

AVITA MEDICAL LTD
ACN 058 466 523

OFFER DOCUMENT

For a pro rata non-renounceable rights issue to Eligible Shareholders on the basis of 2 New Shares for every 9 existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.09 per New Share to raise up to \$11,455,040 (before costs) (**Offer or Rights Issue**).

The Offer is partially underwritten by Morgans Corporate Limited (ABN 32 010 539 607) (AFSL 235407). Please refer to Section 6.1 for the details of the underwriting.

The Offer opens on 16 June 2016 and closes at 5:00pm (WST) on 4 July 2016 (unless it is lawfully extended). Valid acceptances must be received before that time.

Applications for New Shares by Eligible Shareholders can only be made by using or following the instructions on an Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders' Entitlement to participate in the Offer.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form.

This document is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this document.

The New Shares offered by this Offer Document should be considered as speculative.

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1. IMPORTANT INFORMATION

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.

1.1 This document is not a prospectus

This Offer Document is dated 16 June 2016, has been prepared by Avita Medical Ltd (ACN 058 466 523) (**Company**) and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a prospectus under the Corporations Act and has not been lodged with the ASIC. 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, or about the rights attaching to, the Shares offered by this document.

This Offer Document including each of the documents attached to it and which form part of this Offer Document are important and should be read in their entirety prior to making an investment decision. In particular, Shareholders should refer to the risk factors set out in section 5 of this document. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser.

1.2 Section 708AA of the Corporations Act

This Offer Document has been prepared in accordance with section 708AA of the Corporations Act and applicable ASIC Class Order 2016/84. In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

1.3 Eligibility

Applications for Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

1.4 Overseas Shareholders

This Offer Document 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 not be lawful to make such an offer or to issue this Offer Document.

The Offer is not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia and New Zealand. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

United States Shareholders

This Offer does not constitute an offer in the United States of America, nor does it constitute an offer to a person who is a US Person or someone who is acting on behalf of a US Person.

The Shares have not been, and will not be, registered under the US Securities Act 1933 and may not be offered or sold in the United States of America, or to, or for the account or benefit of, US Persons (as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. These Shares may only be resold or transferred if registered under the US Securities Act or pursuant to an exemption from registration under the US Securities Act and in compliance with state securities laws. The Company is under no obligation and has no intention to register the Shares in the United States of America.

Further detail in relation to foreign jurisdictions is set out in this Offer Document.

New Zealand Shareholders

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.5 Notice to nominees and custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.6 Forward-looking statements

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements

contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Offer Document.

1.7 Privacy Act

If you complete an Entitlement and Acceptance Form, 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 Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

2. CORPORATE DIRECTORY

Directors

Lou Panaccio (Chairman)
Jeremy Curnock Cook (Non-Executive Director)
Michael Perry (Non-Executive Director)
Suzanne Crowe (Non-Executive Director)
Louis Drapeau (Non-Executive Director)
Damien McDonald (Non-Executive Director)

Company Secretary

Gabriel Chiappini

Registered Office

Level 9, The Quadrant
1 William Street
Perth, WA 6000

Telephone: + 61 8 9327 1777
Facsimile: +61 8 9327 1778

Email: investor@avitamedical.com

Website: www.avitamedical.com

ASX Code

AVH

Share Registry*

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, WA 6000

Legal Advisers

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Underwriter

Morgans Corporate Limited
Level 29
123 Eagle Street
Brisbane, QLD 4000

Auditor*

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
Perth, WA 6005

*These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.

3. DETAILS OF THE OFFER

3.1 The Offer

The Offer is being made as a non-renounceable entitlement offer of 2 New Shares for every 9 Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.09 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as set out in Section 3.6 of this Offer Document, a maximum of approximately 127,278,222 Shares will be issued pursuant to this Offer to raise up to \$11,455,040.

The minimum subscription of the Offer is \$5,000,000 and is the amount that the Underwriter has agreed to underwrite.

