

Avita Medical Limited

ACN 058 466 523
(ASX code: AVH)

NON-RENOUNCEABLE RIGHTS ISSUE OFFER

Fully Underwritten Non-renounceable pro-rata offer to Eligible Shareholders on the basis of 1 New Share for every 2.8 Shares held as at the Record Date at an Issue Price of \$0.045 (**Offer**).

IMPORTANT NOTICE

This Offer Document is not a prospectus or other form of disclosure document under the Corporations Act. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

This Offer Document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

Please read the instructions in this Offer Document and on the accompanying Entitlement & Acceptance Form regarding the acceptance of your Entitlement.

This Offer Document is not for release, publication or distribution in the United States.

IMPORTANT NOTES

1. Offer document

This Offer Document has been prepared by Avita Medical Limited, ACN 058 466 523 (**Avita** or the **Company**) and is dated 20 October 2017. This Offer Document is not a prospectus or other form of disclosure document under the Corporations Act and has not been lodged with ASIC. The Offer contained in this Offer Document is being made without disclosure in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84.

As a result, it is important for Eligible Shareholders to read and understand the information on Avita and the Offer made publicly available, before accepting all or part of their Entitlement. In particular, please refer to the information in this Offer Document, Avita's annual reports and other announcements made available at <http://avitamedical.com/investors/investor-information/> or www.asx.com.au.

2. This is an important document

The information contained in this Offer Document does not constitute investment advice and has been prepared without taking into account each Eligible Shareholder's investment objectives or financial circumstances. You should seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks.

The Offer Document does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

3. Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

To the extent permitted by law, neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Offer Document, except as required by law and then only to the extent so required.

4. Future performance and forward looking statements

Neither the Company nor any other person warrants, represents or guarantees (expressly or by implication) the future performance of the New Shares or any particular rate of return on any investment made pursuant to Offer, or any particular tax treatment.

This Offer Document contains certain "forward looking statements". Forward-looking statements include those words such as "believe", "anticipate", "estimate", "expect", "will", "plan", "should", "may", "intend", "likely", "forecast" and other similar expressions but not limited to statements regarding the outcome and effects of the Offer. Forward-looking statements, opinions and estimates provided in the information in this Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements in this Offer Document are current and speak only as at the date of this Offer Document.

No representation or warranty (express or implied) is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Offer Document.

While due care and attention have been used in the preparation of forward-looking statements, you are cautioned not to place undue reliance on such statements. To the maximum extent permitted by law, the Company disclaims any obligation or undertaking to release any updates or revisions to such information to reflect any change in expectations or assumptions.

An investment in the Company is subject to investment and other known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Offer Document.

5. Past performance

Investors should note that the Company's past performance including Share price performance provides no guarantee or guidance as to future Share price performance. Any past performance information given in this Offer Document is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance including the Company's future financial position or Share price performance.

6. Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement & Acceptance Form sent with this Offer Document (or payment via BPAY®, as described herein). The Entitlement & Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

7. Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document. No action has been taken to permit a public offering of the New Shares under the Offer in any jurisdiction outside of Australia and New Zealand.

It is not practicable for the Company to comply with the securities laws of any other overseas jurisdictions other than Australia and New Zealand having regard to the number of overseas Shareholders, the number and value of the New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

It is the responsibility of any Applicant to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Entitlement & Acceptance Form (or payment by Bpay®) will be taken by the Company as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia or New Zealand. Shareholders outside Australia or New Zealand (**Ineligible Foreign Shareholders**) should refer to Section 2.14 for details of how their Entitlement will be dealt with.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

8. Currency

All references to A\$, \$A, dollar or \$ in this Offer Document are to Australian currency.

9. Definitions and references to time

Capitalised words and expressions in this Offer Document have the meaning given to them in Section 6. Unless otherwise stated, any reference to time in this Offer Document is a reference to Melbourne, Australia time.

10. Date of this Offer Document

This Offer Document is dated 20 October 2017.

KEY OFFER DETAILS

Key details of the Offer	
Offer to Eligible Shareholders	1 New Share for every 2.8 Shares held at the Record Date
Issue Price per New Share	\$0.045 payable in full on Application
Maximum number of New Shares under the Offer	276.5 million New Shares
Maximum proceeds from the Offer (excluding costs associated with the Offer)	\$12.44 million
Maximum number of Shares on issue following the Offer (refer to Section 3 below)	1,050,702,832 Shares

