

PRESS RELEASE

Ellex Medical Lasers Ltd (ASX:ELX)

Adelaide, Australia

Date: 1 December 2008

Release: Immediate

Topic: Ellex Announces Non-Renounceable Pro-Rata Rights Issue to Shareholders



Adelaide, Australia, 1 December 2008 – The directors of Ellex Medical Lasers Limited (**Ellex** or the **Company**) are pleased to announce that the Company is to undertake a **one (1) for two (2)** non-renounceable Rights Issue, to raise up to \$3,426,542 at an issue price of **\$0.10** per new share (**Rights Offer**).

The Rights Offer is partially underwritten by Taylor Collison Limited. Taylor Collison will subscribe for up to a maximum of 32% of the shares offered under the Rights Offer which means that the minimum amount to be received by the Company pursuant to the Rights Offer will be \$1,100,000 before expenses.

The Rights Offer price represents a discount of 39% to the closing price of Ellex's shares on 28 November 2008 of \$0.165 per share and a discount of 41% to the volume-weighted average price of Ellex shares during the five-day trading period to, and including, 28 November 2008.

The proceeds from the Rights Issue will be used to fund Ellex's general working capital and strengthen the Company's balance sheet.

Eligibility

Shareholders holding shares in Ellex at 5:00pm (Adelaide time) on Wednesday 10 December 2008 (**Record Date**) will be entitled to subscribe for ordinary fully paid shares in Ellex at a ratio of one (1) share for every two (2) shares held on the Record Date. Any fractional entitlements will be rounded down to the nearest share.

This offer is open to shareholders of Ellex with registered addresses in Australia and New Zealand. Shareholders of Ellex at the Record Date with a registered address outside Australia or New Zealand will not be eligible to participate in the Rights Offer.

Option holders wishing to participate in the Rights Offer must ensure that their completed exercise notice and payment is received by the Share Registry by 5:00pm (Adelaide time) on Tuesday 9 December 2008 to ensure the share registry has sufficient time to process the application before the Record Date or they will not be able to participate in the Issue.

Letter of Offer

The Company is offering the securities without disclosure to investors under Part 6D.2 of the Corporations Act 2001 (Cth).

Further terms of the Rights Offer will be lodged with the ASX in the form of a Letter of Offer. The Letter of Offer and Entitlement and Acceptance Forms will be sent to shareholders on or about 12 December 2008.

Closing Date and Allotment

The Entitlement and Acceptance Forms must be received by the Share Registry no later than 5.00pm (Adelaide time) on Tuesday 30 December 2008. It is anticipated that allotment of the Rights Offer shares and dispatch of holding statements will take place on 9 January 2008.

All dates specified in this announcement are indicative and may be subject to change.

ABOUT ELLEX

Ellex Medical Lasers Limited (ASX:ELX) designs, manufactures and sells a complete line of lasers and diagnostic ultrasound systems used by ophthalmologists to diagnose and treat eye diseases. With more than 14,000 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. In December 2006 Ellex acquired Innovative Imaging, a leading provider of diagnostic ultrasound devices for ophthalmology, initiating the expansion of its product line beyond lasers. 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:

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