

BOTANIX PHARMACEUTICALS LIMITED
ACN 009 109 755

**NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY
MEMORANDUM**

**The Annual General Meeting of the Company will be held at
Level 16, Brookfield Place Tower 2, 123 St Georges Terrace,
Perth, Western Australia on 19 November 2018 at 9.30 am
(WST).**

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 6555 2945.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

BOTANIX PHARMACEUTICALS LIMITED

ACN 009 109 755

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Botanix Pharmaceuticals Limited ABN 70 009 109 755 (**Company**) will be held at Level 16, Brookfield Place Tower 2, 123 St Georges Terrace, Perth, Western Australia, on 19 November 2018 at 9.30 am (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 17 November 2018 at 4.00 pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

AGENDA

Ordinary business

1. Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 (**Annual Report**) together with the declaration of the Directors, the Directors' report, and the Auditor's Report.

2. Resolution 1 - Adoption of Remuneration Report (non-binding)

To consider and, if thought fit, to pass with or without amendment, as a non-binding resolution the following:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as set out in the Director's Report in the Annual Report for the year ended 30 June 2018."

Note

The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of a member of the Key Management Personnel whose remuneration details are included

in the Remuneration Report, or their Closely Related Parties. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution or the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and
- (b) it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 1; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1.

Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

3. Resolution 2 - Re-election of Director - Mr William Bosch

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That for the purposes of clause 6.3 of the Constitution, Listing Rule 14.4 and for all other purposes, Mr William Bosch, a Director, retires by rotation and being eligible, is re-elected as a Director of the Company."

4. Resolution 3 - Approval of 10% Placement Capacity

To consider and, if thought fit, to pass with or without amendment, as a special resolution the following:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of a person who participated in the proposed issue and any person who will obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associates of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 4 - Ratification of issue of Shares to various sophisticated and professional investors under ASX Listing Rule 7.1

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 72,727,273 Shares at an issue price of \$0.11 each on 27 June 2018 under the Company’s 15% placement capacity under ASX Listing Rule 7.1 to various sophisticated and professional investors on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion:

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any person who participated in the issue the subject of Resolution 4 and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 5 - Approval of issue of securities under Employee Securities Incentive Plan

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

“That, pursuant to and in accordance with Listing Rule 7.2 , Exception 9 and for all other purposes, Shareholders approve any issue of securities under the Employee Securities Incentive Plan for employees and Directors, a summary of the rules of which are set out in the Explanatory Memorandum, as an exception to Listing Rule 7.1.”

Voting Exclusion

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of a Director or any person who is an Associate of those persons (except one who is ineligible to participate in any employee incentive scheme of the Company). However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5.

Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

7. Resolution 6 - Approval of proportional takeover provisions in Constitution

To consider and, if thought fit, to pass with or without amendment, the following resolution as a **special resolution**:

“That, for the purpose of section 648G of the Corporations Act and all other purposes, Shareholders approve the proportional takeover provisions, previously approved at the General Meeting held on 14 June 2016 and set out in the Company’s Constitution, and that they be refreshed for a further three years.”

Other business

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

BY ORDER OF THE BOARD



Simon Robertson
Company Secretary

Dated: 17 October 2018

BOTANIX PHARMACEUTICALS LIMITED

ACN 009 109 755

EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 16, Brookfield Place Tower 2, 123 St Georges Terrace, Perth, Western Australia, on 19 November 2018 at 9.30 am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

| | |
|------------|---|
| Section 2: | Action to be taken by Shareholders |
| Section 3: | Financial Statements and Reports |
| Section 4: | Resolution 1 - Adoption of Remuneration Report |
| Section 5: | Resolution 2 - Re-election of Director - Mr William Bosch |
| Section 6: | Resolution 3 - Approval of 10% Placement Capacity |
| Section 7: | Resolution 4 - Ratification of issue of Shares to various sophisticated and professional investors under ASX Listing Rule 7.1 |

Defined terms are set out in Schedule 1 to the Explanatory Memorandum.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

2.1 General

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Proxy restrictions

Shareholders appointing a proxy for Resolutions 1 and 5 should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair), or a Closely Related Party of such a member as your proxy:

You must direct the proxy how they are to vote. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on Resolutions 1 and 5.