IMPORTANT DATES

Event	Date
Announcement of the Offer	Wednesday, 11 October 2017
Lodgement of Cleansing Notice and Appendix 3B with ASX (and notice to option holders)	Wednesday, 11 October 2017
Appendix 3B information letter sent to security holders	Friday, 13 October 2017
"Ex" date for the Offer (being the date that Shares start trading without the Entitlements to participate in the Offer)	Tuesday, 17 October 2017
Record Date to determine Entitlements under the Offer	Wednesday, 18 October 2017
Opening Date of Offer	Friday, 20 October 2017
Despatch of the Offer Document and Entitlement & Acceptance Form to Eligible Shareholders	
Closing Date for acceptances under the Offer	5.00pm (AEDT) on Thursday, 2 November 2017
New Shares quoted on a deferred settlement basis	Friday, 3 November 2017
Shortfall (if any) announced to the ASX	Tuesday, 7 November 2017
Issue of the New Shares (Deferred settlement trading of New Shares ends)	Thursday, 9 November 2017
Trading of New Shares expected to commence	Friday, 10 November 2017

The above dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date or to withdraw the Offer at any time without prior notice, in which case all Application Monies will be refunded (without interest) as soon as practicable. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares. All dates and times are references to Melbourne, Australia time.

LETTER FROM THE CHAIRMAN

20 October 2017

Dear Shareholder

On behalf of the Board of Avita Medical Limited ACN 058 466 523 (**Avita** or the **Company**), I invite you to participate in the Company's fully underwritten non-renounceable pro-rata entitlement offer of 1 New Share for every 2.8 Shares held at the Record Date of 7.00pm (AEDT) on 18 October 2017, at an Issue Price of \$0.045 per New Share (**Offer**).

The Offer is summarised as follows:

- Australian and New Zealand residents holding Avita Shares may subscribe under the Offer for 1 new Share for every 2.8 held as at the Record Date of 7.00pm (AEDT) on 18 October 2017.
- New Shares are priced at \$0.045 per new Share and enable existing Shareholders to participate in the Company's financing program at the same price as sophisticated and institutional investors who participated in the Company's recent Placement of Shares as described below in Section 2.1.
- The Offer of approximately 276.5 million New Shares may raise up to \$12.44 million (before the costs of the Offer).
- Holders may subscribe for Additional Shares beyond their entitlement of 1 for 2.8 on the basis that some existing Holders may be either ineligible (non Australian or New Zealand residents together with Directors of Avita and related parties of the Company) or may fail to fully take up their Entitlement. This additional ability is restricted only to Eligible Shareholders and is referred to as a Top Up Facility.

The Offer is to be made pursuant to s708AA of the Corporations Act and the offer document has been lodged with the ASX. A copy of that document can be accessed on the ASX website or Avita's website. For those eligible Shareholders, the Offer document is anticipated to be despatched (with personalised application forms) on or around 20 October 2017.

The funds from the Offer are important and will be applied as working capital for working capital purposes, including towards initial BARDA product procurement, US FDA approval, and the burns product launch across the US market.

The Offer is fully underwritten by Bell Potter Securities Limited.

As a Board, we appreciate the support of our existing Shareholders and we have been mindful of providing existing Shareholders the first opportunity to maintain or increase their investment in the Company.

We look forward to your participation in the Offer.

Yours sincerely,

Lou Panaccio
Avita Medical Limited

1. SUMMARY

		Where to find more information
What is the Offer?	Non-renounceable rights issue offer of New Shares (Offer).	Section 2.1
What are the terms of the Offer?	1 New Share for every 2.8 Shares held on the Record Date at an issue price of \$0.045 per Share. All Share issue Entitlements will be rounded up to the nearest whole number.	Section 2.1
Can I sell or transfer my Entitlements?	No, the Offer is non-renounceable and, accordingly, you cannot offer to sell or transfer any of your Entitlement on ASX or via an off-market transfer.	Section 2.7
Can I purchase Additional Shares at the same price?	Yes, the Company is also offering a Top-Up Facility so Eligible Shareholders who fully subscribe under the Offer will also have the right to apply for Additional Shares (Shares not subscribed for by other Eligible Shareholders) at the same price	Section 4.3
Is the Offer underwritten?	Yes, the Offer is fully underwritten by Bell Potter Securities Limited.	Section 2.9
How do the New Shares rank in comparison to existing Shares	All New Shares issued will rank equally in all respects with existing Shares from the date of their issue.	Section 2.17
Who can invest?	Eligible Shareholders of the Company as at 7.00pm on the Record Date of 18 October 2017.	Section 2.6
What are the control effects of the sub-underwriting?	We do not envisage any material change in control on voting in the Company.	Section 3.2
What are my choices?	As an eligible Shareholder you may: <ul style="list-style-type: none"> • take up part or all of your Entitlement under the Offer (and if you have taken up all your Entitlement, also apply for participation in the Top-Up Facility); or • exercise only a portion of your Entitlement and allow the balance to lapse; or • do nothing, in which case all of your Entitlements will lapse and you will receive no value for those lapsed Entitlements. 	Section 4.1

2. DETAILS OF THE OFFER

2.1 The Offer

The Company is offering Eligible Shareholders the opportunity to subscribe for 1 New Share for every 2.8 Shares held at 7:00pm (AEDT) on 18 October 2017 (**Record Date**) at an Issue Price of \$0.045 per New Share.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a New Share, that will be rounded up to the nearest whole New Share.

