



3 July 2007

Optiscan and Carl Zeiss Group sign collaboration deal

- *Optiscan's first rigid endo-microscope deal*
- *Carl Zeiss Group secure exclusive use of Optiscan technology for clinical rigid endo-microscope applications in their core market segments*
- *A\$20 million of milestone payments and product sales anticipated over the initial 5 years*
- *Carl Zeiss Group to fund market development and sales of "ZEISS" branded instruments produced by Optiscan*
- *Optiscan retains rights to separately commercialise other segments of rigid endo-microscope market*

MELBOURNE, Australia: Carl Zeiss Group and Optiscan Imaging Limited today executed an exclusive, milestone based cooperation agreement to develop, market and sell confocal endo-microscopes.

The medical instruments to be cooperatively developed under this agreement will be exclusively marketed and sold by Carl Zeiss through their global sales force under the famous ZEISS brand name.

Matthew Barnett, Optiscan's CEO said, "Carl Zeiss is world renowned for the quality of their optical instruments. Optiscan is very pleased to have Carl Zeiss as our first commercial partner in rigid endo-microscopes. Carl Zeiss' global market leadership and strong track record of innovation makes them the ideal partner for Optiscan."

Optiscan and Carl Zeiss Cooperation Agreement Details

- Total value of agreement to Optiscan in milestone payments and expected product sales is A\$20 million over the initial five years.
- Utilising its patented endo-microscope platform, Optiscan will work with Carl Zeiss to develop an endo-microscope instrument specifically designed for use by clinical specialists in key ZEISS markets.
- Carl Zeiss will be responsible for costs associated with endo-microscope integration into their existing product platform, as well as market development, marketing and instrument sales.
- The agreement includes milestone-based payments to Optiscan of A\$4 million for successfully completing development activities required to bring the endo-microscope to market. Milestone payments are expected over the first 3 years. Specific details of milestones and payments are commercial in confidence.
- Optiscan will manufacture the endo-microscopes in its recently upgraded, state of the art Australian manufacturing facility. The instruments will be exported to Carl Zeiss in Germany prior to shipping to global customers.

Optiscan's Enhanced Business Model

Optiscan now has three revenue generating commercial business streams:

1. Pentax partnership for flexible endoscopes, used predominantly by Gastroenterologists. The Pentax ISC 1000 was released in 2006, into a global market of approximately US\$1.2 billion.
2. Carl Zeiss partnership for rigid endoscopes used by clinical specialists in the respective ZEISS markets.
3. Optiscan direct sales of Optiscan FIVE 1 for pre-clinical research markets, released to the market in 2006.

Importantly, Optiscan retains significant commercial upside through retention of all rights over its rigid endo-microscopes into segments of the US\$1 billion global rigid endoscope market not contained in the Carl Zeiss partnership. Key market segments still available to Optiscan for separate commercial development include:

- General Surgery
- Urology
- Gynaecology/Women's Health
- Abdominal and thoracic robotic surgery
- Orthopaedics
- Dermatology

To realise commercial opportunities in these significant market segments, Optiscan will continue to seek additional partnership arrangements while also assessing the feasibility for directly developing a market segment under its own brand name. In support of further commercialisation, Optiscan will continue rigid endo-microscope clinical trial activity focussing on high potential applications in several market segments.

"Our cooperation with Carl Zeiss is an important first step in the commercialisation of our rigid endo-microscopes in medical markets." said Matthew Barnett. "We will continue to progress our plans for rigid endo-microscopes in other medical specialties and market segments, and we expect the partnership with Carl Zeiss will accelerate our plans."

Background

About Carl Zeiss Group

Carl Zeiss is a leading international group of companies headquartered in Oberkochen, Germany. It has direct sales forces in more than 30 countries and operates production facilities in Europe, America and Asia.

The businesses within the group operate autonomously within the international optics and opto-electronic industries. Carl Zeiss businesses are generally ranked first or second in their core markets of medical and research solutions, industrial solutions and lifestyle

products. They offer high quality products and services for biomedical research and medical technology as well as system solutions for the semiconductor, automotive and mechanical engineering industries.

High-quality consumer goods such as camera lenses or binoculars carry the ZEISS brand name to millions of users around the world.

Carl Zeiss Group - Key figures from fiscal year 2005/06 (ended 30 September),

- Sales EUR 2.43Bn
- Total Assets EUR 3.016Bn
- Net Income EUR 167M
- Number of employees: 11,249

Further information about the Carl Zeiss group is available at <http://www.zeiss.de/en>

About Optiscan

Optiscan is a global leader in microscopic imaging technologies for medical markets.

Optiscan's unique and patented technologies enable high-powered microscopes to be miniaturised and used inside the body. The technology enables microscopic imaging of up to 1000 times magnification to be achieved. Doctors can use the technology to instantly see cellular level details of tissue without the requirement to surgically remove tissue (biopsy).

Further information:

Matthew Barnett, CEO
Tel (613) 9538 3347
matthewb@optiscan.com

Bruce Andrew, CFO
Tel (613) 9538 3398
brucea@optiscan.com