If the Chairman is given your proxy (where he/she is also a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):

You do not need to direct the Chairman how you wish them to exercise your vote on Resolutions 1 and 5, however if you do not direct the Chairman how to vote, by signing the proxy form you expressly acknowledge that the Chairman may exercise their discretion in exercising your proxy even though Resolutions 1 and 5 is connected directly or indirectly with the remuneration of Key Management Personnel.

If you appoint any other person as your proxy:

You do not need to direct your proxy how to vote, however you are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

The Chairman intends to exercise all available proxies in favour of all Resolutions.

Ordinary business

3. Financial Statements and Reports

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the Annual Report together with the declaration of the Directors, the Directors' report, the Remuneration Report and the Auditor's Report.

Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item. Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and

make comments on the accounts and on the management of the Company.

The Chair will also give shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Audit Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

In accordance with amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Annual Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in a reduction in the Company's printing costs.

Whilst the Company will not provide a hard copy of the Annual Report unless specifically requested to do so, Shareholders may view the Company's Annual Report on its website at www.botanixpharma.com.

4. Resolution 1 - Adoption of Remuneration Report

4.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the Annual Report.

A reasonable opportunity will be provided for the Shareholders to ask questions or make comments on the Remuneration Report at the Annual General Meeting.

4.2 Voting Consequences

Under the Corporations Act, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors of the company is approved will be the Directors of the company.

4.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

5. Resolution 2 - Re-election of Director - Mr William Bosch

Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or three years, whichever is the longer.

Clause 6.3 of the Constitution requires that one third (or the number nearest one-third) of the Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

The Company currently has four Directors.

Accordingly at least one Director must retire. A Director who retires by rotation under clause 6.3 of the Constitution is eligible for re-election.

In accordance with the Constitution, Mr William Bosch retires by rotation and, being eligible, seeks re-election.

Dr Bosch is a seasoned Pharmaceuticals executive with more than 25 years of experience in the industry, focusing on applications of drug delivery technology to Pharmaceuticals product development. Dr Bosch also works with iCeutica Inc. and is a co-inventor of the SoluMatrix™ technology and has been instrumental in the development and scale up of the platform and the development of the three FDA approved products that use that drug delivery technology.

Before iCeutica, he was Director of Pharmaceuticals Research at Elan Corporation where he managed the development activities for four commercial products that incorporate nanotechnology. Dr Bosch was a co-founder of NanoSystems LLC in 1995 and a co-inventor of NanoCrystal® Technology.

Mr Bosch has been a Director since 1 July 2016. The Board does not consider Mr Bosch to be an independent Director as he holds an executive position with the Company.

The Board (excluding Mr Bosch) recommends that Shareholders vote in favour of Resolution 2.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

6. Resolution 3 - Approval of 10% Placement Capacity

6.1 General

Listing Rule 7.1A provides that an eligible entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

An eligible entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company currently has on issue 757,424,658 Shares and the last recorded closing price of the Shares on 1 October 2018 was \$0.095. The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$71.96 million (based on the closing Share price on 1 October 2018).

If Shareholders approve Resolution 3, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity without obtaining prior Shareholder approval or using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

6.2 Listing Rule 7.1A

- (a) Equity Securities

Any Equity Securities issued pursuant to Listing Rule 7.1A must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, Shares.

- (b) Formula for calculating 10% Placement Capacity

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

| |
|--------------------|
| $(A \times D) - E$ |
|--------------------|

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement to issue:

- (A) plus the number of Shares issued in the previous 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (C) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4; and
- (D) less the number of Shares cancelled in the previous 12 months.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the Shareholder approval under Listing Rule 7.1 or 7.4.

(c) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of the Notice, the Company has on issue 757,424,658 Shares and therefore has capacity to issue:

- (i) subject to Shareholder approval being obtained under Resolution 4, 113,613,698 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 3, 75,742,465 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rules 7.1 and 7.1A will be calculated at the date of issue of or agreement to issue the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

6.3 Technical information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated

over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 6.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

The company will only issue Equity Securities under the 10% Placement Capacity during the 10% Placement Capacity Period.

(c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below (in the case of convertible securities, only if they are exercised or converted). The table below shows the economic and dilution effect that an issue of the 10% Placement Capacity will have on existing Shareholders, calculated in accordance with the formula outlined in Listing Rule 7.1A.2. There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary

securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice.