Your Entitlement under the Offer is shown on the accompanying Entitlement & Acceptance Form. Details on how to accept the Offer are set out in Section 4.

On 17 October 2017 the Company also announced it had completed and issued a placement of 100,982,978 Shares (**Placement Shares**) to raise approximately \$4.5 million (**Placement Amount**) at the same price as this Offer, namely \$0.045 per Share (**Placement**). Subscription for the Placement Shares was only from investors for whom the Company is exempt from making disclosure pursuant to Chapter 6D of the Corporations Act (**Exempt Investors**). Shares issued pursuant to the Placement are included in the number of total issued Shares for the purposes of determining their Entitlement to subscribe for Shares pursuant to this Offer.

Eligible Shareholders who fully subscribe for their Entitlements under the Offer may also apply under the Top-Up Facility for Additional Shares. The allocation of any Additional Shares will be limited to the extent that there are sufficient New Shares available after the close of the Offer which have not been taken up by some of the Eligible Shareholders. Subject to the Corporations Act and the Listing Rules, Additional Shares will only be allocated to Eligible Shareholders, if and to the extent that the Directors so determine, in their absolute discretion.

2.2 Size of the Offer

As at the date of this Booklet, the Company has on issue:

- (a) 774,202,832 Shares; and
- (b) 6,137,289 options (**Options**) (which carry no entitlement to participate in the Offer without the Options first being exercised).

On the basis that no Options are exercised prior to the Record Date, approximately 276.5 million New Shares will be offered under the Offer to raise approximately \$12.44 million before the expenses of the Offer and fees of the Underwriter are taken into account.

2.3 Use of Funds

As the Offer is underwritten, the Offer will result in an increase in cash in hand of the Company of approximately \$12.44 million (before the payment of costs associated with the Offer and not including any receipt of funds under the Placement).

Please note there is no guarantee the Offer will be fully subscribed, but the Offer has been fully underwritten (refer sections 2.9 and 5.3).

It is currently proposed that the Company will use the funds raised under the Offer for working capital purposes, including towards initial BARDA product procurement, US FDA approval, and the burns product launch across the US market.

2.4 Opening and Closing Date

The Offer will open for receipt of acceptances on 20 October 2017. The Closing Date for acceptance of your Entitlement is 5.00pm (AEDT) on 2 November 2017.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the last date for receipt of the Entitlement & Acceptance Form (or payment by BPAY®), or to delay or withdraw the Offer at any time without prior notice. Where the Offer is withdrawn, all Application Monies will be refunded (without interest) as soon as practicable by cheque to your registered address as noted on the Company's share register.

Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

2.5 Entitlements under the Offer

The Offer is non-renounceable and therefore Eligible Shareholders cannot offer to sell or transfer any of their Entitlement on ASX or via an off-market transfer (or any other exchange or privately transferred).

Shareholders who do not take up their Entitlements in full will have their percentage interest in the Company diluted as compared to the date the Offer is made. Shareholders who take up their Entitlements in full and make application for Additional Shares and that application is accepted, may have their percentage interest in the Company increased as compared to the date the Offer is made.

As described in Section 2.10, any New Shares not taken up by an Eligible Shareholder by the Closing Date will form part of the Shares available under the Top-Up Facility.

2.6 Entitlements and acceptance

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement & Acceptance form accompanying this Offer Document.

2.7 No rights trading

The Offer is non-renounceable. Accordingly, the Entitlements under the Offer will not be tradable on the ASX or otherwise capable of being sold or transferred. Shareholders who do not take up their Entitlement in full will not receive any value in respect of that part of the Entitlement they do not take up.

2.8 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been received.

2.9 Underwriting

The Offer is fully underwritten by Bell Potter Securities Limited ACN 006 390 772 (**Underwriter**). The Company and the Underwriter have entered into an underwriting agreement dated 11 October 2017 (**Underwriting Agreement**) whereby the Underwriter agreed to fully underwrite the New Shares the subject of the Offer at the Issue Price (**Underwritten Amount**). The Underwriter has not underwritten the Placement.

A summary of the Underwriting Agreement can be found at section 5.3 below.

2.10 Shortfall / Top-Up Facility

Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlements in full, apply for any number of Additional Shares in excess of their Entitlements by using the Top-Up Facility.

Additional Shares will only be available where the number of Shares the subject of Applications received under the Offer is less than the maximum number of New Shares (276.5 million) proposed to be issued under the Offer. Any Additional Shares issued will be at the Issue Price of \$0.045 per Share.

Details on how to apply for Additional Shares under the Top-Up Facility are set out in Section 4.3. There can be no guarantee that there will be any allocation of Additional Shares under the Top-Up Facility.

