

Notice of Extraordinary General Meeting 2017

Friday 8 December, 2017 at 10.00 am

To be held at

Ellex Medical Lasers Limited
3-4 Second Avenue
Mawson Lakes SA 5095



How to get to the EGM

Location

Ellex Medical Lasers Limited
3-4 Second Avenue,
Mawson Lakes, South Australia
Telephone: +61 8 7074 8273

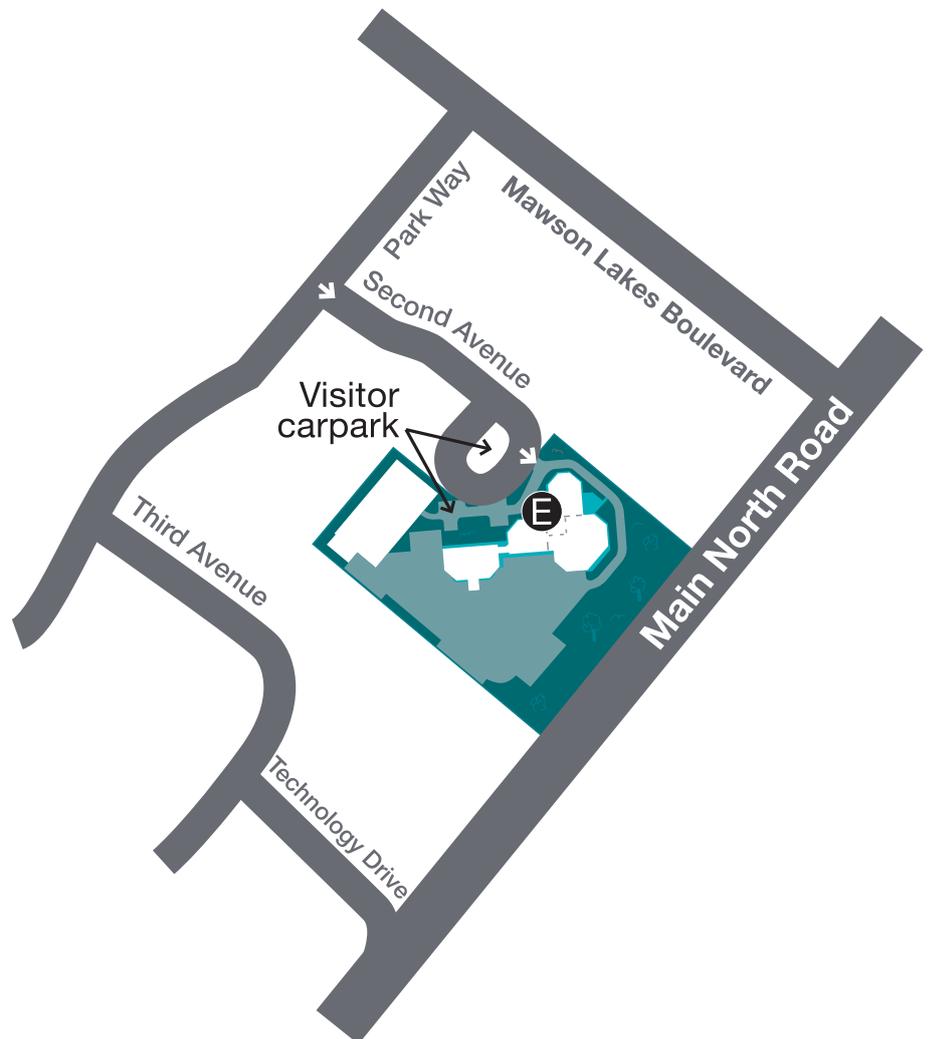
By Train

Adelaide Railway Station
North Terrace, Adelaide
Gawler Central Train to
Mawson Lakes Interchange
Then by Bus from Mawson Lakes
Interchange

#501 or #565 from Zone A
Mawson Lakes Interchange Bus
Stop. Exit at Stop 33G on
Park Way, walk and turn down
Second Avenue.

or:

225 from Zone B Mawson Lakes
Interchange Bus Stop. Exit at Stop
34C on West Lakes Boulevard,
walk to Park Way and turn down
Second Avenue.