The table also shows:

- (iii) two examples where the number of Shares on issue has increased by 50% and 100%. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rules 7.1 that are approved at a future Shareholders' meeting; and
- (iv) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

| Number of Shares | Dilution | | | |
|---|-------------------------------|--|--------------------------|---|
| | Issue Price (\$ per Share) | 50% decrease in Issue Price (\$0.0475) | Issue Price (\$0.095) | 100% increase in Issue Price (\$0.19) |
| 757,424,658 (Shares currently on issue) | 10% voting dilution | 75,742,658 Shares | 75,742,658 Shares | 75,742,658 Shares |
| | Funds raised | \$3,597,776 | \$7,195,552 | \$14,391,105 |
| 1,136,135,987 (50% increase) | 10% voting dilution | 113,613,599 Shares | 113,613,599 Shares | 113,613,599 Shares |
| | Funds raised | \$5,396,645 | \$10,793,292 | \$21,586,583 |
| 1,514,849,316 (100% increase) | 10% voting dilution | 151,484,932 Shares | 151,484,932 Shares | 151,484,932 Shares |
| | Funds raised | \$7,195,534 | \$14,391,069 | \$28,782,137 |

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 1 October 2018.
2. The issue price set out above is the closing price of the Shares on the ASX on 1 October 2018 (to one decimal place).
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options or other convertible securities are exercised into Shares before the date of issue of the Equity Securities.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1, or pursuant to the 15% placement capacity under Listing Rule 7.1.

7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example at 10%.

(d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use any funds raised towards its existing & new product development studies and intellectual property maintenance costs, and general working capital; or
- (ii) as non-cash consideration for the acquisition of new assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

(e) Allocation under the 10% Placement Capacity

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders including substantial Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) Previous Approval under Listing Rule 7.1A

The Company obtained Shareholder approval pursuant to Listing Rule 7.1A at its annual general meeting held on 14 November 2017 (**Previous Approval**).

During the 12 month period preceding the date of the Meeting and as at the date of this Notice, the Company has issued 208,505,096 Equity Securities (excluding exercise of Options), and this represents 35.39% of the total number of Equity Securities on issue at the commencement of that 12 month period.

During the year the Company issued 54,311,129 Shares pursuant to Listing Rule 7.1A. These issues were ratified by Shareholders on 11 May 2018.

Details of each issue of Equity Securities by the Company during the 12 months preceding the date of this Notice are in Schedule 2.

(g) **Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the 10% Placement Capacity (other than noting the persons to whom Equity Securities will be issued will be determined on a case by case basis, having regard to the factors outlined in paragraph (e) above), nor has it invited any existing Shareholder to participate in an issue of Equity Securities under Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

7. Resolution 4 - Ratification of issue of Shares to various sophisticated and professional investors under ASX Listing Rule 7.1

Listing Rule 7.1 broadly provides that a company may issue without shareholder approval equity securities up to 15% of its issued capital in any 12 month period.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of the ratification is to restore the Company's maximum discretionary power to issue further Shares up to 15% of the issued capital of the Company without requiring Shareholder approval.

Resolution 4 seeks ratification under Listing Rule 7.4 of the issue of 72,727,273 Shares that were made on 27 June 2018 in order to restore the ability of the Company to issue further Shares within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 72,727,273 Shares were issued;
- (b) the Shares were issued at an issue price of \$0.11 each;
- (c) the Shares issued were fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (d) the Shares were issued to various sophisticated and professional investors, all of whom were unrelated parties of the Company; and

- (e) funds raised from the issue are being and will be used to advance BTX 1204 into Phase 2 clinical trial and to develop BTX 1801 into pilot clinical study and Phase 1b study.

8. Resolution 5 - Approval of issue of securities under Employee Securities Incentive Plan

8.1 General

Resolution 5 seeks Shareholders approval for the issue of securities under the employee share option plan titled “Botanix Pharmaceuticals Limited Employee Securities Incentive Plan” (**Plan**) in accordance with Listing Rule 7.2 exception 9(b).

A summary of Listing Rule 7.1 is contained in Section 7 above.