As at the date of this Offer Document, the Company has 12,147,289 Options on issue all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to section 3.6 of this Offer Document for information on the exercise price and expiry date of the Options on issue.

All of the Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document.

The Directors may at any time decide to withdraw this Offer Document and the offer of Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

3.2 Use of Funds

Completion of the Offer will result in an increase in cash in hand of up to \$11,455,040 (before the payment of costs associated with the Offer).

The Company intends to apply the funds raised under the Offer as follows:

Items of Expenditure	Minimum Subscription		Maximum Subscription	
	\$	%	\$	%
Clinical Programmes	1,900,000	38%	4,503,851	39%
Commercial Initiatives	1,220,000	24%	2,603,884	23%
Research and Development	250,000	5%	517,588	4%
Quality/Regulatory/Production	230,000	5%	534,710	5%
Working capital ¹	1,100,000	22%	2,607,705	23%
Expenses of the Offer	300,000	6%	687,302	6%
Total	5,000,000	100%	11,455,040	100%

Note:

1. Funds allocated to working capital will be used for administration expenses of the Company including Director's remuneration, Intellectual Property legal costs, listing fees, share registry fees, ASIC fees, audit and accountancy, and other administration and obligatory overheads.

Where an amount greater than the minimum subscription is received, but less than the full subscription, the additional amounts will go firstly to paying any additional expenses of the offer and then to the clinical programmes, commercial initiatives and research and development as appropriate.

The above table is a statement of the Board's current intentions as at the date of this Offer Document. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

3.3 Indicative Timetable

Event	Date**
Announcement of Offer (before market opens)	16 June 2016
Lodgement of Offer Document, Appendix 3B and s708AA Cleansing Notice with ASX (Prior to the commencement of trading)	16 June 2016
Notice sent to Shareholders	17 June 2016
Ex-date (date from which securities commence trading without the Entitlement to participate in the Offer)	20 June 2016
Record Date (date for determining Entitlements of Eligible Shareholder to participate in the Offer)	21 June 2016
Offer Opening Date Offer Document and personalised Entitlement and Acceptance Forms sent to Shareholders	23 June 2016
Last day to extend the Offer Closing Date*	29 June 2016
Closing Date (offer closes)	4 July 2016
Securities quoted on a deferred settlement basis	5 July 2016
Place Shortfall/collect shortfall commitment funds	5 July 2016
ASX notified of under subscriptions	6 July 2016

Issue date/Shares entered into Shareholders' security holdings	7 July 2016
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*Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

** These dates are indicative only and are subject to change.

3.4 Entitlements and acceptance

Details of how to apply under the Offer are set out in Section 4 of this Offer Document.

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

You can also apply for Additional Shares under the Shortfall Offer in addition to your Entitlement by following the instructions set out in Section 4. The Shortfall Offer is described in Section 4.5 below.

3.5 No rights trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse.

3.6 Minimum Subscription

The minimum subscription under the Offer is \$5,000,000.

3.7 Capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

	Minimum Subscription	Maximum Subscription
Shares	Number	Number
Shares currently on issue	572,751,995	572,751,995
New Shares offered pursuant to the Offer ¹	55,555,556	127,278,222
Total Shares on issue after completion of the Offer¹	628,307,551	700,030,217

Notes:

1. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of New Shares offered under the Offer.

Options

Options	Number
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Options currently on issue:	
Unquoted exercisable at \$0.14 on or before 30 November 2016	1,660,000
Unquoted exercisable at \$0.14 on or before 30 November 2016	1,406,250
Unquoted exercisable at \$0.14 on or before 30 November 2016	375,000
Unquoted exercisable at \$0.15 on or before 15 April 2016	300,000
Unquoted exercisable at \$0.15 on or before 15 October 2016	300,000
Unquoted exercisable at \$0.15 on or before 15 October 2017	500,000
Unquoted exercisable at \$0.15 on or before 15 October 2018	700,000
Unquoted exercisable at \$0.10 on or before 30 June 2017	250,000
Unquoted exercisable at \$0.12 on or before 30 June 2017	250,000
Unquoted exercisable at \$0.14 on or before 30 June 2017	250,000
Unquoted exercisable at \$0.16 on or before 28 February 2017	2,300,000
Unquoted exercisable at \$0.175 on or before 28 February 2017	700,000
Unquoted exercisable at \$0.126 on or before 31 December 2020	2,156,039
Unquoted exercisable at \$0.16 on or before 11 February 2020	1,000,000
Total	12,147,289

