

PRESS RELEASE



Ellex Medical Lasers Ltd (ASX:ELX)
Adelaide, Australia

Date: 2nd October 2006

Release: Immediate

Topic: Ellex establishes Direct Sales Channel in Australia

Ellex Medical Lasers Ltd (ASX:ELX), a world leading designer and manufacturer of laser systems for the ophthalmic industry, announced today that it has commenced trading of Ellex Australia Pty Ltd a direct sales subsidiary that will sell the Ellex range of lasers direct to Australian ophthalmologists. Ellex Australia has successfully completed the acquisition of former exclusive Ellex distributor, Coherent Australia Pty Ltd, which will serve as the backbone of the sales channel.

Mr Simon Luscombe has been appointed General Manager of Ellex Australia. Simon joined Ellex in August 2005 as VP of Sales for Asia and has driven significant growth in that region. Prior to joining Ellex, Simon held senior sales management positions with AMO and Alcon in Australia. Founder and Managing Director of Coherent, José Beuchat, a pioneer of the ophthalmic laser industry in Australia, will continue to represent Ellex in the marketplace as a consultant to Ellex Australia. In addition to his work on behalf of Ellex, Mr Beuchat will continue operating an independent business to provide technical service in Australia for Ellex and other ophthalmic products.

Ellex Australia will market Ellex manufactured ophthalmic lasers direct to ophthalmologists in Australia, New Zealand and the South Pacific and become the distributor in these markets of the Allegretto refractive laser and other ophthalmic products manufactured by WaveLight AG of Germany. In addition, the transaction includes distribution in Australia of ophthalmic ultrasound products manufactured by Sonomed, Inc. of the U.S. and hand-held lenses that are routinely used by eye care professionals to diagnose and treat patients manufactured by Ocular Instruments, Inc. of the U.S

Peter Falzon, Ellex CEO, stated that this change represents an opportunity for Ellex to create a major new ophthalmic sales company in Australia. "Coherent has been the leader in ophthalmic laser sales in Australia for over 10 years. This track record combined with products from Ellex, WaveLight, Sonomed and Ocular Instruments creates a platform to establish a substantive direct sales channel focused on providing superior service to the ophthalmic community in Australia." Mr. Falzon also commented that, "The acquisition of Coherent Lasers Australia is in keeping with Ellex's stated strategy to grow by focusing on direct marketing of Ellex products to ophthalmologists around the world. As an Australian company, we are uniquely positioned to be the leader in our home market."

ABOUT ELLEX

Ellex Medical Lasers Ltd. (ASX:ELX) designs, manufactures and markets a complete line of lasers used by ophthalmologists to preserve vision and treat eye diseases. With more than 10,000 systems delivered to the market, Ellex has evolved since 1985 from a manufacturing company of primarily OEM products,



to direct marketing of its own branded products through subsidiaries in the United States, Japan and Australia and a network of distribution partners in more than 100 countries. Ellex maintains a strong emphasis on intellectual property and research into new and better treatments to manage and treat the leading causes of blindness.

For additional information about Ellex and its products, please visit www.ellex.com

For further information, please contact:

Peter Falzon, CEO
Ellex Medical Lasers Limited
82 Gilbert Street, Adelaide, SA, 5000
W (08) 8104 5200 | M +1 415 377-2390
pfalzon@ellex.com

Kevin McGuinness, COO
Ellex Medical Lasers Limited
82 Gilbert Street, Adelaide, SA, 5000
W (08) 8104 5200 | M 0409 673 610
kmcguinness@ellex.com