Notice of Extraordinary General Meeting

Notice is hereby given that the Extraordinary General Meeting of the shareholders of Ellex Medical Lasers Limited (the Company) will be held at

Ellex Medical Lasers Limited
3-4 Second Avenue, Mawson Lakes
Adelaide, South Australia

at 10:00 am (Adelaide time)

on Friday 8 December, 2017

for the purpose of transacting the following business.

Resolutions

Item 1 – Approval and ratification of First Tranche Placement

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of 10,122,034, ordinary shares at A\$1.05 per share to sophisticated and professional investors in the First Tranche Placement, as described in the Explanatory Notes, be ratified and approved.

Item 2 – Approval of Second Tranche Placement

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 12,000,000 ordinary shares at A\$1.05 per share to sophisticated and professional investors on the terms and conditions described in the Explanatory Notes.

VOTING EXCLUSION STATEMENTS

Voting exclusion statement (Item 1)

The Company will disregard any votes cast on Item 1 by any person who participated in the First Tranche Placement (as defined in the Explanatory Notes) and any associates of any such person.

However, the Company need not disregard a vote if:

- the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- the vote is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting exclusion statement (Item 2)

The Company will disregard any votes cast on Item 2 by any person who may participate in the proposed Second Tranche Placement (as defined in the Explanatory Notes), and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary shares) if Item 2 is passed, and any associates of any such person.

However, the Company need not disregard a vote if:

- the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- the vote is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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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) 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 6 December 2017.

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

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) 7074 8231

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: 2 November 2017

Explanatory Notes

Introduction

These Explanatory Notes have been prepared for the information of shareholders of Ellex Medical Lasers Limited (the Company) in connection with the business to be conducted at the Extraordinary General Meeting to be held at

10:00 am (Adelaide time) on
Friday 8 December, 2017.

Item 1 – Approval and ratification of First Tranche Placement

Background

On Friday, 3 November 2017 the Company announced that it was undertaking a placement of ordinary shares ('Shares') to raise approximately A\$23.2 million ('Placement'). The Placement is being conducted in two tranches:

- an initial placement of 10,122,034 Shares ('First Tranche Shares') which is expected to complete on or about Wednesday, 8 November 2017 ('First Tranche Placement'); and
- a subsequent placement of an additional 12,000,000 Shares ('Second Tranche Shares') which, subject to shareholder approval, is anticipated to complete on or about Wednesday, 13 December 2017 ('Second Tranche Placement').

The First Tranche Shares were issued under the Company's 15% placement capacity under Listing Rule 7.1 ('15% Capacity').

The Company seeks to ratify the issue of the First Tranche Shares pursuant to Listing Rule 7.4.

Purpose of approval

Listing Rule 7.4 allows an issue made by the Company (without shareholder approval) to be treated as having been made with approval for the purposes of the Listing Rules if shareholders subsequently ratify it and the issue did not breach Listing Rule 7.1.

Listing Rule 7.4 provides that a company may reinstate its 15% Capacity if shareholders ratify the previous issue of securities.

The Company confirms that the allotment and issue of the Shares the subject of this item did not breach ASX Listing Rule 7.1.

Approval of Item 1 will allow the Company to refresh its 15% Capacity and maximise its ability

to raise further capital by issuing equity securities, without the delays involved with seeking prior shareholder approval.

The Board will only undertake further issues of equity securities if the Board considers it is in the best interests of the Company to do so.