The capital structure on a fully diluted basis as at the date of this Offer Document would be 584,899,284 Shares and on completion of the Offer (assuming all Entitlements are accepted and no Options are exercised prior to the Record Date) would be 712,177,506 Shares.

There are currently 40,000,000 Shares on issue that are subject to escrow restrictions, either voluntary or ASX imposed.

3.8 Underwriting and Sub-Underwriting

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 (up to 55,555,556 Shares).

The Company has entered into the Underwriting Agreement with the Underwriter, the material terms of which are summarised in Section 6.1.

The Underwriter has entered into a number of sub-underwriting agreements in respect of the Shares they have agreed to underwrite pursuant to the Underwriting Agreement.

3.9 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 18% (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record date	Approximate % at Record Date ¹	Entitlements under the Offer	Holdings if Offer not taken Up	Approximate % post Offer
Shareholder 1	10,000,000	1.75%	2,222,222	10,000,000	1.43%
Shareholder 2	5,000,000	0.87%	1,111,111	5,000,000	0.71%
Shareholder 3	1,500,000	0.26%	333,333	1,500,000	0.21%
Shareholder 4	400,000	0.07%	88,889	400,000	0.06%
Shareholder 5	50,000	0.01%	11,111	50,000	0.01%
TOTAL	527,751,995	-	127,278,222	-	700,030,217

Notes:

1. This is based on a share capital of 527,751,995 Shares at the date of this Offer Document.

3.10 Directors Interests and Participation

Each Director's relevant interest in the securities of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

Director	Shares	Voting Power (%)	Entitlement	\$
Lou Panaccio	-	-	-	-
Jeremy Curnock Cook ¹	-	-	-	-
Michael Perry	-	-	-	-
Suzanne Crowe	-	-	-	-
Damien McDonald	-	-	-	-
Louis Drapeau	-	-	-	-

Notes:

1. 41,129,032 shares held in the name of One Funds Management Limited <Asia Pac Health Fund II A/C> are managed and beneficially owned by BioScience Managers Pty Ltd of which Mr Curnock Cook is an officer.

3.11 Effect of the Offer on control and voting power in the Company

The Company's substantial holders and their Entitlement prior to the Offer are set out in the table below.

Substantial Holder	Shares	Voting Power (%)	Entitlement	\$
Hunter Hall Investment Management Limited	80,129,032	13.99%	17,806,452	1,602,580.66
BioScience Managers Pty Ltd	41,129,032	7.18%	9,139,785	822,580.64

Notes:

1. The voting power in the table is prior to settlement of the Offer.

The potential effect that the issue of the Shares under the Offer will have on the control of the Company is as follows:

- (a) if all eligible shareholders take up their entitlements under the Offer, the issue of Shares under the Offer will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company, subject only to changes resulting from ineligible shareholders being unable to participate in the Offer;
- (b) in the more likely event that there is a shortfall, eligible shareholders who do not subscribe for their full entitlement of Shares under the Offer and ineligible shareholders unable to participate in the Offer will be diluted relative to those shareholders who subscribe for some or all of their entitlement as shown by the table in section 3.8; and
- (c) in respect of any shortfall, eligible shareholders will be entitled to top-up their shareholding, by subscribing for additional shares to be issued from the shortfall pool (**Shortfall Offer**). However, the Company will only issue such Shares pursuant to an application received where the Directors are satisfied, in their discretion, that the issue of the Shares will not increase the applicant's voting power above 19.90%. Having regard to the number of Shares to be issued under the Offer, even if a substantial shortfall eventuated, a participant in the Shortfall Offer would not be in a position to exercise any substantive control in the Company.