Subject to the Corporations Act and the Listing Rules, the Directors will exercise their discretion in determining the allocations of Additional Shares applied by Eligible Shareholders through the Top-Up Facility. For the avoidance of doubt, the prohibitions set out in section 606 of the Corporations Act on certain acquisitions of relevant interests in voting shares will apply to limit the acquisition of Additional Shares through the Top-Up Facility.

It is an express term of the Offer that Eligible Shareholders who apply for Additional Shares are bound to accept a lesser number of Additional Shares than they applied for or may be allocated no Additional Shares at all. In both cases, excess Application Monies will be refunded without interest.

If any Shortfall remains after applications for Additional Shares under the Top-Up Facility are considered, the Directors reserve the right, subject to the Corporations Act, the Listing Rules, to place any further shortfall, after allowing for the subscription for the Underwritten Amount by the Underwriter, at their discretion (other than to Directors and related parties of the Company) within 2 months after the close of the Offer (at a price not less than the Issue Price of \$0.045 per New Share).

2.11 Issue and despatch

The issue of New Shares offered by this Offer Document is expected to occur on 9 November 2017. The New Shares will be traded on a deferred settlement basis from 3 November 2017 until 9 November 2017.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares without making such determination do so at their own risk.

The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before the New Shares are listed on the official list of ASX or before they receive their holdings statements, whether on the basis of confirmation of the allocation provided by the Company, the Share Registry or otherwise.

2.12 ASX listing

The Company has made an application for official quotation by ASX of the New Shares offered under this Offer Document. If that permission is not granted by ASX, the Company will not issue any New Shares and all Application Monies received will be refunded (without interest) in full to the Applicants.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. Neither ASX nor any of its officers accepts takes any responsibility for the contents of this Offer Document.

It is expected that normal trading on ASX will commence in relation to New Shares on 10 November 2017.

2.13 CHESS

The Company will apply to ASX to participate in CHESS for those Shareholders who have, or wish to have, a sponsoring stockbroker. Shareholders who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, Shareholders will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise Shareholders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to Shareholders if there have been any changes in their interest in the Company during the preceding month.

2.14 Ineligible Foreign Shareholders

In accordance with ASX Listing Rule 7.7.1 and Section 9A of the Act, the Company has decided that it is unreasonable to make the Offer to any Shareholder with a registered address outside Australia or New Zealand as at the Record Date (**Ineligible Foreign Shareholder**), having regard to:

- (a) the number of Shareholders with addresses in such other countries as a proportion of total Shareholders in the Company;
- (b) the number and value of the Shares those Shareholders would be offered under the Offer; and
- (c) the cost to the Company of complying with applicable legal and regulatory requirements in such other countries.

To the extent that there are any Ineligible Foreign Shareholders registered at the Record Date, the Company will send details of the Offer to each Ineligible Foreign Shareholder and advise each Ineligible Shareholder that they will not be offered New Shares under the Offer.

2.15 Overseas shareholders

No action has been taken by the Company to register the New Shares or otherwise permit an offering of the New Shares in any jurisdiction other than Australia or New Zealand. Eligible Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer does not breach regulations in the relevant overseas jurisdiction.

This Offer Document does not, and is not intended to, constitute an offer or invitation in the United States, to any US person, to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The New Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or jurisdiction in the United States and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed. The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any Eligible Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

Where any registered holder that qualifies as an Eligible Shareholder is acting as a nominee for a foreign person, that registered holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

Any person in the United States or any person that is, or is acting for the account or benefit of a U.S. person with a holding through a nominee may not participate in the Rights Issue and the nominee must not take up any Entitlement or send any materials into the United States or to any person that is, or is acting for the account or benefit of, a U.S. person.

It is the responsibility of a Shareholder to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Entitlement and Acceptance Form (or making payment via Bpay®) will be taken by the Company as a representation that there has been no breach of such laws and that the Applicant is an Eligible Shareholder.

2.16 Offer in New Zealand

The Offer contained in this Offer Document to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the provisions of the *Financial Markets Conduct Act 2013 (New Zealand) (FMC Act)*, the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

This Offer Document has been prepared in accordance with Australian law and has not been registered, filed with, or approved by the New Zealand regulatory authority under the FMC Act. This Offer Document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

To the extent that a person holds Shares on behalf of another person resident outside Australia or New Zealand, it is that person's responsibility to ensure that any acceptance complies with applicable foreign laws. The Company reserves the right to reject any Application that it believes come from a person who is not an Eligible Shareholder.

2.17 Rights and liability attaching to New Shares

The New Shares issued under the Offer will be on a fully paid basis and will rank equally in all respects with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. You may also contact the Company's Share registry on 1300 850 505 (within Australia) or +61 (03) 9415 4000 (outside Australia) to request a copy of the Company's constitution.

