OPTISCAN IMAGING LIMITED
ACN 077 771 987
NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00am (AEDT)

DATE: Thursday 24 November 2022

PLACE: 16 Miles Street, Mulgrave, Victoria, 3170

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7.00pm (AEDT) on 22 November 2022.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the Acquisition the subject of Resolution 7 to the non-associated Shareholders. The Independent Expert has determined the Acquisition the subject of Resolution 7 is **FAIR AND REASONABLE.**

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2022 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

> *"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2022."*

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

A voting prohibition statement applies to this Resolution. Please see below.

3. RESOLUTION 2 – ELECTION OF DIRECTOR – SEAN GARDINER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purpose of clause 57 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Sean Gardiner, a Non-Executive Director who was appointed as an additional Director on 14 June 2022, retires, and being eligible, is elected as a Director."*

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – RON SONG

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purpose of clause 59 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Ron Song, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

5. RESOLUTION 4 – APPROVAL OF 7.1A MANDATE

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

> *"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."*

6. RESOLUTION 5 – ADOPTION OF EMPLOYEE SECURITIES INCENTIVE PLAN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Employee Securities Incentive Plan and for the issue of a maximum of 10,000,000 securities under that Plan, on the terms and conditions set out in the Explanatory Statement."*

A voting exclusion statement and voting prohibition statement apply to this Resolution. Please see below.

7. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

> *"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."*

8. RESOLUTION 7 – APPROVAL OF ACQUISITION OF INTELLECTUAL PROPERTY FROM RELATED PARTY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of ASX Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for the Company to:*
>
> (a) *acquire the Intellectual Property Portfolio from the Vendor; and*
>
> (b) *issue 6,000,000 Consideration Shares to the Vendor (or his nominee/s) as consideration for the Acquisition,*
>
> *on the terms and conditions set out in the Explanatory Statement.'*

Independent Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of Shareholder approval under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the Acquisition the subject of this Resolution to the non-associated Shareholders of the Company.

THE INDEPENDENT EXPERT HAS CONCLUDED THAT THE ACQUISITION THE SUBJECT OF THIS RESOLUTION IS FAIR AND REASONABLE TO NON-ASSOCIATED SHAREHOLDERS.

A voting exclusion statement and voting prohibition statement apply to this Resolution. Please see below.

Dated: 25 October 2022

By order of the Board

Justin Mouchacca
Company Secretary

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 5 – Adoption of Employee Securities Incentive Plan	A person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.
Resolution 7 – Approval of acquisition of intellectual property from related party	Camile Farah (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a Resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions or attorney to vote on the Resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a Resolution 5 Excluded Party; and

  (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting Prohibition Statements

Resolution 1 – Adoption of Remuneration Report	A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons: (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or (b) a Closely Related Party of such a member. However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either: (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or (b) the voter is the Chair and the appointment of the Chair as proxy: (i) does not specify the way the proxy is to vote on this Resolution; and (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
Resolution 5 - Adoption of Employee Securities Incentive Plan	A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and

	(b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the above prohibition does not apply if: (a) the proxy is the Chair; and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.
Resolution 7 – Approval of acquisition of intellectual property from related party	A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: (a) the proxy is either: (i) a member of the Key Management Personnel; or (ii) a Closely Related Party of such a member; and (b) the appointment does not specify the way the proxy is to vote on this Resolution. However, the above prohibition does not apply if: (a) the proxy is the Chair; and the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (03) 9538 3333.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolution.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

1.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

1.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2. RESOLUTION 2 – ELECTION OF DIRECTOR – SEAN GARDINER

2.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Sean Gardiner, having been appointed by other Directors on 14 June 2022 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

2.2 Qualifications and other material directorships

Sean is a Managing Director and Head of Private Investments at the Clermont Group. Prior to joining Clermont, Sean worked at Morgan Stanley, where he spent 20 years in equity research across three locations and in seven different roles. In 2000, he joined the London office covering European Technology and Conglomerate stocks before, in 2005, moving to lead the EEMEA Telecom Services team. In early 2008, Sean transferred to Dubai to setup and manage the MENA Equity Research team. Sean relocated to Singapore in 2010 to oversee and manage the broader Asian research product as well as roll out ASEAN Real Estate coverage. In 2016, he was promoted to Head of ASEAN Research and ASEAN Equity Strategist. Prior to Morgan Stanley, Sean served his Chartered Accountancy articles in South Africa and he has a B.Com (PGDA) from the University of Cape Town.

2.3 Independence

Sean Gardiner has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Sean Gardiner will be an independent director.

2.4 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, Sean Gardiner will be re-elected to the Board as an independent Director.

In the event that Resolution 2 is not passed, Sean Gardiner will not join the Board as an independent Director. The Company may seek nominations or otherwise identify suitably qualified candidates to join the Company.

2.5 Board recommendation

The Board supports the re-election of Sean Gardiner and recommends that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – RON SONG

3.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Ron Song, who has served as a director 10 February 2021 and was last re-elected on 20 January 2022, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Mr Song has a 25 year business career in Australia and Singapore which includes as Managing Director of Premium Automobiles Pte Ltd and successfully advising and developing a premier Singaporean wellness company, Fabulous Image Lifestyle, which was sold to a pan-Asian operator. Mr Song has established a network of business contacts in many areas of enterprise in Asia and Australia including in the health sector and the financial sector in Australia and Asia.

3.3 Independence

If elected the board considers Mr Song will be an independent director.

3.4 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, Ron Song will be re-elected to the Board as an independent Director.

In the event that Resolution 3 is not passed, Ron Song will not join the Board as an independent Director. The Company may seek nominations or otherwise identify suitably qualified candidates to join the Company.

3.5 Board recommendation

The Board supports the re-election of Mr Song and recommends that Shareholders vote in favour of Resolution 3.

4. RESOLUTION 4 – APPROVAL OF 7.1A MANDATE

4.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of $300,000,000 or less. The Company is an eligible entity for these purposes.

As at the date of this Notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of $86,744,784 (based on the number of Shares on issue and the closing price of Shares on the ASX on 24 October 2022).

Resolution 4 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 4 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 4 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

4.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 4:

(a) **Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

(i) the date that is 12 months after the date of this Meeting;

(ii) the time and date of the Company's next annual general meeting; and

(iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued for cash consideration at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or

(ii) if the Equity Securities are not issued within 10 trading days of the date in Section 4.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for the following:

(i) consideration for the acquisition(s) of new assets and investments, including expenses associated with such acquisition(s) (provided the Equity Securities are issued for cash); and

(i) continued expenditure on the Company's current business and/or general working capital.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue or proposed to be issued as at 24 October 2022.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

		Dilution			
Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		**Shares issued – 10% voting dilution**	**Issue Price**		
			$0.07	**$0.14**	**$0.21**
			50% decrease	**Issue Price**	**50% increase**
			Funds Raised		
Current	625,605,602 Shares	62,560,560 Shares	$4,379,239	$8,758,478	$13,137,717
50% increase	938,408,403 Shares	93,840,840 Shares	$6,568,859	$13,137,718	$19,706,576
100% increase	1,251,211,204 Shares	125,121,120 Shares	$8,758,478	$17,516,957	$26,275,435

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 625,605,602 Shares on issue comprising:
   (a) 619,605,602 existing Shares as at the date of this Notice; and
   (b) 6,000,000 Shares which will be issued if Resolution 7 is passed at this Meeting.

2. The issue price set out above is the closing market price of the Shares on the ASX on 24 October 2022 (being $0.14).
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A Mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

(i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and

(ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) **Allocation policy under the 7.1A Mandate**

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

(i) the purpose of the issue;

(ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;

(iii) the effect of the issue of the Equity Securities on the control of the Company;

(iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;

(v) prevailing market conditions; and

(vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company did not obtain approval under Listing Rule 7.1A at its annual general meeting held on 20 January 2022. Accordingly, the Company has not issued any Equity Securities under Listing Rule 7.1A.2 in the twelve months preceding the date of the Meeting.

4.3 Voting Exclusion Statement

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

5. RESOLUTION 5 – ADOPTION OF EMPLOYEE SECURITIES INCENTIVE PLAN

5.1 General

Resolution 5 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Employee Securities Incentive Plan" (**Plan**) and for the issue of up to a maximum of 10,000,000 securities under the Incentive Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Plan and the future issue of securities under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

5.2 Listing Rule 7.1 and Listing Rule 7.2 Exception 13(b)

Broadly speaking, and subject to a number of exceptions set out in Listing Rule 7.2, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 5 is passed, the Company will be able to issue securities under the Plan to eligible participants over a period of 3 years from the date of the Meeting. The issue of any securities to eligible participants under the Plan (up to the maximum number of securities stated in Section 5.3(b) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of securities under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 5 is not passed, the Company will be able to proceed with the issue of securities under the Plan to eligible participants, but any issues of securities will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of those securities.

5.3 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 5:

(a) a summary of the key terms and conditions of the Plan is set out in Schedule 2;

(b) the Company has not issued any securities under the Plan as this is the first time that Shareholder approval is being sought for the adoption of the Incentive Plan.

The Company is seeking Shareholder approval to adopt the Plan to:

(a) allow the Company to have the option to issue equity securities to incentive the Company's personnel as and when required; include the new terms and conditions required by Division 1A of Part 7.12 of the Corporations Act, which replaced the previous relief provided by ASIC Class Order 14/1000 (Employee Incentive Scheme); and

(b) the maximum number of securities proposed to be issued under the Plan in reliance on Listing Rule 7.2 (Exception 13(b)), is 10,000,000 securities. It is not envisaged that the maximum number of securities for which approval is sought will be issued immediately.

6. RESOLUTION 6 – REPLACEMENT OF CONSTITUTION

6.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 6 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2017.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website https://www.optiscan.com/ and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary ((03) 9538 3333). Shareholders are invited to contact the Company if they have any queries or concerns.

6.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Minimum Securityholding (clause 3)

This Proposed Constitution now extends the minimum holding provisions to all securities as provided for under the Listing Rules. The clause previously only referred to shares.

Joint Holders (clause 9.8)

CHESS is currently being replaced by ASX with a projected go-live date of April 2023. As part of the CHESS replacement, the registration system will be modernised to record holder registration details in a structured format that will allow up to four joint holders of a security. Clause 9.8 of the Proposed Constitution provides that the number of registered joint holders of securities shall be as permitted under the Listing Rules and the ASX Settlement Operating Rules.

Capital Reductions (clause 10.2)

The Proposed Constitution now permits sales of unmarketable parcels to a sale nominee as part of a capital reduction.

Direct Voting (clause 13, specifically clauses 13.35 – 13.40)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any Resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Use of technology (clause 14)

The Proposed Constitution includes a new provision to permit the use of technology at general meetings (including wholly virtual meetings) to the extent permitted under the Corporations Act, Listing Rules and applicable law.

Closing date for Director nominations (clause 15.3)

On 19 December 2019, ASX amended Listing Rule 3.13.1 to provide that companies must release an announcement setting out the date of its meeting and the closing date for nominations at least 5 business days before the closing date for the receipt of such nominations. The closing date period under clause 15.3 of the Proposed Constitution has been amended to at least 30 business days (previously it was 30 calendar days) to allow the Company time to issue the required notification for director nominations prior to circulating the notice of meeting.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 6.

7. BACKGROUND TO RESOLUTION 7

7.1 General

On 25 October 2022, the Company entered into an agreement (**Acquisition Agreement**) to acquire a 100% interest in a portfolio of matched patient datasets of head and neck pathology, as well as long-term follow up details for patients, histopathological images and annotated data of corresponding confocal and clinical and histopathological images (**Intellectual Property Portfolio** or **IP Portfolio**) from Professor Camile Farah (**Professor Farah** or the **Vendor**) (the **Acquisition**).

Having been appointed on 13 December 2022, Professor Farah is currently serving as the Managing Director and Chief Executive Officer of the Company. Previously, between 6 May 2021 and 12 December 2021, Professor Farah served as a non-executive Director of the Company.

Further details on the Intellectual Property Portfolio are included in Section 7.3 and the Independent Expert's Report on the Intellectual Property Portfolio accompanying this Notice as Appendix A.

Additionally, the Independent Expert's Report contains and references information in respect of the Company's existing assets previously announced to ASX. The Company confirms that it is not aware of any new information or data that materially affects the announcements referred to.

Under the Acquisition, the Company has agreed to issue 6,000,000 Shares to the Vendor (or his nominee/s) in consideration for the IP Portfolio (**Consideration Shares**).

The purpose of Resolution 7 is to approve the Acquisition and the issue of Consideration Shares to the Vendor as consideration for the Acquisition.

7.2 Acquisition Agreement

The material terms of the Acquisition Agreement are as follows:

(a) (**Conditions**) The conditions precedent which must be satisfied prior to the Company completing the Acquisition (**Completion**) are:

(i) the Company obtaining the requisite shareholder approvals, which are being sought under Resolution 7 of this Notice; and

(ii) the Company and Professor Farah obtaining all necessary governmental, regulatory and third party approvals, consents and waivers as required,

(b) (**Consideration**) The consideration payable by the Company on completion is 6,000,000 Consideration Shares (which will be subject to a voluntary escrow period of 12 months);

(c) (**Warranties**): The Acquisition Agreement contains standard warranties and representations on behalf of the parties typical for an agreement of this nature; and

(d) (**Other**): The Acquisition Agreement otherwise contains terms and conditions typical for an agreement of this nature.

Further details on the Intellectual Property Portfolio are set out below and in the Independent Expert's Report.

7.3 Intellectual Property Portfolio

The Intellectual Property Portfolio includes:

(a) matched patient datasets of head and neck pathology (pre-cancer and cancer subtypes and normal tissues) including confocal laser endomicroscope image files;

(b) corresponding non-confocal optical imaging images of same lesion;

(c) long term follow-up details of patients;

(d) histopathological images (where biopsies have been undertaken); and

(e) annotated data of corresponding confocal, clinical and histopathological images.

The Intellectual Property Portfolio includes fully integrated and comprehensively characterised details made possible through Professor Farah's expert skill and own IP outside the CLE images.

Further details on the Intellectual Property Portfolio are included in the Independent Expert's Report on the Intellectual Property Portfolio accompanying this Notice as Appendix A.

7.4 Capital Structure

The below capital structure shows the potential effect of completion of the Acquisition and the issue of the Consideration Shares.

	Shares	Options
Current issued capital	619,605,602	47,182,573[1]
Consideration Shares	6,000,000	-
Total		47,182,573[1]

Notes:

1. Comprising 29,182,573 Options to acquire Shares (**Options**) exercisable at $0.15 each on or before 9 June 2023, 2,000,000 Options exercisable at $0.275 each on or before 19 April 2023 and 16,000,000 Options exercisable at various prices and expiring on various dates.

7.5 Pro forma balance sheet

An unaudited pro-forma balance sheet of the Company following completion of the Acquisition is set out in Schedule 1.

7.6 Risk factors

Following Completion, there will be no material change in the nature of the Company's business activities as the Company will continue to conduct its business of developing endomicroscopic imaging technologies for medical, translational, and pre-clinical applications. Accordingly, the risk profile will be analogous to that of the Company's existing business which has previously been disclosed to Shareholders.

7.7 Indicative Timetable

Subject to the requirements of the ASX Listing Rules, the Company anticipates completion of the Acquisition will be in accordance with the following timetable:

Event	Date
ASX announcement of Acquisition	25 October 2022
Notice of Meeting despatched to Shareholders	25 October 2022
Annual General Meeting to approve Acquisition	24 November 2022
Issue of Consideration Shares	1 December 2022
Completion under the Acquisition Agreement	1 December 2022

Please note that the above timetable is indicative only and is therefore subject to change.

7.8 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 7:

(a) the Independent Expert's Report has concluded that the Acquisition is fair and reasonable to Shareholders;

(b) the Intellectual Property Portfolio will increase the Company's capabilities by allowing the Company to access and use images in machine learning programs, which can be incorporated into the Company's next

generation devices for oral cancer screening and surgical margin assessment;

(c) the consideration payable under the Acquisition Agreement is payable in Shares, therefore conserving the Company's cash reserves and only diluting Shareholders if and when Completion occurs; and

(d) the Independent Expert's Report identifies other advantages of the Acquisition to which Shareholders should have regard.

7.9 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 7:

(a) current Shareholders will have their voting power in the Company diluted when the Consideration Shares are issued;

(b) there is no guarantee that the use of Intellectual Property Portfolio will be successful in generating revenue for the Company; and

(c) the Independent Expert's Report identifies other disadvantages of the Acquisition to which Shareholders should have regard.

7.10 Intentions if Acquisition is not approved

If Resolution 7 is not passed, the Company will not proceed with the Acquisition and the Company will lose opportunities to benefit from opportunities which may arise as a result of the Company owning the Intellectual Property Portfolio.

8. RESOLUTION 7 – APPROVAL OF ACQUISITION OF INTELLECTUAL PROPERTY FROM RELATED PARTY

8.1 General

The background to the Acquisition is set out above in Section 7. Resolution 7 seeks Shareholder approval for the purposes of ASX Listing Rule 10.1 for the acquisition of a substantial asset from a related party of the Company.

8.2 Independent Expert's Report

ASX Listing Rule 10.5.10 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert's Report accompanying this Notice sets out a detailed independent examination of the Acquisition to enable non-associated Shareholders to assess the merits and decide whether to approve Resolution 7. The Independent Expert has concluded that the Acquisition is **FAIR AND REASONABLE** to the non-associated Shareholders.

Shareholders are urged to carefully read the Independent Expert's Report to understand its scope, the methodology of the valuation and the sources of information and assumptions made.

The Independent Expert's Report is also available on the Company's website (https://www.optiscan.com/). If requested by a Shareholder, the Company will

send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

8.3 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, amongst other persons:

(a) a related party of the entity;

(b) a substantial holder of the entity; or

(c) an associate of a substantial holder of the entity,

without the prior approval of holders of the entity's ordinary shareholders.

Substantial Asset

For the purposes of ASX Listing Rule 10.1, an asset is substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules.

The Independent Expert valued the Intellectual Property Portfolio at $3,300,000. The consideration payable for the Intellectual Property Portfolio is valued at $336,000.

The equity interests of the Company as defined by the ASX Listing Rules and as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the annual financial year ending 30 June 2022) were $6,592,409.

Accordingly, the value of the Intellectual Property Portfolio exceeds 5% of the equity interests of the Company (being $329,620, which is 5% of $6,592,409) and the Company therefore considers that the Intellectual Property Portfolio is a substantial asset for the purposes of ASX Listing Rule 10.1.

ASX has confirmed that Listing Rule 11.1 does not apply to the Acquisition, meaning that security holder approval under Listing Rule 11.1.2 is not required and re-compliance with ASX's admission and quotation requirements under Listing Rule 11.1.3 is also not required.

Related party

Professor Farah is considered a related party for the purposes of ASX Listing Rule 10.1 on the basis that he is a Director of the Company. As a result, completion of the Acquisition will result in the acquisition of a substantial asset from a related party of the Company.

Requirement for shareholder approval

As a result of the above conclusions, the completion of the Acquisition will result in the acquisition of a substantial asset from a related party of the Company. The Company is therefore required to seek Shareholder approval under ASX Listing Rule 10.1.

As stated above, ASX Listing Rule 10.5.10 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

Shareholders are urged to carefully read the Independent Expert's Report annexed to this Notice.

8.4 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Consideration Shares constitutes giving a financial benefit and Professor Farah is a related party by virtue of being a Director.

The Directors (other than Professor Farah who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Consideration Shares because the agreement to issue the Consideration Shares is considered reasonable in the circumstances and was negotiated on an arm's length basis. This position is supported by the Independent Experts Report in which the Independent Expert has determined that the transaction is fair and reasonable to non-associated Shareholders.

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Consideration Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

8.5 Information required by ASX Listing Rule 14.10A

If Resolution 7 is passed, the Company will be able to proceed with the issue of the Consideration Shares to the Vendor and complete the Acquisition.

If Resolution 7 is not passed, the Company will not be able to proceed with the issue of the Consideration Shares to the Vendor and will have to unwind the Acquisition. As stated in Section 7.10, the Company will lose the opportunity to benefit from opportunities which may arise as a result of the Company acquiring the Intellectual Property Portfolio.

8.6 Technical Information required by ASX Listing Rule 10.5 and 10.13

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.5 and 10.13, the following information is provided in relation to Resolution 7:

(a) the Consideration Shares will be issued to Professor Camile Farah, who is a related party of the Company by virtue of being a Director;

(b) the maximum number of Consideration Shares that may be issued to Professor Farah (or his nominee/s) is 6,000,000 Shares;

(c) the asset being acquired by the Company is the Intellectual Property Portfolio, further details of which are set out in Section 7.3 of this Notice and in the Independent Expert's Report annexed to this Notice as Annexure A;

(d) the Consideration Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consideration Shares will occur on the same date;

(e) the Consideration Shares will be issued for nil cash consideration as they represent consideration for the Acquisition. Accordingly, no funds will be raised;

(f) the Consideration Shares will be issued on the same terms as all existing Shares in the Company;

(g) Professor Farah and his related entities currently hold:

(i) 524,985 Shares; and

(ii) 12,000,000 Options, comprising:

(A) 3,000,000 Options exercisable at $0.1925 each on or before 9 March 2025; and

(B) 9,000,000 Options exercisable at $0.1925 each on or before 9 March 2027,

which equates to a 0.08% interest on an undiluted basis and a 1.88% interest on a fully diluted basis,

(h) if the Consideration Shares are issued, the number of Shares on issue in the Company will increase from 619,405,602 to 625,305,602 (assuming that no other Shares are issued, no Options are exercised and no Consideration Shares other than those contemplated by the Resolution 7 of this Notice are issued) with the effect that the shareholding of existing Shareholders would be diluted by a maximum of 0.94%:

(i) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	$0.225	26/10/21, 3/11/21, 4/11/21, 10/11/21, 12/11/21
Lowest	$0.094	22/06/22
Last	$0.14	24 October 2022

(j) the purpose of the issue of the Consideration Shares is consideration for the Acquisition and to satisfy the Company's obligations under the Acquisition Agreement;

(k) Professor Camile Farah declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is the Vendor; and

(l) Each of the non-interested Directors, being Mr Ron Song, Ms Karen Borg, Mr Sean Gardiner and Mr Robert Cooke do not have a material personal interest in the outcome of Resolution 7 and recommend that Shareholders vote in favour of Resolution 7 for the reasons set out in Section 0.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Consideration Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Consideration Shares to the Vendor (or his nominee/s) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

8.7 Advantages and Disadvantages of the Acquisition

Non-exhaustive lists of the advantages and disadvantages of the Acquisition are set out in Sections 0 and 7.9 of the Explanatory Memorandum and in Section 13 of the Independent Experts Report.

GLOSSARY

$ means Australian dollars.

AEDT means Australian Eastern Daylight Time as observed in Melbourne, Victoria.

Acquisition has the meaning given in Section 7.1.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Optiscan Imaging Limited (ACN 077 771 987).

