



Notice of Annual General Meeting 2015

25th November, 2015 at 2.00 pm

To be held at:
BioSA Incubator Conference Centre
40-46 West Thebarton Road
Thebarton SA 5031

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the shareholders of Ellex Medical Lasers Limited (the Company) will be held at BioSA Incubator Conference Centre, 40-46 West Thebarton Road, Thebarton, South Australia, at 2:00 pm (Adelaide time) on Wednesday 25 November 2015 for the purpose of transacting the following business.

Ordinary Business

1. Accounts & Reports

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2015 and the related Directors' Reports, Directors' Declarations and Auditor's Report.

The electronic copy of the 2015 Annual Report is available to download or view on the company website at the following address:

www.ellex.com/investors/investor-room/annual-reports.

The 2015 Annual Report has also been sent by post to those shareholders who have previously elected to receive a hard copy.

Resolution 2 – Re-election of Director

To consider and if thought fit, pass the following Ordinary Resolution:

“To re-elect Giuseppe Canala as a director. Giuseppe Canala retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re- election.”

Resolution 3 – Adoption of Remuneration Report

To consider and if thought fit, pass the following Ordinary Resolution:

“To adopt the Remuneration Report as set out in the Directors' Report which forms part of the Annual Report for the year ended 30 June 2015”.

The resolution is advisory only and does not bind the Company or its directors. However, under the Corporations Act 2001, if 25% or more of votes that are cast are voted against the adoption of the remuneration report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a “spill resolution”), that another meeting be held within 90 days at which all of the Company's directors must go up for re-election.

If there is 25% or more votes “against” the Resolution at this year's AGM, the Company will receive a “first strike”.

The Board will consider the outcome of the vote and comments made by shareholders on the remuneration report at the meeting when reviewing the Company's remuneration policies.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

A voting exclusion statement in relation to this resolution is set out on Page 3 of this Notice of Meeting.

Other Business

To deal with any other business that may be properly brought forward.

Shareholder Information

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be shareholders of the Company) to attend and vote on a poll in the shareholder's place.
2. The appointment of two proxies should specify the percentage of voting rights or number of securities to be applied to each proxy and if not specified then each proxy may exercise half your votes with fractions disregarded. A single proxy exercises all voting rights.
3. Voting Exclusions for Resolution 3

In accordance with the Corporation Act, a vote must not be cast (in any capacity), and the Company will disregard any votes cast on Resolution 3 by any Key Management Personnel (which includes each of the Directors), the details of whose remuneration are included in the Remuneration Report, and any Closely Related Party of such Key Management Personnel.

However, a person described above may cast a vote on Resolution 3 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or
- (b) the Chair of the meeting is appointed as proxy and the appointment of the Chair does not specify the way in which the Chair is to vote and expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Please note, in accordance with sections 250R(4) and 250R(5) of the Corporations Act, the Chair will not vote any undirected proxies in relation to a resolution unless the shareholder expressly authorises the Chair to vote in accordance with the Chair's stated voting intentions. Please note that if the Chair of the meeting is your proxy (or becomes your proxy by default), by completing the attached proxy form, you will expressly authorise the chair to exercise your proxy on Resolution 3 even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel for the Company, which includes the Chair.

If you appoint the Chair as your proxy, you can direct the Chair to vote for or against or abstain from voting on Resolution 3 by marking the appropriate box on the proxy form.

Alternatively, Shareholders can nominate as their proxy for the purpose of voting on Resolution 3, a proxy who is not a member of the Company's Key Management Personnel. That person would be permitted to vote undirected proxies.

4. The Company has determined in accordance with Corporations Regulation 7.11.37, that for the purpose of voting at the meeting, shares will be taken to be held by those who hold them at 7:00 pm (Adelaide time) on Monday 23 November 2015.

To record a valid vote, members will need to take the following steps:

Cast your vote online by visiting www.investorvote.com.au and following the instructions and information provided on the enclosed proxy form; or

Complete and lodge the Proxy Form (and the power of attorney or other authority, if any) under which it is signed, or a certified copy of it at:

- (a) the share registry of the Company, Computershare Investor Services Pty Limited, located at GPO Box 242, Melbourne VIC 3001, or by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- (b) the registered office of the Company located at 82 Gilbert Street, Adelaide SA 5000, or by facsimile on (08) 8104 5231

no later than 48 hours before the time for the holding of the meeting.

Custodian voting – for Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

By order of the Board

Maria Maieli

Company Secretary
Adelaide

Dated: 22 October 2015

Explanatory Memorandum

Introduction

This Explanatory Memorandum has been prepared for the information of shareholders of Ellex Medical Lasers Limited (the Company) in connection with the business to be conducted at the Annual General Meeting to be held at 2:00 pm (Adelaide time) on Wednesday 25 November 2015

Financial Statements and Reports

The financial statements of the Company and its controlled entities for the year ended 30 June 2015 and the Directors' Report and Auditor's Report are set out in the Ellex Medical Lasers Limited Annual Report 2015.