3. EFFECT OF THE OFFER

3.1 Effect of the Offer on the capital structure of the Company

The total number of New Shares to be issued under the Offer will be approximately 276.5 million (the exact number depends on the rounding up of individual holdings).

The table below sets out, for illustrative purposes only, the existing capital structure (before the Offer) together with the impact of the issue of the New Shares under the Offer. It assumes that no Options are exercised prior to the Record Date and that all New Shares are issued under the Offer or placed after the Offer closes.

Shares	Number
Existing Shares as at date of this Booklet (including Shares issued pursuant to the Placement)	774,202,832
Maximum number of New Shares issued pursuant to the Offer	276,500,000
Total issued Shares following completion of the Offer	1,050,702,832

The effect of the Offer will be to increase the number of Shares on issue in the Company and increase the cash held by the Company by up to \$12.44 million (before taking into account the expenses of the Offer). Expenses of the Offer are expected to be approximately \$107,000 (excluding any fees paid to brokers for the placement of any Shortfall Shares).

3.2 Potential effect on control of the Company

Eligible Shareholders who take up their Entitlements in full should not have their interest in the Company diluted by the Offer (subject to immaterial movements as a result of rounding of Entitlements).

The potential effect the Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including investor demand.

The potential effect of the Offer on the control of the Company is as follows:

- (a) If all Eligible Shareholders take up their Entitlements under the Offer, then the Offer will have no significant effect on the control of the Company.
- (b) If some Eligible Shareholders do not take up all of their Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.
- (c) The proportional interests of Ineligible Foreign Shareholders will be diluted because those Ineligible Foreign Shareholders are not entitled to participate in the Offer.
- (d) Shareholders that apply for Additional Shares under the Top-Up Facility may increase their interests beyond their Entitlement. This could result in the dilution of holdings of those who did not accept their Entitlements in full and those who did not apply for Additional Shares.
- (e) If no Eligible Shareholders other than the Directors take up their Entitlements under the Offer and the Company issues the Shortfall under the Offer to only a limited number of new investors via the Underwriting, this may potentially result in a new investor having a substantial interest in the Company.

3.3 Pro-Forma Balance Sheet

The following pro-forma consolidated balance sheet illustrates the effect of the Offer on the Company. It has been prepared based on the yearly financial statements as at 30 June 2017. It is not intended to represent the financial position of the Company upon completion of the Offer. It is provided as an illustration of the effect of the Offer. The actual impact on the Company is dependent on a range of factors, many of which are outside the control of the Company.

The unaudited pro-forma balance sheet as at 30 June 2017 below has been prepared on the basis of the accounting policies normally adopted by the Company and reflects the changes to its financial position as noted below. It has been prepared on the basis that all the New Shares pursuant to the Offer are issued.

The pro-forma balance sheet has been prepared to provide Eligible Shareholders with information on the pro-forma assets and liabilities of the Company. The pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

AVITA MEDICAL LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	2017
	\$
ASSETS	
Current Assets	
Cash and cash equivalents	3,790,491
Trade and other receivables	2,070,534
Prepayments	382,026
Inventories	1,037,490
Investments	-
Total Current Assets	7,280,541
Non-Current Assets	
Plant & equipment	387,380
Total Non-Current Assets	387,380
TOTAL ASSETS	7,667,921
LIABILITIES	
Current Liabilities	
Trade and other payables	2,363,734
Provisions	182,355
Total Current Liabilities	2,546,089
TOTAL LIABILITIES	2,546,089
NET ASSETS	5,121,832
EQUITY	
<i>Equity attributable to equity holders of the parent</i>	
Contributed equity	134,806,022
Accumulated losses	(132,218,352)
Reserves	2,534,162
TOTAL EQUITY	5,121,832

4. ACTION REQUIRED BY SHAREHOLDERS

4.1 What Eligible Shareholders may do

The number of New Shares to which you are entitled (your **Entitlement**) is shown on the accompanying Entitlement & Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted (refer to Section 3.2 above).

As an Eligible Shareholder you may:

- (a) take up all or part of your Entitlement (refer to Section 4.2 below); or
- (b) take up all of your Entitlement and apply for Additional Shares under the Top-Up Facility (refer to Section 4.3 below); or
- (c) do nothing, in which case all of your Entitlements will lapse (refer to Section 4.4 below).

As detailed in Section 2.14, Ineligible Foreign Shareholders cannot take any of the steps set out in Sections 4.1, 4.2, 4.3 and 4.4.

4.2 Applying for New Shares

You may take up all or part of your Entitlement by (i) making payment by BPAY® corresponding to the component (part or all) of your Entitlement you wish to accept or (ii) by completing the Entitlement & Acceptance Form and attaching payment by cheque, bank draft or money order to reach Computershare Investor Services Pty Limited (**Share Registry**) at the following address.

Avita Medical Limited
 C/- Computershare Investor Services Pty Limited
 GPO Box 505
 Melbourne VIC 3001 by no later than 5:00pm (AEDT) on the Closing Date.