Completion means completion of the Acquisition.

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company, or the directors seeking appointment to the Company pursuant to this Notice (as applicable).

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Independent Expert means BDO Corporate Finance (WA) Pty Ltd (ACN 124 031 045).

Independent Expert's Report means the report on the Acquisition completed by the Independent Expert for the purposes of Resolution 7, accompanying the Notice as Appendix A.

Intellectual Property Portfolio has the meaning given to it in Section 7.1.

Acquisition Agreement means the formal agreement entered between the Company and the Vendor for the Acquisition (as varied).

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Vendor means the vendor under the Acquisition, being Professor Camile Farah.

SCHEDULE 1 – PRO FORMA BALANCE SHEET

	30-Jun-22	Proforma Adjustment 1 Acquisition of IP	Proforma Financials
Current Assets			
Cash at Bank	4,529,208		4,529,208
Trade and Other Receivables	1,412,957		1,412,957
Inventories	1,269,139		1,269,139
Other current assets	111,204		111,204
Total Current Assets	**7,322,508**	**-**	**7,322,508**
Non Current Assets			
Property, plant & Equipment	139,393		139,393
Intangibles	-	336,000	336,000
Right-of-use-assets	469,576		469,576
Other non-current assets	52,625		52,625
Total Non Current Assets	**661,594**	**336,000**	**997,594**
Total Assets	**7,984,102**	**336,000**	**8,320,102**
Current Liabilities			
Trade and other payables	437,008		437,008
Provisions	387,410		387,410
Lease Liabilities	175,969		175,969
Total Current Liabilities	**1,000,387**	**-**	**1,000,387**
Non-Current Liabilities			
Provisions	18,604		18,604
Lease Liabilities	372,702		372,702
Total Non-Current Liabilities	**391,306**	**-**	**391,306**
Total Liabilities	**1,391,693**	**-**	**1,391,693**
Net Assets	**6,592,409**	**336,000**	**6,928,409**
Equity			
Issued Capital	71,256,070	336,000	71,592,070
Share Based Payments Reserve	2,229,978		2,229,978
Retained Earnings	(66,893,639)		(66,893,639)
	6,592,409	**336,000**	**6,928,409**

SCHEDULE 2 – SUMMARY OF THE TERMS AND CONDITIONS OF THE COMPANY'S EMPLOYEE INCENTIVE SECURITIES PLAN

A summary of the material terms of the Company's Employee Securities Incentive Plan (**Plan**) is set out below.

Eligible Participant	**Eligible Participant** means a person that is a 'primary participant' (as that term is defined in Division 1A of Part 7.12 of the Corporations Act) in relation to the Company or an Associated Body Corporate (as defined in the Corporations Act) and has been determined by the Board to be eligible to participate in the Plan from time to time.
Purpose	The purpose of the Plan is to: (a) assist in the reward, retention and motivation of Eligible Participants; (b) link the reward of Eligible Participants to Shareholder value creation; and (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of securities.
Plan administration	The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion (except to the extent that it prevents the Participant relying on the deferred tax concessions under Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth)). The Board may delegate its powers and discretion.
Eligibility, invitation and application	The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for any (or any combination of) Options and Performance Rights provided under the Plan on such terms and conditions as the Board decides. On receipt of an invitation, an Eligible Participant may apply for the securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.
Grant of securities	The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number and type of securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

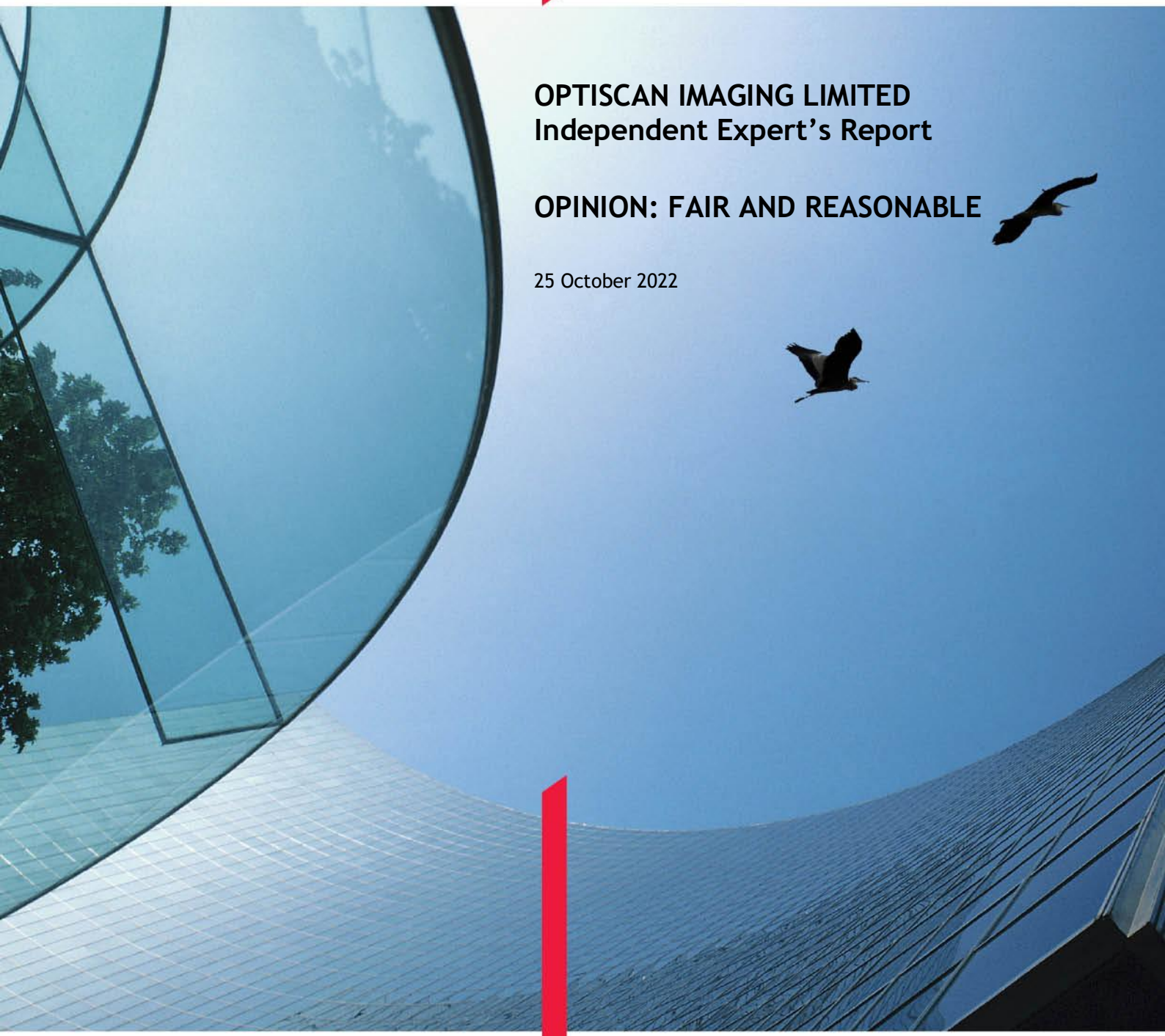
Rights attaching to securities	Prior to an Option or Performance Right being exercised, the holder: (a) does not have any interest (legal, equitable or otherwise) in any Share the subject of the convertible security other than as expressly set out in the Plan; (b) is not entitled to receive notice of, vote at or attend a meeting of the shareholders of the Company; (c) is not entitled to receive any dividends declared by the Company; and (d) is not entitled to participate in any new issue of Shares (see Adjustment of convertible securities section below).
Vesting of convertible securities	Any vesting conditions applicable to the Options or Performance Rights will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant securities have vested. Unless and until the vesting notice is issued by the Company, the securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to an Option or Performance Right are not satisfied and/or otherwise waived by the Board, that security will lapse.
Exercise of convertible securities and cashless exercise	To exercise a security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise (see next paragraph below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Option or Performance Right (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice. An invitation to apply for Options may specify that at the time of exercise of the Options, the Participant may elect not to be required to provide payment of the exercise price for the number of Options specified in a notice of exercise, but that on exercise of those Options the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Options. **Market Value** means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation. An Option or a Performance Right may not be exercised unless and until that security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.
Timing of issue of Shares and quotation of Shares on exercise	As soon as practicable after the valid exercise of an Option or a Performance Right by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised securities held by that Participant.

Restrictions on dealing with securities	A holder may not sell, assign, transfer, grant a security interest over or otherwise deal with an Option or a Performance Right that has been granted to them unless otherwise determined by the Board. A holder must not enter into any arrangement for the purpose of hedging their economic exposure to an Option or a Performance Right that has been granted to them. However, in Special Circumstances as defined under the Plan (including in the case of death or total or permanent disability of the Participant) a Participant may deal with convertible securities granted to them under the Plan with the consent of the Board.
Listing of convertible securities	An Option or a Performance Right granted under the Plan will not be quoted on the ASX or any other recognised exchange. The Board reserves the right in its absolute discretion to apply for quotation of an Option granted under the Plan on the ASX or any other recognised exchange.
Forfeiture of convertible securities	Options and Performance Rights will be forfeited in the following circumstances: (a) where a Participant who holds Options or Performance Rights ceases to be an Eligible Participant (e.g. is no longer employed or their office or engagement is discontinued with the Group), all unvested convertible securities will automatically be forfeited by the Participant; (b) where a Participant acts fraudulently or dishonestly, negligently, in contravention of any Group policy or wilfully breaches their duties to the Group; (c) where there is a failure to satisfy the vesting conditions in accordance with the Plan; (d) on the date the Participant becomes insolvent; or (e) on the expiry date of the Options or Performance Rights.
Change of control	If a change of control event occurs, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the holder's Options or Performance Rights will be dealt with, including, without limitation, in a manner that allows the holder to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
Adjustment of convertible securities	If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Options or Performance Rights will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation. If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Options or Performance Rights is entitled, upon exercise of those securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Options or Performance Rights are exercised.

	Unless otherwise determined by the Board, a holder of Options or Performance Rights does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.
Rights attaching to Shares	All Shares issued or transferred under the Plan or issued or transferred to a Participant upon the valid exercise of an Option or a Performance Right, will rank equally in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the allotment or transfer of the Shares. A Participant will be entitled to any dividends declared and distributed by the Company on the Shares issued upon exercise of an Option or a Performance Right and may participate in any dividend reinvestment plan operated by the Company in respect of Shares. A Participant may exercise any voting rights attaching to Shares issued under the Plan.
Disposal restrictions on Shares	If the invitation provides that any Shares issued upon the valid exercise of an Option or a Performance Right are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction. For so long as a Share is subject to any disposal restrictions under the Plan, the Participant will not: (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Share; or (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.
General Restrictions on Transfer of Shares	If the Company is required but is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of an Option or a Performance Rights may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Act. Restrictions are imposed by applicable law on dealing in Shares by persons who possess material information likely to affect the value of the Shares and which is not generally available. These laws may restrict the acquisition or disposal of Shares by you during the time the holder has such information. Any Shares issued to a holder upon exercise of an Option or a Performance Right shall be subject to the terms of the Company's Securities Trading Policy.
Buy-Back	Subject to applicable law, the Company may at any time buy-back Options or Performance Rights and Shares issued upon exercise of Options or Performance Rights in accordance with the terms of the Plan.
Employee Share Trust	The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding securities for holders under the Plan and delivering Shares on behalf of holders upon exercise of Options or Performance Rights.

Maximum number of securities	The Company will not make an invitation under the Plan which involves monetary consideration if the number of Shares that may be issued, or acquired upon exercise of Options or Performance Rights offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan during the 3 year period ending on the day of the invitation, will exceed 5% of the total number of issued Shares at the date of the invitation (unless the Constitution specifies a different percentage and subject to any limits approved by Shareholders under Listing Rule 7.2 Exception 13(b) – refer to Resolution 5.
Amendment of Plan	Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect. No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.
Plan duration	The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants. If a Participant and the Company (acting by the Board) agree in writing that some or all of the securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those securities may be cancelled in the manner agreed between the Company and the Participant.
Income Tax Assessment Act	The Plan is a plan to which Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies (subject to the conditions in that Act) except to the extent an invitation provides otherwise.

APPENDIX A – INDEPENDENT EXPERT'S REPORT



OPTISCAN IMAGING LIMITED
Independent Expert's Report

OPINION: FAIR AND REASONABLE

25 October 2022

Financial Services Guide

25 October 2022

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (‘**we**’ or ‘**us**’ or ‘**ours**’ as appropriate) has been engaged by Optiscan Imaging Limited (‘**Optiscan**’) to provide an independent expert’s report on the proposal to acquire intellectual property from an entity controlled by Chief Executive Officer and Managing Director of Optiscan, Professor Camile Farah. The consideration for the acquisition of the intellectual property is six million fully paid ordinary shares in Optiscan. You are being provided with a copy of our report because you are a shareholder of Optiscan and this Financial Services Guide (‘**FSG**’) is included in the event you are also classified under the Corporations Act 2001 (‘**the Act**’) as a retail client.

Our report and this FSG accompanies the Notice of Meeting required to be provided to you by Optiscan to assist you in deciding on whether or not to approve the proposal.

Financial Services Guide
This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don’t fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $32,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Optiscan.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Optiscan for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals
We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints can be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700, West Perth WA 6872 or, by telephone or email using the contact details within the following report.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme
If a complaint is made and the complainant is dissatisfied with the outcome of the above process, or our determination, the complainant has the right to refer the matter to the Australian Financial Complaints Authority Limited ('**AFCA**').

AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.

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5 Spring Street
Perth WA 6000
Australia

25 October 2022

The Independent Directors
Optiscan Imaging Limited
16 Miles Street
Mulgrave, VIC, 3170

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

Optiscan Imaging Limited ('**Optiscan**' or '**the Company**') has entered into a binding asset sale agreement ('**Agreement**') with Optiscan's Chief Executive Officer and Managing Director, Professor Camile Farah ('**Prof. Farah**'), to acquire intellectual property in the form of clinical and histopathological datasets ('**Datasets**') for the consideration of six million fully paid ordinary shares in Optiscan ('**the Consideration**')('**Acquisition**').

The Datasets contain 228 matched patient oral pathology datasets, each comprising up to 200 high quality, high resolution images that can be stacked to provide three dimensional constructs of imaged tissue, that were collected over the period from 2 October 2019 to 15 June 2022. The Datasets are expected to be included in the Company's current and future regulatory submissions as part of the commercialisation process for its InVivage device.

As the Acquisition is to be entered into with a related party for an amount in excess of 5% of the reported net assets of the Company, approval from Optiscan shareholders not associated with Prof. Farah ('**Shareholders**') is required in order for the Acquisition to proceed.

Further details of the Acquisition are outlined in Section 4 of our Report. All figures are quoted in Australian dollars ('**AUD**' or '**A$**') unless otherwise stated.

2. Summary and Opinion

2.1 Requirement for the report

The directors of Optiscan have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Acquisition is fair and reasonable to Shareholders.

Our Report is prepared pursuant to ASX Listing Rule 10.1, and Chapter 2E of the Corporations Act 2001 ('**Corporations Act**' or '**the Act**') and is to be included in the Notice of Meeting for Optiscan in order to assist the Shareholders in their decision whether to approve the Acquisition.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**') Regulatory Guide 76 'Related party transactions' ('**RG 76**'), Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').

In arriving at our opinion, we have assessed the terms of the Acquisition as outlined in the body of this report. We have considered:

- How the value of the Datasets to be acquired compares to the value of the Consideration;
- The likelihood of an alternative offer being made to Optiscan;
- Other factors which we consider to be relevant to Shareholders in their assessment of whether to approve the Acquisition; and
- The position of Shareholders should the Acquisition not proceed.

2.3 Opinion

We have considered the terms of the Acquisition as outlined in the body of this report and have concluded that the Acquisition is fair and reasonable to Shareholders.

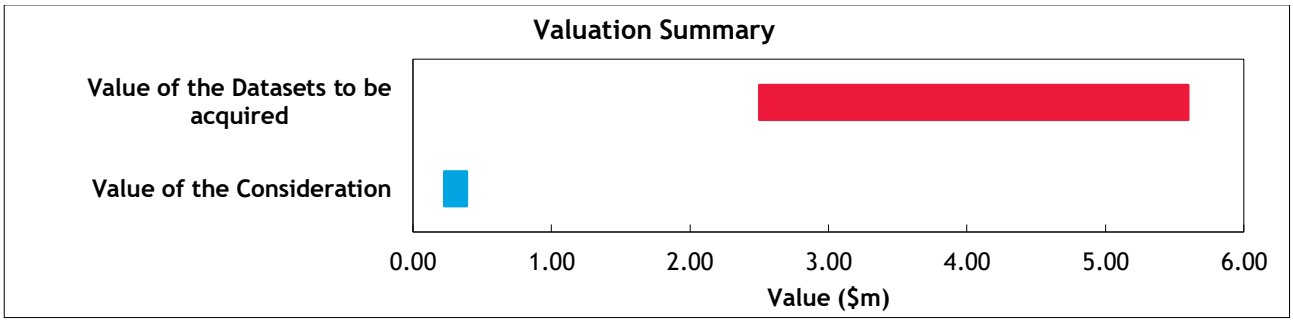
2.4 Fairness

In Section 12 we determined that the Consideration compares to the value of the Datasets to be acquired, as detailed below.

	Ref	Low $	Preferred $	High $
Value of the Datasets to be acquired	10	2,500,000	3,300,000	5,600,000
Value of the Consideration	11.4	228,000	336,000	396,000

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Acquisition is fair for Shareholders.

We note that if we had adopted Optiscan's QMP in valuing the Consideration, our opinion on the fairness of the Acquisition would not change.

2.5 Reasonableness

We have considered the analysis in Section 13 of this report, in terms of both:

- the advantages and disadvantages of the Acquisition; and
- other considerations, including the position of Shareholders if the Acquisition does not proceed and the consequences of not approving the Acquisition.

In our opinion, the position of Shareholders if the Acquisition is approved is more advantageous than the position if the Acquisition is not approved. Accordingly, in the absence of any other relevant information and/or a superior proposal, we believe that the Acquisition is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	**Advantages**	**Section**	**Disadvantages**
13.3.1	The Acquisition is fair	13.4.1	Dilution of existing Shareholders' interests
13.3.2	The acquisition of the Datasets may fast track the process of achieving regulatory approvals		
13.3.3	The value of the Datasets to Optiscan is likely to exceed the value determined by Acuity as the acquisition of the Datasets is likely to be value accretive to Optiscan's intellectual property		
13.3.4	There is no cash element of the consideration		
13.3.5	Further alignment of the interests of Prof. Farah and Optiscan Shareholders		

Other key matters we have considered include:

Section	Description
13.1	Alternative Proposal
13.2	Consequences of not approving the Acquisition

3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of, or agrees to acquire or dispose of, a substantial asset when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity as set out in the latest accounts given to the ASX under its Listing Rules. Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party or person of influence of the listed entity as defined under the ASX Listing Rules.

Prof. Farah is the Chief Executive Officer and Managing Director of Optiscan and is therefore considered to be a related party. Based on the audited accounts as at 30 June 2022, 5% of the equity interest of Optiscan is approximately $330,000. The value of the Datasets being acquired exceeds this figure, therefore the Datasets are considered to be a substantial asset for the purposes of the ASX Listing Rules.

Listing Rule 10.5.10 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent experts' report is required for the Acquisition. Under RG 111, the report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to Shareholders.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Acquisition is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111 which provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1 this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

We do not consider the Acquisition to be a control transaction. As such, we have used RG 111 as a guide for our analysis but have considered the Acquisition as if it were not a control transaction.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer. In the case of Optiscan, the Datasets are the subject of the Acquisition. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in Section 3.2 we do not consider that the Acquisition is a control transaction. As such, we have not included a premium for control when considering the value of the Consideration.

RG 111 states that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any alternative options.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the Datasets to be acquired and the value of the Consideration (fairness – see Section 12 'Is the Acquisition Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness – see Section 13 'Is the Acquisition Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Acquisition

Optiscan has entered into the Agreement with Prof. Farah to acquire the Datasets, for the consideration of six million fully paid ordinary shares in Optiscan. The Datasets contain 228 matched patient oral pathology datasets, each comprising up to 200 high quality, high resolution images that can be stacked to provide three dimensional constructs of imaged tissue. Further information regarding the Company's intellectual property can be found in Section 5 of our Report and information on the Datasets is available in Section 6 of our Report.

Under the terms of the Acquisition, the Consideration will be placed into a voluntary escrow arrangement for a period of 12 months from the issue date. If the Consideration is subject to mandatory escrow provisions under ASX Listing Rules, the voluntary escrow arrangement referred to above will not apply.

Conditions Precedent

The Acquisition is subject to the receipt of relevant Shareholder approvals under ASX Listing Rules, the receipt of all other necessary government, regulatory and third party approvals, consents and waivers as required by the Corporations Act, and any other applicable laws and regulations to allow the Company and Prof. Farah to lawfully complete the Acquisition. Approvals must be obtained prior to 31 December 2022, unless otherwise mutually agreed by the parties.

Capital Structure Following the Acquisition

Following the Acquisition, Prof. Farah will hold a relevant interest in Optiscan of approximately 1.04%. We have outlined below the change in holding in Optiscan by Prof. Farah as a result of the issue of shares as part of the Acquisition.

Description	Existing Shareholders	Prof. Farah	Total
Shares on issue prior to the Acquisition	619,080,617	524,985	619,605,602
% holdings prior to the Acquisition	*99.92%*	*0.08%*	*100.00%*
Shares issued under the Acquisition	-	6,000,000	6,000,000
Shares on issue following the Acquisition	619,080,617	6,524,985	625,605,602
% holdings following the Acquisition	***98.96%***	***1.04%***	***100.00%***

Source: BDO analysis

We note that, as at the date of our Report, Prof. Farah holds 12,000,000 unlisted options in Optiscan, 3,000,000 of which are exercisable at $0.1925 on or before 9 March 2025, and the remaining 9,000,000 of which are exercisable at $0.1925 on or before 9 March 2027.

Additionally, we note that the Company has 3,000,000 vested options that are currently 'in the money' based on recent pricing. In our valuation of an Optiscan share prior to the Acquisition, we have assumed that these options have been exercised. Prof. Farah does not hold any vested options that are 'in the money'.

5. Profile of Optiscan

Optiscan is an ASX-listed company that specialises in the development, manufacture and commercialisation of endomicroscopic imaging technologies for medical, translational and pre-clinical applications to enable the early detection and management of disease. Optiscan's technology is used by research institutions and hospitals across North America, Europe, Asia and Australia, and enables real-time in-vivo imaging at the cellular level in human and animal tissue. Optiscan was incorporated in 1994 and commenced trading on the ASX in August 1997. The Company's head office is located in Mulgrave, Australia.