Neither the Corporations Act nor the Company's Constitution requires a vote of shareholders to approve these Reports.

This item is intended to provide an opportunity for shareholders to raise questions of the Reports and on the performance of the Company generally. In addition, a reasonable opportunity will be given to members of the meeting to ask the Company's Auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Resolution 2 – Re-election of Director

Giuseppe Canala, Independent Director

Giuseppe Canala is 68 years old and was appointed as director on 17th October 2008 and is defined as an Independent Director in accordance with ASX Corporate Governance Principles and Recommendations 3rd Edition. Giuseppe is an experienced company director with a professional engineering and economics background. As an original co-founder of Ellex, he has served the company in a broad range of management roles, including Director of Engineering, Operations Manager, Managing Director and Company Secretary. He is currently a member of the Audit & Risk Committee and Remuneration Committee.

Board Recommendation

The Board (excluding G Canala because of his interest) unanimously recommends that shareholders vote in FAVOUR of the Resolution to re-elect Giuseppe Canala as a Director.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

Resolution 3 – Remuneration Report

The Directors' Report, which forms part of the Annual Report for the year ended 30 June 2015, outlines the remuneration arrangements in place for Key Management Personnel (KMP) of the Company.

The Corporations Act 2001 requires that a resolution be put to shareholders each year to adopt the Remuneration Report. The vote on this resolution is advisory only and does not bind the directors or the Company, but the outcome could have consequences for the Board and the Company.

In 2011 new laws on executive remuneration were introduced, including the "two strike Rule". Under the two strike rule, if more than 25% of the votes cast on the resolution to adopt the Remuneration Report are "against" the resolution, the Company receives a "first strike". If this happens at the subsequent AGM, it will result in a "second strike".

The voting exclusion statement for this resolution is set out on Page 3 of this Notice of Meeting.

Board Recommendation

The Board unanimously recommends that shareholders vote in FAVOUR of this resolution.

The Chairman of the meeting intends to vote undirected proxies in FAVOUR of this resolution.

Glossary

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

Board means the board of directors of the Company;

Closely Related Party of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- (e) a company the member controls; or
- (f) a person prescribed as such by the Corporations Regulations 2001 (Cth);

Company means Ellex Medical Lasers Limited ACN 007 702 927;

Constitution means the existing constitution of the Company;

Corporations Act means Corporations Act 2001 (Cth);

Director means a director of the Company;

Key Management Personnel has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company);

Meeting means the meeting of shareholders convened by the Notice;

Notice means the notice of meeting to which this Explanatory Memorandum is attached.

How to get to the AGM

Location

BioSA Incubator Conference Centre, 40-46 West Thebarton Road, Thebarton, South Australia
Telephone: +61 8 8152 9300

By Bus

Bus - 287 and 288 leave from North Terrace. Alight at bus stop 5B on West Thebarton Road.

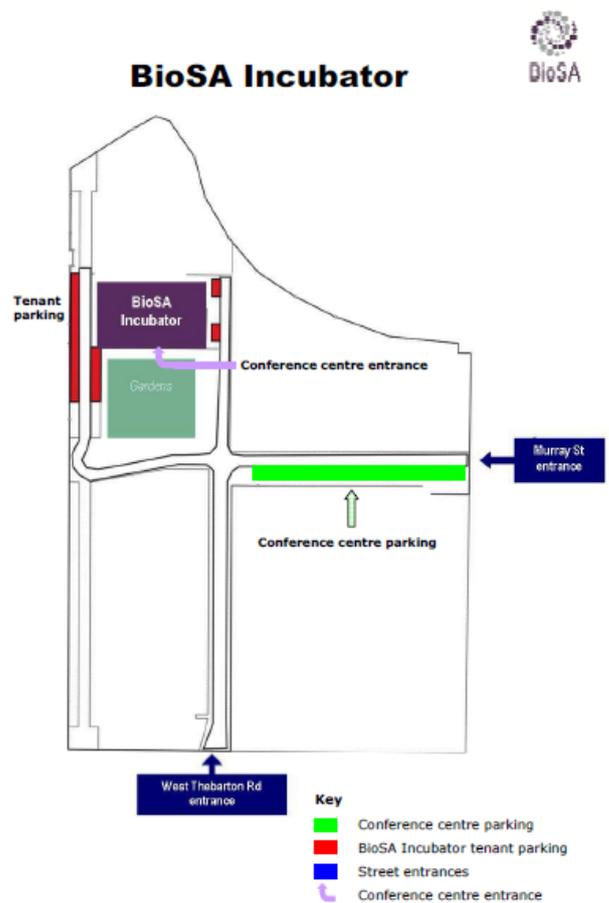
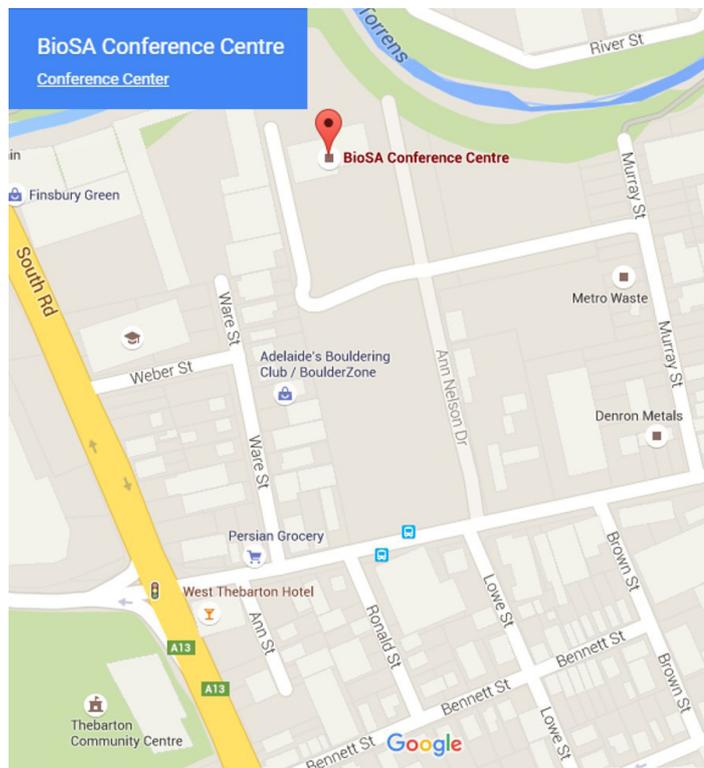
By Tram

