ASX | News Release

Avita Medical Announces Financial Results and Provides Corporate Update for Third Quarter 2015

Australia, 29 April 2015 — Avita Medical Ltd. (ASX:AVH) (OTCQX:AVMXY), a regenerative medicine company specializing in the treatment of wounds, scars, and skin defects, today announced its financial results and provided a corporate update for the third quarter which concluded on March 31, 2015.

A key highlight for the quarter was the appointment of Adam Kelliher as Avita's new Chief Executive Officer. This represents a transformational milestone for the Company and is representative of its commitment to bolstering sales and marketing for the commercial portfolio. Mr. Kelliher is a successful entrepreneur with a strong marketing background and a track record of creating and building life science companies. He previously founded Equateq Limited (2006), a cGMP-certified manufacturer providing super-pure fatty acids for the nutritional, pharmaceutical and research sectors that was sold to BASF in 2012. He also started Equazen Limited (2000), a leading omega-3 and omega-6 supplement company whose lead product, eye q™ for lipid deficiencies linked to learning conditions, and at sale was marketed in 16 countries. Equazen was sold to Galencia of Switzerland in December 2007. In conjunction with Mr. Kelliher's appointment, Tim Rooney, who served as interim Chief Executive Officer will reassume his role as the Company's Chief Financial Officer and Chief Operating Officer thus ensuring continuity among the leadership team.

Avita is pleased to provide this operational update as it emphasizes the Company's commitment to its ongoing initiative to recruit and retain top managerial talent as it positions itself for its next stage of growth. Avita is entering a 12 to 18 month period focused on commercial, clinical and operational execution. As such, internal protocols to measure progress will be implemented across every aspect of the Company to provide it with the best opportunity to deliver on its ambitious objectives in the marketplace, and in the clinic.

Business and Clinical Development Highlights

- Bolstered leadership team with appointment of Adam Kelliher as Chief Executive Officer
- Total sales for quarter increased 7.7% vs. last quarter
- ReCell® UK sales for the quarter up 101% vs. same quarter last year
- ReCell China sales up 22% compared to YTD period last year
- Respiratory sales for quarter increased 7% vs. same quarter last year and 55% from previous quarter
- 4 out of 6 sites in the U.S. pivotal trial for acute burns are now eligible to enrol
- One-quarter of target patients now enrolled in the U.S. pivotal trial for acute burns
- Improved working capital via a A$6,177,780 placement and SPP
- Hosted 3rd Skin Regeneration Symposium in Cambridge, England
- Achieved CE-Mark for a new enhanced ReCell device for the treatment of burns

The third quarter was a period of encouraging growth in key markets for Avita, highlighted by a 101% increase of ReCell sales in the United Kingdom compared to Q3 of 2014 and China sales YTD are up 22% vs. last year's YTD sales. Total revenues showed a 7.7% increase in sales vs. the previous quarter. ReCell

sales YTD are up 2% compared to 2014 during the same period and respiratory sales achieved a 7% increase from the same quarter last year and a 55% improvement from the previous quarter. The Company is also pleased to report that expenditures for the quarter were reduced by 5% compared to last quarter and YTD operating costs experienced a 13% decrease in contrast to the same period last year.

An important commercial milestone achieved during the quarter was the receipt of a CE Mark for a new ReCell kit for the treatment of burns. This enhanced ReCell product, offers treatment of up to a 1920cm^2 surface area which represents a 6-fold greater coverage area than that offered by the first generation product. The original ReCell device, covering 320cm^2, was labelled to treat only 1.5% of a total body surface area (TBSA), and with the new reconfigured 1920cm^2 device, ReCell is now better aligned to meet grafting requirements of burn victims. The CE Marking is a legally required designation for a product that is intended for sale in the European Market.

On the clinical front, the third quarter was marked by good progress toward U.S. market approval of ReCell for the treatment of acute burns. Avita has now enrolled eight patients in its FDA-approved pivotal study designed to confirm the safety and effectiveness of ReCell in patients requiring skin grafts due to burn injuries. This milestone signifies that a significant portion of the thirty subjects required to complete the study have now been recruited so that complete follow-up data from 25 subjects can be evaluated after accounting for some attrition. Furthermore, at the conclusion of the third quarter, four out of six sites designated for the study are now eligible to enrol and the Company remains on track to present initial study results during the second half of 2016.

