



14 July 2014

NEW FUNDING FACILITY ; OPERATIONS UPDATE

Funding

Optiscan is pleased to announce it has finalised a \$500,000 convertible debt facility through Melbourne based advisors, Platinum Road Pty Ltd. The funds have been received in full by the Company and are secured against the Company's receivable under the R&D tax incentive scheme. The debt matures in five months, and is convertible into ordinary shares of the Company at 5 cents per share at the option of the debt holder.

In addition to the funding arranged by Platinum Road, and in conjunction with Menzies Securities of Melbourne, Optiscan has also procured a small specific purpose placement raising approximately \$134,000 at 2.54 cents per share. The purpose of this raising was to facilitate the full purchase of the convertible note outstanding with the New York based Magna Group.

Operations Update

Optiscan is pleased to report that the final stage of pre-regulatory product development for neurosurgery visualisation is expected to be complete in August. The final clinical trial work is also expected to commence in August. While there is still much to be done to finalise the FDA and European regulatory submissions for the neurosurgery system, this development attracts a milestone payment of approximately \$260,000 and is a major step in bringing commercial sales of this system within striking distance. This development process has been long and complex, but the end result is an unchallenged imaging system at the very leading end of neurosurgery.

In addition to the application of our second generation technology within neurosurgery, significant near term applications exist within the research and gastrointestinal (GI) markets.

In the research field, Optiscan is working on the final stages of development of the FIVE-2 research system with our exclusive partner in the field, MR Solutions. Formal launch of the product is expected later this year.

The GI applications of our technology are well proven. Indeed, the application of Optiscan endomicroscopy in the field of Barrett's Esophagus boasts countless successful clinical trials, level 1 clinical evidence and CPT codes, which allow reimbursement in the US. While the clinical and economic benefits of Optiscan endomicroscopy within GI endoscopy (particularly prevention of Barrett's Cancer) are well defined, development of the new platform to a pre-product prototype stage will require further capital in the near term. This funding will enable Optiscan to optimise the development of the flexible endomicroscopy systems to make them standalone and compatible with GI endoscopes across all manufacturers. This will eliminate the need to integrate the device into the product of endoscope manufacturers, thus eliminating the need to be tied to such



individual manufacturers. Once this funding is in place, the development is not expected to be a long process. The proposed second generation flexible endomicroscopy systems will not only boast the greatly enhanced imaging capabilities of our new platform but will also possess a further enhancement within our probes allowing even smaller, more flexible high resolution imaging, a major enhancement to Optiscan's IP that has been in development over the past few years. There is no competing product with this capability.

This latest funding is another promising step in the process of Optiscan evolving into a company with significant near and long term opportunities in clinical and pre-clinical markets with multiple revenue streams within those markets.

About Optiscan

Optiscan is a global leader in microscopic imaging technologies for medical markets. Optiscan's unique and patented technologies enable high-powered microscopes to be miniaturised and used inside the body. The technology enables microscopic imaging of up to 1000 times magnification to be achieved. Doctors can use the technology to instantly see cellular level details of tissue without the requirement to surgically remove tissue (biopsy).

Further information:

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