The Company's board of directors are:

- Prof. Camile Farah – Chief Executive Officer & Managing Director;
- Mr. Robert Cooke – Non-Executive Chairman;
- Mr. Ron Song – Non-Executive Director;
- Ms. Karen Borg – Non-Executive Director; and
- Mr. Sean Gardiner – Non-Executive Director.

5.1. History

Since inception, Optiscan has been primarily focused on the development of fibre optic confocal microscopy devices, which were first introduced in the late 1990s. In conjunction with its collaborative partner, Pentax Medical ('**Pentax**'), in 2004, Optiscan received regulatory clearance by the United States ('**US**') Food and Drug Administration ('**FDA**'), for its flexible endomicroscope, known as the Pentax ISC-1000 ('**ISC-1000**'), to be sold in the US. The ISC-1000 was a device that enabled the analysis of living tissue at high magnification using spatial filtering to block out-of-focus light, and was classified as a Class 2 medical device for medical purposes. The ISC-1000 also received CE Mark certification, allowing for its sale in Europe and other countries.

In its first full year, the ISC-1000 generated approximately $5 million in sales. However, through 2008, Pentax advised Optiscan that it was unable to move ISC-1000 inventory amidst a transaction that ultimately saw Pentax acquired by Hoya Corporation ('**Hoya**'). Optiscan announced in March 2009 that it had terminated its collaboration agreement with Hoya, and as such, the ISC-1000 was discontinued. Following the termination of the Company's collaboration with Hoya, Optiscan sought to secure agreements with other potential partners in order to continue this product offering. Most notably, the Company partnered with Carl Zeiss Meditech ('**CZM**') to develop a semi-rigid endomicroscope for use in neurosurgery, known as the CONVIVO device ('**CONVIVO**').

From 2009 to 2016, the Company's announcements referred to maintaining tight control of its costs as Optiscan attempted to navigate the disruption caused by the global financial crisis. Over this time, the primary operations of the Company were its collaboration with CZM, and the development of a second generation imaging platform, comprising a miniaturised scanner and processor, known as Fluorescence In Vivo Endomicroscopy 2 ('**FIVE2**').

In 2016, a new leadership team was appointed with a focus on delivering microscopic imaging and related technologies to the global market. The new business model surrounded commercialising its collaboration with CZM, selling its FIVE2 product, and exploring new market opportunities. Further, during the year

ended 30 June 2020, Optiscan developed another confocal endomicroscope for oral cancer screening, known as InVivage (‘**InVivage**’).

Optiscan has established processes for their development projects in both clinical and pre-clinical applications. The Company’s systems are certified to International Standard Organisation 13485:2016, and is in alignment with 21CFR820 and European Union medical device regulations, which specify requirements for quality management systems in the production of medical devices.

Recently, the Company has partnered with a number of universities, hospitals, medical research companies and medical device companies. It is also involved in a number of oral cancer and breast cancer studies. Notably, during the financial year ended 30 June 2021, Optiscan partnered with University of Melbourne’s Dental School (‘**MDS**’) and breast cancer surgeon, Professor Bruce Mann for separate clinical trials.

5.2. Products

FIVE2

FIVE2 is a miniature confocal endomicroscope laboratory device designed for translational and pre-clinical research that is currently being used by medical research facilities and universities. FIVE2 enables users to view tissue at any angle in three dimensions at sub-micron resolution. FIVE2 further reports the position of the focal plane with micron accuracy, includes an image rollback function storing up to 60 selected images, and possesses high level disinfection and sterilisation options providing a cost-effective method, and enabling longitudinal studies on the same subject.

In August 2020, Optiscan established distributor arrangements with Advanced Microscopy Consultancy Services Inc. (‘**AMCS**’) to provide technical, marketing and sales services in the US and Canada. AMCS holds significant pre-clinical microscopy and imaging expertise alongside multiple contacts in the research community. Shortly after, in December 2020, Optiscan appointed J&H Technology as its exclusive distributor in Taiwan to expand the FIVE2 pre-clinical research market.

In July 2021, Optiscan announced that FIVE2 would be utilised by the University of Adelaide Dental School in its ‘Proof of Concept Study’ for a 30 patient ex-vivo study to detect oral squamous cell carcinoma. Further, in September 2021, the Swinburne University of Technology’s MedTechVic Hub announced Optiscan as its project partner, where FIVE2 would be featured to assist in creating medical and assistive devices.

In June 2022, Optiscan announced that it had entered into a strategic partnership with Sinsi Technology Co Ltd. (‘**Sinsi**’), a Chinese distribution company within the science and biotechnology sectors, for the distribution of FIVE2 in the greater Chinese market. The partnership has an initial term of two years, with the ability to extend for a further 12 months following the initial term.

Optiscan typically markets FIVE2 at investment conferences by presenting to audiences of investors, research analysts and brokers, as well as industry executives from global medical technology companies. Although Optiscan’s ability to conduct live demonstrations at such events was impacted by COVID-19 restrictions globally, the Company continued to engage on a digital platform and in other marketing initiatives to increase the market’s understanding of Optiscan’s technology. Optiscan’s current distribution network for FIVE2 comprises South Korea, North America, China and Taiwan.

InVivage

The Company also engages in the development of InVivage, which is a clinical device and system for use in cancer screening and surgery. InVivage is a handheld confocal endomicroscope intended to create in-vivo laser scanning images of the internal microstructure of tissue within oral cavities. The Company also expects InVivage to have applications across a number of other cancers, including those of the cervix, uterus and breast.

The Company is focussed on achieving FDA approval for the use of InVivage in oral cancer screening and surgery. In January 2020, Optiscan completed a 510(k) pre-submission meeting with the FDA. A 510(k) is a premarket submission made to the FDA to demonstrate that the device to be marketed is at least as safe and effective, that is, substantially equivalent, to an already legally marketed device.

On 9 October 2020, Optiscan announced it had received written feedback from the FDA, indicating that progress was being made regarding its 510(k) submission. Throughout 2021, Optiscan commenced third-party validation and verification testing, as well as other internal and external tests required for the submission. As a requirement of the 510(k) submission, Optiscan commenced and continues to progress clinical trials and regulatory testing, including the successful completion of a dosing study at the MDS.

As Optiscan moves closer to FDA approval, the Company has been planning and developing its market entry and distribution strategy with former medical executive and oral surgeon, Dr. Philip Nowell. Funding from the 'Federal Government Entrepreneurs Programme – Growth Grant' is being used to support the development of the Company's strategy.

Optiscan intends to be prepared to proceed with the commercialisation, marketing and distribution of InVivage following FDA approval being granted. Following a 510(k) submission to the FDA, the average time to clearance is approximately six months. Optiscan announced the submission of its 510(k) application for the InVivage device on 22 August 2022.

CONVIVO

Optiscan and CZM have been in collaboration since 2008, working together to develop CONVIVO, a miniature confocal endomiscroscope, providing a real-time 'virtual biopsy' during a clinical procedure, assisting pathologists and surgeons to determine cancerous and non-cancerous tissue and visualise tumour margins.

After the initial period of collaboration, which included a number of human trials, in August 2011, Optiscan and CZM were granted a key US patent over its microscopic imaging system to be used in conjunction with macroscopic surgical imaging systems. Positive test results followed over the period to August 2014, which validated the clinical use of a sterility solution (disposable sheath) as part of the clinical neurosurgical endomicroscopy system under development with CZM. The sheath would then be integrated in clinical studies.

Optiscan announced in September 2015 the commencement of a regulatory submission to the FDA. CE Mark approval for CONVIVO was obtained in April 2018, as well as FDA approval shortly after in October 2018, allowing for the marketing and sale of CONVIVO in the US and Europe. During 2021, CONVIVO and the Sterile Sheath (which acts as a sterile barrier between the probe of the CONVIVO and the tissue in the brain) were both registered on the Australian Register of Therapeutic Goods ('**ARTG**'), enabling the devices to be lawfully supplied for use in neurosurgery in Australia.

Currently, Optiscan and CZM are continuing to collaborate on the development and further commercialisation of CONVIVO, with the regulatory pathways for non-US and European markets progressing. The collaboration between Optiscan and CZM is currently in the production phase, on track for the full scale commercialisation of the CONVIVO.

5.3. Patents and Applications

As at the date of our Report, the following patents and patent applications held by the Company are active. We note that the below table excludes patents that are set to expire prior to December 2025:

Patents	Application number	Applicant	Status	Filing date
Scanning method and apparatus	WO2004/040267	Optiscan	Granted DE, JP, UK, US	29-Oct-03
Method and apparatus for providing depth control or z-actuation	US10/822,718	Optiscan & Pentax	Granted US, JP	13-Apr-04
Optical Connector	US10/845,223	Optiscan & Hoya Corp	Granted DE, JP, US	14-May-04
Fibre bundle confocal endomicroscope	WO2006/076772	Optiscan	Granted EPO, US	20-Jan-06
Optical fibre scanning apparatus	US20090015894	Optiscan	Granted EPO, HK, JP, UK, US	13-Sep-07
A scanner for an endoscope	WO2012/048374	Optiscan	Granted AU, EPO, JP, US	12-Oct-11
Optical scanner and scanned lens optical probe	WO2014/201501	Optiscan	Granted AU, CN, EPO, US, HK, JP	19-Jun-14
Sterile sheath for confocal endomicroscopy scanner probe	US20200129049	Optiscan & CZM	Pending	31-Oct-18
Optical Probe and processing system	PCT application	Optiscan	Lodged	19-Aug-21

Source: Acuity Valuation Report, 2022

5.4. Recent Capital Raisings

On 25 September 2020, Optiscan announced it had received binding commitments from sophisticated and professional investors for the issue of 118,951,500 fully paid ordinary shares in the Company at an issue price of $0.0825, to raise a total of $9,813,499 before costs (**'Placement'**). The issue price represented a 16% discount to the 15-day volume weighted average price (**'VWAP'**) of Optiscan shares prior to the announcement of the Placement. Additionally, for every four shares subscribed for under the Placement, the Company granted one free attaching option, exercisable at $0.150, and expiring 30 months from the date of issue.

As part of the Placement, the Company entered into a binding subscription agreement with Orchid Capital Investments Pte Ltd, a member of the Clermont Group (**'Clermont'**). Clermont would be a cornerstone investor in the Placement, subscribing for approximately 89,485,000 fully paid ordinary shares in Optiscan, equating to an interest of approximately 15%. Clermont would also have the right (but not obligation) to appoint one Non-Executive Director to the board of Optiscan pursuant to the subscription agreement, subject to maintaining at least a 10% interest in the Company. As such, on 14 June 2022, Clermont appointed Mr. Sean Gardiner as a Non-Executive Director of Optiscan, pursuant to the subscription agreement.

5.5. Historical Statement of Financial Position

Statement of Financial Position	Audited as at 30-Jun-22 $	Audited as at 30-Jun-21 $	Audited as at 30-Jun-20 $
CURRENT ASSETS			
Cash and cash equivalents	4,529,208	8,442,327	526,361
Trade and other receivables	1,412,957	1,244,039	758,434
Inventories	1,269,139	1,160,791	1,154,240
Other	111,204	121,723	70,639
TOTAL CURRENT ASSETS	**7,322,508**	**10,968,880**	**2,509,674**
NON-CURRENT ASSETS			
Property, plant and equipment	139,393	102,930	158,202
Right-of-use assets	469,576	572,238	724,386
Other	52,625	52,625	52,625
TOTAL NON-CURRENT ASSETS	**661,594**	**727,793**	**935,213**
TOTAL ASSETS	**7,984,102**	**11,696,673**	**3,444,887**
CURRENT LIABILITIES			
Trade and other payables	437,008	493,710	481,286
Borrowings	-	-	375,797
Lease liabilities	175,969	172,094	133,516
Provisions	387,410	307,578	254,314
TOTAL CURRENT LIABILITIES	**1,000,387**	**973,382**	**1,244,913**
NON-CURRENT LIABILITIES			
Lease liabilities	372,702	495,927	646,767
Provisions	18,604	10,258	4,884
TOTAL NON-CURRENT LIABILITIES	**391,306**	**506,185**	**651,651**
TOTAL LIABILITIES	**1,391,693**	**1,479,567**	**1,896,564**
NET ASSETS	**6,592,409**	**10,217,106**	**1,548,323**
EQUITY			
Issued capital	71,256,070	70,942,231	59,730,577
Reserves	2,229,978	1,935,477	2,361,359
Accumulated losses	(66,893,639)	(62,660,602)	(60,543,613)
TOTAL EQUITY	**6,592,409**	**10,217,106**	**1,548,323**

Source: Optiscan's audited financial statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022.

We note that the Company's auditor included an emphasis of matter relating to a material uncertainty to continue as a going concern, in its audit report for the year ended 30 June 2020, and referred to the Directors' classification of Optiscan as a going concern as a key audit matter, in its audit report for the year ended 30 June 2022.

Commentary on Historical Statement of Financial Position

- Cash and cash equivalents increased from $0.53 million as at 30 June 2020 to $8.44 million as at 30 June 2021. The increase of approximately $7.91 million was primarily the result of proceeds from the issue of shares of $11.04 million, $9.81 million of which was raised through the Placement. This was partially offset by payments to suppliers and employees of $4.02 million.

Cash and cash equivalents decreased from $8.44 million as at 30 June 2021 to $4.53 million as at 30 June 2022. This decrease of approximately $3.91 million was primarily the result of payments to suppliers and employees of $5.93 million. This was partially offset by the receipt of research and development ('**R&D**') tax incentives totalling $0.77 million, and receipts from customers of $0.93 million.

- Trade and other receivables of $1.41 million as at 30 June 2022 comprise trade receivables of $0.39 million, an R&D tax incentive grant receivable of $0.94 million, and a GST refund receivable of $0.08 million. The Company receives a 43.5% refundable tax offset on eligible expenditure under the R&D Tax Incentive Scheme if its turnover is less than $20 million per annum.
- Inventories of $1.27 million as at 30 June 2022 primarily comprise raw materials and work in progress of $0.77 million, and finished goods of $0.50 million.
- Right-of-use assets and lease liabilities relate to the land and buildings leased by the Company for its offices and manufacturing. The Company's leases are under agreements of between 1 to 5 years, with options to extend.
- Borrowings of $0.38 million as at 30 June 2020 relate to a loan agreement with Radium Capital in relation to the financing of its R&D tax credit for the year ended 30 June 2020. The outstanding balance was repaid by the Company during the year ended 30 June 2021.

5.6. Historical Statements of Profit or Loss and Other Comprehensive Income

Statement of Comprehensive Income	Audited for the year ended 30-Jun-22 $	Audited for the year ended 30-Jun-21 $	Audited for the year ended 30-Jun-20 $
Revenue	1,013,039	889,526	1,190,712
Other income	1,267,208	1,651,928	785,714
Expenses			
R&D and intellectual property expenses	(2,165,035)	(1,666,265)	(1,273,143)
Share-based payment expenses	(376,590)	(173,801)	(293,898)
Depreciation expense	(240,554)	(238,286)	(237,207)
Operations expenses	(2,429,729)	(1,037,122)	(889,627)
Finance costs	(32,158)	(56,268)	(63,892)
Administration	(1,269,218)	(1,496,407)	(984,012)
Loss before income tax expense	**(4,233,037)**	**(2,126,695)**	**(1,765,353)**
Income tax expense	-	-	-
Loss for the year from continuing operations	**(4,233,037)**	**(2,126,695)**	**(1,765,353)**
Other comprehensive income	-	-	-
Total comprehensive income for the year	**(4,233,037)**	**(2,126,695)**	**(1,765,353)**

Source: Optiscan's audited financial statements for the years ended 30 June 2020, 30 June 2021 and 30 June 2022.

As noted above, Optiscan's auditor included an emphasis of matter relating to a material uncertainty to continue as a going concern, in its audit report for the year ended 30 June 2020, and referred to the Directors' classification of Optiscan as a going concern as a key audit matter, in its audit report for the year ended 30 June 2022.

Commentary on Historical Statement of Profit or Loss and Other Comprehensive Income

- Revenue of $1.01 million for the year ended 30 June 2022 primarily comprised sales of goods of $0.99 million, with the remainder relating to rental income.
- Other income of $1.27 million for the year ended 30 June 2022 mainly related to an R&D tax incentive of $0.94 million and a program grant from BioMedTech Horizons of $0.29 million.

5.7. Capital Structure

The share structure of Optiscan as at 13 October 2022 is outlined below:

	Number
Total ordinary shares on issue	619,605,602
Top 20 shareholders	372,245,265
Top 20 shareholders - % of shares on issue	60.08%

Source: Optiscan's share registry information

The ordinary shares held by the most significant shareholders as at 13 October 2022 are detailed below:

Name	No. of Ordinary Shares	Percentage of Issued Shares (%)
Peters Investments Pty Ltd	106,500,000	17.19%
HSBC Custody Nominees (Australia) Limited	92,576,263	14.94%
Ibsen Pty Ltd (Narula Family Set No.3 A/C)	37,750,000	6.09%
Citicorp Nominees Pty Limited	28,885,140	4.66%
Subtotal	**265,711,403**	**42.88%**
Others	353,894,199	57.12%
Total Ordinary Shares on Issue	**619,605,602**	**100.00%**

Source: Optiscan's share registry information

The unlisted options on issue as at 13 October 2022 are detailed below:

Current options on issue	Number
Unlisted options exercisable at $0.050, vesting upon the 14-day VWAP of the Company exceeding $0.080, expiring on 30 November 2022	900,000
Unlisted options exercisable at $0.275, expiring on 19 April 2023	2,000,000
Unlisted options exercisable at $0.209, expiring on 19 April 2023	1,000,000
Unlisted options exercisable at $0.065, vesting upon the 14-day VWAP of the Company exceeding $0.080, expiring on 31 May 2023	1,200,000
Unlisted options exercisable at $0.150, expiring on 9 June 2023	29,182,573
Unlisted options exercisable at $0.080, vesting upon the 14-day VWAP of the Company exceeding $0.100, expiring on 30 November 2023	900,000
Unlisted options exercisable at $0.1925, expiring on 9 March 2025	3,000,000
Unlisted options exercisable at $0.1925, expiring on 9 March 2027	9,000,000
Number	**47,182,573**

Source: Optiscan's share registry information

As outlined in Section 4, the Company has 3,000,000 vested options that are currently 'in the money' based on recent pricing. In our valuation of an Optiscan share prior to the Acquisition, we have assumed that these options have been exercised. Prof. Farah does not hold any vested options that are 'in the money'.

6. Background on the Datasets

The Datasets contain 228 matched patient oral pathology datasets, each comprising up to 200 high quality, high resolution images that can be stacked to provide three dimensional constructs of imaged tissue. The Datasets were collected over the two year and eight month period from October 2019 to June 2022.

All individual datasets include the following information:

- Confocal laser endomicroscope image files;
- Clinical white light images with matching annotated clinical data (including information such as age, gender, smoking and alcohol history, clinical diagnosis, treatment undertaken, etc.);
- Corresponding non-confocal optical imaging of the same lesions;
- Long-term follow up details;
- Histopathological images; and
- Annotated data of corresponding confocal, clinical and histopathological images.

According to the independent valuation report ('**Technical Specialist Report**') prepared by Acuity Technology Management Pty Ltd ('**Acuity**'), the images contained within the Datasets can be entered into machine learning programs as a central part of artificial intelligence ('**AI**') algorithms. These AI algorithms are expected to be incorporated into future iterations of Optiscan's technology, as well as downstream validation studies, and are expected to strengthen current and future regulatory submissions made by the Company.

Optiscan also intends to lodge a new patent for AI software that supports the InVivage system to provide predictive diagnoses once clinicians image a patient. This software is expected to be built from the Datasets that are intended to be acquired from Prof. Farah.

Acuity has noted that whilst there are only a few companies operating in the confocal laser endomicroscopy market, none of which specialise in oral cancer, it is possible that with access to the Datasets these companies may be in a position to compete with Optiscan. Further information on the Datasets can be found in the Technical Specialist Report prepared by Acuity in Appendix 5 of our Report.

7. Economic analysis

Optiscan is exposed to the risks and opportunities of the Australian market due to the geographic location of its operations, and its listing on the ASX. Accordingly, we have presented an economic analysis of Australia.

Overview

In its August 2022 Statement of Monetary Policy, the Reserve Bank of Australia ('**RBA**') elucidated caution around rising inflationary pressures, projecting consumer price inflation to peak at 7.75% in the latter half of 2022 and stabilise above 4% in 2023 and 3% in 2024. The reduction of inflation back to the target range of between 2% to 3% is expected to be the result of the ongoing resolution of global supply-side problems, rising interest rates and recent declines in some commodity prices.

Both the Australian and global outlooks for growth and inflation remain uncertain in light of substantial geopolitical disruptions emerging from several supply-side factors, pandemic related disturbances in China, and Russia's invasion of Ukraine. In many advanced economies, inflation has exceeded the initial forecasts published earlier in the year, as well as central banks' inflation targets, and remains a key source of market volatility.

Following a weakening in the outlook for global growth, bond yields have reversed prior increases perceived in the first half of 2022, whilst equity prices have contracted, as the market outlook remains uncertain amongst market participants. A previous wave of high commodity prices spawned the Australian equity market to outperform other developed markets reaching a peak in April 2022, to decline in recent months in the wake of easing global supply constraints. In Australia and most advanced economies, fixed borrowing rates have risen sharply creating a resistance to new lending at fixed rates, resulting in a decline in new lending back to levels observed in early 2020. The full extent of this remains to be felt as households with fixed term mortgages are continuing to come out of fixed interest periods. The impact of this on the property sector and flow on effects throughout the economy remains to be seen.

The RBA executed four consecutive monthly cash rate raises of 0.50%, beginning in June 2022, before increasing the cash rate by 0.25% at its October 2022 meeting. The RBA emphasised that the cash rate had increased substantially in a short period of time, and resolved to increase the cash rate by just 0.25% as it continued to assess the outlook for inflation and economic growth in Australia. Increases in rates represented a direct response to external pressures around global supply chain and energy price concerns, as well as domestic pressures in the form of tight labour markets, the New South Wales floods in July 2022, and capacity restraints throughout the economy. The RBA has indicated that further rate raises are likely to be forthcoming, guided by the transpiring of several global macroeconomic and domestic events in an attempt to control inflation.

Economic Indicators

Inflation in Australia has increased quicker than expected but remains lower than in many advanced economies. In headline terms, inflation was 6.1% over the year to June 2022, the highest year-ended CPI inflation since the early 1990s, and 4.9% in underlying terms. Additionally, the inflation outlook is higher than forecast earlier in the year, with headline annual inflation expected to peak in the latter half of 2022. As supply side issues are rectified, inflation is forecast to ease. However, with labour market conditions becoming increasingly tight, labour costs are expected to pick up in the coming years. Inflation is expected to normalise to approximately 4% in 2023 and further fall to around 3% over 2024.

