

ASX/Media Release

31 October 2016

Botanix Pharmaceuticals 4C Quarterly Cash Flow Report

Highlights for the quarter ending 30 September:

- Relisted on ASX under code “BOT” after reverse takeover of Bone Medical Ltd
- Raised \$3.5 million in a heavily oversubscribed offering in July
- Secured a commercial drug substance manufacturer to supply synthetic cannabidiol
- Engaged highly experienced team members with more than 30 years’ experience
- Commenced manufacturing of Permetrex™ enabled formulations for clinical studies
- Advanced pre-clinical testing and preparation of regulatory filings

Perth Australia, 31 October 2016: Medical dermatology company Botanix Pharmaceuticals Limited (“Botanix” or “The Company”) has released its Appendix 4C Quarterly Cash Flow report for the period ended 30 September 2016.

The cash balance as at 30 September 2016 was \$3.1 million with operating cash outflows for the quarter totalling \$414,000, primarily related to the manufacturing of the BTX-1503 dermatology formulation for the treatment of acne, as well as undertaking pre-clinical testing of the formulation and preparing for first clinical studies.

During the quarter, the Company announced it had engaged key clinical and manufacturing staff, each with more than 30 years’ experience in the area of pharmaceutical development to assist with the product manufacturing, pre-clinical testing and conduct of planned clinical trials. The Company also secured a supply of synthetic cannabidiol which has been manufactured at commercial scale by its US-based partner and registered with US Food and Drug Administration (FDA). Manufacturing and chemical testing of the first Permetrex™ enabled formulations for the treatment of acne were also completed and the pre-clinical testing program was initiated, which will provide the required safety and irritation data to support regulatory filings in early 2017.

Achievement of these milestones will assist the Company to advance the first of its products for the treatment of acne into safety and efficacy clinical trials in humans, which are planned to commence in the first half of 2017. Botanix is also actively exploring opportunities to leverage its Permetrex™ skin delivery technology and growing team to rapidly advance other products into the clinic, as well as accelerate the clinical program for BTX-1503.

During the quarter, the Company also noted that the US Drug Enforcement Agency’s (DEA) decision to keep cannabis and its constituent chemicals (including cannabidiol) as Schedule 1 regulated drugs, validates the FDA compliant clinical development approach that the Company is pursuing.

“Since our oversubscribed listing in July this year, the Company has made substantial progress by meeting key milestones and building the team to support this exciting development program. The

Company is finalising its manufacturing and pre-clinical testing program and will be actively preparing for regulatory submissions to enable the first tests of BTX-1503 in patients in 2017,” said Botanix Executive Director Matt Callahan.

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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Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Botanix Pharmaceuticals Limited

ABN

70 009 109 755

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) research and development	(317)	(317)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(97)	(97)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(1)	(1)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(414)	(414)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	66	66
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings ^(refer 6.1)	(182)	(182)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(116)	(116)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	3,652	3,652
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(414)	(414)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(116)	(116)
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of quarter	3,121	3,121

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,361	3,642
5.2	Call deposits	760	10
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,121	3,652

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
122
-

Payments to related parties include payments arising from operating activities for salaries and fees to Directors and their associates, as well as payments to a company associated with Mr Towner relating to provision of advisory services to the Company.

Further, item 3.6 includes amounts paid to settle a loans (including related party) as disclosed in the Prospectus dated 13 May 2016 and Supplementary Prospectus dated 24 June 2016, in relation to the acquisition of Botanix Pharmaceuticals Inc.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	806
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	-
9.6 Administration and corporate costs	155
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	961

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 31/10/16.....

Print name:Brett Tucker.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.