

CEO Long Term Incentive Plan

Perth, Australia, Northridge, CA, USA and Cambridge, United Kingdom, 25 January 2016 — Avita Medical Limited (ASX: [AVH](#)), (OTCQX: [AVMXY](#)), a regenerative medicine company specialising in the treatment of wounds and skin defects, has implemented a Long Term Incentive (LTI) plan for Chief Executive Officer Mr Adam Kelliher in accordance with the Employee Share Plan approved by shareholders at the General Meeting on 24 August 2015. The LTI plan involves the issue of 40 million shares funded by a loan, subject to escrow and vesting conditions designed to incentivise the CEO to achieve share price growth in alignment with shareholders' interests.

The key vesting conditions are weighted towards a scale of hurdles at up to 6 times the current share price combined with tenure over 1-5 years. The employee share incentive plan was approved at the Company's shareholder General Meeting on 24 August 2015.

"Following the appointment of Adam as Chief Executive Officer in April 2015, the Company has accelerated development and commercialisation including significant achievements such as the USD\$53m US federal agency BARDA contract and an expedited regulatory pathway with the FDA for ReCell® approval in the US market," said Chairman Lou Panaccio.

"We are focused on maximising shareholder value and this LTI plan is designed and weighted to reward our CEO once significant growth in our share price is achieved."

Mr Kelliher commenced as CEO of Avita in April 2015 and has more than 18 years industry experience as a successful entrepreneur with a strong marketing background and track record of creating and building life science companies. Mr Kelliher was a global pioneer in the omega-3 space launching Equateq Limited (2006), a cGMP-certified manufacturer providing super-pure fatty acids for the nutritional, pharmaceutical and research sectors, which 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, was marketed in 16 countries. Equazen was sold to Galencia of Switzerland in December 2007.

For further details and key terms of Adam Kelliher's LTI plan please see Appendix A.

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, pending completion of the FDA approval trial, ReCell® is an investigational device limited by federal law to investigational use. 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

UK/EU

Instinctif Partners

Gemma Howe/Sue Charles
Phone +44 (0)20 7866 7860
avitamedical@instinctif.com

USA

The Ruth Group

Lee Roth, Investor Relations
Kirsten Thomas
Phone: +1 (646) 536-7012 /
+1 (508) 280-6592
lroth@theruthgroup.com
/ kthomas@theruthgroup.com

Australia

Monsoon Communications

Rudi Michelson
Investor Relations / PR
Phone: +61 3 9620 3333
rudim@monsoon.com.au

Appendix A

Summary of CEO LTI Plan

- The CEO is issued 40 million new AVH shares at the current AVH share price.
- These shares will only vest once vesting conditions are met.
- The CEO is provided with a loan from the Company to finance the acquisition of these shares. As each tranche of shares vests, the company will forgive the loan related to that number of shares.
- Insofar as the CEO may not meet tenure or share price vesting hurdles those Shares will be cancelled by the Company.
- All shares in this plan are escrowed from the date of issue until vesting conditions are met.

Number of Ordinary Shares and **Vesting Conditions** are as follows:

Tranche	Number of Loan Shares	Vesting Conditions
1	3,500,000	Tranche 1 shares will vest automatically where Adam Kelliher is still an employee or director of the Company on the expiry of the vesting period being a year from the issue date of the relevant shares.
2	3,500,000	Tranche 2 shares will vest automatically where Adam Kelliher is still an employee or director of the Company on the expiry of the vesting period being 2 years from the issue date of the relevant shares.
3	3,500,000	Tranche 3 shares will vest automatically where Adam Kelliher is still an employee or director of the Company on the expiry of the vesting period being 3 years from the issue date of the relevant shares.
4	3,500,000	Tranche 4 shares will vest automatically where Adam Kelliher is still an employee or director of the Company on the expiry of the vesting period being 4 years from the issue date of the relevant shares.
5	5,200,000	Tranche 5 shares will vest automatically where at any time during the 5 year vesting period (from the date of issue) the volume weighted average closing share price for shares in AML (VWAP) over the period of 20 consecutive trading days is at least AU\$0.20.
6	5,200,000	Tranche 6 shares will vest automatically where at any time during the 5 year vesting period (from the date of issue) the volume weighted average closing share price for shares in AML (VWAP) over the period of 20 consecutive trading days is at least AU\$0.30.
7	5,200,000	Tranche 7 shares will vest automatically where at any time during the 5 year vesting period (from the date of issue) the volume weighted average closing share price for shares in AML (VWAP) over the period of 20 consecutive trading days is at least AU\$0.40.
8	5,200,000	Tranche 8 shares will vest automatically where at any time

		during the 5 year vesting period (from the date of issue) the volume weighted average closing share price for shares in AML (VWAP) over the period of 20 consecutive trading days is at least AU\$0.50.
9	5,200,000	Tranche 9 shares will vest automatically where at any time during the 5 year vesting period (from the date of issue) the volume weighted average closing share price for shares in AML (VWAP) over the period of 20 consecutive trading days is at least AU\$0.60.