The behaviour of household spending continues to be a critical source of uncertainty, as higher inflation and interest rates persist in tightening household budgets. Notwithstanding the significant global uncertainty, strong household consumption expenditure in the June and September 2022 quarters contributed to the growth in the domestic economy, supported by strong conditions in the labour market, as increased work hours and overall employment levels incited an increase in household savings. Consequently, the household saving rate remains higher than pre pandemic levels.

The Australian labour market has generated significant momentum, with the unemployment rate currently sitting at 3.5%, being close to the lowest rate in almost 50 years. Demand for employment has been met by firms increasing headcount and hours of existing staff, as restrictions and capacity limits are abolished across the country. Relatedly, labour underutilisation has declined significantly across most industries, and has been particularly prominent in industries where employment has grown strongly, such as professional services. The level of job vacancies and advertisements remain very high, suggesting unemployment may continue to fall in the near term, however, is expected to rise again as economic growth slows.

The combination of a tight labour market and a higher inflationary environment means that firms are generally better at compensating employees with higher wages and other benefits to attract and retain staff, however, wage growth has not matched inflation, resulting in declining real wages. Despite this, household spending increased strongly throughout the September quarter, supported by the ongoing recovery in the consumption of services and a return to a more usual level of household savings.

From mid-May 2021 through to January 2022, the Australian dollar entered a depreciating trend against the United States dollar. However, this trend reversed over the period from February 2022 to early April 2022, following several price shocks to key commodity markets after Russia's invasion of Ukraine. The currencies of Australia and other commodity exporting countries have depreciated over April to October 2022, with recent depreciation in the Australian dollar further linked to weaker forecast activity in China. Despite this, Australia evidenced a record level terms of trade, which contributed to strong growth in GDP and national income over the recent quarter.

Source: www.rba.gov.au *Statement by Phillip Lowe, Governor: Monetary Policy Decision dated 4 October 2022 and prior periods,* www.rba.gov.au *Statement on Monetary Policy August 2022 and prior periods,* budget.gov.au Australian Government *2022-23 Budget Overview* and imf.org *World Economic Outlook dated October 2022 and BDO analysis.*

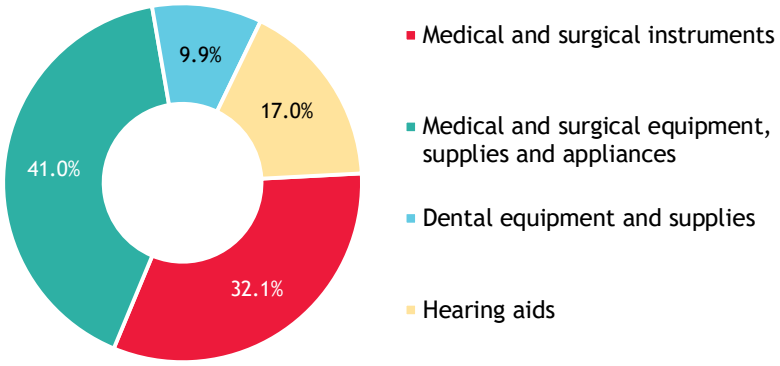
8. Industry analysis

Optiscan specialises in the development, manufacture and commercialisation of endomicroscopic imaging technologies. Given this is a niche segment of a broader industry, we have presented an industry analysis on the medical and surgical equipment manufacturing industry in Australia, as well as a general summary on the life cycle of a medical device company as the risks and opportunities of these industries are comparable to those faced by Optiscan.

8.1 Medical and Surgical Equipment Manufacturing and Medical Technology in Australia

Major products in the industry include medical and surgical equipment, dental equipment and supplies, hearing aids, hypodermic needles and syringes, diagnostic medical apparatuses and veterinary instruments.

The segmentation of revenue within the industry is presented below:



Source: IBISWorld

The number of companies in the industry has grown over the last five years, as growing healthcare expenditure has created strong demand for both specialised and general medical and surgical equipment. Both federal and state authorities have allocated additional funding for the testing and treatment of COVID-19, increasing public health expenditure over the period from 2019 to 2021. The rise in public health expenditure has benefitted the industry by increasing the number of purchases of new medical and surgical equipment, and associated supplies.

R&D requirements remain the industry's greatest barrier to entry, as new entrants often require investment from strategic partners, venture capitalists or private equity firms in order to fund operations. Additionally, new entrants are constrained by government regulations and staff expertise requirements. Companies in the industry also face the challenge of obtaining and retaining a reputable presence of their products in the local and global marketplace. A description of the regulatory requirements a medical device company must fulfil is outlined in Section 8.2 below.

Demand from public and private hospitals is a key driver of industry performance, as they are a key market for medical, surgical and imaging equipment. Hospitals use a wide range of products manufactured by companies in the industry, with demand increases often providing an opportunity for the industry to expand. Another key driver of the industry is public healthcare expenditure. Government subsidies and funding for healthcare can substantially influence demand for medical equipment and new technology, as this can make investment in new devices and technology by hospitals and other healthcare providers more viable. Further, government tax rebates in the form of the R&D Tax Incentive Scheme can provide funding for companies to progress through to the development stages of their respective devices.

Specifically in terms of medical imaging technology, a significant proportion of medical imaging services are either wholly or partially funded by Medicare, which increases the end user demand for these services, however, also weighs on the margins of industry operators as a result of reduced fees for consultations. Trends over the past decade have highlighted the importance of Medicare on the prosperity of medical imaging device companies. In 2016, the Australian government announced that it would reduce bulk billing incentives for medical imaging services, which threatened to increase out-of-pocket expenses and reduce demand. Companies providing imaging services would be forced to decide whether to absorb the increased costs, or risk reduced demand by passing it on to patients.

However, in 2017, the Australian government announced that it would not implement its proposed cuts to bulk billing incentives. This reversal lead to an overall increase in the percentage of Medicare benefits paid as a share of total fees over recent years. This increase has been compounded by greater competition for medical imaging services, which has led to reduced profitability due to the larger up-take of bulk

billing by providers. This has been partially offset by a rising volume of patients, which has allowed for economies of scale to be achieved.

Industry Outlook

Industry growth is anticipated to be supported by an ageing population, demand from public and private hospitals, and further increases to government healthcare funding over the forecast period. Continued innovation is also expected to drive industry revenue over the medium term, as automated interactive surgery devices and electronic systems that assist in the transfer of information are expected to be developed.

Similarly, the number of companies operating in the industry are projected to increase over the next five years, leveraging Australia's position as a premium supplier of medical devices, and rising demand for specialised industry products. Despite this, major players in the industry are expected to retain dominance in the near term.

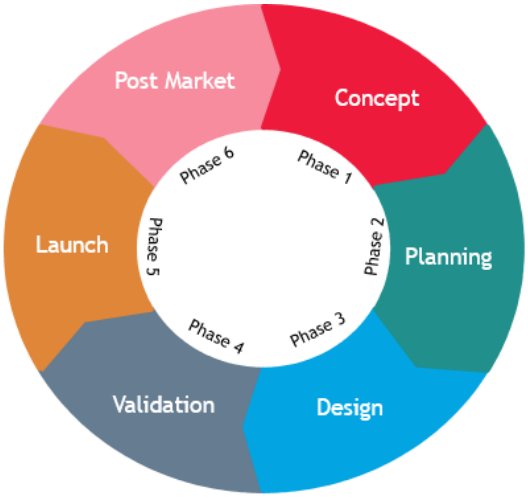
Long-term demand for specialised medical equipment and technology is expected to rise as the Australian population ages, simultaneously requiring considerable medical assistance, equipment and facilities. However, it is apparent that downstream markets are reluctant to change suppliers that lack stringent testing or a strong reputation, posing a threat to those looking to enter the market.

Source: IBISWorld, Australian Diagnostic Imaging Association, Australian Department of Health.

8.2 Life Cycle of a Medical Device

We have presented a short summary of the life cycle of a medical device, with reference to the regulatory requirements across the life of a medical device outlined by the Therapeutic Goods Administration ('**TGA**'), and other relevant regulatory bodies. Optiscan's FIVE2 device is currently used by medical research facilities and universities for pre-clinical and translational research, having previously been launched to market, whilst InVivage is in the validation phase, with Optiscan having recently submitted its 510(k) application to the FDA for use in oral cancer and surgery. The FIVE2 device also underpins the CONVIVO, produced in collaboration with CZM.

The life cycle of a medical device can be divided into six distinct phases, being concept, planning, design, validation, launch and post market, as outlined below.



Concept

The concept phase is when the initial evaluation of the device's potential development is undertaken. At this stage, the medical device exists only as an idea or solution to an existing medical problem. Manufacturers will determine a number of factors relating to the initial feasibility of the device, such as the intended use of the device, the size of the potential target market, barriers to entry, and regulatory requirements, amongst other considerations.

It is important to consider the potential classification of a medical device in the concept phase, as devices are regulated differently depending on their risk classification. Currently, regulatory oversight of medical devices in Australia is performed by the TGA. According to the TGA, for devices in lower risk categories there is typically a greater emphasis on regulation after it is included in the ARTG, whereas for higher risk categories there is more extensive regulation prior to the inclusion on the ARTG. As such, each subsequent phase will require a different level of reporting and regulatory activity depending on the risk category that the proposed medical device is expected to be placed in.

Planning

The planning phase is where companies will further develop their initial concept in finer detail, and plan the objectives of the medical device to a point where the product can be manufactured. Manufacturers can also look to raise capital to fund the development of prototypes, which allow manufacturers to better understand user requirements, and as such, can seek to provide these in the final product. Testing of prototypes, user feedback, and the development of a regulatory strategy and a quality management system are all part of this phase of the life cycle.

At the planning phase, a medical device will be classified into a risk category based on TGA regulations. Class 1 medical devices are typically non-invasive devices with a low impact on the overall health of a patient, and as such are subject to the fewest number of regulatory hurdles. Class 2 devices have a moderate risk associated with use, whilst Class 3 medical devices are increasingly more invasive, and pose a greater risk to patient health. Accordingly, Class 2 and Class 3 devices are subject to greater regulatory requirements, and can take substantially longer to be approved by the relevant regulatory body. These considerations will all be factored in at the planning phase of the life cycle.

In the specific case of Optiscan, management have advised that the InVivage and FIVE2 devices are classified as Class 2 medical devices.

Design

The third phase of the medical device life cycle is the design phase, where the product design, manufacturing process, verification and initial validation is undertaken. In this phase, manufacturers will undertake many iterations of the design, whilst simultaneously collecting feedback. It is reported that the design and testing phase can take between two to three years, and can cost up to $20 million. These barriers to entry make it difficult for manufactures to complete the design phase without substantial support from investors, partners or venture capitalists.

An important factor of the design phase is the initial verification and validation process, in which a manufacturer will assess whether the design output matches the specified design input in parallel with the manufacture of the individual components of the medical device. This allows the manufacturer to remain compliant with regulations, and apply the appropriate procedures in development. Once the components

of a medical device have been manufactured and verified, the manufacturer can progress to the final validation phase.

Validation

Following the successful design of the medical device, the final validation and testing of the medical device is undertaken. This process involves the validation of device processes, clinical validation, product claims, and the preparation of the product for introduction to the market. Submissions are made to the relevant regulatory bodies to be permitted to market the medical device.

The concept, planning, design and validation phases of the life cycle broadly relate to the pre-market classification by the TGA. Pre-market regulation consists of the following:

- The manufacturer applying appropriate conformity assessment procedures, being procedures to determine that the safety, quality and performance of a device are adequate. The manufacturer must then make an Australian Declaration of Conformity, which is a legal declaration that the required evidence exists and that Australian regulatory requirements have been complied with;
- A sponsor submitting the conformity assessment evidence to the TGA (not applicable for Class 1 non-sterile devices);
- The TGA evaluating the available evidence for high risk devices; and
- The device being included on the ARTG. In order to be included in the ARTG, a manufacturer must apply for market authorisation following the manufacturing of the device, which consists of an application fee, and the provision of data across the life cycle thus far.

Over the course of the pre-market period, data must continuously be compiled relating to the quality, safety, efficacy and performance of a medical device. An exception to this is lower risk medical devices, which can be admitted to the ARTG without a submission of data to the TGA. Alternatively, for higher risk devices, a significant amount of data may be required. As such, there is a greater emphasis on pre-market regulation for higher risk medical devices, whereas post-market regulation is emphasised with low risk medical devices.

In order to generate revenue from the international market, a medical device must first achieve approvals from international regulatory bodies in the relevant jurisdictions. The FDA and Health Canada are the regulatory bodies in the US and Canada, respectively, whilst manufacturers can also seek to achieve a United Kingdom (‘**UK**’) Conformity Assessed marking in the UK, and a CE mark across Europe. As above, approvals vary in difficulty to obtain based on the risk class of the medical device.

In the US, the FDA regulates the sale of medical devices, and monitors the safety of all medical products. There are three processes to achieve FDA approval for medical devices, being pre-market approval, the pre-market notification process and the humanitarian device exemption. Following the application and receipt of FDA approval, a manufacturer must register the business that will produce and distribute the device within the US, prior to the sale of the approved medical device.

Launch

Following the receipt of the relevant approvals, a medical device can be launched to market. The product can be sold or contracted for use to the relevant provider, being clinics, hospitals, or other healthcare providers, in which it is up to the manufacturer to provide the training and support required for the use of the device. All marketing of the medical device must remain compliant with the TGA advertising code,

which ensures that the marketing and advertising of therapeutic goods is conducted in a manner that promotes the quality use of the product, is socially responsible and does not mislead or deceive the consumer.

The launch phase represents the first phase of the life cycle in which a medical device manufacturer can typically begin to generate revenue for the use of the device.

Post-market

In the final phase of the life cycle, post-market surveillance is performed to ensure that the device is still suitable for use. Companies will follow-up on the clinical performance of their device, identify and resolve any complaints and adverse effects, and begin to plan improvements. Post-market phase medical devices can be substantially improved from those at the launch phase, based on the improvements processed after initially being launched to the market. If the product is successful, it is possible that it will reach a wider market.

Post-market regulation consists of the following:

- The manufacturer maintaining current conformity assessment evidence to support the device;
- The manufacturer monitoring ongoing performance and safety; and
- The TGA conducting both random and targeted assessments of medical devices included on the ARTG.

Once a medical device enters the market, there are a number of different factors which impact the success of the device and its ability to generate revenue, including the size of the user market, patents, barriers to entry, market share, and licenses to operate in certain jurisdictions, amongst others.

Sources: Australian Department of Health; Therapeutic Goods Administration, BSI; Medical Device Product Lifecycle, TWI Global, Van Norman; Drugs, Devices and the FDA, U.S. Food & Drug Administration.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('**FME**')
- Discounted cash flow ('**DCF**')
- Quoted market price basis ('**QMP**')
- Net asset value ('**NAV**')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

In assessing whether the Acquisition is fair for the purposes of ASX Listing Rule 10.1, we have considered the value of the Datasets to be acquired relative to the value of the Consideration.

9.1. Valuation of the Datasets to be acquired

In performing our valuation of the Datasets, we have relied on the Technical Specialist Report prepared by Acuity, which provides an assessment of the market value of the Datasets. We are satisfied with the valuation methodologies adopted by Acuity, which we consider to be in accordance with industry practices and in line with the principles of RG 111. The specific valuation methodologies used by Acuity are detailed in the Technical Specialist Report, attached as Appendix 5 to our Report.

9.2. Valuation of the Consideration

The Consideration is in the form of shares in Optiscan, therefore for our assessment of whether the Acquisition is fair to Shareholders, we have valued the shares in Optiscan prior to the Acquisition. In assessing the value of the Consideration, we have chosen to employ (and disregard) the following methodologies for the reasons set out below:

- Sum-of-Parts method, as our primary method, which estimates the market value of a company by separately valuing each asset and liability of the company. The value of each asset and liability may be determined using different methods, and the component parts are then aggregated using the NAV methodology. The value derived from this methodology reflects a control value. As determined in section 3.2 of our Report, we do not consider this to be a control transaction, therefore a minority interest discount has been applied to the Sum-of-parts value;
- We have chosen the QMP methodology as our secondary methodology and as a cross check. The QMP basis is a relevant methodology to consider because Optiscan's shares are listed on the ASX. This means that there is a regulated and observable market where Optiscan shares can be traded. However, in order for the QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed of the Company's activities; and
- Optiscan's intellectual property has not been fully commercialised and does not currently generate any material income nor are there any historical profits that could be used to represent future earnings, therefore we do not consider the application of the FME approach to be appropriate.

Methodologies adopted for Sum-of-Parts valuation

We have employed the Sum-of-Parts methodology in estimating the fair market value of Optiscan by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration for the:

- Value of Optiscan's intangible assets, which has been independently valued by Acuity, an independent technical specialist;
- Value of Optiscan's other assets and liabilities, using the NAV methodology;
- The present value of the Company's carry forward tax losses; and
- The value of the Company's R&D refunds receivable.

Independent Technical Specialist

In performing our valuation of Optiscan's intangible assets, we have relied on the Technical Specialist Report prepared by Acuity, which includes an assessment of the market value of Optiscan's FIVE2 and InVivage products. We are satisfied with the valuation methodologies adopted by Acuity, which we believe are in accordance with industry practices and the principles of RG 111. The specific valuation methodologies used by Acuity are referred to in further detail in the Technical Specialist Report contained in Appendix 5.

10. Valuation of the Datasets

In performing our valuation of the Datasets, we have relied on the Technical Specialist Report prepared by Acuity, which includes an assessment of the market value of the Datasets.

Acuity considered a number of different valuation methods when valuing the Datasets. Acuity applied the replacement cost valuation methodology, estimating costs to produce, analyse and maintain the Datasets as its primary valuation methodology.

The range of values for Datasets as assessed by Acuity is between $2.50 million and $5.60 million, with a preferred value of $3.30 million. For further information on Acuity's approach and valuation, refer to the Technical Specialist Report, which is included in Appendix 5 of our Report.

11. Valuation of the Consideration

11.1 Sum-of-Parts Valuation of Optiscan

We have employed the Sum-of-Parts methodology in estimating the fair market value of an Optiscan share, on a minority interest basis prior to the Acquisition, by aggregating the estimated fair market values of its underlying assets and liabilities, having consideration of the following:

- The value of Optiscan's intangible assets;
- The value of Optiscan's other assets and liabilities;
- The present value of the Company's carry forward tax losses; and
- The value of the Company's R&D refunds receivable.

Our Sum-of-Parts valuation is set out in the table below:

Valuation of Optiscan prior to the Acquisition	Ref	Low Value $	Preferred Value $	High Value $
Value of Optiscan's intangible assets	11.1.1	25,500,000	32,500,000	38,000,000
Value of Optiscan's other assets and liabilities	11.1.2	5,670,776	5,670,776	5,670,776
Present value of the Company's tax losses	11.1.3	-	6,367,704	6,367,704
Present value of the Company's R&D rebate receivable	11.1.4	735,172	735,172	735,172
Total value of Optiscan prior to the Acquisition		**31,905,948**	**45,273,652**	**50,773,652**
Number of shares on issue	11.1.5	622,605,602	622,605,602	622,605,602
Value per share (control basis)		**$0.051**	**$0.073**	**$0.082**
Minority interest discount	11.1.6	26%	23%	20%
Value per share (minority interest basis)		**$0.038**	**$0.056**	**$0.066**

Source: BDO analysis

We have assessed the value of an Optiscan share prior to the Acquisition (on a minority interest basis) to be in the range of $0.038 to $0.066, with a preferred value of $0.056.

11.1.1. Valuation of Optiscan's Intangible Assets

In performing our valuation of Optiscan's intangible assets, we have relied on the Technical Specialist Report prepared by Acuity which includes an assessment of the market value of Optiscan's intangible assets.

We instructed Acuity to provide an independent market valuation of the intangibles owned by Optiscan. Acuity considered a number of different valuation methodologies when valuing the intangible assets of Optiscan. Acuity applied the risk adjusted DCF approach as the primary methodology to value the intangible assets of Optiscan.

The range of values for Optiscan's intangible assets as determined by Acuity is set out below:

Valuation of Optiscan's Intangible Assets*	Low $m	Preferred $m	High $m
FIVE2	3.6	4.0	4.6
InVivage	21.9	28.4	33.4
Acuity Concluded Value	**25.5**	**32.5**	**38.0**

Source: Technical Specialist Report prepared by Acuity
*Totals may not match the sum of individual contributions due to rounding.

The table above indicates a range of values between $25.5 million and $38.0 million, with a preferred value of $32.5 million. For further information on Acuity's approach and conclusions, refer to the Technical Specialist Report, which is included as Appendix 5 of our Report.

11.1.2. Valuation of Optiscan's other assets and liabilities

The other assets and liabilities of Optiscan represent the assets and liabilities that have not been specifically addressed elsewhere in our Sum-of-Parts valuation. From our discussions with Optiscan and analysis of the other assets and liabilities, outlined in the table below, we do not consider there to be a material difference between book value and fair value, unless an adjustment has been noted below.

The table below represents a summary of the assets and liabilities identified:

Optiscan's other assets and liabilities	Ref	Audited as at 30-Jun-22 $	Adjusted Value $
CURRENT ASSETS			
Cash and cash equivalents	a)	4,529,208	3,607,575
Trade and other receivables		1,412,957	1,412,957
Inventories		1,269,139	1,269,139
Other		111,204	111,204
TOTAL CURRENT ASSETS		**7,322,508**	**6,400,875**
NON-CURRENT ASSETS			
Property, plant and equipment		139,393	139,393
Right-of-use assets		469,576	469,576
Other		52,625	52,625
TOTAL NON-CURRENT ASSETS		**661,594**	**661,594**
TOTAL ASSETS		**7,984,102**	**7,062,469**
CURRENT LIABILITIES			
Trade and other payables		437,008	437,008
Lease liabilities		175,969	175,969
Provisions		387,410	387,410
TOTAL CURRENT LIABILITIES		**1,000,387**	**1,000,387**
NON-CURRENT LIABILITIES			
Lease liabilities		372,702	372,702
Provisions		18,604	18,604
TOTAL NON-CURRENT LIABILITIES		**391,306**	**391,306**
TOTAL LIABILITIES		**1,391,693**	**1,391,693**
NET ASSETS		**6,592,409**	**5,670,776**

Source: Optiscan's audited financial statements for the year ended 30 June 2022, management accounts as at 30 September 2022 and BDO analysis

We have not undertaken a review of Optiscan's unaudited accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However, nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

Where the above balances differ materially from the audited position at 30 June 2022 we have obtained supporting documentation to validate the adjusted values used, which provides reasonable grounds for reliance on the unaudited financial information. We note the following in relation to the above valuation of Optiscan's other assets and liabilities:

Note a) Cash and cash equivalents

We have adjusted cash and cash equivalents as at 30 June 2022 to reflect movements over the period to 30 September 2022 relating to general expenses, engineering costs, and patent costs, as well as receipts from customers. We have verified this position by obtaining bank statements to support this balance.