The Issue Price for each New Share accepted under your Entitlement is payable on application. You have the following payment options:

- (a) By attaching to your completed Entitlement & Acceptance Form a cheque, bank draft or money order in Australian currency for the amount of your application money to “**Avita Medical Limited**” and crossed “**Not Negotiable**”.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares for which you have applied in your Entitlement & Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement & Acceptance Form). Alternatively, your Application will not be accepted.

- (b) If paying via BPAY®:
- (i) Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above;
 - (ii) you must follow the instructions for Bpay® set out in the Entitlement & Acceptance Form;
 - (iii) you do not need to return the Entitlement & Acceptance Form but are taken to make each of the statements and representations on that form referred to in this Offer Document; and
 - (iv) if you subscribe for less than your Entitlement or do not pay for your full Entitlement, you are taken to have accepted your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

4.3 Top-Up Facility

As detailed in Section 2.10 above, Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlements in full, apply for Additional Shares in excess of their Entitlements.

If you wish to subscribe for Additional Shares in addition to your Entitlement, then you should nominate the maximum number of Additional Shares you wish to subscribe for on the Entitlement & Acceptance Form and make payment for your full Entitlement plus the Additional Shares (also at the Issue Price of \$0.045 for each Additional Share).

If your payment is being made by Bpay® and is in excess of the payment required for your Entitlement:

- (a) you do not need to submit the personalised Entitlement & Acceptance Form but are taken to make each of the statements and representations on that form referred to in this Offer Document; and
- (b) you are taken to have accepted your Entitlement in full and to have applied for such number of Additional Shares which is covered in full by your Application Monies.

Eligible Shareholders who apply for Additional Shares may be allocated a lesser number of Additional Shares than applied for, or may be allocated no Additional Shares at all, in which case excess Application Monies will be refunded without interest.

4.4 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Shares you currently hold and your rights attaching to those Shares (such as voting rights) will not be affected should you choose not to accept any part of your Entitlement. If you do not participate in the Offer your percentage holding in the Company will be reduced.

4.5 Entitlement & Acceptance Form is binding

A completed and lodged Entitlement & Acceptance Form (or payment by BPAY®) constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. If the Entitlement & Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement & Acceptance Form is final.

4.6 Representations you will be taken to have made by accepting the Offer

By completing and returning your Entitlement & Acceptance Form or making a payment by BPAY®, you will be deemed to have:

- (a) fully read and understood this Offer Document and the Entitlement & Acceptance Form in their entirety;
- (b) agreed to be bound by the terms of the Offer, the provisions of this Offer Document and the Company's Constitution;
- (c) declared that you are over 18 years of age and have the legal capacity and power to perform all your rights and obligations under the Offer and your Entitlement & Acceptance Form;
- (d) authorised the Company to register you as the holder of the New Shares (and if applicable, the Additional Shares);
- (e) acknowledged that once the Company receives your Entitlement & Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (f) confirmed that you have a registered address in Australia or New Zealand as at the Record Date;
- (g) confirmed that you were the registered holder at the Record Date of the Shares indicated in the Entitlement & Acceptance Form as being held by you on the Record Date;
- (h) agreed to apply for and be issued up to the number of New Shares (and if applicable, any Additional Shares) specified in the Entitlement & Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Issue Price per New Share;
- (i) authorised the Company, the Share Registry and their respective officers, employees or agents to carry out on your behalf all necessary actions for the New Shares to be issued to you;
- (j) understood and acknowledged that the information contained in this Offer Document and your Entitlement & Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or circumstances;
- (k) acknowledged that this Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to the ASX;

- (l) acknowledged that investment in the Company is subject to the risk factors outlined in Section 5.4 of this Offer Document;
- (m) acknowledged that the Company or its related bodies corporate, affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers do not guarantee the performance of the Company or the Share price, nor do they guarantee the repayment of capital;
- (n) authorised the Company to correct any errors in your Entitlement & Acceptance Form or any other document provided to you;
- (o) agreed to provide any requested substantiation of your eligibility to participate in the Offer and your holding of Shares on the Record Date;
- (p) represented and warranted that:
 - (i) you are not in the United States and are not acting for the account or benefit of a person in the United States;
 - (ii) the New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and
 - (iii) you have not and will not send any materials relating to the Offer to any person in the United States or a person acting for the account or benefit of a person in the United States.

4.7 Privacy Act

If you complete an application for New Shares (or make payment via BPAY®), you will be providing personal information to the Company (directly or by the Company's Share registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

4.8 Brokerage

No brokerage is payable by Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for an Entitlement.

4.9 Queries concerning your Entitlement

If you have any queries concerning your Entitlement please contact the Company's Share registry on 1300 850 505 (with Australia) or +61 (03) 9415 4000 (outside Australia).

