12 December 2008

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Ellex Medical Lasers Limited (ASX Code: ELX)
Second Cleansing Notice

Notification under section 708AA(2)(f) of the Corporations Act 2001 (Cth)

This notice is given by Ellex Medical Lasers Limited (Company) under section 708AA(2)(f) of the Corporations Act 2001 (Cth) (Act) as modified by the Australian Securities and Investments Commission Class Order 08/35 (CO 08/35).

The Company has announced a partially underwritten non-renounceable entitlement offer (Rights Offer) on the basis of an entitlement to subscribe for one (1) ordinary share for every two (2) ordinary shares held as at 5pm (Adelaide time) on 10 December 2008 (Record Date), with each such share being issued at an issue price of $0.10 to raise up to $3,426,542. The offer is partially underwritten by Taylor Collison Limited to the extent that it will subscribe for up to a maximum of 32% of the shares offered under the Rights Offer. The minimum amount to be received by the Company pursuant to the Rights Offer will accordingly be $1,100,000.

The Company advises that:

1. It will offer the shares in the Rights Offer without disclosure to investors under part 6D.2 of the Act and without a Product Disclosure Statement being prepared for the Rights Offer.
2. This notice is being given under section 708AA(2)(f) of the Act as modified by CO 08/35.
3. It complies with the conditions set out in subsections 708AA(2)(a) to (e) of the Act as follows:
   a. the Rights Offer is a rights issue as defined in the Act;
   b. the Company’s ordinary shares are quoted securities at the time at which the offer will be made;

ABN 15 007 702 927
c. trading on the stock market conducted by ASX Limited in that class of securities referred to in (b) above (being the ordinary shares in the capital of the Company) was not suspended for more than a total of 5 days during the shorter of the following periods:
   i. the period during which the class or securities is quoted; and
   ii. the period of 12 months before the day on which the offer is made;

d. no exemption under section 111AS or 111AT of the Act covered the Company, or any person as director or auditor of the Company, at any time during the relevant period referred to in paragraph (c); and

e. no order under section 340 or 341 of the Act covered the Company, or any person as a director or auditor of the Company, at any time during the relevant period referred to in paragraph (c).

4. As at the date of this notice, the Company has complied with the provisions of:
   a. Chapter 2M of the Act as they apply to the Company; and
   b. Section 674 of the Act.

5. As at the date of this notice, there is no “excluded information” of the type referred to in sections 708AA(8) and (9) of the Act as notionally modified by CO 08/35.

6. The issue of shares pursuant to the partially underwritten Rights Offer is not expected to have any material effect or consequence on the control of the Company.

By the order of the Board

Victor Previn
Chairman