

ASX RELEASE

Ellex Medical Lasers Limited (ASX:ELX)

Adelaide, Australia

Date: 30 May, 2017

Release: Immediate

Topic: Acquisition of Future iTrack™ Royalties



Acquisition of iTrack™ royalty commitment removes all royalty payments on future sales, with 100% of all future iTrack™ revenue now attributed to Ellex.

Adelaide, Australia, 30 May 2017 – Ellex Medical Lasers Limited (ASX:ELX), a global leader in medical devices for the diagnosis and treatment of eye disease, today announced that it has acquired the future iTrack™ royalty commitment from ISCI Holdings Inc., the original vendor of the iTrack™ business.

Ellex has agreed to purchase all future royalties for its proprietary iTrack™ device at a total cost of US\$2.15 million. This includes an initial payment of US\$0.650 million made on 25 May 2016. The final instalment of US\$1.5m will be made on 15 September 2017.

The Company believes that the acquisition price represents good value at a time when it prepares to accelerate global sales and marketing efforts for the iTrack™ product.

The original asset purchase agreement between Ellex and ISCI Holdings Inc. (formerly iScience International Inc.) stipulated that royalty payments for the period of five years through to 31 December 2018 were to be equal to 12% of the first US\$4,100,000 of Net Revenues in each calendar year, plus 3% of Net Revenues in excess of \$4,100,000 in such calendar year. From and after 1 January 2019 and until 31 December 2023, royalty payments were to be equal to 3% of Net Revenues in each calendar year, with no royalties payable following 31 December 2023.

Ellex's decision to acquire the future royalties signals the growing importance of the iTrack™ product and its future sales potential. The acquisition removes all financial imposts for the iTrack™ and thereby enables it to achieve the best possible returns for Ellex shareholders.

The acquisition consideration will be made from the Company's existing cash reserves.

ABOUT ELLEX

Ellex designs, develops, manufactures and sells innovative products that help eye surgeons around the world to effectively and efficiently treat eye disease. Ellex is a world leader in this field. Headquartered in Adelaide, Australia, Ellex has ophthalmic lasers and devices that treat glaucoma, retinal disease primarily caused by diabetes, secondary cataract and vitreous opacities, as well as age-related macular degeneration. Manufacturing is carried out in Adelaide, Australia and Fremont, California. Sales and service directly to eye surgeons is conducted via subsidiary offices in Minneapolis, Lyon, Berlin and Tokyo. A network of more than 50 distribution partners around the world services other markets.

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

For further information on Ellex please contact:

Tom Spurling, CEO
Ellex Medical Lasers Limited
3 Second Avenue, Mawson Lakes, SA, 5095
W +61 8 7074 8293 | M +61 417 818 658
tspurling@ellex.com

Andrew Angus
Overland Advisers
M +61 402 823 757
andrewangus@overlandadvisers.com.au

Maria Maieli, CFO & Company Secretary
Ellex Medical Lasers Limited
3 Second Avenue, Mawson Lakes, SA, 5095
W +61 8 7074 8200
mmaieli@ellex.com