

ASX RELEASE

Ellex Medical Lasers Limited (ASX:ELX)

Adelaide, Australia

Date: 3 November 2017

Release: Immediate

Topic: Equity capital for Ellex iTrack™ expansion



Highlights

- **Commitments received from US and Australian institutional investors in a private placement raising approximately A\$23 million at an issue price of A\$1.05 per share**
- **Share Purchase Plan, capped at A\$5 million, to be offered to existing shareholders at the same issue price**
- **Ellex is now well placed to take advantage of the significant industry-wide transition away from pharmaceuticals towards new treatment options for glaucoma including MIGS* devices**
- **Proceeds will be primarily used to accelerate sales of the Ellex iTrack™ into the MIGS device market which is expected to grow from US\$240m today to US\$1.4bn over the next 5 years.**

Placement

Adelaide, Australia, 3 November, 2017 - Ellex Medical Lasers Limited (ASX: ELX) ('**Ellex**' or '**Company**') today announces that it has received commitments from US and Australian institutional and sophisticated investors to subscribe for 22.1 million fully paid ordinary shares in Ellex ('**Shares**') at A\$1.05 per Share to raise approximately A\$23.2 million ('**Placement**').

Tom Spurling, CEO of Ellex, commented: "This is the largest capital raise in the Company's history and is primarily targeted at accelerating the growth of Ellex iTrack™ into the fast growing MIGS market. We have a unique device that has some defined advantages over our competitors, as evidenced by the 71% growth achieved in the USA in the last quarter ended 30 September 2017. We are pleased with the support we have received from our existing, and new, Australian institutional shareholders. We are also delighted to add specialist US health care funds to our share register that are very familiar with the large ophthalmic markets we are addressing with our products."

The current global spend on treatment for glaucoma is estimated at US\$4.6bn per annum. Of this, approximately US\$240m is currently being spent on MIGS devices and this is expected to grow to US\$1.4bn by 2022.

The funds raised from the Placement will be used by the Company for:

- Expansion of sales and marketing of Ellex iTrack™ in the USA and in strategic markets outside the USA
- Production capacity expansion and product development for Ellex iTrack™
- Improved marketing and clinical training in the core laser and ultrasound business

(* **MIGS - minimally invasive glaucoma surgery**)

- Working Capital

The Placement will be completed in two tranches with Tranche 1 consisting of approximately 10.1 million Shares to be issued within Ellex's 15% placement capacity under ASX Listing Rule 7.1. Tranche 2 will consist of approximately 11.1 million Shares, to be issued subject to Ellex receiving shareholder approval to Tranche 2 or otherwise having sufficient placement capacity to complete Tranche 2.

A special meeting of shareholders ('**Special Meeting**') will be convened by the Company on or about Friday, 8 December 2017 to seek shareholder approval to issue the Tranche 2 shares. A notice of meeting specifying the date of the Special Meeting and other relevant details will be sent to shareholders and released to the ASX in the near future. In the event that shareholder approval is not received at the Special Meeting, but the Company has sufficient placement capacity following its Annual General Meeting on 28 November 2017, the Company may still decide to complete Tranche 2 of the Placement. Commitments have been received from investors for Tranche 2 of the Placement, conditional on Ellex shareholder approval being obtained, or Ellex otherwise having sufficient placement capacity to complete Tranche 2, and other customary closing conditions. The Placement price represents an 8% discount to the last closing price of A\$1.14 on 31st October 2017 (being the last trading day for Ellex shares prior to the date of this announcement) and an 8% discount to the volume weighted average price of A\$1.14 for the 5 trading days prior to the date of this announcement.

The Shares issued under the Placement and Share Purchase Plan (described below) will be issued on the same terms as, and will rank equally with, the existing ordinary shares of Ellex.

Indicative timetable ^{1 2}	
Trading halt	1 November 2017
Record date for SPP	7.00 pm AEDT on 2 November 2017
Placement and SPP announced and Company's shares resume trading	3 November 2017
Settlement of issue of Placement Shares under Tranche 1	8 November 2017
Special Meeting for approval of issue of Placement Shares under Tranche 2	On or about 8 December 2017
Settlement of Placement Shares under Tranche 2 ³	On or about 13 December 2017

¹ The timetable above is indicative only and may be varied subject to the ASX Listing Rules

² Unless otherwise stated, all times are in AEDT

³ Assumes shareholder approval is obtained at the Special Meeting, or Ellex otherwise has sufficient placement capacity for Tranche 2 to be issued

Bell Potter Securities Limited acted as lead manager for Australia and other non-US jurisdictions and Maxim Group LLC acted as lead US placement agent for the transaction. The

Company was advised on the Placement by Adelaide Equity Partners, Kain Lawyers and Wilson Sonsini Goodrich & Rosati.

Share Purchase Plan

In addition to the Placement, the Company is offering existing holders of Shares with registered addresses in Australia and New Zealand the opportunity to subscribe for up to approximately A\$15,000 or approximately 14,285 Shares under a Share Purchase Plan ('SPP'). The issue price under the SPP will be A\$1.05 per Share, which is the same price as under the Placement. This will enable shareholders that are not invited to participate in the placement, the opportunity to invest on equivalent terms. The SPP will be capped at A\$5 million and the proceeds will be used by the Company for the same purposes as those identified under the Placement.

The record date for the SPP is 7pm (AEST) on Thursday, 2 November 2017. Full details of the SPP will be released to the ASX and mailed to eligible shareholders shortly.

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

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This announcement may contain certain statements and projections provided by or on behalf of Ellex with respect to anticipated future undertakings. Forward looking words such as, "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings, distributions and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, including projections, forecasts, guidance on future earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements.

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