

Botanix Acquirer Lodges Prospectus for \$3,000,000 Capital Raising

- Bone Medical Limited lodged prospectus to raise \$3,000,000 with oversubscriptions up to \$500,000
- Funds to accelerate the development and commercialisation of Botanix medical dermatology products
- Argonaut Securities appointed lead manager

Perth, Australia; 16th May 2016: Medical dermatology company Botanix Pharmaceuticals Inc (**Botanix**) announced today that its potential acquirer, Bone Medical Limited (ASX:BNE) (**Bone**) had lodged a Prospectus with ASIC for a public offer to raise \$3,000,000 before costs with up to \$500,000 in oversubscriptions (**Offer**). The Offer is for applicants to apply for one new fully paid ordinary share (**New Shares**) at an issue price of \$0.02 per New Share.

The Prospectus also contains separate offers for a total of 153,060,000 ordinary shares to Botanix shareholders in connection with the acquisition of Botanix.

Argonaut Securities Pty Limited has been appointed as Lead Manager for the Prospectus.

Botanix plans to invest the majority of the proceeds in the development of a novel treatment for acne which uses a synthetic form of the natural extract cannabidiol, which is currently being studied by a range of other pharmaceutical companies for the treatment of pain, schizophrenia and other diseases. Botanix has licensed a unique drug delivery system known as Permetrex™ to more efficiently delivery synthetic cannabidiol into the skin for the treatment of a range of skin diseases. The proceeds from the Offer will also be used to pay costs, fund working capital and other commitments.

Capital Structure

The Share capital of the Company after successful completion of the Offer is summarised in the table below:

| | |
|---|-------------|
| Offer | |
| Offer Price | \$0.02 |
| Shares available under the Offer | 150,000,000 |
| Total proceeds (before expenses) from the Offer | \$3,000,000 |
| Oversubscriptions | \$500,000 |
| | |
| Acquisition | |
| Total number of Consideration Shares | 153,060,000 |
| Total Number of Advisor Options (@ \$0.00001) | 13,000,000 |

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| | |
| Post Acquisition and Offer | |
| Existing Shares on issue prior to Offer (post consolidation) | 77,338,971 |
| Total number of Shares on Issue following Offer (excluding Oversubscriptions) | 380,398,971 |
| Indicative market capitalization of the Company at the Offer Price (excluding Oversubscriptions) | \$7,607,979 |
| Indicative market capitalization of the Company at the Offer Price (including Oversubscriptions) | \$8,107,979 |

Following quotation, the New Shares will rank equally in all respects from the date of allotment with the existing quoted shares on issue.

The Offer is being undertaken pursuant to a prospectus issued in accordance with the Corporations Act (**Prospectus**). Full details of the Offer are set out in the Prospectus. If you would like a copy of the Prospectus, please contact Bone at +61 9482 0580 and Bone will send you, at no cost, either a hard copy or an electronic copy of the Prospectus. The Prospectus can also be viewed online at www.bone-ltd.com.

Completion under the Prospectus is subject to a number of Conditions, including receipt of the following approvals from the shareholders of Bone, to be sought at the general meeting to be held on 14 June 2016:

1. Approval of the Botanix acquisition – change in Activities
2. Approval of the Consideration Shares and Adviser Options
3. Approval of the issue of the Offer Shares under the Prospectus
4. Adoption of a new Constitution
5. Change of Company name

For the Company's securities to be re-admitted to Official Quotation, the Company will need to inter alia, re-comply with Chapters 1 and 2 of the ASX Listing Rules, complete the Offer, raise the minimum subscription and complete the Botanix Acquisition.

The new company ASX code post Offer completion will be "BOT".

Timetable

The proposed timetable for the Offer is set out below:

| | |
|--|--------------|
| Lodgement date of Prospectus with ASIC | 13 May 2016 |
| Opening Date of Offers | 13 May 2016 |
| General Meeting of the Company | 14 June 2016 |
| Closing Date of the Offers and Completion of the Acquisition | 14 June 2016 |
| Dispatch of holding statements | 28 June 2016 |

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| Expected date for the Shares to be reinstated to trading on ASX |
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|-------------|
| 5 July 2016 |
|-------------|

The timetable is indicative only. The Company reserves the right to vary the dates, which includes closing the Offer early or extending the close of the Offer, without notifying any recipients of the Prospectus or any Applicants subject to the Corporations Act, the ASX Listing Rules and other applicable laws. Furthermore, dates are dependent on Completion and as such, satisfaction of all Conditions Precedent, which includes ASX providing its conditional approval to the reinstatement of Bone's securities to quotation. Accordingly the proposed dates are merely indicative and subject to a number of factors outside the control of the Company.

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:

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