5. ADDITIONAL INFORMATION REGARDING THE OFFER

5.1 Reliance on Offer Document

The Offer is made pursuant to section 708AA of the Corporations Act without the issue of a prospectus or disclosure document under Chapter 6D of the Corporations Act. These provisions of the Corporations Act allow rights issues and related issues to be made by providing certain confirmations to the market on the basis that all information that investors and their professional advisers would reasonably require to make an informed investment decision in relation to the Offer, when read with this Offer Document, is publicly available.

This Offer Document is not a prospectus, disclosure document or other offering document under the Corporations Act (or any other Australian or foreign law) and has not been lodged with ASIC.

For the Company to rely on the disclosure exemption in section 708AA of the Corporations Act, the Company is required to lodge a "cleansing notice" under section 708AA(2)(f) of the Corporations Act. That notice is required to:

- (a) set out any information that has been excluded from a continuous disclosure notice in accordance with the Listing Rules and that investors and their professional advisers would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (ii) the rights and liabilities attaching to the New Shares; and
- (b) state the potential effect of the issue of the New Shares on the control of the Company and the consequences of that effect.

The Company has lodged a cleansing notice in respect of the Offer with ASX on 11 October 2017.

5.2 Announcements

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the market. In particular, the Company has an obligation (subject to certain limited exceptions) to notify ASX once it is, or becomes, aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Eligible Shareholders intending to participate in the Offer should refer to the announcements made by the Company to the ASX. This information is available from the ASX website, www.asx.com.au (ASX Code: AVH), and the Company's website, avitamedical.com/investors/investor-information/

Additionally, the Company is also required to prepare and lodge with ASX yearly and half yearly financial statements accompanied by a directors' statement and report and an audit review or report. These reports are released to ASX and published on the Company's and ASX's websites.

Copies of the Company's announcements and yearly and half yearly financial reports will also be available from the Company Secretary.

5.3 Underwriting Agreement

Under the Underwriting Agreement, the Company has agreed to pay the Underwriter a management fee and an underwriting fee totalling 6% of the underwritten amount (exclusive of GST) in consideration of the Underwriter performing its obligations under the Underwriting Agreement.

The Underwriter may terminate its obligations to underwrite the Offer under the Underwriting Agreement with the Company in circumstances typically found in agreements of this nature (in certain of these circumstances including having regard to the materiality of certain events) if the circumstances arise in relation to the Offer. These circumstances include, without limitation:

- the terms of the Shares or any other securities of the Company, any of its Related Bodies Corporate or the Constitution of the Company or any of its Related Bodies Corporate are modified or repealed or the Company proposes any such modification or repeal;
- a statement in this Offer Documents is untrue, misleading or deceptive or there is an omission from the Offer Documents of information required by the Corporations Act or the ASX Listing Rules;
- the Company breaches the Underwriting Agreement or any warranty or representation by the Company under the Underwriting Agreement is or becomes untrue and which in either case in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect;
- except with the agreement of the parties (not to be unreasonably withheld or delayed), any event specified in the Timetable does not occur on the date specified for that event;
- approval for the quotation of all of the New Shares on the ASX is refused, not granted or granted subject to any condition which is unacceptable to the Underwriter (acting reasonably) or is subsequently withdrawn;
- a change occurs after the date of the Underwriting Agreement affecting or relating to the Company or a Subsidiary which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect;
- an insolvency event occurs in relation to the Company or a Subsidiary;
- a Prescribed Event (as defined in the Underwriting Agreement) occurs in relation to the Company or a Subsidiary which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect;
- either the All Ordinaries Index or the Small Ordinaries Index is for three consecutive days at any time after the date of the Underwriting Agreement 10% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
- 15 Business Days elapse after the date of the Underwriting Agreement without the ASX granting quotation of the New Shares on the securities market operated by the ASX or the ASX makes a statement to any person that official quotation of the New Shares will not be granted;

As is customary with these types of arrangements:

- the Company has agreed to indemnify the Underwriter, its officers, employees, and agents and advisers against losses incurred in connection with the Offer, the Offer Document and the performance of the Underwriting Agreement other than where the losses have resulted from the fraud, wilful default, breach of contract or negligence of the indemnified person or in certain other circumstances; and
- the Company has provided a full range of warranties and representations to the Underwriter, including about the Offer and its compliance with applicable laws.

Subject to the certain customary 'permitted exceptions' the Underwriting Agreement generally restricts the Company, without the Underwriters' consent, from issuing equity securities for three months after the Closing Date, changing its constitution for 6 months and providing financial assistance to a related party to purchase Shares in itself for 9 months. The 'permitted exceptions' include a 10% placement capacity under Listing Rules 7.1 or 7.1A and the issuing of Shares issued upon the conversion of the Options or pursuant to an employee incentive scheme.