Details of the First Tranche Placement

The issue of the First Tranche Shares is expected to complete on or about Tuesday, 7 November 2017. The following information, in respect of the proposed issue of the First Tranche Shares, is provided to shareholders for the purposes of ASX Listing Rule 7.5:

- 10,122,034 Shares are being allotted and issued by the Company.
- The issue price per Share is A\$1.05.
- The Shares allotted are fully paid ordinary shares which rank equally with the Company's existing Shares on issue. The Company will apply for official quotation of the Shares.
- The Shares are being allotted as a private placement to certain new and existing sophisticated and professional investors who subscribed under the placement following a process conducted by Maxim Group LLC and Bell Potter Securities Limited, and which are not related parties of the Company.
- The Company intends to use the proceeds raised through the First Tranche Placement to fund:
 - > Ellex itrack sales expansion & clinical development including global expansion;
 - > Ellex 2RT trial completion, marketing, commercialisation and additional regulatory approvals; and
 - > Core laser & ultrasound enhanced marketing.
- In addition, the funds will also be applied to expenses associated with the Placement and used for general working capital requirements.

Board recommendation

The Board unanimously recommends that shareholders vote in favour of Item 1.

The Chair intends to vote undirected proxies in favour of Item 1.

Explanatory Notes

Item 2 – Approval of Second Tranche Placement

Background

The Company seeks shareholder approval for the purpose of Listing Rule 7.1 to issue up to 12,000,000 Shares to sophisticated and professional investors to raise approximately A\$12,600,000.

Further details regarding the Second Tranche Placement are set out in the announcement regarding the Placement made by the Company on Friday, 3 November 2017.

Purpose of approval

Listing Rule 7.1 provides that the Company must not issue equity securities in excess of its 15% Capacity within a 12 month period unless a specified exception applies or the issue is made with prior shareholder approval.

Issues of securities made with prior shareholder approval are not included in the 15% Capacity.

Effect on the Company

The approval sought under Item 2 will allow the Company to conduct the Second Tranche Placement in accordance with the indicative timeline in the Company's capital raising announcement on Friday, 3 November 2017, whilst preserving the Company's 15% Capacity.

This will provide the Company additional flexibility to raise funds by issuing equity securities over the next 12 months.

Other than the Placement, the Board has not made a decision to undertake any further issues of equity securities.

The Board will only undertake further issues of equity securities if they consider it in the best interest of the Company to do so.

In the event that approval under Item 2 is not received, the Company may still decide to proceed with issuing some or all of the Second Tranche Shares under its placement capacities in effect following the Company's 2017 Annual General Meeting.

Details of the proposed Second Tranche Placement

Maximum number of securities	12,000,000 Shares
Date of issue	On or around Wednesday, 13 December 2017 and, in any event, no later than three months following the date of this Meeting (or such later date as permitted by an ASX waiver or modification of the Listing Rules). It is intended that the Second Tranche Shares will be issued on one date.
Issue price	A\$1.05 per Share.
Proposed allottees	The same investors who participated in the First Tranche Placement (as referred to on page 5 of this Notice). The Second Tranche Shares will not be issued to any person who is a related party of the Company.
Issue terms	The Shares to be issued will rank equally with the Company's existing Shares on issue. The Company will apply to ASX for official quotation of the Shares.
Use or intended use of funds	The Company intends to use the proceeds raised through the Second Tranche Placement to fund: <ul style="list-style-type: none"> • Ellex itrack sales expansion & clinical development including global expansion; • Ellex 2RT trial completion, marketing, commercialisation and additional regulatory approvals; and • Core laser & ultrasound enhanced marketing <p>In addition, the funds will also be applied to expenses associated with the Placement and used for general working capital requirements.</p>

Board recommendation

The Board unanimously recommends shareholders vote in favour of Item 2.

The Chair intends to vote undirected proxies in favour of Item 2.

Glossary

In this Explanatory Notes and Notice of Extraordinary 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;

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;

Equity Securities includes a Share, an option to acquire a Share, a right to a Share, a convertible security and any security that ASX decides to classify as an Equity Security;

Meeting means the meeting of shareholders convened by the Notice;

Notice means the notice of meeting to which these Explanatory Notes are attached;

Share means a fully paid ordinary share in the Company.