Enrolment in the CTP003 pilot trial for ReGenerCell® in Venous Leg Ulcers (VLU) is anticipated to require an additional calendar quarter to reach completion. This study, which is ongoing in Europe, has the goal of evaluating the efficacy of ReGenerCell in combination with the standard compression device versus standard of care for the closure of VLU. Results are now expected during the fourth quarter of CY 2015.

In April, as part of Avita's continued effort to establish ReCell as the clinical standard of care in the treatment of a wide range of skin indications, the Company hosted its 3rd Skin Regeneration Symposium in Cambridge, England. The forum, which was attended by more than 80 clinicians from around the world, featured keynote speakers; presentations and panel discussions all focused on using regenerative medicine to treat burns, wound care, trauma, aesthetic revision and plastics reconstruction.

Additionally, Avita improved its balance sheet via the closing of a placement in March 2015 to sophisticated and institutional investors, which raised A$5,042,280. On 15 April 2015 the company received a further A$1,135,500 on completion of a Share Purchase Plan ("SPP"). Both initiatives will provide important working capital to advance the Company's commercial strategy while progressing the product development pipeline in accordance with the projected timelines.

"The third quarter was representative of our continued effort to expedite commercial traction for our family of products in key markets while advancing the development pipeline. With each passing quarter, we are becoming increasingly better positioned to realize our potential in the marketplace and in the clinic. Through it all, we remain steadfast in generating value for our shareholders," commented Adam Kelliher, Chief Executive Officer of Avita Medical.

ABOUT AVITA MEDICAL LIMITED

Avita Medical (http://www.avitamedical.com) develops and distributes regenerative products for the treatment of a broad range of wounds, scars and skin defects. Avita's patented and proprietary tissue-culture, collection and application technology provides innovative treatment solutions derived from a patient's own skin. The Company's lead product, ReCell®, is used in a wide variety of burns, plastic, reconstructive and cosmetic procedures. ReCell is patented, CE-marked for Europe, TGA-registered in Australia, and SFDA-cleared in China. ReCell is not available for sale in the United States; in the United States, ReCell is an investigational device limited by federal law to investigational use. A Phase III FDA trial is in process.

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FOR FURTHER INFORMATION:

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Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Avita Medical Limited

ABN	Quarter ended ("current quarter")
28 058 466 523	31 March 2015

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter A$000's	Year to date A$000's
1.1	Receipts from customers	557	1,971
1.2	Royalties and other income	-	6
1.3	Interest and other items of a similar nature received	5	26
1.4	Payments for (a) administration	(325)	(927)
	(b) marketing & sales	(571)	(2,017)
	(c) research & clinical	(584)	(1,514)
	(d) operations	(344)	(1,043)
	(e) corporate	(705)	(1,908)
1.5	Dividends received	-	-
1.6	Interest and other costs of finance paid	-	-
1.7	Income taxes (paid)/received	-	1,517
	Net operating cash flows	**(1,967)**	**(3,889)**

+ See chapter 19 for defined terms.

		Current quarter A$000's	Year to date A$000's
1.8	Net operating cash flows (carried forward)	**(1,967)**	**(3,889)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) Net cash acquired on acquisition(item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(5)	(26)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	**(5)**	**(26)**
1.14	**Total operating and investing cash flows**	**(1,972)**	**(3,915)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	5,042	5,042
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Other	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Share issue expenses	(418)	(418)
	Net financing cash flows	**4,624**	**4,624**
	Net increase (decrease) in cash held	**2,652**	**709**
1.21	Cash at beginning of quarter/year to date	1,705	3,648
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**4,357**	**4,357**

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter A$000's
1.24	Aggregate amount of payments to the parties included in item 1.2	84
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available A$000's	Amount used A$000's
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter A$000's	Previous quarter A$000's
4.1	Cash on hand and at bank	595	475
4.2	Deposits at call	3,762	1,230
4.3	Bank overdraft	-	-
4.4	Deposits securing guarantees	-	-
	Total: cash at end of quarter (item 1.22)	**4,357**	**1,705**

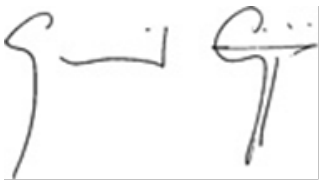
Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	Nil	Nil
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies, which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.



Gabriel Chiappini
Company Secretary
29 April 2015

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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