Orthocell agrees to raise up to approximately $4.4 million in US Led Placement

Perth, Australia; 17 November 2015: Regenerative medicine company Orthocell Limited (**Orthocell** or the **Company**) is pleased to announce that it has entered into a subscription agreement to raise up to approximately $4.426 million via a private placement to selected institutional investors in the US, Australia and, subject to shareholder approval, various directors and officers of the Company (**Subscription Agreement**).

Completion under the Subscription Agreement will take place in two tranches:

- the placement of 8,776,597 shares at an issue price of $0.493 per share to raise $4,326,862 from institutional investors is scheduled to complete on 20 November 2015, or such other date agreed to by the Company and the subscribers (**Institutional Component**); and
- the placement of 202,840 shares at an issue price of $0.493 per share to raise an additional $100,000 from directors and officers is subject to shareholder approval. The Company intends to convene a shareholders meeting to seek shareholder approval in late January or in February 2016, with completion to take place thereafter (**Directors/Officers Component**).

The investment is being led by two new US based institutional investors both with a significant track record in life sciences investments and Orthocell welcomes their support of the Company. Roth Capital Partners acted as Sole US Placement Agent in the financing.

Managing Director Mr Paul Anderson said "the Company is pleased to have been able to gain the support of US investors which will assist us to continue the development of our unique tendon and soft tissue regeneration products and we welcome these new investors onto the register."

"We also thank our existing investors who participated in the raising for their continued support and commitment to our vision of becoming the leading regenerative medicine company in the world for soft tissue repair and regeneration".

The capital raising will be via the placement of 8,979,436 fully paid ordinary shares at an issue price of $0.493 per share, being a 15% discount to the 15 day VWAP of the Company's shares traded on ASX in the 15 trading days prior to the date of this announcement. The Company will also issue investors who participate in this placement free attaching unlisted warrants on the basis of 1.35 warrants for each share issued in the placement. Further details concerning the warrants and shares are outlined below.

The funds raised from the placement (after costs) will be used to progress the Company's portfolio of products and for working capital purposes.

The Company's products include its Autologous Tenocyte Implantation (Ortho-ATI™) cell therapy and its other major product, Celgro™, a collagen based medical device which can be used for tissue repair and healing in a variety of orthopaedic, reconstructive and surgical applications. Celgro™ is currently being tested in clinical trials and is advancing rapidly towards regulatory approvals.

Further Terms of Warrants and Shares

The shares and warrants under the Institutional Component of the placement will be issued under the Company's existing Listing Rule 7.1 and 7.1A placement capacities, and accordingly shareholder approval is not required for that portion. Completion of the Directors/Officers Component of the placement is subject to shareholder approval to be sought in late January or in February 2016.

Each warrant will have an exercise price of $0.58, being the, 15 day VWAP of the Company's shares traded on ASX calculated historically from Friday, 13 November, 2015 and will expire on the date 5 years from the date it is issued (or if this day is not a trading day, the next trading day). Other key terms of the warrants are a cashless exercise mechanism and a restriction on the Company entering into a definitive agreement to implement certain fundamental transactions (including a takeover or scheme of arrangement) unless the proponent of the fundamental transaction agrees to pay the warrant holder, in consideration for the transfer or cancellation of the unexercised portion of the warrant, a cash amount determined pursuant to a Black Scholes valuation. The warrants have adjustment provisions consistent with the Listing Rules while the Company is on the Official List of ASX, after which if the Company is listed on a US market, the holder and the Company have the ability reduce the exercise price if they so agree.

Completion under the Institutional Component of the placement is conditional on:

- no insolvency event occurring in relation to the Company;
- the Company's shares not being delisted, there is no trading halt in shares for more than 5 business days, there is no trading halt in shares which is not lifted prior to completion, and trading in shares is not suspended;
- the Company not breaching any warranty under the agreement; and
- no material adverse change occurs in relation to the Company.

Completion under the Directors/Officers Component of the placement is subject to these same conditions, and is also subject to shareholder approval.

Under the Subscription Agreement, subject to certain exceptions, the Company has agreed:

- not to issue any shares or securities convertible into shares for a period of 90 days from the date of the agreement; and

- for so long as the warrants are outstanding, not to issue any rights, warrants or options to subscribe for shares at a price which varies or may vary with the market price of the shares, unless the conversion, exchange or exercise price of any such security cannot be less than the then applicable warrant exercise price.

If the Company fails to issue any shares by the time required under the Subscription Agreement, for each day's delay in allotment, the Company will pay the subscribers 1.5% of the product of the shares not issued multiplied by a share price after the date of the agreement (as chosen by the subscribers).

About Orthocell Limited

Orthocell is a commercial-stage, regenerative medicine company focused on developing products for a variety of tendon, cartilage and soft tissue injuries. Orthocell's portfolio of products include TGA-approved stem cell therapies Autologous Tenocyte Implantation (Ortho-ATI™) and Autologous Chondrocyte Implantation (Ortho-ACI™), which aim to regenerate damaged tendon and cartilage tissue. The Company's other major product is Celgro™, a collagen medical device which facilitates tissue repair and healing in a variety of orthopaedic, reconstructive and surgical applications and is being readied for first regulatory approvals.

This announcement contains certain forward-looking statements and opinion. The forward-looking statements and opinion provided in this announcement are based on assumptions and contingencies which are subject to change without notice. Forward-looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward looking statements or other forecast.

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