8.2 Listing Rule 7.2, exception 9(b)

Listing Rule 7.2, exception 9(b) provides an exception to Listing Rule 7.1 such that issues of Equity Securities under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of 3 years without impacting on the Company’s ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

The Plan was previously approved by Shareholders. A total of 18,630,356 Equity Securities have been issued pursuant to the Plan

The objective of the Plan is to attract, motivate and retain key Directors, employees and contractors and it is considered by the Company that the future issue of Equity Securities under the Plan will provide selected participants with the opportunity to participate in the future growth of the Company.

Any future issues of Equity Securities under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX’s opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 3. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

A voting exclusion statement has been included for the purposes of Resolution 5.

8.3 Board recommendation

The Board recommends that Shareholders vote in favour of Resolution 5.

Resolution 5 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

9. Resolution 6 - Approval of proportional takeover provisions in Constitution

The proportional takeover provisions contained in Schedule 5 of the Company's Constitution requires the renewal of approval for the provisions every three years or the provisions cease to have effect. The proportional takeover provisions were adopted by Shareholders at the General Meeting held on 14 June 2016.

Resolution 6 seeks Shareholder approval for the proportional takeover provisions to be included in the Constitution with effect from the close of the Meeting, and is a special resolution, requiring approval of 75% of the votes cast by Shareholders entitled to vote on the resolution in order to be passed.

If Resolution 6 is passed, then Schedule 5 of the Constitution will have effect as and from the close of the Meeting for a period of three years. After a period of three years, Schedule 5 of the Constitution would cease to apply unless renewed by a further special resolution of Shareholders.

Section 648G(5) of the Corporations Act requires certain information to be included in a notice of meeting where a company seeks the approval of its members to adopt proportional takeover provisions. This information is set out below.

9.1 Proportional takeover bid

A proportional takeover bid is a takeover offer sent to all shareholders of a company, offering to purchase only a specified proportion of each shareholder's shares. If a shareholder accepts, the shareholder disposes of that specified portion of shares and retains the balance.

9.2 Effects of the proposed proportional takeover provisions

The effects of the proposed proportional takeover provisions in the Company's new Constitution are that:

- (a) if a bidder makes a proportional takeover bid for any class of shares in the Company, the Directors must ensure that a general meeting of members of that class is convened where a resolution to approve the bid is voted upon. The vote is decided on a simple majority. The bidder and its associates are excluded from voting on that approving resolution;
- (b) the resolution will be required to be passed in a general meeting before the time stated in section 648D of the Corporations Act, being the 14th day before the last day of the bid period ("approving resolution deadline"); and
- (c) if the approving resolution is:
 - (i) not voted on at the end of the day before the approving resolution deadline, the bid will be taken to have been approved;
 - (ii) put to members and rejected before the approving resolution deadline, the bid cannot proceed and the offer will be taken to have been withdrawn. Any transfers giving effect to takeover contracts for the bid will not be registered and all offers under the takeover bid are taken to be withdrawn and all takeover contracts must be rescinded; or

- (iii) passed (or taken to have been approved), the transfers must be registered (subject to other provisions of the Corporations Act and the Company's Constitution).

The proportional takeover provisions do not apply to full takeover bids.

9.3 Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all of their Shares. By making a proportional bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of not being able to exit their investment in the Company by selling their entire shareholding and consequently being left as a minority shareholder in the Company. The bidder may be able to acquire control of the Company without payment of an adequate control premium.

The proportional takeover provisions allow Shareholders to decide if a proportional takeover bid is acceptable in principle, and may assist in ensuring that any proportional takeover bid is appropriately priced. To assess the merits of the proportional takeover provisions, Shareholders should make a judgement as to what events are likely to occur in relation to the Company during the three year life of the proposed provisions.

9.4 Advantages and disadvantages

The Corporations Act requires this Explanatory Memorandum to discuss the advantages and disadvantages for Directors and Shareholders of the proportional takeover provisions which are proposed to be included in the Constitution.

The potential advantages for Shareholders of the proportional takeover provisions include the following:

- (a) Shareholders have the right to decide, by majority vote, whether an offer under a proportional takeover bid should proceed. The proposal would enable Shareholders to act in a cohesive manner and thereby avoid the coercion of Shareholders that arises where they believe the offer to be inadequate, but nevertheless accept through fear that other Shareholders will accept;
- (b) the provisions may assist Shareholders and protect them from being locked in as a minority;
- (c) the existence of the approval machinery in the Company's new Constitution may make it more probable that any takeover bid will be a full bid for the whole shareholding of each Shareholder, so that Shareholders may have the opportunity of disposing of all their shares rather than of a proportion only;
- (d) the provisions may increase the bargaining power of Shareholders and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (e) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders and assist in deciding whether to accept or reject an offer under a proportional takeover bid.

