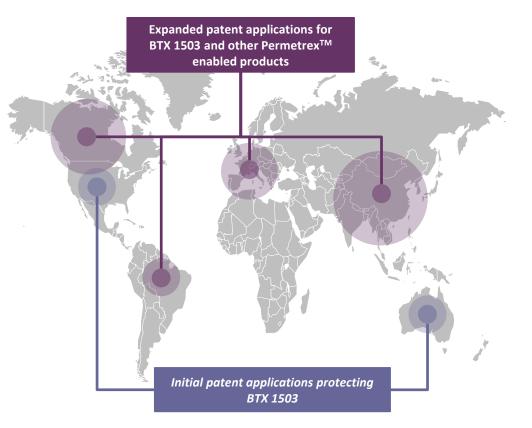
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Valuable intellectual property portfolio

Botanix has protected its suit of development products through various patent applications across key global markets

- Botanix currently has 12 patent applications across 6 different patent families
- Patents applications cover lead acne product and other PermetrexTM enabled products
- Patent protection targeted at key geographic regions with large and viable dermatology markets (i.e. initially US and Australia, but following into the EU, UK, Japan, India, China, South America and other jurisdictions in National phase)
- Botanix positioned as the leading player in the sector – underpinned by substantial volumes of proprietary knowledge, manufacturing know-how and trade secrets
- Additional IP opportunities will be pursued on each Permetrex[™] product developed internally or with partners

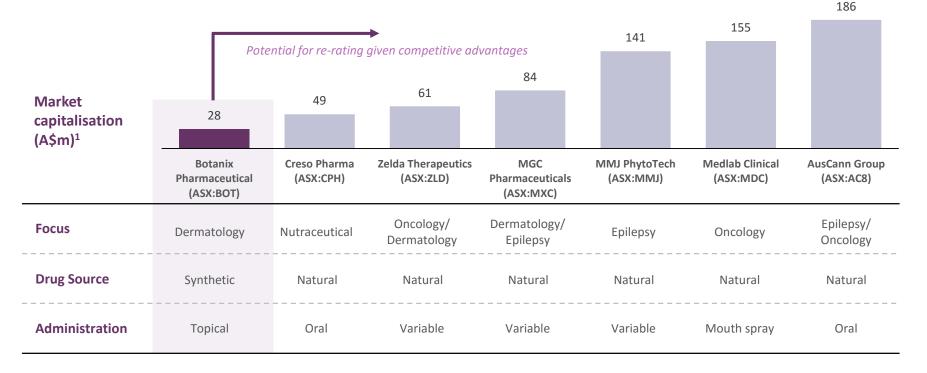


Botanix vs. ASX-listed medical cannabis companies

Botanix is the most compelling early stage cannabis related opportunity on the ASX

Botanix's competitive advantages:

- Synthetic cannabidiol formulation Λ probability and speed of FDA approval
- Unmet clinical need No FDA approved acne treatments in last 20 years
- Significant addressable market \$4.5 billion in annual prescription sales of acne products
- Faster development pathway simple end points and skin based administration



Source: IRESS, Company disclosure

1. Market capitalisation as at close 4 April 2017 and calculated via the following formula (ordinary shares on issue + ordinary shares subject to escrow)*share price



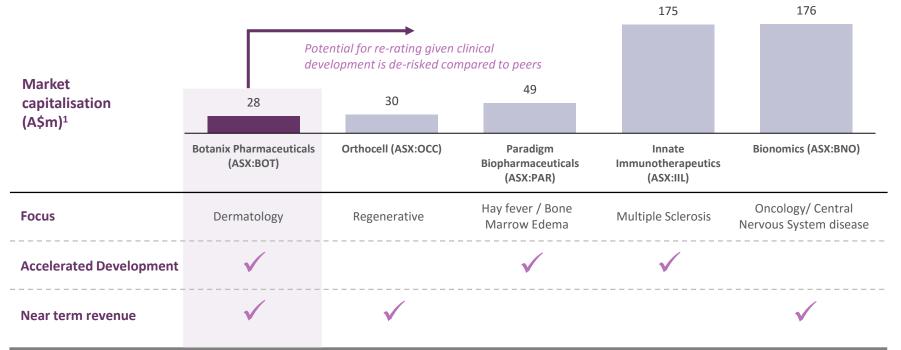
ASX market landscape

An accelerated clinical development timeline and near term catalysts should support a sustained re-rating in market valuation

Botanix vs. early stage ASX-listed pharmaceutical and biotechnology companies

Botanix's clinical development pathway is **de-risked compared to peers**:

- Simple clinical trials with an accelerated development timeline \downarrow time and cost to achieve FDA approval
- Targeting an unmet clinical need with large market opportunity and few competing products in development
- PermetrexTM is a highly flexible technology with a broad opportunity base and near term revenue potential



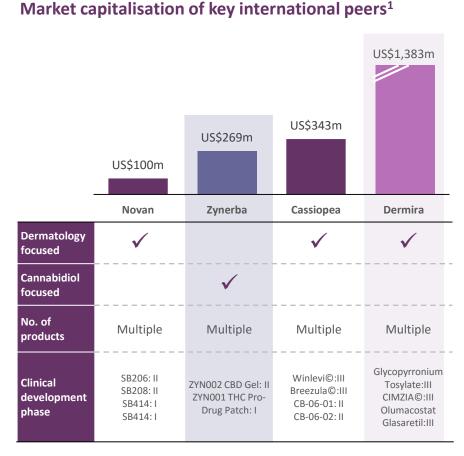
Source: IRESS, Company disclosure

1. Market capitalisation as at close 4 April 2017 and calculated via the following formula (ordinary shares on issue + ordinary shares subject to escrow)*share price