Additionally, based on recent market pricing, the following vested options on issue are 'in the money' and are more likely than not to be exercised:

In-the-money options	Number	Cash raised from exercise
Unlisted options exercisable at $0.050, vesting on a 14-day VWAP of $0.080	900,000	$45,000
Unlisted options exercisable at $0.065, vesting on a 14-day VWAP of $0.080	1,200,000	$78,000
Unlisted options exercisable at $0.080, vesting on a 14-day VWAP of $0.100	900,000	$72,000
Number	**3,000,000**	**$195,000**

As such, we have also included proceeds from the exercise of the 3,000,000 options above in Optiscan's cash and cash equivalents balance prior to the Acquisition.

The adjusted cash position is outlined in the table below:

Cash and cash equivalents	$
Balance as at 30 June 2022	4,529,208
Net movements in cash and cash equivalents over the period to 30 September 2022	(1,116,633)
Proceeds from exercise of options	195,000
Adjusted cash and cash equivalents	**3,607,575**

11.1.3. Present value of the Company's tax losses

Optiscan has unrecognised tax losses (estimated gross losses of approx. $49.3 million at 30 June 2022) that have not been brought to account. Acuity has valued Optiscan's intangible assets only and has not included the Company's unused tax losses in its valuation. As such, we have separately considered the present value of the Company's tax losses in our Sum-of-Parts valuation.

Given that the Technical Specialist has assumed the Company will recognise taxable profit in the future, we have included the present value of the Company's unused tax losses in our valuation of an Optiscan share prior to the Acquisition under our preferred and high valuations.

In determining the present value of the tax losses, we consider the most appropriate discount rate to apply to the estimated future cash flows of Optiscan to be Optiscan's weighted average cost of capital ('**WACC**'). We have selected a nominal WACC of 12%, which has consideration for the following:

- The rate of return for comparable medical device manufacturing companies; and
- The risk profile of Optiscan as compared to the comparable companies identified.

A detailed consideration of how we arrived at our adopted discount rate is shown in Appendix 4.

We have calculated the present value of the tax losses to be approximately $6.37 million.

The Australian tax authorities have rules in place for determining whether a company's unused tax losses are able to be utilised against future taxable profits, including the continuity of ownership test and the similar business test. Nothing has come to our attention to suggest that these losses will not be able to be utilised, however, there is no certainty that Optiscan will meet these tests in the future. Therefore, under our low valuation, we have assumed that the Company will not be able to utilise its tax losses, giving an assessed value of nil.

11.1.4. Present value of the Company's R&D rebate receivable

Optiscan is eligible to receive a 43.5% refundable tax offset on eligible expenditure under the R&D Tax Incentive scheme until the commercialisation of a product, if its turnover is less than $20 million per annum, provided it is not controlled by an income tax exempt entity. To receive the rebate, an R&D plan is filed with AusIndustry following the end of the financial year, and based on this filing, assuming eligibility, Optiscan will receive the R&D rebate in cash.

As the Technical Specialist has assumed the Company will incur R&D expenditure in the future, we have included the present value of the Company's future R&D rebates receivable in our valuation of an Optiscan share prior to the Acquisition. In calculating the present value of the Company's R&D rebate receivable, we have used the nominal WACC of 12% as detailed in Appendix 4 of our Report.

We have calculated the present value of Optiscan's R&D rebates receivable to be approximately $0.74 million, based on forecast R&D expenditure estimated by Acuity. For further information on Acuity's approach and conclusions, refer to the Technical Specialist Report, which is included as Appendix 5 of our Report.

11.1.5. Number of shares on issue

As detailed in Section 5.7 of our Report, the Company has 619,605,602 shares on issue prior to the Acquisition. We have adjusted the number of shares on issue prior to the Acquisition to account for the exercise of 'in the money' options, as outlined below:

Shares on issue	
Fully paid ordinary shares on issue prior to the Acquisition	619,605,602
Shares issued upon exercise of 'in the money' options	3,000,000
Total number of shares on issue prior to the Acquisition	**622,605,602**

Source: BDO analysis

11.1.6. Minority interest discount

The Sum-of-Parts value per share reflects the value of an Optiscan share on a controlling basis. In order to value an Optiscan share on a minority interest basis, we have included a minority interest discount that is based on our analysis set out in Appendix 3.

A minority interest discount is the inverse of a premium for control and is calculated using the formula [1-(1÷ (1 + control premium))]. As discussed in Appendix 3, we consider an appropriate control premium for Optiscan to be in the range of 25% to 35%, giving a minority interest discount in the range of 20% to 26%, with a rounded midpoint of 23%.

11.2 Quoted Market Prices for Optiscan Securities

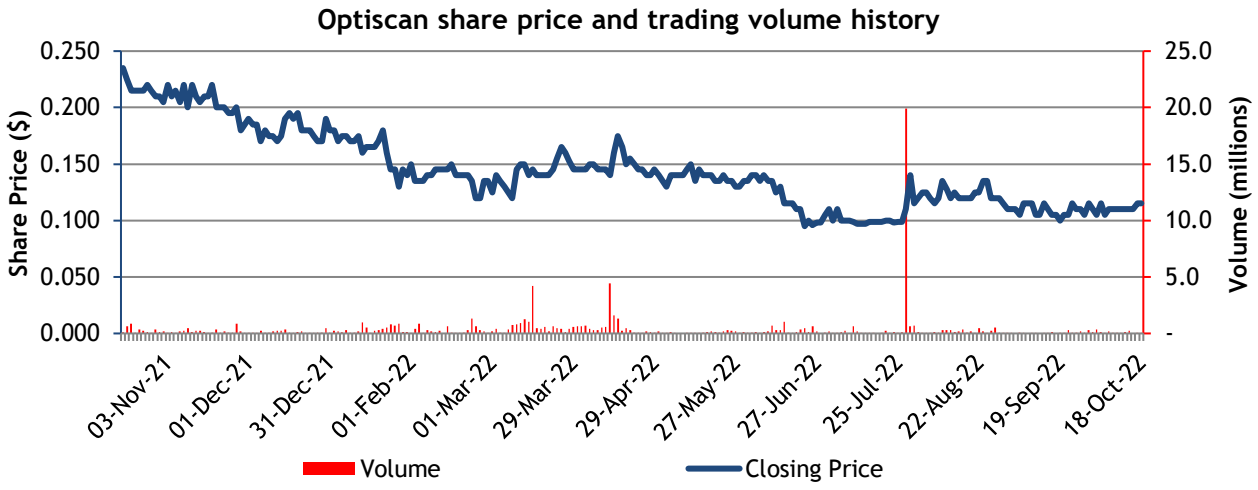
To provide a comparison to the valuation of Optiscan in Section 11.1, we have also assessed the quoted market price for an Optiscan share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Minority interest value

Our analysis of the quoted market price of an Optiscan share is based on the pricing prior to the announcement of the Acquisition. This is because the value of an Optiscan share after the announcement may include the effects of any change in value as a result of the Acquisition. We have adopted the most recent practicable date, being 18 October 2022, as the basis for our assessment.

The following chart provides a summary of the share price movement over the 12 months to 18 October 2022.



Source: Bloomberg

The daily price of Optiscan shares from 19 October 2021 to 18 October 2022 has ranged from a low of $0.091 on 24 June 2022, to a high of $0.235 on 20 October 2021. The highest single day of trading over the assessed period was 27 July 2022, when 19,914,603 shares were traded. During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		$	(movement)		$	(movement)	
31/08/2022	Appendix 4E and 2022 Annual Report	0.110	▼	4.3%	0.105	▼	4.5%
22/08/2022	Optiscan Submits FDA 510(k) Application for InVivage Device	0.125	▶	0.0%	0.120	▼	4.0%
29/07/2022	OIL June 2022 Quarterly Report and Appendix 4C	0.115	▼	17.9%	0.125	▲	8.7%
28/07/2022	Change in substantial holding	0.140	▲	27.3%	0.125	▼	10.7%
20/06/2022	Optiscan to present at Head & Neck Cancer World Congress	0.110	▼	4.3%	0.100	▼	9.1%
29/04/2022	OIL March 2022 Quarterly Report and Appendix 4C	0.145	▲	3.6%	0.130	▼	10.3%
13/04/2022	Change in substantial holding	0.175	▲	9.4%	0.155	▼	11.4%
20/01/2022	Results of Annual General Meeting	0.180	▲	5.9%	0.145	▼	19.4%
20/12/2021	Notice of Annual General Meeting/Proxy Form	0.180	▼	7.7%	0.175	▼	2.8%
13/12/2021	Change of Managing Director	0.175	▲	2.9%	0.190	▲	8.6%

Source: BDO analysis, Bloomberg and ASX announcements

On 29 July 2022, Optiscan released its quarterly activities and cash flow report for the period ended 30 June 2022, highlighting the strategic distribution partnership with Sinsi, and the finalisation of the preparation of its 510(k) submission to the FDA. On the date of the announcement, the share price decreased 17.9% to close at $0.115, before increasing 8.7% over the subsequent three-day period to close at $0.125.

On 28 July 2022, Optiscan announced that Peters Investments Pty Ltd had increased its interest in the share capital of Optiscan from 14.05% to 17.19%. On the date of the announcement, the share price increased 27.3% to close at $0.140, before decreasing 10.7% over the subsequent three-day period to close at $0.125.

On 29 April 2022, Optiscan released its quarterly activities and cash flow report for the period ended 31 March 2022, highlighting the commencement of a key management hiring campaign to support the commercialisation of Optiscan's technology. On the date of the announcement, the share price increased 3.6% to close at $0.145, before decreasing 10.3% over the subsequent three-day period to close at $0.130.

On 13 April 2022, Optiscan released a form 604 regarding the change in interest of a substantial equity holder. The announcement related to Peters Investments Pty Ltd, who acquired 8,458,895 shares to increase its interest in Optiscan to 14.05%. On the date of the announcement, the share price increased 9.4% to close at $0.175, before decreasing 11.4% over the subsequent three-day trading period to close at $0.155.

On 20 January 2022, Optiscan announced the results of its annual general meeting, with all six resolutions being carried by vote. On the date of the announcement, the share price increased 5.9% to close at $0.180, before decreasing 19.4% over the subsequent three-day trading period to close at $0.145.

On 20 December 2021, Optiscan released its notice of annual general meeting outlining a number of resolutions, including the election of directors and the approval of an incentive option and performance rights plan. On the date of the announcement, the share price decreased 7.7% to close at $0.180, before declining a further 2.8% over the subsequent three-day trading period to close at $0.175.

On 13 December 2021, Optiscan announced the appointment of Prof. Farah as the Company's Managing Director, replacing former Managing Director, Mr. Darren Lurie. On the date of the announcement, the share price increased 2.9% to close at $0.175, before increasing a further 8.6% over the subsequent three-day trading period to close at $0.190.

To provide further analysis of the market prices for an Optiscan share, we have also considered the weighted average market price for the 10, 30, 60 and 90 day periods to 18 October 2022.

Share Price per unit	18-Oct-22	10 Days	30 Days	60 Days	90 Days
Closing price	$0.115				
Volume weighted average price (VWAP)		$0.110	$0.109	$0.106	$0.105

Source: Bloomberg, BDO analysis

An analysis of the volume of trading in Optiscan shares for the 180 trading days to 18 October 2022 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.105	$0.115	21,714	0.00%
10 Days	$0.105	$0.115	812,709	0.13%
30 Days	$0.100	$0.120	2,759,517	0.45%
60 Days	$0.097	$0.150	27,984,151	4.52%
90 Days	$0.091	$0.150	33,232,181	5.36%
180 Days	$0.091	$0.175	69,989,064	11.30%

Source: Bloomberg, BDO analysis

This table indicates that Optiscan's shares display a low level of liquidity, with 11.30% of the Company's current issued capital being traded in the most recent 180 trading day period. RG 111.86 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale.

We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Optiscan, we consider the shares to display a low level of liquidity, on the basis that less than 1% of the securities have been traded weekly on average, with 5.36% of Optiscan's current issued capital being traded over a 90 trading day period, and 11.30% of Optiscan's current issued capital being traded in the last 180 trading days. During the week which included the highest single trading day over the assessed period (25 July 2022 to 29 July 2022), 3.44% of the Company's current issued capital was traded. This included one day (27 July 2022) in which it was announced that Peters Investments Pty Ltd had increased its interest in Optiscan by 19.5 million shares (approximately 3.1% of the current issued capital),

with the share price increasing by 11.1% on this day. This indicates large trades can significantly affect the market capitalisation of the Company, therefore supporting our conclusion that the shares display a low level of liquidity. Further, of the 52 weeks in which our analysis is based on, more than 1% of Optiscan's current share capital had been traded in only three of those weeks.

Our assessment is that a range of values for Optiscan shares based on market pricing is between $0.100 and $0.120, with a preferred value being a midpoint of $0.110.

11.3 Assessment of the Value of Optiscan

The results of the valuations performed are summarised in the table below:

	Low $	Preferred $	High $
Sum-of-Parts Value (Section 11.1)	0.038	0.056	0.066
QMP (Section 11.2)	0.100	0.110	0.120

Source: BDO analysis

We consider the Sum-of-Parts valuation approach to be the most appropriate methodology to value Optiscan for the purposes of this report as the core value of the Company lies in its intellectual property and products in development, which have been independently valued by Acuity, an independent technical specialist.

We note that the value of Optiscan derived under the Sum-of-Parts valuation approach is lower than the results derived under the QMP approach. This may be attributable to the following factors:

- QMP may include an element of blue sky value of Optiscan's intangible assets. This means that the market price is likely to incorporate the market's expectation of the value that may materialise in the future, should the Company commercialise its intellectual property. We have commissioned Acuity to provide a valuation of Optiscan's intangible assets as an independent technical specialist. We have instructed Acuity to prepare their Technical Specialist Report in compliance with industry guidelines, whilst also adhering to guidance provided by ASIC's Regulatory Guides. Market participants are not governed by these industry codes and therefore may be basing their valuations on more optimistic technical and economic assumptions;
- As detailed in Section 11.2 of our Report, we consider there to be a low level of liquidity in trading of Optiscan shares, therefore the market price may not reflect the fair value of the shares.

Based on the results above we consider the value of an Optiscan share prior to the Acquisition to be between $0.038 and $0.066, with a preferred value of $0.056.

11.4 Assessment of the Value of the Consideration

Pursuant to the Acquisition, Optiscan will issue six million fully paid ordinary shares to Prof. Farah as consideration for the Datasets. As such, the value that is used for our assessment of whether the Acquisition is fair is the value of six million shares in Optiscan. Based on our assessed value of an Optiscan share in section 11.3 above, the value of the Consideration is $228,000 to $396,000, with a preferred value of $336,000.

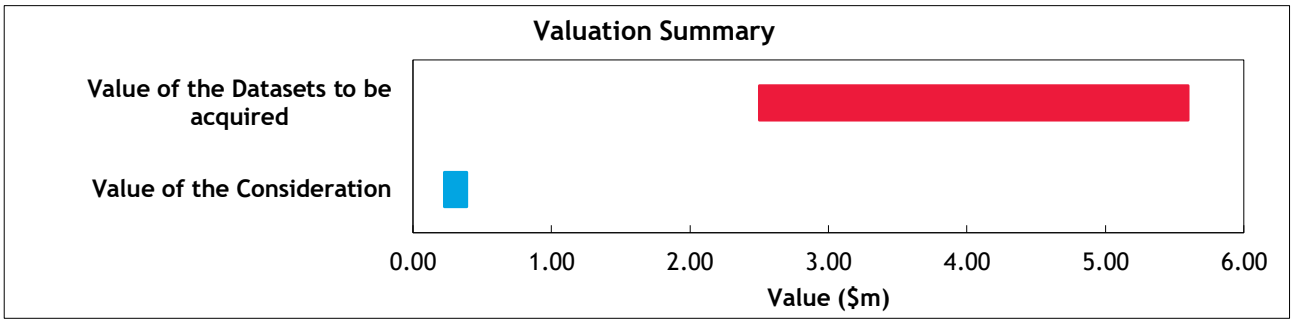
12. Is the Acquisition fair?

The value of the Consideration compares to the value of the Datasets to be acquired, as detailed below.

	Ref	Low $	Preferred $	High $
Value of the Datasets to be acquired	10	2,500,000	3,300,000	5,600,000
Value of the Consideration	11.4	228,000	336,000	396,000

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, and a superior offer, the Acquisition is fair for Shareholders.

We note that if we had adopted Optiscan's QMP in valuing the Consideration, our opinion on the fairness of the Acquisition would not change.

13. Is the Acquisition reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Optiscan a premium over the value resulting from the Acquisition.

13.2 Consequences of not Approving the Acquisition

Optiscan will not have the benefits of utilising the Datasets and may need to recreate the data or source it by other means

According to the Technical Specialist Report prepared by Acuity, if Optiscan were to seek to recreate the Datasets, it would take the Company approximately two to three years, potentially delaying regulatory approvals, and possible cash inflows from the sale of the InVivage device.

Additionally, Acuity has valued the Datasets using the replacement cost method, which measures the approximate cost for the various steps to produce, analyse and maintain the Datasets. This has been valued at between $2.50 million and $5.60 million, with a preferred value of $3.30 million. Should the Acquisition not be approved, and Optiscan seek to recreate the data, it may have a substantial impact on the Company's cash position over the period in which the Datasets are recreated. It is also possible that should the Company not hold sufficient cash reserves, that it may have to raise capital to do so, either through debt or equity, which could be less favourable to Shareholders than the Acquisition. A capital raising would likely be conducted at a discount to the market price of the shares at the time of the raising and would likely dilute Shareholders' interests (assuming they don't participate proportionately).

Alternatively, it may also be possible to access third party databases where license fees and royalties are payable. Should Optiscan seek to utilise the Datasets under a license fee or royalty agreement, according to Acuity, this may be far more costly, and may not provide data of immediate utility in Optiscan devices.

13.3 Advantages of Approving the Acquisition

We have considered the following advantages when assessing whether the Acquisition is reasonable.

13.3.1. The Acquisition is fair

As set out in section 12, the Acquisition is fair. RG 111.12 states that an offer is reasonable if it is fair.

13.3.2. The acquisition of the Datasets may fast track the process of achieving regulatory approvals

According to the Technical Specialist Report, the Datasets are expected to strengthen current and future regulatory submissions made by the Company through its inclusion in the creation of AI algorithms as a training set to be used for downstream validation studies.

As such, the acquisition of the Datasets is considered by the Company to be crucial to securing regulatory approval for the InVivage device across different jurisdictions. Should Optiscan not achieve approval and ultimately commercialisation of its InVivage device, it is possible that its current performance will continue, with Optiscan having made losses in recent financial years.

13.3.3. The value of the Datasets to Optiscan is likely to exceed the value determined by Acuity

The valuation of the Datasets undertaken by Acuity was performed using the replacement or replication cost method. This represents the fair market value, being the value to an arm's length market participant, which ignores any special value to Optiscan.

In our assessment of whether the Acquisition is fair, the principles of RG 111 precludes the expert from considering any special value to the acquirer. However, Acuity advises that the value to Optiscan will be greater than the fair market value derived using a replacement cost methodology. This is because the Datasets will enhance the existing value of Optiscan's intellectual property as it will likely assist in securing approvals for InVivage as a clinical diagnostic tool, as well as promoting sales of the product.

Additionally, it is also noted that there is at least one other company operating in the confocal laser endomicroscopy market, and with access to the Datasets, could readily compete with Optiscan. As such, the acquisition of the Datasets on an exclusive basis may introduce an additional barrier to entry for its competitors and is therefore likely to exceed the fair market value as determined by Acuity.

13.3.4. There is no cash element of the consideration

The Acquisition does not deplete the cash funds of Optiscan as the consideration payable by the Company is in the form of shares in Optiscan with no cash element. Therefore, the Company's existing cash reserves can be utilised for developing its intellectual property.

13.3.5. Further alignment of the interests of Professor Camile Farah and Optiscan Shareholders

Following approval of the Acquisition, Prof. Farah will receive six million fully paid ordinary shares as consideration for the Datasets. This will increase the beneficial interest of Prof. Farah to 6,524,985 shares in Optiscan, equating to 1.04% of the ordinary shares on issue prior to the Acquisition (on an undiluted basis).

Prof. Farah is a dual trained physician and pathologist with 25 years of experience across the healthcare, biotech, and medical research sectors. Prof. Farah is an expert in oral cancer and precancerous pathology, having published 250 clinical and scientific articles on the relevant matters. Additionally, Prof. Farah has collaborated with a network of colleagues globally in the research and development of optical imaging technologies. We consider that the further alignment of Prof. Farah and Shareholders' interests is likely to be an advantage to Shareholders.

13.4 Disadvantages of Approving the Acquisition

If the Acquisition is approved, in our opinion, the potential disadvantages to Shareholders include those listed below:

13.4.1. Dilution of existing Shareholders' interests

The issue of new Optiscan shares as part of the Acquisition is dilutive to current Shareholders. As set out in Section 4 of our Report, existing Shareholders' interests will be diluted from holding 99.92% of the Company's issued capital to 98.96% on an undiluted basis.

14. Conclusion

We have considered the terms of the Acquisition as outlined in the body of this report and have concluded that the Acquisition is fair and reasonable to the Shareholders of Optiscan.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting on or about the date of this report;
- Audited financial statements of Optiscan for the years ended 30 June 2020, 30 June 2021 and 30 June 2022;
- Unaudited management accounts of Optiscan for the period ended 30 September 2022;
- Independent Valuation Report dated 17 October 2022, prepared by Acuity;
- Sale and purchase agreement;
- Bloomberg;
- S&P Capital IQ;
- Reserve Bank of Australia;
- Announcements made by Optiscan available through the ASX;
- Share registry information; and
- Discussions with Directors and Management of Optiscan.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $32,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Optiscan in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Optiscan, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Optiscan and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Optiscan and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Optiscan, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Optiscan and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 400 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants and is a CA BV Specialist. Ashton has eleven years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

18. Disclaimers and consents

This report has been prepared at the request of Optiscan for inclusion in the Notice of Meeting which will be sent to all Optiscan Shareholders. Optiscan engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the Acquisition.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Optiscan. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Acquisition, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Optiscan, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for intangible assets held by Optiscan and Prof. Farah.

