

11 October 2017

Dear Optionholder,

2017 Non Renounceable Rights Issue Offer and Shortfall Offer

As announced on 11 October 2017, Avita Medical Limited (Company) is undertaking a fully underwritten non renounceable pro-rata rights offer to the Company's shareholders (Offer). The Offer is open to all eligible shareholders of the Company who are on the share register as at 18 October 2017 (Record Date) and who have a registered address in Australia or New Zealand (Eligible Shareholder). The Company is seeking to raise a total of approximately \$12.44 million from the Offer, on the basis that no more than approximately 276.5 million New Shares will be issued pursuant to the Offer. Proceeds raised from the Offer will be used by the Company to be applied for working capital purposes, including towards initial BARDA product procurement, US FDA approval, and the burns product launch across the US market.

On 11 October 2017 the Company also announced that it had commitments to place approximately 101 million shares to professional and sophisticated investors to raise a total of approximately \$4.5 million at the same price as the issue price under the Offer (Placement).

Under the terms of the Offer, each Eligible Shareholder will have the right to subscribe for New Shares in the Company on the basis of a non-renounceable Rights Issue of 1 new shares for each 2.8 shares held as at the Record Date (rounded up to the nearest share) at a price of \$0.045 per new share (Rights Issue Offer). You are the holder of unlisted options to purchase shares in the Company. The Rights Issue Offer is only available to holders of shares in the Company, and not with respect to shares that underly any options that have not been exercised.

The purpose of this letter is to advise you that you are not entitled to participate in the Rights Issue (with respect to any shares that underly your options) other than to the extent to which you first exercise some or all of your options. The exercise of your options needs to be completed before the Record Date (described below). If you wish to exercise some or all of your options and they are eligible to be exercised on their terms, you should complete a notice of exercise of options (available from the Company) and lodge that notice with Avita Medical Limited's Share Registry, Computershare Investor Services Pty Limited, together with your payment of the exercise price for the number of options you wish to exercise. The address for Computershare Investor Services Pty Limited is GPO Box 2975, Melbourne Victoria, 3001.

If you decide to exercise some or all of your options before the Record Date, the shares that issue upon that exercise of those options will be included in your shareholding as at the Record Date for the purposes of the Offer. Your aggregate holding of shares at the Record Date determines the extent of your entitlement to participate in the Rights Issue Offer.

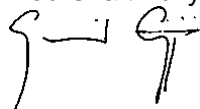
The anticipated timetable for the Offer is as follows:

Placement and Rights Issue announced and Company resumes trading upon opening.	Wednesday, 11 October 2017
Letter sent to option holders advising they cannot participate in the Rights Issue without first exercising their options.	Wednesday, 11 October 2017
Letter sent to Shareholders advising of Rights Issue Appendix 3B information and timetable	Friday, 13 October 2017
Allotment of Placement shares, Placement cleansing notice and Appendix 3B	Tuesday, 17 October 2017
'ex' date	Tuesday, 17 October 2017
Record date to determine entitlements under the Rights Issue Offer	Wednesday, 18 October 2017
Rights Issue document dispatched to shareholders and Rights Issue Offer opens	Friday, 20 October 2017
Rights Issue Offer closes	Thursday, 2 November 2017
Rights Issue securities quoted on a deferred settlement basis	Friday, 3 November 2017
Settlement of Rights Issue Offer	Wednesday, 8 November 2017
Allotment of New Shares issued under the Rights Issue Offer. Deferred settlement trading ends.	Thursday, 9 November 2017
Dispatch of holding statements in respect of New Shares issued under the Rights Issue Offer	Friday, 10 November 2017

The above timetable is indicative only and subject to change. Subject to the Corporations Act 2001 and the ASX Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date. The Directors also reserve the right not to proceed with the Offer (or any part of it) at any time prior to allotment. In that event, any application money received will be returned without interest. Further details of the Offer are contained in the announcement made on ASX on 11 October 2017. The Offer Document will be available on the ASX website (www.asx.com.au) as from the opening of the Offer, namely Friday 20 October 2017. The Offer Document and the Entitlement and Acceptance Form will be sent to all Eligible Shareholders on 20 October 2017.

Please ensure you read the Offer Document in its entirety and refer to the Company's ASX announcements before considering whether to participate in the Offer. If in any doubt you should consult your professional advisor. If you do not wish to participate in the Offer (in respect of your options) you do not need to take any action. If you have any queries regarding your entitlement or participation in the upcoming Rights Issue, please do not hesitate to contact the Company's Share Registry on 1300 850 505.

Yours faithfully



Gabriel Chiappini
Company Secretary