Tram - The Bonython Park tram stop is approximately 1km from the conference centre (10 minute walk).

By Taxi

Taxi – Adelaide Independent Taxi telephone located in the foyer of the BioSA conference centre building.

Parking details below:





Ellex Medical Lasers Limited

ABN 15 007 702 927

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000



Proxy Form

XX

<p>Vote and view the annual report online</p> <ul style="list-style-type: none"> • Go to www.investorvote.com.au or scan the QR Code with your mobile device. • Follow the instructions on the secure website to vote. 	
<p>Your access information that you will need to vote:</p> <p>PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.</p>	

For your vote to be effective it must be received by 2:00pm (Adelaide time) Monday 23 November 2015

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Ellex Medical Lasers Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Ellex Medical Lasers Limited to be held at **BioSA Incubator Conference Centre, 40-46 West Thebarton Road, Thebarton, South Australia on Wednesday, 25 November 2015 at 2:00pm (Adelaide time)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 3** (except where I/we have indicated a different voting intention below) even though **Item 3** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 3** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

	For	Against	Abstain
2 Re-election of Giuseppe Canala as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____



To Our Shareholders

It is pleasing to report that 2015 saw another year of improved financial performance for our business, accompanied by improvements in our outlook for growth.

Sales of \$62.7 million were the highest in the Company's history and operating profit before tax lifted to \$2.6 million, up from \$1.3 million last year. The key drivers of sales revenue growth were:

- increased sales of our new Ellex Integre Pro™ laser platform for management of diabetic eye disease
- a continuation of increased sales of our Ellex Ultra Q Reflex™ laser for the treatment of post-cataract opacities and vitreous floaters
- a full-year contribution of sales of our Ellex iTrack™ microcatheter for glaucoma treatment
- early sales of Ellex 2RT® as an intervention for early stage age-related macular degeneration to selected key opinion leaders, and
- a fall in the value of the Australian dollar against the US dollar.

On a regional basis we achieved solid sales growth in all markets, excluding Japan. Of particular importance was the continued growth of the Ellex brand in key Asian markets, including China. Strong sales growth has been achieved in Asia over the past three years and we see this region offering strong potential to contribute to improved sales performance over the coming years. In Japan, falling sales lead to a change in sales management, which has since bolstered the performance of our Japanese business with improved sales performance recorded in Japan in the first three months of the 2016 financial year.

It is also pleasing to report that the improved operating result, combined with focused management of both inventory and working capital, resulted in free cash flow from operations of \$2.1 million, compared with negative \$0.5 million in the

prior period. The free cash was primarily used to reduce debt, with net debt standing at \$2.2 million as at 30 June 2015. This compares to \$3.9 million as at 30 June 2014.

While Ellex has generated good growth and profit improvement over the last three years we have also continued to make solid progress with several potentially transformational growth opportunities, including

- i. Ellex 2RT® for early AMD,
- ii. SLT as a primary therapy for glaucoma in China, and
- iii. the development of the ab-interno canaloplasty procedure (dubbed ABiC) to reposition the Ellex iTrack™ microcatheter for growth in the fast-growing minimally invasive glaucoma surgery (MIGS) device market.

Based on an analysis of independent market data, we estimate that the size of the combined markets for these three growth initiatives will grow to become several times larger than the current size of the ophthalmic laser and ultrasound market over the coming 3-5 year time frame. This suggests a strong outlook for the future of the Ellex business.

Ellex has done well in 2015 and we are confident of delivering improved shareholder value in 2016 and beyond.

Victor Previn
Chairman

Dated: 13 October 2015