The valuer engaged for the intangible asset valuation, Acuity, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Director

Appendix 1 – Glossary of Terms

Reference	Definition
A$, AUD	Australian dollar
The Acquisition	The acquisition of the Datasets, with the consideration being six million Optiscan shares
The Act	The Corporations Act 2001 Cth
Acuity	Acuity Technology Management Pty Ltd
AMCS	Advanced Microscopy Consultancy Services Inc.
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ARTG	Australian Register of Therapeutic Goods
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Clermont	Clermont Group
The Company	Optiscan Imaging Limited
Consideration	Six million fully paid ordinary shares in Optiscan
CONVIVO	CONVIVO device developed in collaboration with CZM
Corporations Act	The Corporations Act 2001 Cth
CZM	Carl Zeiss Meditech
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FDA	Food and Drug Administration
FIVE2	Fluorescence In Vivo Endomicroscopy 2

Reference	Definition
FME	Future Maintainable Earnings
GDP	Gross Domestic Product
Hoya	Hoya Corporation
InVivage	A confocal endomicroscope for oral cancer screening
ISC-1000	Pentax ISC-1000, a flexible endomicroscope developed in conjunction with Pentax
MDS	University of Melbourne's Melbourne Dental School
NAV	Net Asset Value
Pentax	Pentax Medical
Placement	Optiscan raising $9.81 million through the issue of approximately 119 million fully paid ordinary shares at an issue price of $0.0825, together with one free-attaching options for every four shares subscribed for under the Placement, exercisable at $0.150 on or before 30 months from the date of issue
Prof. Farah	Professor Camile Farah
QMP	Quoted market price
R&D	Research and Development
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Optiscan	Optiscan Imaging Limited
Our Report	This Independent Expert's Report prepared by BDO
RG 76	Related party transactions (March 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Shareholders	Shareholders of Optiscan not associated with Prof. Farah
Sinsi	Sinsi Technology Co Ltd.
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies

Reference	Definition
Technical Specialist Report	Independent technical assessment and valuation report prepared by Acuity in August 2022
TGA	Therapeutic Goods Administration
UK	United Kingdom
US	United States of America
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (‘**EBIT**’) or earnings before interest, tax, depreciation and amortisation (‘**EBITDA**’). The capitalisation rate or ‘earnings multiple’ is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (‘DCF’)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – Minority Interest Discount

The concept of a premium for control reflects the additional value that is attached to a controlling interest. We have reviewed control premiums on completed transactions, paid by acquirers of all ASX-listed companies. In assessing the appropriate sample of transactions from which to determine an appropriate control premium, we have excluded transactions where an acquirer obtained a controlling interest (20% and above) at a discount (i.e. less than a 0% premium). We have summarised our findings below.

All ASX listed companies

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2022	32	3,824.40	23.57
2021	36	1,315.94	44.20
2020	27	419.16	48.36
2019	46	2,961.72	36.74
2018	47	1,054.73	40.74
2017	30	940.19	42.05
2016	42	718.52	49.58
2015	34	828.15	34.10
2014	46	507.34	39.97
2013	41	128.21	50.99

Source: Bloomberg, BDO analysis

The mean and median of the entire data sets comprising control transactions since 2013 for all ASX listed companies, respectively, are set out below.

Entire Data Set Metrics	Deal Value (AU$m)	Control Premium (%)
Mean	1255.97	41.18
Median	116.78	30.86

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre transaction or proceeded to hold a controlling interest post transaction in the target company.

The table above indicates that the long-term average control premium paid by acquires of all ASX listed companies was approximately 41.18%. However, in assessing the transactions included in the table, we noted 25 transactions that appear to be extreme outliers, for which the announced premium was in excess of 100%. We consider these transactions as outliers, as it is likely that the acquirer in these transactions would be paying for special value and/or synergies in excess of the standard premium for control. Whereas, the purpose of this analysis is to assess the premium that is likely to be paid for control, not specific strategic value to the acquirer.

In a population where there are extreme outliers, the median often represents a superior measure of central tendency compared to the mean. We note that the median announced control premium over the assessed period was approximately 30.86% for all ASX listed companies.

We consider an appropriate control premium to be on the lower end of historical averages as a result of the degree of business risk faced by Optiscan. As Optiscan's InVivage product is yet to be commercialised and is therefore a high-risk asset, we believe that an acquirer would not be willing to pay a control premium in line with historical averages. Further, typically an acquirer is willing to pay a higher control premium if they consider that they can manage the operations more effectively than current management and therefore generate additional value from the business. Given that Optiscan's intellectual property represents a niche segment in a specialised field, it is unlikely that an acquirer would be willing to pay a significant premium to obtain control.

Based on the above analysis, we consider an appropriate premium for control to be between 25% and 35%.

The minority discount is calculated from the control premium identified, using the formula [1 – (1/(1+Control Premium))]. Therefore, the minority discount (rounded to the nearest percentile) is in the range from 20% to 26%.

Appendix 4 – Discount rate assessment

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be required before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model ('**CAPM**') is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business' WACC, the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

In our assessment of the appropriate discount rate to calculate the present value of the Company's unused tax losses and R&D rebate receivable, we consider the most appropriate discount rate to be the WACC. This is because the forecasts constructed to determine the present value of tax losses and R&D rebates receivable include forecast cash flows generated from the Company's medical devices, which are cash flows to the firm.

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM	
K_e	$= R_f + \beta \times (R_m - R_f)$
Where:	
K_e	= expected equity investment return or cost of equity in nominal terms
R_f	= risk free rate of return
R_m	= expected market return
$R_m - R_f$	= market risk premium
β	= equity beta

The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

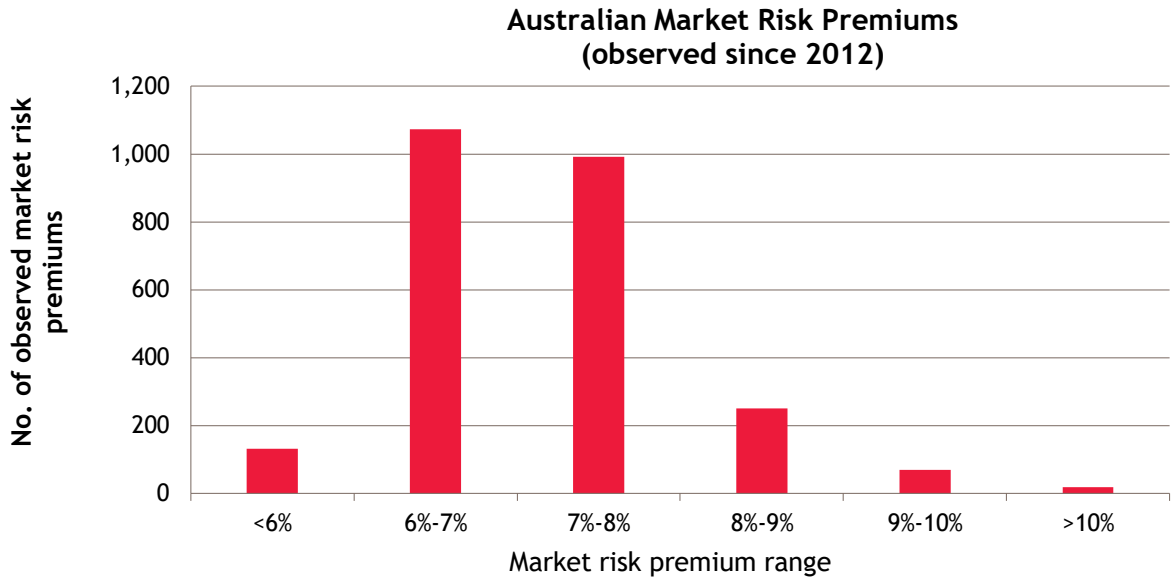
The risk free rate is typically approximated by reference to a forecast long term government bond rate with a maturity approximately equivalent to the timeframe over which the returns from the assets are expected to be received.

In determining an appropriate ten-year bond rate to use as a proxy for the risk free rate we have given consideration to the ten-year Australian Government Bond rate and projections of the ten-year Australian Government Bond rate based on forecasts. Based on this analysis, we have used a risk free rate in the range of 3.00% and 4.50% in our discount rate assessment.

Market Risk Premium ($R_m - R_f$)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice. In order to determine an appropriate market risk premium in Australia, we have analysed historical data. Our sample of data included the daily historical market risk premiums in Australia over the last ten years.

The market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate, which is dependent on the 10-year Australian Government Bond rate.



Source: Bloomberg and BDO analysis

The graph above illustrates the frequency of observations of the Australian market risk premium over the past ten years. The graph indicates that a high proportion of the sample data for Australian market risk premiums lie in the range of 6% to 8%. This is supported by the long term historical average market risk premium of between 6% and 8%, which is commonly used in practice. For the purpose of our Report we have adopted a market risk premium of between 6% and 8%.

Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market; a beta greater than one implies that an investment's return will outperform the market's average return in a bullish market and underperform the market's average return in a bearish market. On the other hand, a beta less than one implies that the business will underperform the market's average return in a bullish market and outperform the market's average return in a bearish market.

Equity betas are normally estimated using either a historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and is hence derived from historical data. It is then modified by the assumption that a stock will move towards the market over time,

taking into consideration the industry risk factors, which make the operating risk of the company greater or less risky than comparable listed companies.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. It is generally accepted that a more valid analysis of betas can be achieved by 'ungearing' the equity beta to derive an asset beta (β_a) by applying the following formula:

Asset beta (β_a)	
β_a	= β / (1+(D/E x (1-t))
Where:	
β_a	= ungeared or asset beta
β	= equity beta
D	= value of debt
E	= value of equity
t	= corporate tax rate

Selected Beta (β)

In order to assess the appropriate equity beta for the Company, we have had regard to the equity betas of other ASX-listed medical device manufacturing companies. The ASX listed companies identified have broadly similar medical devices and products to Optiscan, in respect of their phases in the medical device life cycle, as outlined in Section 8.2.

The betas below have been assessed over a three-year period using weekly returns, against the S&P/ASX All Ordinaries Index.

The list of comparable companies we selected are set out below. We have presented the data for Optiscan alongside the comparable companies for information only, but have not included it in our assessment of a selected beta range:

ASX-listed medical device companies: Beta calculations based on 3-year weekly returns					
Company	Market Capitalisation 30-Sep-22 (A$m)	Geared Beta (β)	Gross Debt/Equity (%)	Ungeared Beta (βa)	R^2
Optiscan Imaging Limited (ASX:OIL)	***68.16***	***0.31***	***8%***	***0.29***	***0.00***
4DMedical Limited (ASX:4DX)	170.81	1.44	10%	1.34	0.06
CardieX Limited (ASX:CDX)	37.92	1.27	31%	1.03	0.11
Cyclopharm Limited (ASX:CYC)	132.59	1.10	11%	1.02	0.09
EMvision Medical Devices Limited (ASX:EMV)	107.99	1.34	10%	1.25	0.21
ImpediMed Limited (ASX:IPD)	112.14	1.54	0%	1.54	0.16
OncoSil Medical Limited (ASX:OSL)	45.60	0.95	3%	0.94	0.06
Universal Biosensors, Inc. (ASX:UBI)	55.08	1.15	13%	1.05	0.13
Mean	**94.59**	**1.26**	**11%**	**1.16**	**0.12**
Median	**107.99**	**1.27**	**10%**	**1.05**	**0.11**

Source: Bloomberg and BDO analysis

Descriptions of the comparable companies are provided at the end of this appendix.

In selecting an appropriate beta for the Company, we have considered the similarities and differences between Optiscan and the set of comparable companies as set out above. The comparable similarities and differences noted are:

- The comparable companies all manufacture medical and surgical devices;
- CardieX Limited, OncoSil Medical Limited, ImpediMed Limited, Universal Biosensors, Inc., and Cyclopharm Limited currently generate revenue from the sale of their respective products, indicating they have reached the launch and/or post-market phase of the life cycle;
- EMVision Medical Devices Limited, OncoSil Medical Limited and Cyclopharm Limited develop diagnostic medical devices, with OncoSil Medical Limited and Cyclopharm Limited also focussed on the detection of cancers;
- The comparable companies have variable risk profiles depending on the number of medical devices they have produced, the phase at which their products are currently at in their life cycles, the type of treatment application and the location of operations; and
- Although not all companies in the list are similar across each of the above factors, we still consider them to be comparable companies as they have sufficient similarities on an overall basis.

In selecting an appropriate ungeared beta for the Company, we have considered the ungeared betas of the companies listed above along with the above factors. As set out in the tables above, the ungeared beta for the list of comparable companies, based on the 3-year period, ranges from 0.94 to 1.54 with a median of 1.05.

Based on our analysis, we consider an appropriate ungeared beta to be in the range of 1.10 to 1.20 for the Company. Based on Optiscan's audited accounts as at 30 June 2022, the Company holds no debt. Therefore, we consider an appropriate regeared beta to be between 1.10 and 1.20.

Cost of Equity

We have assessed the cost of equity of the Company to be in the range of 9.60% to 14.10% with our preferred value being a rounded midpoint of 12.00%.

Input	Value adopted	
	Low	High
Risk free rate of return	3.0%	4.5%
Equity market risk premium	6.0%	8.0%
Beta (regeared)	1.10	1.20
Cost of Equity	**9.6%**	**14.1%**

Source: Bloomberg and BDO analysis

Tax rate

We have adopted an effective tax rate of 25% based on Australia's corporate tax rate for base rate entities (Australian companies with a turnover of less than $50 million).

WACC (Post-Tax)

The WACC represents the market return required on the total assets of the undertaking by debt and equity providers. WACC is used to assess the appropriate commercial rate of return on the capital invested in the business, acknowledging that normally funds invested consist of a mixture of debt and equity funds.

Accordingly, the discount rate should reflect the proportionate levels of debt and equity relative to the level of security and risk attributable to the investment.

In calculating WACC there are a number of different formulae which are based on the definition of cash flows (i.e. pre-tax or post-tax), the treatment of the tax benefit arising through the deductibility of interest expenses (included in either the cash flow or discount rate), and the manner and extent to which they adjust for the effects of dividend imputation. The commonly used WACC formula is the post-tax WACC, without adjustment for dividend imputation, which is detailed in the below table:

WACC	
WACC	$= \frac{E}{E+D} Ke + \frac{D}{D+E} Kd (1- t)$
Where:	
Ke	= expected return or discount rate on equity
Kd	= interest rate on debt (pre-tax)
T	= corporate tax rate
E	= market value of equity
D	= market value of debt
(1- t)	= tax adjustment

Using the inputs discussed results in a post-tax WACC in the range of 9.90% to 14.10% as set out in the table below.

WACC	Value Adopted	
	Low	High
Cost of Equity (Ke)	9.6%	14.1%
Cost of Debt (Kd) (1-t)	n/a	n/a
Proportion of Equity (E/(E+D)	100%	100%
Proportion of Debt (D/(E+D)	-	-
WACC (rounded)	**9.6%**	**14.1%**

Source: Bloomberg, BDO analysis

Based on the rounded midpoint of this range, we consider a post-tax WACC of 12.00% to be appropriate for our use.

Set out below are the descriptions of the comparable companies.

Company Name	Business Description
4DMedical Limited (ASX:4DX)	4DMedical Limited commercialises XV Technology, a four-dimensional lung imaging technology that utilises mathematic models and algorithms to convert X-ray scans into quantitative data to enhance the capacity of physicians to manage patients with respiratory diseases and diseases of the lung. The company was incorporated in 2012 and is based in Carlton, Australia.
CardieX Limited (ASX:CDX)	CardieX Limited designs, manufactures, and markets medical devices for use in cardiovascular health management in the Americas, Europe, and Asia Pacific. The company develops, markets, and distributes XCEL and Oscar 2 medical devices for the management and diagnosis of hypertension, cardiovascular disease, and other related

Company Name	Business Description
	vascular disorders. CardieX Limited was founded in 1994 and is based in Sydney, Australia.
Cyclopharm Limited (ASX:CYC)	Cyclopharm Limited manufactures and sells medical devices for use in lung health diagnosis and management across Asia Pacific, Europe, and Canada. It operates through Technegas and Molecular Imaging segments. Cyclopharm Limited was founded in 1986 and is headquartered in Kingsgrove, Australia.
EMvision Medical Devices Limited (ASX:EMV)	EMvision Medical Devices Limited, engages in the research, development, and commercialisation of imaging and diagnostic technology products. It develops a portable brain scanner for point of care, stroke diagnosis, and monitoring. The company was incorporated in 2017 and is based in Macquarie Park, Australia.
ImpediMed Limited (ASX:IPD)	ImpediMed Limited, develops, manufactures, and sells bio impedance spectroscopy devices and software services in Australia, North America, and internationally, selling its devices to hospitals and clinics. ImpediMed Limited was incorporated in 1999 and is headquartered in Pinkenba, Australia.
OncoSil Medical Limited (ASX:OSL)	OncoSil Medical Limited, focuses on the development and commercialisation of localised radiation therapy for the treatment of pancreatic and bile duct cancer in Australia. OncoSil Medical Limited was incorporated in 2005 and is headquartered in North Sydney, Australia.
Universal Biosensors, Inc. (ASX:UBI)	Universal Biosensors, Inc., focuses on the development, manufacture, and commercialisation of point-of-use devices for measuring analytes across various industries. Universal Biosensors, Inc. was incorporated in 2001 and is headquartered in Rowville, Australia.

Source: S&P Capital IQ and BDO analysis

Appendix 5 – Independent Valuation Report

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acuity
TECHNOLOGY MANAGEMENT

17 October 2022

The Directors
BDO Corporate Finance (WA) Pty. Ltd.
PO Box 700
West Perth, WA 6872

RE: Independent Valuations of Optiscan Imaging Limited and Farah Histopathological Dataset

The attached Report has been prepared at the request of BDO Corporate Finance (WA) Pty. Ltd. ("**BDO**") to support its preparation of an Independent Expert's Report ("**IER**") for the benefit of shareholders of Optiscan Imaging Limited ("**Optiscan**" or "**Company**"). The IER will be included in a Notice of Meeting to be issued by the Company in which Optiscan shareholders will be eligible to vote their acceptance or otherwise for the acquisition of a clinical and histopathological dataset created by the Company's CEO and Managing Director, Professor Camile Farah ("**Farah IP**"). The Farah IP is to be acquired by Optiscan for a consideration of six million fully paid ordinary shares in Optiscan ("**Proposed Transaction**"). BDO is required to provide an opinion on whether the Proposed Transaction is fair and reasonable to non-associated shareholders of Optiscan. To assist in the preparation of the IER, BDO requested Acuity Technology Management Pty. Ltd. ("**Acuity**") to prepare valuations of:

(i) The Farah IP which is being acquired by Optiscan, including an expected time and cost to recreate; and

(ii) The intangible assets currently held by Optiscan. As the Farah IP is being acquired through a payment of shares in Optiscan, BDO is required to consider the value of Optiscan.

In preparing this Independent Valuation Report, Acuity examined the products currently marketed and in development by Optiscan, their underpinning intellectual property, and the markets for the products; and prepared financial projections for valuations using a risk adjusted net present value approach ("**rNPV**") that relied on historical performance for an already marketed product (FIVE2) and cash flow projections generated by Acuity (the yet-to-be released InVivage®). Although other valuation methodologies were considered, we concluded that the rNPV approach, based on supportable assumptions, provided the most reasonable estimate of Optiscan's IP value. A similar approach would be used by an acquirer operating in an open and unconstrained market.

We estimated that the Farah IP, based on recreation or replacement cost, has a valuation of approximately $3.3 million (with a range of $2.5 million to $5.6 million) and the Optiscan IP, $32.5 million (with a range of $25.5 million to $38.0 million).

Acuity specialises in the appraisal and valuation of IP and knowledge-based intangible assets. The attached report, summarizing the analysis and valuations, was prepared solely by the undersigned, Dr David Randerson, as Managing Director of Acuity.

Yours sincerely

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acuity
TECHNOLOGY MANAGEMENT

Independent Valuations of the Farah Dataset and Intellectual Property owned by Optiscan Imaging Limited

October 2022

Background & Valuation Summary

This Independent Valuation Report ("**IVR**") has been prepared by Acuity Technology Management Pty. Ltd. ("**Acuity**") at the request of BDO Corporate Finance (WA) Pty. Ltd. ("**BDO**"). Acuity understands that BDO will rely on this Report in its preparation of an Independent Expert's Report ("**IER**") for the benefit of shareholders of Optiscan Imaging Limited ("**Optiscan**" or "**Company**") who are eligible to vote on the proposed acquisition of a clinical and histopathological dataset ("**Farah IP**") created by the Company's current Chief Executive Officer ("**CEO**") and Managing Director, Professor Camile Farah. The Farah IP was created by Prof. Farah prior to taking on his current role as CEO/Managing Director of Optiscan, on his own time, in his own clinic and laboratory utilising a range of clinical devices, diagnostic and surgical tools, and pathology technologies including Optiscan's confocal endomicroscopy device. He has sole right and title to the intellectual property ("**IP**").

Optiscan has proposed the acquisition of the Farah IP by way of issuance of six million ordinary shares in Optiscan ("**Proposed Transaction**") and Optiscan shareholders are eligible to vote their acceptance or otherwise. The Company will issue a Notice of Meeting ("**NOM**") informing shareholders of the Proposed Transaction. The IER, to be included in the NOM, is required to provide an opinion on whether the Proposed Transaction is fair and reasonable for the shareholders of Optiscan.

BDO requested that Acuity provide valuations on the Farah IP and Optiscan's IP, the latter to support a Company valuation to be prepared by BDO, because the consideration for the Farah IP will be through the issuance of shares in the Company.

The following report presents deliberations and opinions by Acuity on the current Optiscan product portfolio based on the market potential of individual products or technologies in development. It is a valuation of the units of IP as may exist in an open market between arm's length and unstressed vendor and acquirer. The valuations are largely premised on the future potential of the products deriving from the respective units of IP using a risk adjusted net present value ("**rNPV**"), or discounted cash flow ("**DCF**"), of future benefit analysis. Risks were accounted for through consideration of the development activities required to complete the technology that is not yet available or approved for general marketing and by the addition of a risk premium to the discount rate used in determining the net present value ("**NPV**") of cash flows.

For the Farah IP we have used a recreation or replacement analysis, estimating costs for the various activities to produce, analyse and maintain such a dataset. Acuity's range for the current 228 patient dataset is $2.5 million to $5.6 million with a preferred valuation of $3.3 million.

The Optiscan IP, has been categorised into two products supporting the individual Cash Generating Units ("**CGU**") of FIVE2 and InVivage®:

- The first product, FIVE2, may be described as the Company's original or initial IP. It comprises patents, knowhow and expertise, and in-house secrets, and is marketed primarily as a research tool. Of the relevant patents, the most recently filed will expire in 2027. Acuity has prepared cash flow projections assuming a growth rate which Acuity has determined using an extrapolation of past years' Company performance, with expenses as may be realised by an entity solely manufacturing and selling hardware similar to FIVE2 using imputed expenses as a percentage of revenues based on medical device and diagnostic company averages for Cost of Goods Sold ("**COGS**") and Sales, General and Administrative ("**SG&A**") costs. Although the relevant patents expire in less than six years, product sales are expected to continue and our model includes a terminal value for years subsequent to patent protection with the assumption that knowhow and in-house secrets will support continuing market share. The analysis derives a valuation of $4.0 million (with a range of $3.6 to $4.6 million).