The potential disadvantages for Shareholders include the following:

- (a) proportional takeover bids for Shares in the Company may be discouraged;
- (b) Shareholders may lose an opportunity to sell some of their Shares at a premium;
- (c) it is possible that the existence of the provisions might have an adverse effect on the market value of the Company's Shares by making a proportional takeover bid less likely and thereby reducing any takeover speculation element in the Share price;
- (d) individual Shareholders may consider that the proportional takeover provisions would restrict their ability to deal with their Shares as they see fit; and
- (e) the likelihood of a proportional takeover bid succeeding may be reduced.

9.5 Knowledge of any acquisition proposal

At the date of this Notice of Meeting, no Director of the Company is aware of any proposal by any person to acquire, or to increase the extent of a substantial interest in the Company.

9.6 Right to set aside Resolution

If Resolution 6 is passed, then within 21 days after the meeting, the holders of at least 10% of the Company's Shares have the right to apply to the court to have the Resolution set aside. The court may set aside the Resolution if the court is satisfied in all the circumstances that it is appropriate to do so.

9.7 Directors' recommendation

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provisions in the Constitution are in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 6.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

10% Placement Capacity has the meaning given in Section 6.1.

10% Placement Capacity Period has the meaning given in Section 6.3(b)

Annual General Meeting, AGM or Meeting has the meaning given in the introductory paragraph of the Notice.

Annual Report means the annual financial report of the Company for the year ended 30 June 2018.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the “designated body” for the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Auditor means the Company’s auditor from time to time (if any).

Auditor’s Report means the report of the Auditor contained in the Annual Report for the year ended 30 June 2018.

Board means the board of Directors of the Company.

Chairman or Chair means the person appointed to chair the Meeting of the Company convened by the Notice.

Child Entity has the meaning given to that term in the Listing Rules.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member’s spouse;
- (c) a dependent of the member or the member’s spouse;
- (d) anyone else who is one of the member’s family and may be expected to influence the member, or be influenced by the member, in the member’s dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Company means Botanix Pharmaceuticals Limited ABN 70 009 109 755.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Equity Security has the same meaning as in the Listing Rules and **Equity Securities** has the corresponding meaning.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting Date means 19 November 2018.

Notice means this notice of Annual General Meeting.

Option means an option which entitles the holder to subscribe for one Share.

Optionholder means an optionholder of the Company.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Annual Report.

Resolutions means the resolutions referred to in the Notice or any one of them, as the context requires.

Restricted Voter means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Securities means all Equity Securities of the Company, including a Share and an Option.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 - Issues of Equity Securities since 14 November 2017

| Date of Issue | Number of Securities | Type of Security | Recipient of Securities | Issue Price and details of any discount | Consideration & Use of Funds as at the date of this Notice |
|---------------|----------------------|---------------------|--|--|---|
| 06/02/2018 | 3,035,993 | Shares ¹ | Issued on exercise of Options | \$0.045 per Share, representing a discount of 62.5% to the closing market price (\$0.12) at the date of issue. | Consideration: \$387,922 cash. All funds have been expended on general working capital |
| 09/05/2018 | 2,036,444 | | | \$0.053 per Share, representing a discount of 51.8% to the closing market price (\$0.11) at the date of issue. | |
| 09/05/2018 | 735,829 | | | \$0.07 per Share, representing a discount of 36.3% to the closing market price (\$0.11) at the date of issue. | |
| 09/02/2018 | 135,777,823 | Shares ¹ | Sophisticated and professional investors pursuant to placement | \$0.011 per Share, representing a discount of 0% to the closing market price (\$0.11) at the date of issue. | <p>Consideration: \$14,935,560 cash.</p> <p>Funds spent to date: \$11,197,513</p> <p>has been spent as at the date of this Notice.</p> <p>Use of funds spent to date: Capital raising costs - \$1,119,141</p> <p>Research and Development - \$8,984,670</p> <p>Staff costs - \$305,222</p> <p>Working capital - \$788,480</p> <p>Proposed use of remaining funds²:</p> <p>Research and Development - \$3,013,133</p> <p>Staff costs - \$521,646</p> <p>Working capital - \$203,268</p> |