The Underwriter and sub-underwriters are not related parties of the Company for the purpose of the Corporations Act. The extent to which Shares are issued pursuant to the underwriting will increase the Underwriters' and the sub-underwriters' voting power in the Company.

Pursuant to the Offer, the Company will ensure that neither the Underwriter nor the sub-underwriters will individually have a voting power in the Company in excess of 20% following the issue of Shares under the Shortfall Offer.

3.12 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document and the respective dates of those sales were:

	(\$)	Date
Highest	0.15	26 April 2016
Lowest	0.10	25 May 2016
Last	0.115	10 June 2016

3.13 Opening and Closing Dates

The Offer opens on the Opening Date, being 23 June 2016, and closes on the Closing Date, being 5:00pm (WST) on 4 July 2016 (or such other dates as the Directors in their discretion shall determine subject to the ASX Listing Rules). The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the ASX Listing Rules.

3.14 Issue and dispatch

Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in Section 3.3 of this Offer Document. Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis.

Pending the issue of the Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the Registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and returning the Entitlement and Acceptance Form.

The expected dates for issue of New Shares offered by this Offer Document and dispatch of holding statements is expected to occur on the dates specified in the Timetable set out in Section 3.3 of this Offer Document.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

3.15 ASX listing

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made.

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 now offered for subscription.

3.16 CHESS

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors 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, investors 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 holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

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

3.17 Risk Factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are non-exhaustive. Please refer to Section 5 of this Offer Document for further details.

3.18 Taxation implications

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.

3.19 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.avitamedical.com or the ASX www.asx.com.au (ASX: AVH).

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

This Offer Document (including the Entitlement & Acceptance Form) and the contracts that arise from acceptance of the Applications are governed by the laws applicable in Western Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

3.20 Enquiries concerning Offer Document

Enquiries relating to this Offer Document should be directed to Morgans Corporate Limited on +61 3 9947 4111.

4. ACTION REQUIRED BY SHAREHOLDERS

4.1 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Offer Document. You may participate in the Offer as follows:

- (a) **if you wish to accept your Entitlement in full:**
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque or arrange payment by BPAY® for the amount indicated on the Entitlement and Acceptance Form; or
- (b) **if you only wish to accept part of your Entitlement:**
 - (i) fill in the number of New Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque or arrange payment by BPAY® for the appropriate Application monies (at \$0.09 per New Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Your completed Entitlement and Acceptance Form and payment must reach the Registry no later than 5:00pm (WST) on the Closing Date.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

4.2 Implications of an acceptance

Returning a completed Entitlement and Acceptance Form or paying any Application monies by BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety; and
- (b) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application monies, the Application may not be varied or withdrawn except as required by law.

4.3 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Avita Medical Ltd – Offer Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry at the address set out on the Entitlement and Acceptance Form by no later than 5:00pm WST on the Closing Date.

4.4 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 2:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

4.5 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.09 being the price at which Shares have been offered under the Offer (**Shortfall Offer**).

Eligible shareholders will be entitled to top-up their shareholding, by subscribing for additional shares to be issued from the shortfall pool by following the instructions on their Entitlement and Acceptance Form. The Company will otherwise issue any Shortfall in discussion with the Underwriter or otherwise to other parties in their absolute discretion. However, the Company will only issue such Shares pursuant to an application received where the Directors are satisfied, in their discretion, that the issue of the Shares will not increase the applicant's voting power above 19.90%.

5. RISK FACTORS

5.1 Introduction

The Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Document in its entirety and consult their professional advisors before deciding whether to apply for the New Shares.

5.2 Key investment risks

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. Prospective investors should read this Offer Document in its entirety before deciding whether to apply for Shares under this Offer Document.

These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Offer Document.