International landscape

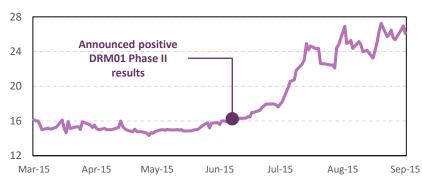
Botanix represents a significant value accretive opportunity when compared to key global peers with positive Phase I and Phase II data



Zynerba share price performance (US\$)



Dermira share price performance (US\$)



Source: Bloomberg, Company disclosure

1. Market capitalisation figures as at close 30 March 2017



Key catalysts

Significant operational milestones expected over the next 9 months, as Botanix launches first human studies and accelerates corporate development

	2Q CY2017	3Q/4Q CY2017
Indicative BTX 1503 milestones	 Study commencement of BTX 1503 Phase Ia safety study Study data from BTX 1503 Phase Ia safety study Submission of ethics approval for BTX 1503 Phase Ib acne pilot study 	 Commencement (and completion) of BTX 1503 Phase Ib acne pilot study and results Collaboration on cannabidiol program with external partner Preparation for Phase II BTX 1503 clinical study and FDA submissions
Other indicative product development and Permetrex [™] commercialisation milestones	 Commencement of BTX 1204 formulation manufacturing and testing work Commencement of BTX 1701 manufacturing and testing work Study commencement and data from BTX 1701 pilot study Sign collaboration agreement for PermetrexTM technology with external strategic partner 	 Commencement of BTX 1204 pre-clinical testing (dermatitis) Commencement and completion of BTX 1701 clinical study New product additions to pipeline (utilising the Permetrex[™] technology) Sign collaboration agreement on pipeline product/s

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Appendix

Board of Directors, corporate history, commercialisation strategy, clinical development, and clinical team



Botanix Board of Directors

Highly credentialed Board of Directors with a proven record of building and leading successful pharmaceuticals businesses



Graham Griffiths Chairman Appointed July 2016

- 40 years executive experience in technology based companies, across sales, marketing and product development
- Former Managing Director of ipernica, responsible for acquisition and commercialisation of nearmap.com (ASX:NEA)
- Non-Executive Director of Pointerra (ASX:3DP), iperative and NGIS Australia





Matthew Callahan Executive Director Appointed July 2016

- Founding CEO of iCeutica and Churchill Pharmaceuticals
- Co-inventor of iCeutica's SoluMatrix Technology
- Developed 3 FDA approved products
- Investment director at 2 venture capital firms
- 20 years experience in legal, IP and investment management
- Director of Orthocell (ASX:OCC) and Glycan Bioscience LLC



Corporate and IP



Dr Bill Bosch Executive Director Appointed July 2016

- 20 years experience in the pharmaceutical industry
- Co-inventor of iCeutica's SoluMatrix Technology
- Developed 6 FDA approved products
- Developed 4 commercial nanotechnology products at Elan Corporation
- Co-founder of NanoSystems LLC and co-inventor of NanoCrystal Technology



Manufacturing and IP



Rob Towner Director Appointed July 2016

- 20 years corporate advisory experience
- Founder and sole director of Cornerstone Corporate
- Founding Executive Director of bioMD
- bioMD merged with Allied Health Care in 2011 to form Admedus (ASX:AHZ, \$200m market capitalisation)
- Executive Director of Triangle Energy (ASX:TEG)



Financing and capital markets

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Botanix executive management

Highly credentialed clinical development team with extensive expertise in leading novel products through clinical and regulatory development



Dr Mark Davis **VP Clinical and Regulatory**

- 30 years of clinical experience with 19 FDA approved products
- Unique experience with cannabidiol through Insys
- Former clinical lead with Medicis and Connetics





Dr Michael Thurn **Chief Operating Officer**

- Extensive start up life sciences experience across a range of technology platforms
- +20 years experience in drug regulation, drug discovery, pre-clinical and clinical
- Previous Managing Director of Spinifex Pharmaceuticals

Regulatory and operations



Dr Gene Cooper Consultant

- 40 years pharmaceutical experience
- 10 FDA approved products
- Expert in skin delivery
- Inventor of Permetrex[™]

Technology and innovation





- 35 years manufacturing and development experience
- Former senior executive with Medicis
- Project leader for formulation

Formulation/manufacturing



Professor of Dermatology at the University of Pennsylvania

of Clinical Studies

Expert in skin disease and clinical trial management

Clinical Studies



Professor James Levden **Scientific Adviser**

- Professor of Dermatology at the University of Pennsylvania
- World leading acne and skin specialist

Key Opinion Leader



- **Professor Diane** Thiboutot **Scientific Adviser**
- Ξ. Professor of Dermatology at Pennsylvania State University
- Researcher in acne and rosacea
- Pre-clinical and clinical trials services provider

Key Opinion Leader





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Hong Kong

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