| Date of Issue | Number of Securities | Type of Security | Recipient of Securities | Issue Price and details of any discount | Consideration & Use of Funds as at the date of this Notice |
|---------------|----------------------|---------------------|--|--|---|
| 27/06/2018 | 72,727,273 | Shares ¹ | Sophisticated and professional investors pursuant to placement | \$0.011 per Share, representing a discount of 0% to the closing market price (\$0.105) at the date of issue. | <p>Consideration: \$8,000,000 cash.</p> <p>Funds spent to date: \$516,947</p> <p>has been spent as at the date of this Notice.</p> <p>Use of funds spent to date: Capital raising costs - \$516,947</p> <p>Proposed use of remaining funds²:</p> <p>Research and Development - \$5,997,071</p> <p>Staff costs - \$406,536</p> <p>Working capital - \$1,079,446</p> |

Notes

- Shares are fully paid ordinary shares in the Company ranking equally in all respect with the existing issued Shares in the Company.
- This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

Schedule 3 - Summary of Botanix Pharmaceuticals Limited Employee Securities Incentive Plan

The Company has established an employee incentive plan (**Plan**).

The full terms of the Plan may be inspected at the registered office of the Company during normal business hours and (unless otherwise defined) capitalised terms below have the definition ascribed in the Plan. A summary of the terms of the Plan is set out below.

1. Eligible Participant

Eligible Participant means a person that:

- (a) is an "eligible participant" (as that term is defined in ASIC Class Order 14/1000) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order 14/1000); and
- (b) has been determined by the Board to be eligible to participate in the Plan from time to time.

2. Purpose

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to Shareholder value creation; and
- (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

3. Plan administration

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

4. Eligibility, invitation and application

- (a) The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.
- (b) On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.
- (c) If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

5. Grant of Securities

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and

conditions set out in the invitation, the Plan rules and any ancillary documentation required.

6. Terms of Convertible Securities

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan.

Prior to an Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

7. Vesting of Convertible Securities

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

8. Exercise of Convertible Securities and cashless exercise

To exercise an Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

9. Delivery of Shares on exercise of Convertible Securities

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a

substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

10. Forfeiture of Convertible Securities

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.

11. Change of control

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.

12. Rights attaching to Plan Shares

All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

13. Disposal restrictions on Plan Shares

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or

- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

14. Adjustment of Convertible Securities

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

15. Participation in new issues

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

16. Amendment of Plan

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

17. Plan duration

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

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| |

Holder Number:

Vote by Proxy: BOT

Your proxy voting instruction must be received by **9.30am (WST) on Saturday 17 November 2018** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

Return your completed form



BY MAIL:
Automatic
GPO Box 5193
Sydney NSW 2001



IN PERSON:
Automatic
Level 5, 126 Phillip Street
Sydney NSW 2000



BY FAX:
Automatic
+61 2 8583 3040



Contact us – All enquiries to Automic

WECHAT: <https://automic.com.au/>



EMAIL: hello@automic.com.au



PHONE:
1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1: Appoint Your Proxy

Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Botanix Pharmaceuticals Limited, to be held at **9.30 am (WST) on Monday 19th November 2018 at Level 16, Brookfield Place Tower 2, 123 St Georges Terrace, Perth WA** hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

[illegible]

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the “for,” “against” or “abstain” box you will be authorising the Chair to vote in accordance with the Chair’s voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 & 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1 & 5 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2: Your Voting Direction

| Resolutions | | For | Against | Abstain |
|-------------|--|--------------------------|--------------------------|--------------------------|
| 1. | Adoption of Remuneration Report (non-binding) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Re-election of Director – Mr William Bosch | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | Approval of 10% Placement Capacity | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | Ratification of issue of Shares to various sophisticated and professional investors under ASX Listing Rule 7.1 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | Approval of issue of Securities under Employee Securities Incentive Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. | Approval of proportional takeover provisions in Constitution | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3: Sign Here + Contact Details

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

| |
|--|
| |
|--|

Sole Director and Sole Company Secretary

Securituholder 2

Director

Securituholder 3

Director / Company Secretary

Contact Name:

[illegible]

Email Address:

[illegible]

Contact Daytime Telephone

[illegible]

Date (DD/MM/YY)

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By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).