(a) Patent Protection

The patent protection that the Company may obtain varies from product to product and country to country and may not be sufficient, including to maintain product exclusivity. Patent rights are also limited in time and do not always provide effective protection for products and services: competitors may successfully avoid patents through design innovation, the Company may not hold sufficient evidence of infringement to bring suit, or the infringement claim may not result in a decision that the rights are valid, enforceable or infringed.

Legislation or regulatory actions subsequent to the filing date of a patent application may affect what an applicant is entitled to claim in a pending application and may also affect whether a granted patent can be enforced in certain circumstances. Laws relating to biotechnology remain the subject of ongoing political controversy in some countries. The risk of changed laws affecting patent rights is generally considered greater for the biotechnology field than in other longer established fields.

(b) **Technological Change**

Technological change presents the Company with significant opportunities for growth. However, the risk remains that any competitor may introduce new technology enabling it to gain a significant competitive advantage over the Company.

(c) **Reliance on key personnel**

The Company's success depends to a significant extent upon its key management personnel, as well as other management and technical personnel including sub-contractors.

The loss of the services of any such personnel could have an adverse effect on the Company.

(d) **Exchange rates**

The Company has offices located in the United Kingdom, Australia and North America. Because the Company's financial statements are in Australian dollars, appreciation of the Australian dollar against the US dollar or British Pound could adversely affect the Company's profitability and financial position.

5.3 **General Risks**

(a) **Competition**

The Company competes with other companies, including nationally in Australia and internationally. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

(b) **Additional requirements for capital**

The funds raised under the Offer are considered sufficient to meet the current proposed objectives of the Company. Additional funding may be required in the event future costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur.

The Company may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Company's activities and future projects may result in delay and indefinite postponement of its research and development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to Shareholders.

(c) **General economic conditions**

Economic conditions, both domestic and global, may affect the performance of the Company. Factors such as fluctuations in

currencies, commodity prices, inflation, interest rates, supply and demand and industrial disruption may have an impact on operating costs and share market prices. The Company's future possible revenues and Share price can be affected by these factors, all of which are beyond the control of the Company or its Directors.

(d) Equity market conditions

Securities listed on the stock market can experience extreme price and volume fluctuations that are often unrelated to the operating performances of such companies. The market price of Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general.

General factors that may affect the market price of Shares include economic conditions in both Australia and internationally (particularly Australian, US and Chinese economic conditions), investor sentiment, local and international share market conditions, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, and changes in exchange rates.

(e) Change in government policy and legislation

Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Company, and consequent returns to investors. The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

5.4 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Offer Document. Therefore, the securities to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Offer Document.

6. ADDITIONAL INFORMATION

6.1 Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriter agreed to partially and conditionally underwrite the Offer for up to \$5,000,000 (55,555,556 Shares) (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting fee equivalent to 5% of the total proceeds raised pursuant to the Offer as consideration for the underwriting obligation undertaken by the Underwriter pursuant to the Underwriting Agreement.

In addition to the underwriting fee, the Company will pay and will indemnify and keep indemnified the Underwriter against and in relation to all reasonable costs and expenses of and incidental to the Offer provided that the aggregate of all costs and expenses (other than legal fees) does not exceed \$2,000 (without the prior written consent of the Company).

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) (**Indices fall**): the S&P ASX 200 Index is at any time after the date of the Offer Document, 10% or more below its respective level as at the close of business on the business day prior to the date of the Offer Document;
- (b) (**Offer Document**): the Company does not dispatch the Offer Document to Shareholders on the dispatch date or the Offer document or the Offer is withdrawn by the Company;
- (c) (**Offer Materials**): a statement contained in the Offer Document and any supplementary offer document, investor presentation details, the cleansing notice, any announcements and any other publications published by the Company in relation the Offer) is or becomes misleading or deceptive or likely to mislead or deceive, or the Offer Documents omit any information they are required to contain (having regard to the provisions of section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) and any other applicable requirements);
- (d) (**Lodgement of Cleansing Notice**): the Company fails to lodge with the ASX a cleansing notice before on the announcement date specified in the timetable;
- (e) (**Cleansing Notice**): the cleansing notice to be lodged by the Company is defective, or a supplementary statement is issued or is required to be issued under the Corporations Act (as modified by ASIC Class Order 2016/84);
- (f) (**New circumstance**): an obligation arises on the Company to give ASX a notice in accordance with subsection 708AA(12) of the Corporations Act (as inserted by ASIC Class Order 2016/84);
- (g) (**Proceedings**): ASIC or any other person proposes to conduct any enquiry, investigation or proceedings, or to take any regulatory action or to seek any remedy, in connection with the offer or the offer materials, or publicly foreshadows that it may do so;

- (h) **(Restriction on issues)**: the Company is prevented from issuing the underwritten securities within the time required by the Underwriting Agreement, the Corporations Act, the ASX Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (i) **(future matters)**: any statement or estimate in the offer materials which relates to a future matter is or becomes incapable of being met or, in the reasonable opinion of the Underwriter, unlikely to be met in the projected timeframe;
- (j) **(No Quotation Approval)**: the Company fails to lodge an appendix 3B in relation to the underwritten securities with ASX by the time required by the Corporations Act, the ASX Listing Rules or any other regulation;
- (k) **(ASIC application)**: an order is made under Section 1324B or any other provision of the Corporations Act in relation to the Offer Document;
- (l) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, which in the Underwriter's reasonable opinion has a material adverse effect.
- (m) **(Authorisation)**: any authorisation which is material to anything referred to in the Offer Document is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter acting reasonably;
- (n) **(Indictable offence)**: a Director of the Company is charged with an indictable offence; or
- (o) **(Cleansing Statement)**: the Company ceases to be capable of issuing, at the date of issue of any shortfall securities, a notice under Section 708A(5)(e) of the Corporations Act to allow secondary trading of any shortfall securities;
- (p) **(Termination Events)**: subject to the event having a materially adverse effect on the Company or the Offer, any of the following events occurs:
 - (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan, or the Peoples Republic of China or any member of the European Union other than hostilities involving Libya, Afghanistan, Iraq, Iran, Syria, Lebanon or Israel and the Underwriter believes (on reasonable grounds) that the outbreak or escalation is likely to result in the S&P ASX 200 Index falling by the percentage contemplated by clause 1(a) of this attachment;
 - (ii) **(Default)**: default or breach by the Company under this agreement of any terms, condition, covenant or undertaking;
 - (iii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in this

agreement is or becomes untrue or incorrect in a material respect;

- (iv) **(Contravention of constitution or Act):** a material contravention by a relevant company of any provision of its constitution, the Corporations Act, the ASX Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (v) **(Adverse change):** an event occurs which gives rise to a material adverse effect or any adverse change or any development including a likely material adverse effect after the date of this agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any relevant company;
- (vi) **(Error in Due Diligence Results):** it transpires that any of the due diligence results or any part of the material used in verification of statements made in any of the offer materials was misleading or deceptive, materially false or that there was a material omission from them;
- (vii) **(Public statements):** without the prior approval of the Underwriter (such approval not to be reasonably withheld) a public statement is made by the Company in relation to the offer or the Offer Document, other than a statement the Company is required to make in order to comply with its disclosure obligations under the ASX Listing Rules and the Corporations Act;
- (viii) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of any relevant company is or becomes misleading or deceptive or likely to mislead or deceive;
- (ix) **(Official Quotation qualified):** the official quotation is qualified or conditional, other than conditional approval where the condition would not, in the reasonable opinion of the Underwriter, have a material adverse effect;
- (x) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy that has not been publicly disclosed or proposed as at the date of this Offer Document;
- (xi) **(Prescribed Occurrence):** a prescribed occurrence occurs other than as disclosed in the Offer Document. A prescribed occurrence means:
 - (A) a relevant company converting all or any of its shares into a larger or smaller number of shares;