- The newer system is InVivage®. It is a clinical diagnostic system and, as such, requires regulatory approvals before it can be marketed. The Company recently lodged a pre-market notification in the US, seeking approval to market the product for diagnosis of oral cancers. As at the date this valuation, InVivage® is not commercially available. The product's design is supported by one Patent Cooperation Treaty ("**PCT**") patent application which has yet to be examined. It is this system and its use for cancer diagnosis that will benefit from ownership of the Farah IP. Acuity has prepared a risk adjusted DCF for this product with an estimate of numbers of units that may be sold and pricing based on the Company's proposed selling price and that of an analogous product, the CellVizio® marketed by Mauna Kea Technologies SA (France). In creating the financial models used for the InVivage® analysis, Acuity prepared estimates for timings and costs for further development and regulatory approvals, and considered the risks in achieving marketing approvals in major jurisdictions. As for the FIVE2 analysis, we have applied post-launch COGS and SG&A expenses as a fraction of revenues as derived from of a number of medical diagnostics and endoscope manufacturers. Our analysis suggests a valuation for the InVivage® system of $28.4 million ($21.9 to $33.4 million).

The total valuation of Optiscan IP, by our estimate, is $32.5 million with a range of $25.5 million to $38.0 million. Available tax losses are not included in our valuation as they are not relevant to valuing the Company's IP.

Acuity specialises in the appraisal and valuation of IP and knowledge-based intangible assets. The company has experience in valuing medical devices, diagnostic systems, pharmaceuticals, genetic and recombinant DNA technologies, stem cell therapies, and complementary and alternative medicines. Acuity differentiates itself from valuers of businesses and tangible assets by its ability to understand research in-process and discovery science. Details of our qualifications and experience are summarised in Section 11 of this valuation opinion. Further details can be found at www.acuitytechnology.com.au.

The reader is advised to read the Disclaimers (Section 10) to understand the limitations of the valuations.

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1. Optiscan Background

1.1 The Company and its Technology

Confocal microscopy is an optical imaging technique for increasing resolution and contrast of an object by means of using a spatial pinhole to block out-of-focus light in image formation. Capturing multiple two-dimensional images at different depths in a sample enables the reconstruction of three-dimensional structures or sections within an object. Confocal laser microscopy focuses a laser light onto a very small spot on a tissue sample that has been stained with a contrast agent, such as fluorescein sodium, and then scans across the whole sample building up a visual image of the tissue. It may achieve magnification of up to 1000-fold and enable identification and differentiation of tissue, for example healthy versus cancerous cells. This has obvious medical applications where the ability to image the cellular and subcellular mucosal layer can allow diseased tissue to be identified and removed in real time, and where the next best imaging modality – magnetic resonance imaging ("**MRI**"), is expensive.

Confocal Laser Endomicroscopy ("**CLE**") applies the same principles to a medical endoscope such that mucosal surfaces may be imaged *in vivo*. An endoscope is a long tube, either flexible or rigid, with a lens at one end and a video camera at the other allowing internal body parts to be visually examined. An endomicroscope is simply an endoscope in which a microscope is placed at the lens end of the device, allowing the tissue being visualised to be magnified as well.

Optiscan was founded on patented discoveries made by its founders in the field of confocal microscopy and in recent years has evolved its technology to the development of CLE systems, including novel probes.

Until recently, a high level of magnification has only been available to clinicians and scientists through biopsy specimens examined in pathology laboratories. Optiscan hopes to change all that with a non-invasive 'virtual biopsy'. Optiscan was one of the first companies in the world to develop an endomicroscope with the Pentax ISC-1000, which gained US Food and Drug Administration ("**FDA**") approval in late 2004 and was launched by Pentax (now HOYA Corporation) in 2006. This product, discontinued due to a change in focus of HOYA following the acquisition of Pentax, has been used in a variety of indications, particularly in the diagnosis and management of gastrointestinal disorders.

Optiscan's specialty is Fluorescence *In Vivo* Endomicroscopy (referred to as 'FIVE'). The current technology platform of the FIVE2 (also known as ViewnVivo) underpins the Zeiss Convivo® product (marketed by Carl Zeiss Meditech AG) and is a next-generation advance on the Pentax Medical ISC-1000 and the Optiscan FIVE1. Upwards of 80% of Optiscan's revenues have, until recently, derived from the Zeiss collaboration.

FIVE2 was launched in 2015 and is marketed as a research device. On 27 June 2022, Optiscan announced a new strategic partnership with China-based Sinsi Technology Co. Ltd. for the distribution of FIVE2. Optiscan reports that Sinsi Technology is a trusted and established Chinese distributor within the science and biotechnology sectors.

InVivage® is the company's entry as a clinical diagnostic device. It has been optimised for imaging cellular architecture in clinical and research settings producing real-time, sub-cellular, high resolution images at 1000x real magnification. It has additional features such as a button-controlled, miniaturised hand-held endomicroscopic probe (4mm diameter tip).

The InVivage® is currently an unapproved device and is not available for sale, pending appropriate regulatory approvals. The Center for Devices and Radiological Health ("**CDRH**") a division within the FDA has agreed that the 510(k)[1] expedited approval route is available to Optiscan for the InVivage® system for the intended application - to create *in-vivo* confocal laser scanning images of the internal microstructure of tissue within the oral cavity (including the oropharynx). One of the few last technical hurdles was passed earlier this year with laser safety testing being completed and on 22 August this year, Optiscan submitted its 510(k) application to the FDA.[2] The Company is also investigating the product's use for breast cancer and cervical cancer.

1.2 Historical Financial Performance

Optiscan's revenues and expenses have not changed significantly over the past five years.

Table 1: Optiscan Annual Revenues and R&D Expenses by Year ($'000)

	2018	2019	2020	2021	2022
Sales Revenue	2,186	1,042	1,191	890	1,013
Oper & Admin Expenses	2,919	2,289	1,874	2,534	3,699
R&D Expense	1,975	704	1,273	1,666	2,165
Loss	2,055	2,344	1,765	2,127	4,233

Sales have not increased and losses continue to be recorded. The Company continues to invest significantly in R&D.

1.3 Research & Development

The majority of R&D expenditure is directed to the InVivage® system with the following programs in progress:

- An Oral Cancer Trial at Melbourne Dental School aims to improve screening, diagnosis, and treatment of oral cancer using CLE. All planned imaging for the trial was expected to be completed by end of March 2022. Images from this study have been supplied for inclusion in Optiscan's FDA 510(k) submission. A final report is due in the third quarter of 2022.

- Several cases of *ex vivo* oral cancer have been imaged at the Adelaide Dental School while refinements of technical protocols with the Adelaide team are ongoing. The study aims to prove feasibility of using *ex vivo* imaging as an alternative workflow pathway, potentially leading to other advanced studies.

- Optiscan has been working closely with a US-based independent contract testing laboratories for medical devices and pharmaceuticals to progress various cleaning and disinfection tests. The nature of these tests means they involve various stages and iterations towards validation to satisfy FDA requirements.

[1] Section 510(k) of the US Food, Drug and Cosmetic Act enables device manufacturers to register a device on the basis of that it is substantially equivalent to a device already marketed. The pathway allows for expedited approvals relative to new devices.
[2] Optiscan Imaging Limited, ASX Announcement, 22 August 2022. Optiscan Imaging Submits FDA 510(k) Application for InVivage® Device.

- A Breast Cancer Surgical Margin Assessment Study is ongoing following an updated ethics application submitted to the Royal Melbourne Hospital. The amendment is to increase the number of patients in the study, and to add imaging during the tumour cut-up stage in the pathology laboratory. This will allow a comparison between the images obtained from the external surface of the resected lump with the tumour and tumour margins from within the lump, and validate a direct comparison between the images obtained live and the pathology histopathology slides. The assessment will prove the feasibility of the product's *ex vivo* approach and allow preparation for a larger *in vivo* study.

1.4 Intellectual Property

Patents are one of the primary methods of protecting the Company's IP. Recent patent filings are listed in Table 2. There are a number of earlier patents which are expected to expire in the next two to three years – those due to expire before December 2025, which are not listed in the table. As there has been no perceptible growth in sales over the past four years, and because of the limited residual life to these patents, we ascribe no value.

Table 2: Optiscan's Patents and Patent Applications

Application Number	Title	Applicant	Status	Filing Date*	In Use
WO2004/040267	Scanning method and apparatus (family 17)	Optiscan	Granted DE, JP, UK, US	29 Oct 2003	Current scanner
US10/822,718	Method and apparatus for providing depth control or z-actuation (Family 18)	Optiscan & Pentax	Granted US, JP	13 Apr 2004	Current scanner
US10/845,223	Optical Connector (Family 19)	Optiscan & Hoya Corp	Granted DE, JP, US	14 May 2004	Current probe
WO2006/076772	Fibre bundle confocal endomicroscope (Family 42)	Optiscan	Granted EPO, US	20 Jan 2006	Current scanner
US20090015894	Optical fibre scanning apparatus (Family 53)	Optiscan	Granted EPO, HK, JP, UK, US	13 Sep 2007	Current scanner
WO2012/048374	A scanner for an endoscope (No #)	Optiscan	Granted AU, EPO, JP, US	12 Oct 2011	Future possibility
WO2014/201501	Optical scanner and scanned lens optical probe (Family 59)	Optiscan	Granted AU, CN, EPO, US, HK, JP	19 Jun 2014	Not currently
US20200129049	Sterile sheath for confocal endomicroscopy scanner probe	Optiscan & Carl Zeiss	Pending	31 Oct 2018	CZS probe
PCT application	Optical Probe and processing system	Optiscan	Lodged	19 Aug 2021	InVivage®

* Expiry date is generally 20 years from filing.

Patents on current probes and scanners, including FIVE2, expire in the next few years (generally prior to September 2027). While we anticipate growth in sales of products that are dependent upon these patents, we don't expect growth to be that dramatic as to turn around the Company's fortunes while there remains a high R&D investment.

Revenue growth will derive from the InVivage® system once this is approved before or during 2023. The primary patent underpinning this product is the recently filed PCT application, which has yet to be examined and granted. We expect that there may be new patents but our valuation is not dependent upon these.

2. Farah IP

2.1 Description of the IP

As of 21 June 2022, the Farah IP consisted of two hundred and twenty eight (228) matched patient datasets of oral pathology (precancer and cancer subtypes and normal tissues) including CLE image files, clinical white light images with matching annotated clinical data (including such information as age, gender, smoking and alcohol habit history, clinical diagnosis, histopathological diagnosis, treatment undertaken, biopsy type, information on surgical margins), corresponding non-confocal optical imaging images of the same lesion (autofluorescence images obtained with the VELscope® oral mucosal visualisation device), long term follow-up details (for a subset of patients on regular review allowing comparison of pathologies and images over time), histopathological images (where biopsy has been undertaken), and annotated data of corresponding confocal, clinical and histopathological images. Pathology diagnoses consist of consensus reports from four pathologists.

All data in the package has been de-identified to meet patient privacy and confidentiality requirements. We have been advised that the IP is unencumbered.

Data was collected between October 2019 and June 2022 (two years and eight months).

As described by Prof. Farah, each imaging session generates about 100 to 200 useable high-quality high-resolution TIFF (Tag Image File Format) images which can be stacked to provide three dimensional constructs of the tissue imaged. Given the number of patients imaged (228 patients with 458 imaging sessions), there are roughly 45,000 TIFF CLE files. The large number of images enables the use of machine learning programs for designation of pathology types compared to normal, and is a central part of artificial intelligence ("**AI**") algorithm generation that will be of benefit to Optiscan, or a competitor, and could be incorporated into the Company's next generation devices for oral cancer screening and surgical margin assessment.

Additionally, two distinct dyes, fluorescein and acriflavine, have been utilised on different subsets of patients, allowing for two distinct applications to be generated, both of relevance to current and future FDA applications.

If the proposed acquisition of the Farah IP proceeds, the Company may be in a position to file a new patent covering, for example, the AI software that as it supports the InVivage® system and its ability to facilitate a predictable diagnosis following imaging of a patient. The software will be to incorporate the IP that the company intends to acquire from Prof. Farah. Optiscan does not currently have any such data.

2.2 Reasons for the Purchase

Optiscan will gain through ownership of the rights to the Farah IP in the following ways:

- The information will likely enhance the Company's submissions to regulators for use of fluorescein as topical dye (*in vivo* use) and acriflavine (*ex vivo* use) for determination of cellular structure and diagnostic purposes.

- The Company will gain immediate use of the data for the creation of AI algorithms as a training set to be used for downstream validation studies. The inclusion of the AI algorithms in regulatory applications will strengthen the submissions and avoid later amendments to the device's description if incorporated into the diagnostic tool at a later date.

- The dataset increases the utility of the CLE system as a true diagnostic tool for head and neck cancers, the precision of which arises because the information was obtained using the Company's own CLE system.

- Should there be a need to access third party databases, in the absence of the Farah IP, there may be licence fees and/or royalties payable to the owner, and this could ultimately be more costly and would not provide data of immediate utility in Optiscan devices. The Company will be in control of its software, algorithm enhancements and patient data augmentation with ownership.

- The dataset will facilitate acceleration of new device configurations and provide the Company a stake as leader in AI/software space for confocal microscopy, as well as creating additional revenue streams.

- The dataset may also be used for marketing purposes through inclusion in scientific publications and marketing literature, grant applications, and in support of scientific and commercial collaboration, and as an evidence base for clinical applications sought by potential customers.

In the absence of the dataset, Optiscan would require two to three years to generate a similar dataset although this may be reduced by working with overseas clinicians and across multiple clinics.

Is there a market for the Farah IP other than Optiscan? We believe there is because at least one other company is marketing a CLE system and is developing it for additional diagnostic applications. That company is currently not focussed on head and neck cancer but could readily enter the market with access to the Farah IP. We have also been advised by Prof. Farah that there has been significant interest in the dataset and supporting IP by several commercial entities and universities.

3. Markets and Competition

3.1 Confocal Laser Endomicroscopy

CLE as an *in vivo* cancer diagnosis tool is a recent innovation with, as far as we can determine, only one other company active in the field. The potential in oral, oesophageal, gastrointestinal, colorectal, ovarian and cervical cancers is considerable and potentially cost effective for early diagnosis. There are no reliable estimates of what the market for devices may be.

Most teaching hospitals around the world have cancer wards in which CLE could be placed. Even if one considers only large cancer centres and those designated as Comprehensive Cancer Centres, there are over 280 worldwide including 82 in the US according to the Cancer Index.[3] In NSW alone there are 12 public and private specialist centres for complex head and neck cancer surgery each reportedly having undertaking 25 to 100 complex resections during the two-year period January 2018 to December 2019.[4]

In addition to the discontinued Pentax ISC-1000, the only other CLE system commercially available is the Cellvizio® of Mauna Kea Technologies, SA (listed on the Paris Stock Exchange as PA:MKEA with a current market capitalisation €25.0 million and Enterprise Value ("**EV**") of €41.8 million). Cellvizio® has achieved 510(k) clearance from the US FDA and a European CE Mark for use in the gastrointestinal tract, biliary and pancreatic ducts and lungs. It also has marketing approval in China through that country's medical regulator ("**SFDA**") and in Japan through the Ministry of Health, Labour and Welfare ("**MHLW**").

The company claims progressive growth in its user base in recent years and in calendar 2021 reported €7.7m in revenue (cf. €6.53 in 2020) albeit consistently recording losses. Reported new unit sales were 26 and 31 in 2020 and 2021, respectively, imputing a unit price of around €103,000 and €99,200 in 2021 and 2020, respectively. The UK's National Institute for Health and Care Excellence ("**NICE**") estimated a price for Cellvizio® of £79,000 in 2016.

[3] Cancer Centers. CancerIndex (http://www.cancerindex.org).
[4] Cancer Institute NSW (https://www.cancer.nsw.gov.au/what-we-do/supporting-cancer-care/specialist-cancer-centres/complex-head-and-neck-cancer-surgery-specialist-ce).

3.2 Head and Neck Cancer

Cancers that are known collectively as head and neck cancers usually begin in the squamous cells that line the mucosal surfaces of the head and neck (for example, those inside the mouth, throat, and voice box). Less common cancers can occur in the salivary glands, sinuses, or muscles and nerves in the head and neck. These cancers may be caused by alcohol and tobacco use, infection and occupational exposure, such as asbestos inhalation.

A patient often goes to the doctor with a lump or a sore that does not heal, difficulty in swallowing, and a change or hoarseness in the voice. Common procedures for diagnosing head and neck cancers are: endoscopy for visual inspection of the inside of the throat and laryngoscopy for examining the inside of the larynx and vocal cords. A biopsy of the tissue from the affected part is sent for microscopic examination to determine the type of cancer. MRI or computed tomography ("**CT**") scans may be performed to detect if the cancer has spread to other parts of the body, including lymph nodes and lungs.

The International Agency for Research on Cancer reports 41,388 new cases annually in the US, 7,081 in Australia and 694,000 globally in 2020 with worldwide prevalence of 1.73 million and annual mortality of 344,500.[5]

4. Risks Analysis

In preparing our valuation of Optiscan we considered the following commercial and technical risks:

- There is the risk that sales of FIVE2 will not grow beyond current levels. The Company has been reliant on one customer for the majority of its sales and, once patents expire, may not prevent that client, or another firm, from becoming a competitor.

- The Company continues to invest in R&D while recording ongoing losses. Depending on the growth in revenue over the short to medium term, Optiscan may need to raise additional capital. Given its stagnant sales this may be difficult, particularly in the current economic climate.

- There is the risk that the FDA may not approve the InVivage® as an *in vivo* cancer diagnostic tool or that the approval may take longer than anticipated.

- The InVivage® system may not be accepted by the clinical community and, consequently, not meet commercial targets. CLE as a diagnostic tool may prove insufficiently sensitive or not cost effective relative to current best practice.

- The Cellvizio® system has yet to receive medical insurance or US Medicare reimbursement, nor is it listed on the Medical Benefits Scheme ("**MBS**") in Australia and the National Health Service ("**NHS**") Schedule in the UK. An inability to obtain reimbursement for the InVivage® may significantly hinder sales of the device.

- There is also a risk that the Farah dataset may require greater manipulation to incorporate into InVivage® than anticipated.

[5] Cancer Today. International Agency for Research on Cancer. World Health Organisation (https://gco.iarc.fr).

5. Intangible Assets Valuation Methods

For the purpose of our valuation opinion, current market value is defined as the amount at which the units of IP or the Company could be expected to change hands for in a hypothetical transaction between a knowledgeable willing, but not anxious, buyer and a knowledgeable willing, but not anxious, seller acting at arm's length. We have not considered special value or control premium in this assessment although it could be expected that an unrelated acquirer may pay a premium to obtain the Company's technology to complement its own portfolio or to avoid patent infringements.

Techniques used for valuing intangible assets, including IP and in-process R&D ("**IPR&D**"), generally fall into three main categories:

1. Cost Based;
2. Market Based; and
3. Revenue Based.

We examined several approaches, many of which were considered not applicable to the Farah IP and Optiscan IP. These are briefly discussed in the following sections.

5.1 Cost Based Methods

There are several cost approach valuation methods, the most common being the reproduction cost and the replacement cost methods. Often these may be based on the historical costs incurred by the technology's originator. Although medical device, diagnostics and drug development are extremely costly, future benefits are considered to be worthy of the investment and deals to acquire promising R&D-stage programs are often an order of magnitude higher than the past expenditure. Generally, however, patents provide a market monopoly for the inventions and it would be very difficult for a third party to replicate the technology with equivalent utility and specificity without infringing those patents. Patents are the key asset underpinning inter-industry acquisitions and represent more than a cost-to-replicate the technology.

We consider that cost-based methods are not applicable to the Optiscan IP due to the fact that the IP has been developed and enhanced over several decades and there is a premium available for patented technology.

Recreation or replication cost is our preferred methodology for the Farah IP as it is possible that others, including Optiscan, can create a dataset of equivalent utility.

5.2 Market Based Methods

The most recent trading history of shares in a company provides evidence of the fair market value of the entity where they are publicly traded in an informed and liquid market. An enterprise value ("**EV**") strips the share price or market capitalisation of cash and cash equivalents and adds in debt to effectively determine an IP valuation in companies with no, or minimal, goodwill. Therefore, one approach is to compare company EVs where the technology is similar and operating in the same markets.

Techniques based on analysis of transactions between companies, equity valuations or capitalisations of comparable companies have considerable merit in the life sciences sector. There are a significant number of transactions taking place in the industry every year where one company acquires or licenses IP from another or enters into a collaborative venture. There are also many fund raisings, both private placements and Initial Public Offerings, which may be used as analogies.

A market analysis should realistically be undertaken by comparing companies or transactions to acquire products at similar stages of development, i.e. discovery, prototype, pre-clinical and analogous stages of clinical development and regulatory assessment, etc. In the case of the value placed on a company, the comparator entity should be single purpose and/or technically equivalent to the subject company or IP. Such criteria are often difficult to meet and comparable analyses are commonly used only to support the values derived with other methodologies or to provide a "ball park" estimate.

We examined the EVs of a number of R&D-based clinical device or diagnostics developers as a basis for valuation by comparables, applicable to Optiscan. Our findings are presented in Section 7.1. We were unable to identify any transactions to acquire a comparable dataset, or listed companies with equivalent assets, for the purpose of valiung the Farah IP.

5.3 Methods Based on Future Prospects

A technique suitable for valuing a business or a project, such as IPR&D, with strong and relatively predictable future prospects is based on a DCF analysis. To assume any level of credibility, the DCF must be based on sound cash flow predictions, with justifiable assumptions regarding sales estimates, expenses and revenue timings. These are then valued to present day using a discount rate, often following probability adjustment, that recognises the time value of money and risks involved in achieving the forecast cash flows.

In the case of IPR&D future cash flows are not accurately predictable and rely on estimates for market size, selling prices and market penetration in determining revenues and estimates for development costs and operating expenses once products are launched. There is also a high risk that development will not be successful and this impacts the likelihood that projected cash flows will be realised. Acuity's preferred methodology for IPR&D is to use a risk analysis and probability adjust cash flows, a method commonly used in the pharmaceutical and electronics industries.[6, 7] The approach requires a probability analysis that explicitly recognises the time profile of the risk by probability adjusting the cash flows using literature- or experience-based likelihoods. The resulting cash flows may then be discounted at a rate close to the cost of capital as the development risks are deemed to have been dealt with in the probability analysis. Nonetheless, future cash flow estimates are only as good as the assumptions on which they rely and are prone to unforeseen events, such as unrealised competition and changes in the market. A premium to the discount rate compensates for longer term, less predictable or non-quantifiable risks.

The usual discount rate is a company's Weighted Average Cost of Capital ("**WACC**") which reduces to the Capital Assets Pricing Model ("**CAPM**") in the absence of debt. The CAPM for Optiscan may be determined using the following formula:

$$CAPM = Rf + \beta \times (Rm - Rf) + \alpha$$

Where:

Rf is the Risk Free Rate of Return. To estimate the risk-free rate, ten to 20-year US Government Bond yields may be used (the US being the major market for products). The current rate is 3.1%.

Rm is the Expected Market Return and (Rm – Rf) the Risk Premium being the excess over the risk-free rate that an investor requires to invest in the market portfolio. The current Expected Market Return for investors is around 5.0% to 6.0%.

