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17 June 2016

Dear Optionholder

Avita Medical Ltd – pro-rata non-renounceable rights issue

As announced on 16 June 2016 Avita Medical Ltd (ACN 058 466 523) (**Company**) is undertaking a partially underwritten pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) on the basis of 2 fully paid ordinary shares (**New Shares**) for every 9 existing shares held to raise up to approximately \$11,455,040. The price of New Shares under the Offer is \$0.09 each (**Issue Price**). The Company lodged an offer document for the Offer (**Offer Document**) with ASIC and ASX on 16 June 2016.

The Offer is partially underwritten by Morgans Corporate Limited (ABN 32 010 539 607) (AFSL 235407) (the **Underwriter**). The Underwriter has agreed to underwrite the offer for up to \$5,000,000. The Company must pay the Underwriter an underwriting fee of 5% of the total amount raised pursuant to the Offer. The Company must also reimburse the Underwriter for costs incidental to the Offer.

Completion of the Offer will result in an increase in cash in hand of up to approximately \$11,455,040 (before the payment of costs associated with the Offer). The Company intends to apply the funds raised under the Offer to clinical programmes, commercial initiatives, research and development, quality/regulatory/production, working capital and towards expenses of the offer.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members on 21 June 2016, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, the Company will have issued 127,278,222 New Shares resulting in total Shares on issue of 700,030,217.

Optionholders

The terms and conditions of the options you currently hold do not entitle you to participate in the Rights Issue unless you exercise your options in time for New Shares to be allotted and to be entered on the Company's register of members on or before 21 June 2016 (**Record Date**).

To exercise your options and thereby participate in the Rights Issue, you will need to deliver the following to the Company at Level 9, The Quadrant, 1 William Street Perth WA 6000:

- (i) a notice of exercise of options (attached to this letter);
- (ii) an option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and
- (iii) payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "Avita Medical Ltd – Offer Account" and crossed "Not Negotiable".

To ensure that your new shares are allotted prior to the Record Date, the above must be received by the Company **no later than 20 June 2016**. If received after this date, allotment of new shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Offer Document in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Rights Issue, please contact your financial adviser or Gabriel Chiappini, the Company's Company Secretary, on +61 8 9474 7738.

Yours sincerely

Lou Panaccio
Chairman