- (B) a relevant company resolving to reduce its share capital in any way;
- (C) a relevant company:
 - (I) entering into a buy-back agreement; or
 - (II) resolving to approve the terms of a buy-back agreement under Section 257D or 257E of the Corporations Act;
- (D) a relevant company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option (other than pursuant to the offer or on conversion of convertible securities on issue as at the date of this agreement or as previously notified to the Underwriter prior to the date of this agreement);
- (E) a relevant company issuing, or agreeing to issue, convertible notes;
- (F) a relevant company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (G) a relevant company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (H) a relevant company resolving that it be wound up;
- (I) the appointment of a liquidator or provisional liquidator of a relevant company;
- (J) the making of an order by a court for the winding up of a relevant company;
- (K) an administrator of a relevant company, being appointed under Section 436A, 436B or 436C of the Corporations Act;
- (L) a relevant company executing a deed of company arrangement; or
- (M) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a relevant company;
- (xii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
- (xiii) **(Event of Insolvency):** an event of insolvency occurs in respect of a relevant company
- (xiv) **(Judgment against a Relevant Company):** a judgment in an amount exceeding \$100,000 is obtained against a relevant company and is not set aside or satisfied within seven (7) days;

- (xv) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of this agreement commenced against any relevant company other than as disclosed in the Offer Document;
- (xvi) **(Board and senior management composition):** there is a change in the composition of the board or a change in the senior management of the Company before the date of issue of the underwritten securities without the prior written consent of the Underwriter (such consent not to be unreasonably withheld);
- (xvii) **(Change in shareholdings):** there is a material change in the major or controlling shareholdings of a relevant company (other than as a result of the Offer or a matter disclosed in the Offer Document) or a takeover offer or scheme of arrangement pursuant to chapter 5 or 6 of the Corporations Act is publicly announced in relation to a relevant company;
- (xviii) **(Timetable):** there is a delay in any specified date in the timetable which is greater than two (2) business days;
- (xix) **(Force Majeure):** a force majeure affecting the Company's business or any obligation under the agreement lasting in excess of seven (7) days occurs;
- (xx) **(Certain resolutions passed):** a relevant company passes or takes any steps to pass a resolution under Section 254N, Section 257A or Section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xxi) **(Capital Structure):** any relevant company alters its capital structure in any manner not contemplated by the Offer Document excluding the issue of any Shares upon exercise of Options, such Options having been disclosed to the ASX as at the date of the Offer Document;
- (xxii) **(Breach of Material Contracts):** any of the material contracts are terminated or substantially modified; or
- (xxiii) **(Market Conditions):** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

7. DEFINED TERMS

\$ or A\$ means an Australian dollar.

Additional Shares means those New Shares not issued under the Offer.

Applicant refers to a person who submits an Entitlement and Acceptance Form, or submits a payment of subscription monies in respect of the Offer.

Application refers to the submission of an Entitlement and Acceptance Form or Shortfall Application Form (as the case may be).

ASX means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the Listing Rules of the ASX.

Closing Date means the closing date set out in Section 3.3 or such other date as may be determined by the Directors.

Company means Avita Medical Ltd (ACN 058 466 523).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors mean 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 2 New Shares for every 9 Shares held by an Eligible Shareholder on the Record Date.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document.

New Share means a new Share proposed to be issued pursuant to this Offer.

Offer or Rights Issue means the pro rata non-renounceable offer of New Shares at an issue price of \$0.09 each on the basis of 2 New Shares for every 9 Shares held on the Record Date subscribed for pursuant to this Offer Document.

Offer Document means this Offer Document.

Opening Date means the opening date set out in Section 3.3 of this Offer Document.

Record Date means the record date set out in Section 3.3 of this Offer Document.

Section means a section of this Offer Document.

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

Shareholder means a holder of Shares.

Shortfall means those Shares under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Offer means as defined in Section 4.5 of this Offer Document.

Underwriter means Morgans Corporate Limited (ABN 32 010 539 607) (AFSL 235407).

US Person means a person who receives the Offer when they are located in either the United States of America.