

ASX/Media Release

22 July 2016

Less than Marketable Parcel Share Sale

The Directors of Botanix Pharmaceuticals Ltd (“**Botanix**” or the “**Company**”) wish to announce the Company will commence the process for the sale of ordinary shares for holders who hold less than a "marketable parcel" (defined in the ASX Listing Rules as a parcel of securities of not less than \$500 in value) (**Less Than Marketable Parcel**) (**Sale Facility**).

The closing price of Company shares on the ASX on 20 July 2016 (**Record Date**) was 4.9 cents and on this basis a Less than Marketable Parcel is 10,204 shares or less. The Less Than Marketable Parcel Share Sale will enable holders of Less Than Marketable Parcels as at 20 July 2016 to sell their full holdings. On this basis, the Company has 1,269 shareholders holding 1,055,112 shares with Less Than Marketable Parcels. Shareholders who own 10,205 shares or more will not be eligible to participate in the Less Than Marketable Parcel Sale.

The Company is offering this Sale Facility to assist holders of Less Than Marketable Parcels to sell shares without having to use a broker or pay brokerage. The Company will pay all costs of the sale for shareholders who use this facility, excluding tax consequences from the sale which remains the shareholder’s responsibility.

The Company values all of its shareholders, however it incurs considerable administrative costs associated with maintaining a large number of Less Than Marketable Parcel holdings. The Company expects to reduce the administrative costs associated with maintaining a large number of very small holdings through the Sale Facility.

Shareholders with a Less Than Marketable Parcel who wish to retain their shareholding need to give the Company written notice of this intention through the provided Share Sale Facility form, no later than 5.00pm (WST) on 9 September 2016 otherwise their shares will be sold by the Company.

If eligible shareholders wish to sell shares through the Sale Facility, they should provide banking instructions on the provided Share Sale Facility form and return this form to the Company by 5.00pm (WST) on 9 September 2016.

If a Share Sale Facility form is not received by the Company by 5.00pm (WST) on 9 September 2016 from Eligible Shareholders, shares will be sold through the Sale Facility.

At the completion of the sale process, the Company will pay Australian residents in Australian dollars by direct credit to an account held with an Australian Financial Institution for the proceeds to the individual shareholders that elected to participate in the Sale Facility. Non-resident holders who do not have an account with an Australian Financial Institution will also be paid in Australian dollars by cheque.

The sale price under the Sale Facility will be determined based upon the volume weighted average sale price of Company shares sold on the ASX under the Sale Facility. The Company will forward the proceeds of the sale of Less Than Marketable Parcel to all shareholders whose shares are sold by the Company as soon as practicable following the completion of the Sale Facility.

For any queries regarding the Sale Facility, please contact Automic Registry Services on 08 9324 2099 or the Company on 08 9482 0580.

For and on behalf of Botanix Pharmaceuticals Ltd

Brett Tucker

Company Secretary

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 is currently being studied for the treatment of epilepsy, pain, arthritis and schizophrenia and 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.

For more information on Botanix, please visit www.botanixpharma.com or follow us on Twitter @Botanixpharma.

For more information, please contact:

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22 July 2016

Dear Shareholder,

SHARE SALE FACILITY FOR HOLDERS OF LESS THAN A MARKETABLE PARCEL

Botanix Pharmaceutical Ltd ("Botanix" or the "Company") has instituted the sale of ordinary shares for shareholders who hold less than a "marketable parcel" (defined by the Australian Securities Exchange (ASX) Listing Rules as a parcel of securities of not less than \$500).

Under the ASX Listing Rules and the Company's Constitution, the Company is able to sell the securities of a shareholder where it is less than a marketable parcel, unless the shareholder instructs the Company not to sell.

The sale facility has been instituted to enable shareholders holding less than a marketable parcel of shares to realise their shares without brokerage and other expenses and to reduce the administrative costs associated with maintaining holders with less than a marketable parcel.

On 20 July 2016 the last sale price of the Company shares quoted on the ASX was 4.9 cents and on this basis a less than marketable parcel is 10,204 shares or less. The sale facility will enable holders of a less than marketable parcel as at 20 July 2016 to sell their full holding.

Our share register shows that the number of shares held by you in the Company as at 5.00pm (WST) on 20 July 2016 is valued at less than \$500.

If you want the Company to sell your less than marketable parcel under the share sale facility please complete the Direct Crediting of Payments instruction on the Share Sale Facility Form.

By refraining from taking action, in accordance with the ASX Listing Rules and the Company's constitution, after the Closing Date of 9 September 2016, you will be deemed to have irrevocably appointed the Company as an agent:

- (i) to sell all of your shares at a price to be determined by when and how the shares are sold without any cost being incurred by you; and
- (ii) to deal with the proceeds of the sale being forwarded to you as soon as practicable.

Australian residents will only be paid their sale proceeds in Australian dollars by direct credit to an account held with an Australian Financial Institution. Non-resident holders who do not have an account with an Australian Financial Institution will be paid in Australian dollars by cheque.

There is an option on the Share Sale Facility form to choose to donate the proceeds of your sale to the Telethon Type 1 Diabetes Family Centre. Amounts less than \$100 which remain unclaimed at the conclusion of the statutory period for unclaimed monies will be donated to the Telethon Type 1 Diabetes Family Centre.

If you want to retain your holding, you must return to the Company the attached Share Sale Facility form no later than 5.00pm (WST) on 9 September 2016. If the Share Sale Facility form is not received by this date, your shares will be sold by the Company.

The Company will place all of the unmarketable parcel shares from eligible shareholders who participate in the Facility with a broker and they will be sold under the Sale Facility, with the sale price to be determined based upon the volume weighted average sale price of Company shares sold on the ASX under the sale facility.

