

REMUNERATION PRINCIPLES

1. GENERAL

The Board of Botanix Pharmaceuticals Limited (**Company**) have adopted the following principles for considering remuneration:

2. EXECUTIVE REMUNERATION

- (a) The Company's remuneration policy for executives, including the Executive Directors, is designed to promote superior performance and long term commitment to the Company. Executives receive a base remuneration which is market related.
- (b) Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of the Company and shareholders to do so.
- (c) Executive remuneration and other terms of employment are reviewed by the Board having regard to performance, relevant comparative information and expert advice.
- (d) The Company's reward policy reflects its obligation to align each executive's remuneration with shareholders' interests and to attract and retain appropriately qualified executive talent for the benefit of the Company. The main principles of the policy are:
 - (i) reward reflects the competitive market in which the Company operates;
 - (ii) individual reward may be linked to performance criteria; and
 - (iii) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executives may consist of the following:

- (a) salary – executives receive a fixed sum payable in cash;
- (b) short – term incentives – executives may be paid a cash bonus either:
 - (i) up to an agreed amount or percentage of salary; or
 - (ii) at the discretion of the Board.
- (c) long - term incentives – executives may be granted options. Executive Directors may only be granted equity securities with the prior approval of shareholders; and
- (d) other benefits – executives receive superannuation contributions and may receive such other benefits as may be approved by the Board from time to time.

3. NON-EXECUTIVE REMUNERATION

Shareholders approve the maximum aggregate remuneration for non-executive Directors. The Board recommends the actual payments to Directors comprising a set annual Director fee, plus statutory superannuation. The maximum aggregate remuneration approved for non-executive Directors is currently \$300,000.

In addition to their Directors fees Non-executive Directors may be paid for service in addition to the normal activities of a director at an agreed daily rate.

Non-executive Directors may be granted equity securities with the prior approval of shareholders.

4. INDEMNITY AND INSURANCE

All Directors and the Company Secretary will be offered the benefit of a Deed of Access, Insurance and Indemnity.

Certain executives may be offered the benefit of a Deed of Access, Insurance and Indemnity at the discretion of the Board.

This Deed provides for the Company to:

- (a) indemnify the Director, Company Secretary and executives (**Officers**) against certain liabilities and legal costs incurred by the Officer, to the fullest extent permitted by the law;
- (b) reimburse an Officer in respect of the liabilities mentioned above for reasonable legal costs incurred by the Officer in good faith in obtaining legal advice on issues relevant to their performance of their functions and the discharge of their duties as an officer of the Company or a subsidiary, if that expenditure has been approved in accordance with the Company's policy; and
- (c) use reasonable endeavors to maintain insurance for the Officer under a Directors' and Officers' Insurance Policy so far as this policy is reasonably available at a reasonable cost.

5. EQUITY BASED REMUNERATION

Directors, executives or employees of the Company receiving equity-based remuneration (either following shareholder approval if required or under the Company's Incentive Option Plan) are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of receiving the equity-based remuneration or participating in the scheme.

6. REPORTING

A full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Key Management Personnel will be contained in the Remuneration report included in the Company's Annual Financial Statements.