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QUINTIS LTD
ABN 97 092 200 854

Update on Galderma contracts

Quintis (ASX:QIN, 'the Company'), the world's largest owner and manager of commercial Indian sandalwood plantations, today provides an update on its contracts with Galderma.

In February 2014, Santalis Pharmaceuticals, which has been a wholly-owned subsidiary of Quintis since August 2015, signed contracts with Galderma, a subsidiary of Nestlé. These contracts covered the licensing of acne products created by Santalis and the supply of pharmaceutical-grade East Indian sandalwood oil ('EISO') to be used as a key ingredient in the products. Galderma launched its new over-the-counter anti-acne product formulation, Benzac[®] Acne Solutions ('Benzac'), containing EISO, in the USA in January 2015.

Quintis has supplied over 1,200 kg of EISO to Galderma under the supply contract, with all supplies occurring in the 2014 and 2015 calendar years. In March 2016 Nestlé entered into an agreement to acquire a majority stake in Proactiv, the world's leading non-prescription anti-acne brand. Quintis has not supplied any EISO to Galderma in FY2017 and EISO sales to Galderma have not been factored into the Company's sales forecasts for FY2017.

The Board of Quintis was advised late yesterday that on 16 December 2016, Santalis and Galderma entered into an agreement that terminated Galderma's licensing and supply arrangements with Santalis with the termination to take effect from 1 January 2017. Under the termination agreement, Galderma retained an option to reinstate the license and supply arrangements on or prior to 1 July 2017.

Prior to yesterday's advice, the fact and details of the contract termination had not been provided to current members of both the Board of Quintis and its senior management (outside of Santalis).

Quintis Chairman, Dalton Gooding, said: "It is unacceptable that the current Board was not made aware of the contract termination when it took place. We are taking immediate and appropriate measures to ensure that this type of communication breakdown is not repeated."

The over-the-counter acne products form only one part of Santalis' business. Santalis currently has four products, containing pharmaceutical-grade EISO, in FDA-approved Phase 2 trials to treat psoriasis, molluscum contagiosum, eczema, and oral mucositis and expects to initiate Phase 3 trials for a product to treat HPV skin warts within twelve months.

ENDS

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