The proceeds from the sale of the securities will be sent to the relevant shareholders as soon as practicable after the completion of the less than marketable parcel sale. In accordance with the Constitution, the Company will pay all costs of the sale for shareholders who use this facility, excluding tax consequences from the sale which remain the shareholder's responsibility.

The Company makes no recommendation as to whether you should participate in the Sale Facility of your less than marketable parcel. You should seek independent professional advice when deciding whether to retain your shares and if you have any questions on how the sale may affect you.

While the Company will pay for all costs associated with the sale facility (including brokerage), any taxation consequences arising from the sale of less than marketable parcels will be your responsibility. Please consult your legal, financial or taxation advisor if you require information regarding possible taxation implications of the sale of less than marketable parcels through the Sale Facility.

If you require further information in respect of the share sale facility, please contact the Company Secretary on +61 8 9482 0580.

Yours sincerely,

For and on behalf of Botanix Pharmaceuticals Ltd



Brett Tucker
Company Secretary

SRN/HIN

SUBREGISTER

SHARES HELD

SHARE SALE FACILITY FORM

IMPORTANT NOTE: THIS FORM MUST BE RECEIVED BY NO LATER THAN 5.00PM (WST) ON 9 SEPTEMBER 2016

IMPORTANT: This is an important document and requires your immediate attention. This document should be read in conjunction with the enclosed shareholder letter. If you are in any doubt as to how to deal with this form, you should consult your professional advisor.

A PLEASE TICK THE BOX TO INDICATE YOU WISH TO RETAIN YOUR SHARES

B PLEASE TICK THE BOX TO REQUEST FOR PROCEEDS TO BE DONATED TO THE TELETHON TYPE 1 DIABETES FAMILY CENTRE

C REQUEST FOR DIRECT CREDITING OF PAYMENTS

Note: Do not complete this section if you wish to retain your shares or donate your proceeds to the Telethon Type 1 Diabetes Family Centre. By completing your details below you are agreeing to the sale of your shares even if you tick one or both of the above boxes in section A or B.

Please credit all cash payments from the above holding directly to our account at the following Australian financial institution.

BSB Number

Account Number

Name in which account is held (eg: John Smith)

Name of Australian bank or financial institution

Name of branch or suburb or town

Type of account (eg: cheque, savings)



DO NOT USE YOUR CARD NUMBER

If you are unsure of your account or BSB number, please check with your bank, building society or credit union.

D SIGN HERE - THIS SECTION MUST BE SIGNED FOR YOUR INSTRUCTIONS TO BE EXECUTED

I/We authorise you to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions relating to payments to which I/we am/are entitled to be paid in cash.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director or

Director

Director/Company Secretary

Sole Director & Sole Company Secretary

E CONTACT DETAILS

Please use details where we can contact you between the hours of 9:00am and 5:00pm should we need to speak to you about your form.

Telephone Number

Contact Name

Refer overleaf for instructions on how to use this form

INSTRUCTIONS FOR COMPLETION OF THIS FORM

REGISTRATION DETAILS – NAME AND ADDRESS

SRN/HIN - this is your holder number for the purposes of identifying you on the Company register (see below for consolidation of holdings).

SUBREGISTER – if your holding is on the CHESS subregister and you require any amendments to your registration details, then you must notify your sponsoring broker. ISSUER SPONSORED holders should contact our share registry Automic Registry Services whose details are on the front of this form.

SHARES HELD – this is the number of shares you held at 5.00pm (WST) on 20 July 2016.

CONSOLIDATION OF HOLDINGS

If you have more than one holding on the Botanix Pharmaceuticals Limited register, you should consider consolidating them. You can download a “Consolidation of Holdings” form by visiting our share registry’s website – www.automic.com.au – and clicking on the “FORMS” tab.

NOTE: If any of your holdings you wish to consolidate is held on the CHESS subregister, you must contact your sponsoring broker.

A RETENTION OF SHARES

If you wish to retain your shares, please place a tick in the box provided. Should you validly sign the form but fail to place a tick in the box, it will be at the Company’s discretion as to whether or not it is your intention to retain your shares.

B DONATING YOUR SALE PROCEEDS TO CHARITY

If you wish to donate your share sale proceeds to the charity chosen by the company, please place a tick in the box provided.

C REQUEST FOR DIRECT CREDITING OF PAYMENTS

Do not complete this section if you wish to retain your shares. If you provide your direct credit instruction details in this section you are agreeing to the sale of your shares even if you have placed a tick in Box A.

D SIGNING REQUIREMENTS

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 must sign.

Power of Attorney: If any signatory signs under Power of Attorney, please attach an originally certified photocopy of the Power of Attorney to this Form when you return it.

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

E CONTACT DETAILS

Please enter a contact number we may reach you on between the hours of 9:00am and 5:00pm. We may use this number to contact you regarding completion of this Form.

HOW TO LODGE YOUR SHARE SALE FACILITY FORM

To assist you in lodging your Form a reply paid envelope has been enclosed for your use. No postage stamp is required if it is posted within Australia. Alternatively, if you have lost the reply paid envelope your completed Form can be mailed or delivered to either of the below addresses. The postal rule does not apply so please ensure your Form is received by the registry no later than 5.00pm (WST) on 9 September 2016.

Mailing Address

Botanix Pharmaceuticals Limited
C/- Automic Registry Services
PO Box 2226
Strawberry Hills NSW 2012

Hand Delivery (*Please do not use this address for mailing purposes*)

Botanix Pharmaceuticals Limited
C/- Automic Registry Services
Suite 310
50 Holt Street
Surry Hills, NSW 2010

**YOUR SHARE SALE FACILITY FORM MUST BE RECEIVED BY NO LATER THAN
5.00PM (WST) ON 9 SEPTEMBER 2016**