

UPDATE TO SHAREHOLDERS

- **AVITA CFO MR TIM ROONEY APPOINTED INTERIM CEO FOLLOWING RESIGNATION OF MANAGING DIRECTOR AND CEO WILLIAM DOLPHIN**
- **IAN MACPHERSON ELECTED AS INTERIM BOARD CHAIRMAN FOLLOWING RESIGNATION OF DALTON GOODING AS CHAIRMAN**
- **INTERNAL PROGRESS MADE TO REVIEW COMPANY REMUNERATION REPORT**

Australia, 11 December 2013— Regenerative medicine Company **Avita Medical Ltd.** (ASX: [AVH](#)), (OTCQX:[AVMX](#)) provides the following update to shareholders about a number of changes to the company.

Avita Medical Managing Director and CEO Dr William Dolphin has agreed to step down as CEO and from the Board of Directors and will be replaced in an interim capacity by current Chief Operating Officer & Chief Financial Officer, Mr Timothy Rooney, until 30 June 2014.

The management change is effective immediately subject only to completion of contractual documentation and an internal and external search will be performed to identify a permanent CEO by 30 June 2014. Dr Dolphin will provide consultancy services to the Company during the first half of 2014 to ensure a smooth transition.

Interim Avita Medical Chairman Ian Macpherson said Dr Dolphin had served the company during a pivotal time when significant clinical trials had been established and crucial relationships formed with key industry stakeholders to form a solid base to take the Company into the future.

"Dr Dolphin is a highly regarded and experienced biotechnology executive in the medical field and the company has been extremely fortunate and is grateful for his leadership during this period. We are pleased that he will remain with Avita Medical in an advisory capacity.

"We believe that the foundation work has now been laid and the company is ready to launch into its new phase of growth under the leadership of Timothy Rooney in the interim while an extensive internal and external search for a permanent replacement is conducted," said Mr Macpherson. "Tim has played a pivotal role to date and is looking forward to building on the base he has helped to establish."

Mr Rooney joined Avita Medical in October 2012 and has more than 25 years' experience in financial and operational roles. He served as the Chief Financial Officer and Chief Operating Officer for PDI Enterprises, Inc. in the pharmaceutical wholesale distribution sector, where he was responsible for managing the growth of PDI Enterprises and developing the business into a market-leader.

In his role at PDI Enterprises, Mr Rooney propelled company revenue from \$100 million to \$424 million and maintained a 300% increase in EBITDA by developing and implementing an aggressive and strategic sales & marketing plan. Mr Rooney drove all aspects of the company's \$424 million pharmaceutical wholesale business, including sales & marketing, strategic planning and financials.

He also negotiated and secured multiple credit lines of up to \$75 million, allowing for aggressive company growth and infrastructure upgrades and led the company through three corporate relocations and five regional satellite office launches.

Mr Rooney has also served as President of a clean-tech manufacturer/distributor and President of a non-profit organisation. He has experience in strategic planning, mergers and acquisitions, facility design, information systems, logistics/distribution, and US Food and Drug Administration regulatory oversight. Mr Rooney has a Bachelor of Science degree in business administration with an emphasis in finance from California State University, Northridge.

Details of Mr Rooney's employment terms and conditions are available in Appendix A.

“Mr Rooney’s substantial experience in and knowledge of the biotech industry and pharmaceutical wholesale distribution sector in addition to his knowledge of Avita Medical and ReCell, will be crucial to supporting the Company’s strategy to push product sales forward while maintaining the pressure to progress the Company’s clinical trials,” said Mr Macpherson.

“In particular, we are encouraged by the early trial results from cosmetic and aesthetic applications as sales opportunities for ReCell and in addition the early positive indication for the treatment of venous leg ulcers.”

Transition of chairman role from Dalton Gooding to Ian Macpherson

Further to the Chairman’s address at the Avita Medical Annual General Meeting in Perth on Friday 22 November 2013 where Mr Gooding announced his intention to step down as Chairman of the Company after more than 10 years’ service, Mr Gooding has resigned from the position as Chairman of the Board. The Board has elected Mr Ian Macpherson as its interim Chairman.

“Dalton deserves every credit for 10 years of tireless work to take a new technology through the trial, development and commercialisation phases,” Mr Macpherson said. “His drive and ambition to see Avita Medical and its ReCell technology develop and grow has been crucial to the progression of Avita Medical.

“I thank Dalton personally, and on behalf of shareholders, for his strong leadership of Avita Medical for the past 10 years.”

Mr Macpherson will serve as interim Chairman until a new Chairman is appointed to the Board. An executive recruitment firm has been engaged to identify suitable candidates.

Remuneration changes

The Avita Medical Remuneration Committee has also commenced a review of the Company’s remuneration policy following feedback from shareholders that change was needed.

“Shareholders have been very clear that they expect a more transparent remuneration structure with objective KPIs aligned to shareholder returns. This will form the basis of a new remuneration policy for the Board and senior company executives,” said Mr Macpherson.

The remuneration committee expects that a new structure will be developed and implemented prior to the appointment of a new, permanent Chief Executive Officer.

ABOUT AVITA MEDICAL LTD.

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® Spray-On Skin™, 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 U.S. ReCell is an investigational device limited by federal law to investigational use. A Phase III FDA trial is in process.

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Appendix A

Timothy Rooney Conditions of Employment

The Board of Avita Medical has agreed to the following terms and conditions of employment in relation to the role of Mr Timothy Rooney as Interim Chief Executive Officer.

Mr Timothy Rooney has an existing employment contract that covers his role as Chief Financial & Chief Operating Officer of Avita Medical. The terms disclosed below reflect the key terms of this existing Chief Financial & Chief Operating Officer employment agreement, plus the additional and varied terms as part of Mr Rooney accepting the Interim Chief Executive Officer role. Under the terms of the contract and variation, Mr Rooney will be remunerated in the form of:

- Salary
- Performance related bonuses
- Options issue relating to taking on additional and onerous responsibility as Chief Executive Officer in addition to his existing responsibilities

Employment contract

- Effective immediately appointment as Interim Chief Executive Officer
- Gross salary remuneration is US\$250,000 per annum whilst acting as Interim Chief Executive Officer

Standard USA employee Health Care Insurance for dental, vision, reduced costs benefits for dependents and eligible participation in 401(k) plan

Performance-related Bonus

- A bonus payment of up to 35% of Mr Rooney's salary subject to, Remuneration Committee and Board approval, Company Performance and the achievement of established Key Performance Indicators.

Options

Under the terms of the variation to Mr Rooney's existing contract Mr Rooney will be granted a total of 750,000 options in the following tranche. In recognition of additional duties/responsibilities and as an incentive to assist Avita Medical during this transitional period to ensure an effective succession plan is in place when Avita has secured a permanent Chief Executive Officer

Tranche	Number of Options	Exercise Price	Vesting Condition	Vesting Date	Expiry Date
1	250,000	10 cents	Employed by Avita Medical in either of his current roles as at 30 June 2014	30 June 2014	30 June 2017
2	250,000	12 cents	Employed by Avita Medical in either of his current roles as at 30 June 2014	30 June 2014	30 June 2017
3	250,000	14 cents	Employed by Avita Medical in either of his current roles as at 30 June 2014	30 June 2014	30 June 2017