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QUINTIS LTD
ABN 97 092 200 854

Good progress at Santalis, extension of plantation put option and other operational updates

Quintis (ASX:QIN, 'the Company'), the world's largest owner and manager of commercial Indian sandalwood plantations, provides the following information on the progress of various operational activities:

Progress of Dermatology Projects

The Company's pharmaceutical subsidiary, Santalis Pharmaceuticals ("Santalis"), has now held its end of Phase 2 meeting with the U.S. Food and Drug Administration ("FDA") to discuss the requirements for its proposed Phase 3 study for its lead program, the treatment of HPV skin warts. Following this meeting and written feedback from the FDA, Santalis now has a well-defined U.S. regulatory pathway to move into Phase 3 for the study of Quintis' Sandalwood Album oil to treat HPV skin warts in a paediatric population. Santalis expects to initiate Phase 3 trials for this program within twelve months.

Santalis CEO, Dr Paul Castella, said: "The end of Phase 2 meeting with the FDA is another major step in the development of a portfolio of prescription drugs containing Sandalwood Album. We now have a clear and achievable pathway into Phase 3 over the coming months. Since our other programs use the same botanical drug substance, we believe that this feedback will provide substantial support to the various dermatology programs we currently have in Phase 2."

There are currently no approved prescription drugs to treat HPV and the market size in the US alone is estimated to be more than US\$2.88 billion (See ASX release 10 January 2017: *Presentation to JP Morgan Healthcare Conference*).

In addition, Santalis has three on-going Phase 2 programs for dermatological products containing Sandalwood Album (psoriasis, eczemas and molluscum contagiosum), plus a further Phase 2 trial for oral mucositis.

Grant of an Australian Patent Covering the Use of Sandalwood to Treat Cancers

The Australian Patent Office has issued Santalis Patent No. 2011223758 containing sixteen claims covering the use of sandalwood oil compositions to treat a variety of cancers including leukemia and solid tumors, such as bladder cancer.

"This patent will protect the use of pharmaceuticals intended to treat life-threatening cancer disease. This patent augments our strategy of protecting novel compositions, formulations and uses of high-purity Sandalwood Album oil produced by Quintis," Dr Castella said.

Extension of Plantation Put Option

In 2014, the Company granted a put option to an institutional plantation owner whereby the investor could elect to sell 400 hectares of plantations to the Company at a pre-determined price. The terms of this option were amended in July 2016 so that the put option was exercisable by 30 April 2017.

In light of the current corporate activity, with the announcement by Quintis' former Managing Director, Mr Frank Wilson, of his intention to work with third parties to assess, develop and present a potential change of control transaction to the Company's Board, the put option has been renegotiated and now includes the following terms:

- The put option may be exercised between either 10 July 2017 and 14 July 2017 or between 11 December 2017 and 15 December 2017 with settlement to occur at either the end of July 2017 or at the end of December 2017, respectively.
- No change to the previously disclosed financial terms, included in most recent financial accounts, if the put is exercised and settled in July 2017.
- Settlement value to increase by an annualised rate of 15% between July 2017 and December 2017 (ie: a nominal rate of 6.25%), if the put is exercised in December 2017.
- In the event that the put option is not exercised in either July or December 2017, it may be exercised at any time prior to 31 December 2018 with a settlement value of US\$34 million, but only following a change of control transaction.

Progress on New China Wood Sales Agreement

The Company notes recent press reports relating to the progress being made by Quintis on a new wood sales contract to China. The Company confirms it has selected its preferred off-take counterparty and negotiations are well advanced, however no final sales agreement has as yet been signed. These negotiations have confirmed Quintis' confidence that there is a substantial market for Indian Sandalwood from a range of buyers in the China market.

The Company will continue to keep the market informed of developments in this area.

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