

Pre-reinstatement disclosure

Botanix Pharmaceuticals Limited (**Company**) makes the following pre-reinstatement disclosure in accordance with ASX's conditions to reinstatement.

Capitalised terms not defined in this announcement have the meaning ascribed in the Company's prospectus dated 13 May 2016 as supplemented by the supplementary prospectus dated 24 June 2016 (**Prospectus**).

1. Completion of Offers under Prospectus

The Company confirms that all conditions to the Offers have been satisfied and the following number of Shares and Options have been issued with respect to the following offers under the Prospectus:

- (a) 175,000,000 Shares under the Offer; and
- (b) 13,000,000 Options under the Advisor Options Offer.

2. Completion of Acquisition

All conditions precedent to the Acquisition Agreement for the sale and purchase of the shares of Botanix Pharmaceuticals, Inc. have been satisfied or waived and completion of the Acquisition Agreement has occurred, including the issue of:

- (c) 153,060,000 Shares to the Botanix Vendors ("Consideration Securities"); and
- (d) 3,416,642 Shares as partial repayment of the Loans ("Botanix Loan Excess Shares").

The Delaware law "merger" process described in Section 2.20 of the Prospectus has also completed and the Certificate of Merger has been filed with the Delaware Secretary of State.

3. Capital structure

The Company confirms that upon reinstatement its capital structure will be as follows:

Number	Security Description
408,814,770	Fully paid ordinary shares
13,000,000	Unquoted options exercisable at \$0.03 each on or before 30 June 2019

7,740,888	Unquoted options exercisable at \$0.13 each on or before 31 December 2016
1,799,968	Unquoted options exercisable at \$0.10 each on or before 31 December 2016

4. Statement of restricted securities

The Company advises that the following securities have been classified as restricted securities by ASX:

Number	Security	Escrow period
156,476,642	Shares	Escrowed until the date that is 24 months after re-instatement of the Company's securities to official quotation on ASX
13,000,000	Unquoted options exercisable at \$0.03 each on or before 30 June 2019	Escrowed until the date that is 24 months after re-instatement of the Company's securities to official quotation on ASX

5. Confirmation of funds received

The Company confirms that it has received cleared funds for the complete amount of the issue price of every security issued and allotted to every successful applicant for Securities under the Prospectus and raised a total of \$3,500,000.

6. Confirmation of change of name

The Company confirms that the name of the Company has changed to Botanix Pharmaceuticals Ltd.

7. Confirmation of Board Changes

The Company confirms that Mr Matthew Callahan, Mr Graham Griffiths and Dr H. William Bosch have been appointed as directors of the Company and Mr John Hannaford and Mr Phillip Wingate have resigned as directors of the Company.

8. Updated statement of commitments

The Company intends to apply funds raised from the Offer, together with existing cash reserves, as follows:

Funds available	Amount (\$)	%
Existing cash reserves of the Company	\$500,000	12.50%
Funds raised from the Offer	\$3,500,000	87.50%
Allocation of funds		
Expenses of the Offers (including capital raising fees)	\$290,000	7.25%
Repayment of loans	\$181,667	4.54%
Clinical trial manufacturing and testing ¹	\$930,000	23.25%
Initial clinical trials for BTX1503 ²	\$770,000	19.25%
Manufacturing and preparation for Phase 2 of the clinical trial	\$160,000	4.00%
Salaries and related costs	\$585,000	14.63%
General working capital, including corporate and administrative costs ³	\$1,083,333	27.08%
Total	\$4,000,000	100.00%

Notes:

1. The activities described under “clinical trial manufacturing and testing” are directed towards making and releasing a GMP quality standard of BTX1503, which is suitable for later testing in humans including (relevantly): purchasing the synthetic drug material from the supplier, manufacturing sufficient doses of BTX1503 for the anticipated trials, completing the necessary testing and characterisation of those doses, and preparing documentation to describe and validate the preceding matters.
2. Other than the “initial clinical trials for BTX1503”, the use of funds above does not require the Company to have obtained any governmental or regulatory approvals or licenses.

The Company does not expect there to be any issues in obtaining the necessary approvals to conduct the planned initial clinical trials. Although the Company does not expect any issues, if there is any delay or the approvals are refused, the Company intends to re-allocate the funds towards a revision of the Company’s regulatory strategy to enable those trials to be conducted in a different jurisdiction or in a different manner than currently planned.

3. General working capital will be utilised by the Company to pay for the corporate and administration costs of the Company generally, cost overruns in forecast expenditures (if any), and additional testing and trial expenditures.

The above table is a statement of current intentions as at the date of this announcement. As with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments and market and

general economic conditions. The Board reserves the right to alter the way the funds are applied.

9. No material subsequent events

The Company confirms there have been no material subsequent events to alter the Company's consolidated statement of financial position as detailed in the Prospectus.

10. No legal, regulatory or contractual impediments

The Company confirms that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the commitments disclosed in the Prospectus.

11. Compliance with ASX Listing Rules

The Company confirms that it is in compliance with the ASX Listing Rules and, in particular, ASX Listing Rule 3.1.

About Botanix

Botanix 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 developing and providing new treatment options for conditions that currently are inadequately addressed or are treated with therapeutics that are burdened with significant side effects profiles. Botanix' products under development harness the untapped potential of a synthetic active pharmaceutical ingredient known as cannabidiol which is currently being studied for the treatment of epilepsy, pain, arthritis and schizophrenia amongst other indications. Botanix is preparing for the first human trials utilising synthetic cannabidiol in a proprietary drug delivery system (Permetrex™) for direct skin delivery of the therapy.

For more information, please contact:

General enquiries

Matt Callahan
Botanix Pharmaceuticals Inc
Executive Director
P: +1 215 767 4184
E: mcallahan@botanixpharma.com

Media enquiries

Arthur Chan
WE Buchan
P: (02) 9237 2805
E: achan@buchanwe.com.au

Investor Relations

Rebecca Wilson
Buchan Consulting
P: 0417 382 391
E: rwilson@buchanwe.com.au