Avita Medical announces A$16.9 million capital raising

October 11, 2017

Valencia, CA, USA, Perth, Australia and United Kingdom, 11 October 2017 —Avita Medical (ASX: AVH, OTCQX: AVMXY), a regenerative medicine company specialising in the treatment of wounds and skin defects, is undertaking a capital raising in aggregate to raise A$16.9 million towards its preparedness for US ReCell commercialisation for burn injuries and to further evaluate new indications.

Avita has received commitments from wholesale and institutional investors for a private placement of A$4.5 million at an issue price of A$0.045 per Avita share (**Private Placement**). Avita also proposes to undertake a non-renounceable rights issue to existing shareholders (**Rights Issue**) offering one new share for each 2.8 existing shares (as at the record date) at the same issue price as under the Private Placement. The timetables for both the Private Placement and the Rights Issue are detailed in the attached Schedule.

Avita CEO Dr Mike Perry commented "*We sincerely appreciate the support received from investors under the Private Placement, indicating confidence in Avita's pursuit of its future milestones, including PMA approval in 2018 followed by a successful commercial launch of ReCell in the US burns market. In gratitude for the support from our shareholders, we have also secured for them the opportunity to invest at the same issue price."*

"This fund raising is expected to underpin Avita through key milestones including, initial BARDA product procurement, US FDA approval, and the launch of ReCell in the US burns market."

"What we consider compelling for investors is the strength of our clinical data from the two US trials of 131 patients at 12 leading US burn centres demonstrating that use of the ReCell device results in significantly less donor skin harvesting, relative to standard care, for treatment of burn injuries. The data has revealed a 97.5% reduction in donor skin harvested for treatment of second-degree burn injuries, while also showing a 4.4 times greater likelihood of donor site healing for those patients after just one week. In our US FDA pivotal trial for third-degree burns we achieved the co-primary endpoints along with data exhibiting a 32% reduction in the use of donor skin, with no safety concerns."

Last month Avita submitted a Pre-Market Approval (**PMA**) application for its ReCell® Autologous Cell Harvesting Device for treatment of burn injuries to the US Food & Drug Administration (**FDA**). This is a precursor to achieving US product approval.

The fund raising follows an extensive roadshow attracting new Australian and overseas institutional investors which have either invested or been introduced to the Avita story for the first time.

Private Placement

The Private Placement was managed by Bell Potter and has been over subscribed, introducing new institutional investors to the Avita share register.

Under the Private Placement the Company has received commitments for A$4.5 million at an issue price of A$0.045 per fully paid ordinary Share to issue up to approximately 101 million Shares to wholesale and institutional investors to whom disclosure was not required pursuant to Chapter 6D of the Corporations Act 2001. The issue price represents a 33.6% discount to the 30 day VWAP of the Avita share price prior to the Company seeking a trading halt.

The new Avita shares to be issued under the Private Placement will rank equally with existing Avita shares on issue.

The Company used its 15% placement capacity (under ASX Listing Rule 7.1) for the Private Placement.

Rights Issue

Existing Avita shareholders (as at the Record Date in the attached timetable) will be offered one new Avita share for each 2.8 existing Avita shares at an issue price of A$0.045 per new Avita share. On the basis of the Company's current Share capital, the Rights Issue would result in an issue of up to approximately 240.4 million Shares to raise up to approximately A$10.84 million. As indicated above, the Company also has subscription commitments pursuant to the Private Placement, which Private Placements are required to complete prior to the Record Date, meaning that an additional approximately 36.1 million Shares will be issued under the Rights Issue with respect to the Private Placement Shares, raising an additional approximately A$1.64 million. The underwriting agreement entered by the Company is with respect to the aggregate Rights Issue amounts, namely for a total Share issue under the Rights Issue of 276.5 million Shares being issued to raise a total of approximately A$12.44 million.

The Rights Issue is non-renounceable and is fully underwritten by Bell Potter. The timetable for the Rights Issue is detailed in the attached schedule.

ABOUT AVITA MEDICAL LIMITED

Avita's patented and proprietary collection and application technology provides innovative treatment solutions derived from the regenerative properties of a patient's own skin. Our medical devices work by preparing a Regenerative Epithelial Suspension (RES™), an autologous suspension comprised of the patients' own skin cells and wound healing factors that are necessary to regenerate natural healthy skin. This is then applied to the area to be treated.

In all countries outside of Europe, our portfolio is marketed under the ReCell® brand to promote skin healing in a wide range of applications including burns, chronic wounds and aesthetics.

ReCell® is TGA-registered in Australia, and CFDA-cleared in China. In the United States, while a PMA for ReCell® is currently under review by the FDA, the product continues to be an investigational device limited by federal law to investigational use.

In Europe, our portfolio of medical device products received CE-mark approval as three tailored product presentations, with three individual brand names. ReCell® is designed for the treatment of burns and plastic reconstructive procedures; ReGenerCell™ has been formulated for chronic wounds

including leg and foot ulcers; and ReNovaCell™ is tailored for aesthetic applications including the restoration of pigmentation. To learn more, visit www.avitamedical.com.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This letter includes forward-looking statements. These forward-looking statements generally can be identified by the use of words such as "anticipate," "expect," "intend," "could," "may," "will," "believe," "estimate," "look forward," "forecast," "goal," "target," "project," "continue," "outlook," "guidance," "future," other words of similar meaning and the use of future dates. Forward-looking statements in this letter include, but are not limited to, statements concerning, among other things, our ongoing clinical trials and product development activities, regulatory approval of our products, the potential for future growth in our business, and our ability to achieve our key strategic, operational and financial goal. Forward-looking statements by their nature address matters that are, to different degrees, uncertain. Each forward-looking statement contained in this letter is subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statement. Applicable risks and uncertainties include, among others, the timing of regulatory approvals of our products; physician acceptance, endorsement, and use of our products; failure to achieve the anticipated benefits from approval of our products; the effect of regulatory actions; product liability claims; risks associated with international operations and expansion; and other business effects, including the effects of industry, economic or political conditions outside of the company's control. Investors should not place considerable reliance on the forward-looking statements contained in this letter. Investors are encouraged to read our publicly available filings for a discussion of these and other risks and uncertainties. The forward-looking statements in this letter speak only as of the date of this release, and we undertake no obligation to update or revise any of these statements.

FOR FURTHER INFORMATION

Australia

Monsoon Communications

Sarah Kemter

Phone: +61 (0)3 9620 3333

Mobile: +61 (0)407 162 530

sarahk@monsoon.com.au

USA

Westwicke Partners

Jamar Ismail

Phone +1 (415) 513-1282

jamar.ismail@westwicke.com

Avita Medical Ltd

Tim Rooney

Chief Financial Officer Phone +1 (661) 367-9161

trooney@avitamedical.com