The Underwriter has given, and at the time of lodgement of this Offer Document, has not withdrawn its consent to be named as the Underwriter to the Offer of Shares under this Offer Document, in the form and context in which it is named.

The Underwriter was not involved in the preparation of any part of this Offer Document and did not authorise or cause the issue of this Offer Document. The Underwriter make no express or implied representation or warranty in relation to the Company, this Offer Document or the Offer and do not make any statement in this Offer Document, nor is any statement in it based on any statement made by the Underwriter. To the maximum extent permitted by law, the Underwriter expressly disclaims and takes no responsibility for any material in, or omission from, this Offer Document other than the reference to its name.

5.4 Risks

Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the New Shares.

An investment in New Shares should be regarded as very speculative and involves many risks. The New Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

There is no guarantee of the amount which may be raised by the Company from Shareholders under the Offer or the Top-Up Facility but, assuming the Underwriting Agreement is not terminated for any reason, if the Offer (combined with the Top-Up Facility) does not result in effective full subscription of the approximately \$12.44 million sought under the Offer, the balance will be subscribed under the Underwriting Agreement to bring total capital raised under the Offer to approximately \$12.44 million.

The information in this document does not constitute a recommendation to subscribe for New Shares and this document does not purport to contain all the information that you may require to evaluate a possible application for New Shares. You should make your assessment of what information is relevant to your decision to participate in the Offer.

If the Underwriting Agreement was terminated for whatever reason and there was a shortfall in subscriptions for New Shares from shareholders (after all acceptances under the Top-Up Facility, the Company may not receive the entire amount sought under the Offer.

5.5 Taxation implications

Eligible Shareholders should be aware that there may be taxation implications associated with participating in the Offer. The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

5.6 Governing law

This Offer Document and the contracts which arise on the acceptance of the personalised Entitlement & Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each Eligible Shareholder submits to the non-exclusive jurisdiction of the courts of Victoria.

5.7 Enquiries concerning this Offer Document

Enquiries relating to this Offer Document should be directed to the Company's Share registry on 1300 850 505 (with Australia) or +61 (03) 9415 4000 (outside Australia).

6. DEFINED TERMS

\$ or AUD means Australian dollar.

Additional Shares means New Shares applied for by an Eligible Shareholder under the Top-Up Facility that are in excess of the Eligible Shareholder's Entitlement.

Applicant refers to a person who submits an Entitlement & Acceptance Form or makes payment via BPAY®.

Application refers to the submission of an Entitlement & Acceptance Form or making payment via BPAY®.

Application Monies means monies payable by Applicants in respect of their Applications.

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context may require.

Board means the board of Directors.

Closing Date means the closing date of the Offer being 5.00pm (AEDT) on 2 November 2017 (subject to the right of the Company to vary the date without notice).

Company or **Avita** means Avita Medical Limited ACN 058 466 523.

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the entitlement to subscribe for 1 New Share for every 2.8 Shares held by an Eligible Shareholder on the Record Date and as set out in the Entitlement & Acceptance Form and **Entitlements** has a corresponding meaning.

Entitlement & Acceptance Form means the Entitlement & Acceptance Form accompanying this document.

Ineligible Foreign Shareholder means a Shareholder, at the Record Date whose registered address is not situated in Australia or New Zealand.

Issue Price means \$0.045 per New Share.

Listing Rules means the listing rules of the ASX.

New Shares means the Shares proposed to be issued pursuant to this Offer.

Offer means non-renounceable pro rata offer of New Shares on the basis of 1 New Share for every 2.8 Shares held on the Record Date at the Issue Price pursuant to this Offer Document.

Opening Date means the opening date of the Offer being 20 October 2017 (subject to the right of the Company to vary the date without notice).

Placement has the meaning provided in Section 2.1.

Record Date means 7.00pm (AEDT) on 18 October 2017.

Related Bodies Corporate has the meaning as provided in the *Corporations Act 2001*.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of Shares.

Share Registry means Computershare Investor Services Pty Limited ACN 078 279 277.

Top-Up Facility means the mechanism by which Eligible Shareholders can apply for Additional Shares.

Underwriter and **Underwriting Agreement** have the meaning as provided in section 2.9.

7. CORPORATE DIRECTORY

DIRECTORS

Mr Lou Panaccio (Chairman)
Dr Michael Perry
Mr Jeremy Curnock Cook
Mr Matt McNamara
Mr Ian Macpherson
Dr Fiona Wood

COMPANY SECRETARY

Mr Gabriel Chiappini

REGISTERED OFFICE

Level 9, The Quadrant, 1 William Street, PERTH, WA, AUSTRALIA, 6000

WEBSITE

<http://www.avitamedical.com>

Share REGISTRY

Computershare Investor Services Pty Limited
Level 11
172 St Georges Terrace
Perth WA 6000
Australia
Telephone: 1300 850 505 (investors within Australia)
Telephone: +61 (03) 9415 4000

