ASX | News Release

Avita Medical Proposal for US Mass Casualty Preparedness Achieves High Rating

Trading Halt on Avita Shares to be Lifted

Australia 31 August 2015 - Avita Medical Ltd. (ASX: AVH), (OTCQX: AVMXY), a regenerative medicine company specializing in the treatment of wounds and skin defects, has been given a high rating to its proposal to a U.S. federal body exploring the possible use of ReCell® under a disaster preparedness programme, the Company said today.

The notification from the Biomedical Advanced Research and Development Authority (BARDA) along with the Acquisition Management, Contracts, and Grants (AMCG) was received after the Company had requested a trading halt of its securities for the purpose of undertaking a capital raising, following the shareholder approval at the Company's general meeting on 24 August 2015. As such the Directors consider it prudent to ensure that the market is aware of all information prior to proceeding with the capital raising. The Company therefore requests that the suspension of trading now be lifted.

'We welcome this response from BARDA and AMCG, and will now engage with BARDA to address their requests for further specific information,' said Adam Kelliher, CEO of Avita Medical. 'At the same time, we want to ensure that our constituents have all material Company information available to them.'

BARDA and AMCG informed the company that they have completed their technical evaluation of the Company's proposal that was submitted on July 24th, which was originally referenced in the Company's Quarterly Report dated 29 July 2015. The agencies have determined that the Avita proposal is 'within the Competitive Range', which is a determination reserved for the most highly rated proposals. This now moves the Company into formal negotiations with BARDA on a range of technical and commercial issues.

As previously reported, BARDA is a U.S. federal agency assigned to ensure the United States is well prepared for public health emergencies. The original formal public solicitation that Avita responded to indicated that BARDA is seeking to fund late-stage development and procurement of autograft-sparing products that can enhance the capacity to provide definitive care for thermal burn injuries. BARDA utilizes a competitive bidding process and the awarding of, or timing for, a contract under this solicitation remains uncertain. If Avita were to receive an award, there are no certainties that the Company will be able to satisfy any of the conditions of such award, that the Company can begin to receive any proceeds from any such award within any specific period of time or that we can successfully negotiate a final contract resulting from the award. There may also be unexpected funding delays or the reduction and/or the elimination of BARDA funding under this solicitation.

ABOUT RECELL® AND RES™

ReCell® is Avita Medical's unique proprietary technology that enables a clinician to rapidly create, at point of care in approximately 30 minutes, Regenerative Epithelial Suspension (RES™) using a small sample of the patient's skin. RES™ is an autologous suspension comprising the cells and wound healing factors necessary to regenerate natural, healthy skin. RES™ has a broad range of applications and can be used to restart healing in unresponsive wounds, to repair burns using less donor skin yet with improved functional and aesthetic outcomes, and to restore pigmentation and improve cosmesis of damaged skin.

ABOUT AVITA MEDICAL LIMITED

Avita Medical develops and distributes regenerative products for the treatment of a broad range of wounds, scars and skin defects. Avita's patented and proprietary collection and application technology provides innovative treatment solutions derived from a patient's own skin. The Company's lead product, ReCell®, is used in the treatment of a wide variety of burns, plastic, reconstructive and cosmetic procedures. ReCell® is patented, CE-marked for Europe, TGA-registered in Australia, and CFDA-cleared in China. In the United States, ReCell® is an investigational device limited by federal law to investigational use. A pivotal U.S. trial is underway, with patient enrollment completion anticipated by the end of 2015. To learn more, visit www.avitamedical.com.

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FOR FURTHER INFORMATION

Avita Medical Ltd
Adam Kelliher
Chief Executive Officer
Phone: +44 (0) 1763 269 772
akelliher@avitamedical.com

Avita Medical Ltd
Tim Rooney
Chief Financial Officer
Phone: + 1 (818) 356-9400
trooney@avitamedical.com

Avita Medical Ltd
Gabriel Chiappini
Company Secretary
Phone +61(0) 8 9474 7738
gabriel@laurus.net.au

The Ruth Group
Lee Roth, Investor Relations
Kirsten Thomas, Public Relations
Phone: +1 (646) 536-7012 / 7014
lroth@theruthgroup.com / kthomas@theruthgroup.com