Beta (β) of a particular investment is a reflection of its risk expressed as a percentage of the volatility to that of a market portfolio. The rate of return on the market portfolio will, by definition, fluctuate identically with the market and therefore its beta is one. Investments with betas higher than unity are more volatile than the market.

[6] Bogdan B & Villager R. Valuation in Life Sciences: A Practical Guide. Springer Verlag (Berlin), 2007.
[7] Aaron AV, Bitton VR (co-chairs), *et al*. Assets Acquired in a Business Combination to be used in Research and Development Activities. American Institute of Certified Public Accountants, New York. 2013.

α is a specific company risk premium. This is a metric that considers the size and financial stability of Optiscan, its global partnerships and relationships, as well as the markets in which it works.

Based on an average beta of 1.6 (as obtained from a range of small cap and early-stage medical device and diagnostics companies), an equity market risk premium of 5.0% to 6.0% we estimate a CAPM of 9.7%. We applied no additional premiums when evaluating FIVE2 because projections are based on historical activity and assumed growth is minimal (<1%) but, in the case of InVivage® which has as yet to be tested in the marketplace and for which there are no viable projections or contracts to purchase, we included a 3% discount rate premium.

6. Valuation of the Farah Dataset

The data and image set has value to Optiscan as outlined in Section 2.2, and possibly to other companies developing or marketing confocal endoscopy systems and researchers. We believe that, in Optiscan's hands, it will lead to greater utility of its InVivage® system and enhanced sales.

As a standalone information set, the Farah IP may have some value to individual clinicians seeking to interpret the results of their own CLE data, but such a process is likely to be laborious and imprecise. Its utility is in providing instant/real time and reliable information for diagnosis of and staging of head and throat cancer following and in combination with CLE examination. The ability to forecast use on an individual basis is limited and we have not sought to base a valuation on the incremental cash flow that may arise due to ownership of the Farah IP or the potential avoidance of royalties that may occur if the Company had to license access to such IP.

Notwithstanding the fact that an acquirer will benefit from the significant time saved by avoiding the need to develop a dataset, we consider that a replacement or replication cost is the most reliable way to value the Farah IP.

We have broken the development of such a dataset down to a series of tasks performed by qualified individuals (data collection, entry and management; ethics committee submissions; software or IA coding; and archiving), consultants' fees to assess patients, biopsy collection and pathology analysis and reporting, the costs to undertake CLE (or an equivalent imaging procedure), digital photography and data/image archiving; and reduced these to a per patient cost.

We considered that a third-party professional services provider, such as a contract research organisation ("**CRO**"), would carry out such a task and included a profit on the direct costs.

In preparing labour estimates, we used Australian average salaries for healthcare workers, nurses and laboratory technicians; medical specialists and software engineers. These were adjusted to an hourly rate with addition of oncosts such as superannuation, and an estimate made of the time required to perform individual tasks.

Consultations with oncologist and other medical service providers, and pathology costs were as listed in current **MBS** schedules.[8]

Office and consulting room costs were based on inner city rentals in Australia, on a square meter basis, with addition of suitable medical examination furniture, broken down on the basis of 16 patient sessions a day.

[8] Australian Government, Department of Health. MBS Online (http://www9.health.gov.au/mbs. Accessed June 2022).

The most significant cost component is in the examination of a patient by CLE and the acquisition of a biopsy sample for examination – in our assessment these combined could be around 35% of the overall expense. As we could not obtain an approved charge for such a service, we examined MBS schedules for similar procedures (such as oral endoscopy, microlaryngoscopy, naselendoscopy and sinoscopy), with and without excision of tissue for treatment or biopsy; and the costs of various cancer related examination of biopsy material. We also sought guidance from the UK **NHS** National Schedule of Reference Costs.[9] Through the NHS we obtained national average unit costs for a number of non-elective short stay procedures including, various endoscopy procedures such as pharyngoscopy, endoscopy of larynx and pharynx, bronchoscopy with and without biopsy and cytoscopy. We took guidance from the UK's NICE which prepared a brief on the Cellvizio® system in 2016.[10] In this analysis they report a capital cost for the Cellvizio® system of £79,000 with installation, commission and training costs; additional consumables cost and DICOM (Digital Imaging and Communications in Medicine) connectivity module and a life of 10 years. NICE estimated a cost of £486 per procedure (not including staff and facility costs). As a comparator, they chose an NHS average unit cost for diagnostic endoscopic upper gastrointestinal tract procedure with biopsy. However, in considering consultant and nurse costs, hospital overheads and capital costs, they estimated an additional cost of £932 per procedure (total £1,418, A$2,500). We applied a similar multiple to the more recent NHS schedule of costs, and allowed for inflation to provide a 2022 cost, and, similarly, the Australian endoscopy and biopsy acquisition costs (a range of $2,500 to $4,000 per patient for endoscopy and collection of biopsy sample).

To the total estimated per patient costs we have added a multiple of 40% as the gross margin generally sought by clinical CROs.[11] The analysis estimates an outsourced charge for the creation of a similar dataset of $3.3 million for 228 individual entries with a range of $2.5 million to $5.6 million.

Our estimate is based largely on what could be expected for the creation of a dataset in Australia. It should be noted that a third party contracting the development of an equivalent dataset may pay more if generated in the US or Europe, but could potentially secure the assignment for a lower fee if contracted to other parts of the world. It should, however, be stressed that the quality of the dataset and its correlation with disease is all important and that a provider must be skilled in medical information collection, good laboratory and clinical practices and biostatistics, data management and archiving.

7. Optiscan IP Valuation

7.1 Comparables Analysis

We identified 16 R&D-based companies in the field of clinical diagnostics instrumentation and endoscope/endoscopy development, five of which were in Australia, five in Canada, three in the US and three in Europe. As at 17 October 2022, these companies had an average EV of $70.13 million (median $38.0 million) with a range of negative $17.6 million to $300 million.

It should be noted that there is no common measurement on which to base a comparable market transaction due to factors such as differing markets being addressed by the individual companies and competition, numbers of products in development, dependence on grants as opposed to revenues, and relationships with collaborators and licensees. Nonetheless, the analysis provides some insight into the value that investors place on early-stage companies operating in a similar field to Optiscan (current EV of 64.2 million).

[9] National Schedule of Reference Costs – Year 2015-16 – NHS trusts and NHS foundation trusts (https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.publishing.service.gov.uk%2Fgovernment%2Fuploads%2Fsystem%2Fuploads%2Fattachment_data%2Ffile%2F577084%2FNational_schedule_of_reference_costs_-_main_schedule.xlsx&wdOrigin=BROWSELINK, accessed June 2022).
[10] Cellvizio confocal endomicroscopy system for characterising pancreatic cysts. Medtech innovation briefing, 28 June 2016.
[11] According to one analysis gross margins in the clinical research industry tend to range between 40% and 50% (Improving CRO Gross Margins with Project Margins. Pivotal Financial Consulting, LLC. https://www.pivotalfinancialconsulting.com/single-post/2016/10/31/Improving-CRO-Gross-Margins-with-Project-Margins, accessed 6 July 2022).

7.2 DCF Valuation and General Assumptions

7.2.1 General Approach

We have considered two CGUs in estimating valuations for Optiscan's IP. The first is the Five2 (ViewnVivo®) product which is already providing income to the Company and the second is the InVivage®. The FIVE2 product is underpinned by patents applied for prior to September 2007 (US20090015894) which have a remaining life of roughly five years. InVivage®, which is intended as a clinical diagnostic system, receives some protection from these earlier patents but will primarily be dependent on the recently lodged PCT application (filed 19 August 2021) for long term protection.

Company revenues deriving from product sales, specifically the FIVE2 system, have shown little, if any, growth in the past six years and although new effort is being focussed on China[12], we have no reason to accept that revenues will dramatically change in the short term remaining before patents expire. In any event, the Company's patents have not been granted in China. The product will continue to sell internationally after September 2027 but, in the absence of patent protection, will rely on quality as well as knowhow and in-house secrets to maintain market share.

InVivage® is available as a research tool but currently makes no sales. Its future benefit will derive from approval as a diagnostic for which the Company is seeking a 510(k) substantial equivalence marketing approval in the US. Similar regulatory recognition will be required in other jurisdictions, for example a CE Mark as a class II device for Europe. As discussed in Section 4 there are risks associated with obtaining these approvals and obtaining reimbursement, as well as a risk that the product may fail to obtain patent protection (there is published literature on the likelihoods of patents being granted which we have considered in making risk adjustments).

For both the FIVE2 IP and InVivage® IP we have developed cash flows for the estimation of value by the DCF methodology. For the former product we have extrapolated historical performance in sales of instruments and, for InVivage® IP, estimated possible future product sales based on a comparator product, for a valuation by risk adjusted DCF approach.

7.2.2 FIVE2 IP Valuation

Instrument revenues for the years from 1 July 2022 to 30 June 2027 have been estimated by extending the trend for 12-month periods from 30 June 2016 and 30 June 2021 with an estimate for the 12 months to 30 June 2022 (based on Company forecast). The analysis suggested $1.17 million in instrument revenues in 2022/23 and 1.21 million in 2026/27 with an annual growth of 0.7%. The revenues were further extended to 13 September 2027, the expiry date of the 2017 patent as an estimate of the patents' contributions to the IP value. The addition of a terminal value accounts for other ongoing cash flow which we believe is maintainable through the Company's proprietary knowhow and secrets.

Optiscan currently invests significantly in R&D, mostly unrelated to FIVE2. For the purpose of our cash flow, we have only considered a maintenance R&D expense, of 2.6% of revenues, deriving from an analysis of 20 publicly listed medical diagnostic instrument company annual reports. Similarly, COGS (40% or sales revenues) and SG&A (26%) are the median values of these parameters for the listed companies. In effect, we have assumed that an acquirer of the IP would continue to sell the product but have expenses equivalent to these profitable entities.

Our financial model includes depreciation based on Optiscan's recent amounts and working capital estimated from the diagnostic companies' metrics (of 18% of sales revenues, based on industry average).

[12] Optiscan Imaging Limited. ASX Announcement 27 June 2022. Optiscan Imaging Announces Strategic Distribution Partnership for China.

We have not included in our analysis any grants or tax concessions, or tax losses currently available to the Company. Tax on profit is calculated at the Australian company rate of 25.0% (for companies with revenues below $50 million).

The after-tax cash flow has been discounted at 10%, which is the rounded WACC of the Company based on CAPM, to determine a valuation of $4.02 million. A range has been applied to this by applying discount rates of 9% to 11% resulting in valuations of $3.58 million to $4.59 million. We also considered sensitising other model assumptions, such as expenses and sales growth rate, and concluded that the range effectively covers their potential impact.

A valuation of the patents' contribution through consideration of cash flows to September 2017 only, is $1.34 million.

7.2.3 InVivage® IP Valuation

As a new product, InVivage® has a number of risks to achieving marketing approval and granting of patent in relevant countries, and gaining market acceptance. The technical risks, being those that will be resolved one way or another in the short term have been accounted for by risk adjusting potential cash flows and for the longer term, less predictable risk of sales performance we have included a premium to the discount rate.

We sought guidance from a competing product for instrument pricing and sales volume. We assume a product can be launched as a diagnostic system in 2024/25 with sales growing to peak at 100 units in 2028/29. Sales continue to grow at 10% per annum declining to 5% in 2031/32, the horizon for our cash flows, *viz*. 10 years. We have priced these units at US$250,000 (A$368,000) with no allowance for consumables sales. We note that the Company anticipate a price range of between US$250,000 and US$300,000 and that CellVizio®, while it has a lower price, requires considerable ongoing expenditure on consumables.

The costs of further development were estimated by Acuity based on the Company's R&D expenditure in recent years. We assume two years at $1.0 million with lesser amounts in the following two years as approvals are obtained. We have included an expenditure of $2.5 million promoting the new technology over the coming three years.

Subsequent to launch, in addition to the amounts proposed on R&D and promotion, we have again used medical diagnostic company metrics for maintenance R&D (2.6% or sales revenue), COGS (40%) and SG&A (26%).

We have applied the following risk adjustments: 80% likelihood of receiving patent granting (based on published statistics), as affecting cash flows beyond June 2025 when a patent may expect to be granted; and regulatory approvals, 90%, affecting cash flows beyond June 2024. As most requirements have been met, Acuity considers there is a small risk to achieving 510(k) recognition. In other words, there is no adjustment to the anticipated expenses for the next two years as R&D is committed but cash flows are reduced by 80% from July 2024 and 72% (80% times 90%) from July 2025.

Historic tax losses are not included in the model and tax benefit or payments are calculated on a yearly basis with the assumption that an acquirer of the IP is a tax paying entity. As revenues in our modelling do not exceed $50 million in any one year (peaking at about $40 million) we have applied the Australian company rate of 25.0%.

Working capital requirements are included in our projections. A terminal value has been applied using a 2% growth to perpetuity model.

The cash flow is discounted at 13%, a 3% premium to the Company's WACC, due to inability to accurately predict sales, to yield a valuation of $28.4 million. Considering a range of discount rates from 12% to 14%, we propose a range of valuations from $21.9 million to $33.4 million for the InVivage® IP. Again, we looked at other model inputs, such as pricing and unit sales, and concluded the range adequately covers reasonable variances.

7.3 Valuation of Optiscan IP

Based on the assumptions presented above, the after tax valuation for the combined Optiscan IP is $25.5 million to $38.0 million with a preferred valuation of $32.5 million.

To be clear, Acuity has not attempted a valuation of Optiscan as a company – it is a valuation of the IP as may be realised in a sale between arm's length vendor and purchaser in an open market. We have not included available tax losses or current assets and debt. Both CGUs have current patent protection in countries where the products may achieve their greatest sales. The IP for FIVE2 is limited by the remaining term of the last to expire applicable patent, September 2027, but sales will continue with some protection from knowhow and in-house secret, while InVivage® has potential protection from a newly filed patent application.

The combined IP valuation falls within the range determined from a comparable companies' analysis of $300 million or less and median of $38.0 million.

8. Summary and Conclusions

The following table presents our estimated valuation of the Farah IP and Optiscan IP.

Table 2: Summary of Farah IP and Optiscan Products' Valuations ($'mil)*

Product	Low	High	Preferred
Five 2 (Patent US	3.6	4.6	4.0
InVivage® (PCT filed 2021)	21.9	33.4	28.4
Total Optiscan IP	**25.5**	**38.0**	**32.5**
Farah IP	**2.5**	**5.6**	**3.3**

* Totals may not match sum of individual contributions due to rounding

The Farah IP valuation is based solely on a replacement cost. Should the transaction to acquire the Farah IP proceed, we would expect that the dataset has greater worth in Optiscan's hands, effectively a premium to its recreation cost, as it may be of assistance to the Company in securing marketing approval for InVivage® as a clinical diagnostic tool and its potential utility in promoting sales of the product. Optiscan may also benefit by having immediate access to the dataset without requiring two or more years to obtain equivalent information.

9. Sources of Information

Prof. Farah and Optiscan provided Acuity with a number of confidential documents which were used in our analyses and relied upon for certain assumption. These included:

- Optiscan Audited Accounts for FY2022 (*Optiscan Audited Accounts June 2022.xlsx*, released to ASX on 31 August 2022);
- Prof C Farah Cost Estimates (*IP Farah Costings.xlsx*, last modified 1 July 2022);
- Sale of Intellectual Property Rights to Optiscan Imaging Ltd. A detailed description of the Farah IP (*IP sale to Optiscan June 2022.docx*, last modified by C Farah 21 June 2022);
- Optiscan Patent Portfolio (*Optiscan Patent Portfolio – 19 Aug 2021.docx*, last modified 16 Nov 2021); and
- Optiscan Sales Summary FY2019 to FY2022 (*Optiscan Sales Summary FY2019-FY2022.xlsx*, last modified 28 June 2022).

We also reviewed published annual financial statements and recent press releases from Optiscan. Patent details were checked against the World Intellectual Property Organisation's website.[13]

10. Disclaimer

The valuations make certain assumptions in relation to the revenue prospects. In preparing this report we have relied on information provided by Optiscan, complemented by our own experience in drug and medical technology development and independent searches of the literature. We can provide no assurance that material provided by the Company was complete and accurate although we have no reason to suspect that this was not the case. We have exercised all due care in verifying the information provided and found no reason to doubt the reliability of the information. We also relied on details concerning the contents and quality of the Farah IP as provided by Prof. Farah.

A draft of this report was supplied to Optiscan and Prof Farah to confirm factual accuracy and some changes were made to reflect their comments.

Acuity does not guarantee that the financial and technical outcomes described in this report will actually occur because of possible changes in the markets and Optiscan's and Farah's actions, which are beyond our ability to forecast.

Acuity has acted independently in preparing this report and neither its director nor staff have any pecuniary or other interest in Optiscan, its related entities or associates, or in the Farah IP, that could reasonably be regarded as affecting its ability to give an unbiased opinion. Acuity will receive normal professional fees for the preparation of this report and, with the exception of these fees, will not receive any other direct or indirect benefits. Acuity has not recently provided consultancy or advisory services to Optiscan or Prof. Farah.

Acuity does not hold an Australia Financial Services Licence and provides no opinions or recommendations relating to the suitability of Optiscan, its IP or the Farah IP as investment opportunities, as potential acquisition or for any other purpose, and provides no advice concerning the proposed acquisition of the Farah IP by the Company.

[13] WIPO Portal. Patentscope (https://patentscope.wipo.int).

In preparing this report we have had regard to the following regulatory and professional standards:

- RG 111, Content of expert reports; and
- RG 112, Independence of experts.

11. Experience and Qualifications

Acuity provides management consulting to technology-based companies. The company is skilled in the development of business plans and the technical, commercial and financial analyses of engineering and science-based projects. An area of special interest is the provision of advice to investors and financial institutions on the funding of high technology R&D and the exploitation of outcomes.

The current valuation was undertaken by Acuity's Managing Director, David Randerson. Dr Randerson specializes in the valuation of intangible assets, and business entities whose main assets are intangibles, with particular expertise in IP and IPR&D. Valuations have been performed for purposes of licensing, capital raising and investment, sale, depreciation and amortization, impairment, purchase price allocation, consolidation, mergers, acquisitions, stock options and goodwill.

Dr Randerson has experience with valuing pharmaceuticals, stem cells, medical devices, diagnostics, agriculture, biochemical and cell culture technologies and environmental products. In the fields of physical and applied sciences, he has valued software, internet, electronics, telecommunications, mining and petrochemical projects, process engineering, production engineering and automotive technologies. Research-in-process is of particular interest to Dr Randerson.

Dr Randerson has a Bachelor of Chemical Engineering (Monash University), Master of Science in Applied Science (UNSW) and a Doctorate of Philosophy in Biomedical Engineering (UNSW). He is a Fellow of the Australian Institute of Company Directors and a member of the Institution of Chemical Engineers. He has worked in academia at the University of Munich and University of Queensland, and in Industry with Rio Tinto Australia, Union Carbide Australia and Johnson & Johnson (Philadelphia, USA). He was founder and managing director of one of Australia's first publicly listed biotechnology companies, specializing in the production of therapeutic monoclonal antibodies and recombinant proteins.

An understanding of physical and life sciences, research and development, project management, probability and statistics, discounted cash flow methodologies, real options analysis, life cycle forecasting, engineering depreciation and functional obsolescence analysis, are amongst the important tools in which Dr Randerson has competence.

As principal of Acuity for 32 years, Dr Randerson has undertaken in excess of 350 detailed valuations in biomedical sciences and 120 in applied sciences.

Glossary

Acuity	Acuity Technology Management Pty. Ltd.
AI	Artificial Intelligence
ASX	Australian Securities Exchange
AU	Australia (WIPO Country Code)
BDO	BDO Corporate Finance (WA) Pty. Ltd.
CA	Canada
CAGR	Compound Annual Growth Rate
CAPM	Capital Assets Pricing Model
CEO	Chief Executive Officer
CDRH	US FDA Center for Devices and Radiological Health
CGU	Cash Generating Unit
CLE	Confocal Laser Endomicroscopy
CN	China
COGS	Cost of Goods Sold
CRO	Contract Research Organisation
CT	Computed Tomography
DCF	Discounted Cash Flow
DE	Germany
EP	Europe
EPO	European Patent Office
EV	Enterprise Value
Farah IP	Clinical and Histopathological Dataset
FDA	Food and Drug Administration
FY	Fiscal Year (year ending 30 June)
GP	General Practitioner
HK	Hong Kong
IER	Independent Expert Report
IP	Intellectual Property
IPR&D	In-process Research and Development
IVR	Independent Valuation Report
JP	Japan
LOA	Likelihood of Approval
MBS	Medical Benefits Scheme (Australia)
MLHW	Ministry of Health, Labour and Welfare, Japan
MRI	Magnetic Resonance Imaging
NICE	National Institute for Health and Care Excellence (UK)
NIH	US National Institutes of Health
NOM	Notice of Meeting
NPV	Net Present Value
PCT	Patent Cooperation Treaty
R&D	Research and Development
rNPV	Risk Adjusted Net Present Value
SFDA	China's Food and Drug Administration
SG&A	Sales, General and Administrative costs
UK	United Kingdom
US or USA	United States of America
WACC	Weighted Average Cost of Capital
WIPO	World Intellectual Property Organization

Optiscan Imaging Limited
ACN 077 771 987

Need assistance?

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SAMPLEVILLE VIC 3030

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AEDT) Tuesday, 22 November 2022.**

Proxy Form

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.

PARTICIPATING IN THE MEETING

Corporate Representative
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "Printable Forms".

Lodge your Proxy Form: XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **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.

I 9999999999 I N D

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 Optiscan Imaging Limited hereby appoint

☐ **the Chair of the Meeting** **OR** _____

PLEASE NOTE: Leave this box blank if you have selected the Chair 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 Chair 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 Optiscan Imaging Limited to be held at 16 Miles Street, Mulgrave, Victoria, 3170 on Thursday, 24 November 2022 at 11:00am (AEDT) and at any adjournment or postponement of that meeting.

The Chair is authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 5 and 7 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 5 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chair.
Important Note: If the Chair of the Meeting is (or becomes) your proxy you can direct the Chair to vote for or against or abstain from voting on Resolutions 1, 5 and 7 by marking the appropriate box in step 2.

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.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Election of Director – Sean Gardiner	☐	☐	☐
Resolution 3	Re-election of Director – Ron Song	☐	☐	☐
Resolution 4	Approval of 7.1A Mandate	☐	☐	☐
Resolution 5	Adoption of Employee Securities Incentive Plan	☐	☐	☐
Resolution 6	Replacement of Constitution	☐	☐	☐
Resolution 7	Approval of Acquisition of intellectual property from related party	☐	☐	☐

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

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	**Securityholder 2**	**Securityholder 3**	
			/ /
Sole Director & Sole Company Secretary	**Director**	**Director/Company Secretary**	**Date**

Update your communication details *(Optional)*

Mobile Number _____

Email Address _____

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically