Address by Chairman, Angus Holt

Welcome to the 2010 Annual General Meeting of Optiscan Imaging Limited.
The meeting will commence with my review and outlook, I will then hand over to Peter for an update around clinical and technology activities after which we will move on to the statutory items of business and finally I will open the meeting for questions.

Following on from the significant changes of 2009, further structural change was implemented early this year resulting in the appointment of Bruce Andrew to the Board and me assuming the role of Executive Chairman. In addition, further personnel refinements were made In April. The overriding assumption behind the structural changes that have been implemented over the past 2 years is that there is genuine value within our Company and that that can only truly be realised for our shareholders by gaining longevity and retaining autonomy.

Within this value preserving and autonomous framework of low costs there has been a focus on the key value driver, our world leading technology and the intellectual property that underlies that technology. While some key patents expired in the past 12 months, resulting in the cessation of related royalties, the Company's Intellectual Property portfolio remains strong and indeed has been enhanced over that time. Numerous patent enhancements have been achieved around the Company's second generation technology including a recent application in probe based endomicroscopy. With a small but highly specialised R&D team of 8 carrying an aggregate 80 years of experience at Optiscan we have a very substantial asset with which to work to enhance our leading technology position. In addition to formal IP protection activities over the past 12 months, R&D work based on future technology improvements and concepts has created a pipeline of product improvements that should easily cover the next 10 years of generational releases. To have such foresight is critical to maintaining our leadership position in miniaturised in vivo microscopy and such R&D activity will remain at the forefront.

Due to an impending expansion in our activities with Carl Zeiss Meditec and a considerable ramping up of activity in flexible endomicroscopy, over the next 12 months we expect to expand our R&D team, our team in regulatory, and our contract team in production. Consequently our present cost base of approximately $185,000 per month is planned to increase over the next 12 months in alignment with cash producing, increased activity levels. The exact quantum of these increases will be clearer once final contracts are in place, with the expansion process to commence early next year.

Carl Zeiss

The co-operation with Zeiss has matured significantly over the past 12 months through the course of the neurosurgery clinical trials being held in Phoenix, USA. Further smaller trials focussed on the incorporation of technology developments around generation 2 will be conducted in 2011. This will provide the basis of final data collection for regulatory purposes. The results of our activities with Zeiss are very pleasing and we expect to finalise our ongoing contractual arrangements within weeks.
Flexible Endomicroscopy

In March 2006, Pentax released its ISC 1000 flexible endomicroscope, a revolution in in vivo imaging within gastroenterology. That release was coupled with significant orders for Optiscan's first generation miniaturised flexible microscopy system.

Almost 5 years on from the release of the first generation technology via Pentax's ISC 1000, clear evidence has emerged that endomicroscopy has traction and is gaining momentum to the point that there are high levels of interest in the incorporation of microscopy into the latest generation High Definition scopes. That evidence is a combination of both formal and informal feedback from the market place via users and distributors/manufacturers and is also evidenced by the constantly increasing publications and procedures using endomicroscopy. The increased level of traction and exposure has resulted in a number of custom prototype development collaborations that will generate approximately $500,000 over the next 6 months. These developments demonstrate Optiscan's technology and ability to incorporate its second generation miniaturised microscopy technology into the latest HD scopes of the three leading endoscope manufacturers accounting for in excess of 90% of world supply of endoscopes. In the first instance demonstration of the capabilities of our second generation technology in endomicroscopy has been based on the bench. This has allowed us to recently host several demonstration visits from relevant leading endoscope players as well as a number of demonstrations not specific to flexible endoscopy. It has also delayed the requirement to place clinical evaluation systems in the near term, a costly and time consuming process. These demonstrations have been very successful in conveying the capability of our second generation technology and have led to the commencement of talks with a number of leading players around the future of our technology in flexible endoscopy, as well as furthering our market development activities in rigid endoscopy.

Flexible endoscopy is potentially Optiscan's largest market opportunity (the relevant diagnostic and treatment market >US$2.5bn) and one that necessarily involves partnering with a large player, a process that requires time, patience and resolve and ultimately should deliver significant benefit to shareholders. Consequently the right result is more important than a quick result, hence our desire to maintain longevity and autonomy as our objective is to build longer term value on the basis there is significant underlying value present in our technology today.

Financial

Presently the Company has approximately $1m in cash or near cash with current assets and liabilities negating each other. The only significant liability is the Company's $500,000 of convertible notes which are convertible at 5 cents per share with a maturity date of May 2012. As previously mentioned our current operating cost base is in the region of $185,000, up slightly from our low of $160,000 per month earlier this year. Subject to satisfactory contractual arrangements with our partners, such as Zeiss, our cost base is planned to increase in alignment with these contractual arrangements with the expansion of our resource base to begin early next year.

In addition to partnering contracts, the next 12 months will be supported by a combination of income as per the aforementioned custom flexible endomicroscope collaborations, continuing yet flat sales of our research system the FIVE-1, contractual arrangements with Zeiss and potential contractual developments within flexible endomicroscopy.
On this basis the Company does not foresee any immediate need to raise working capital as the next 12 months should be capable of being supported by the above activities.

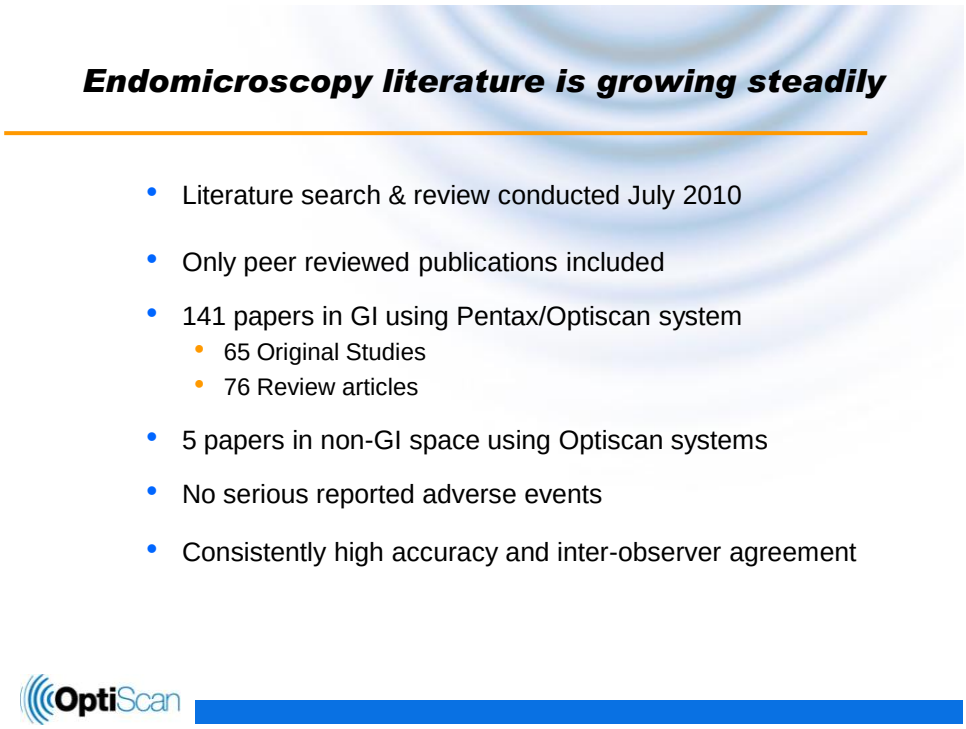
Outlook

Should 2011 meet our objectives, 2012 is likely to emerge as a year in which Optiscan meaningfully re-enters sales into the clinical market and expands opportunities beyond gastroenterology and neurosurgery. Protection and enhancement of our IP position is a key objective and remains the major asset of the Company.

Address by Director of Technology, Peter Delaney

Today I will give an update on activities on both the use of our technology in clinical applications and progress in our development efforts, including some fundamental new IP ("intellectual property").

Firstly I would like to summarize the clinical applications status reached during the period.



A comprehensive review of peer-reviewed academic literature was conducted by us in July 2010. Not surprisingly, the literature is dominated by the now well established application of our technology in gastrointestinal (GI) endoscopy. There were 141 applications in this field using the Pentax-Optiscan system, of which 65 were original clinical studies or clinical trials, and 76 were review articles.

There were also 5 papers in new non-GI applicaitons areas signalling the beginning of increasing publications in non-GI applications, and we are already aware of a number of such further publications that have been submitted for publication, for example in the field of neurosurgery.

There have been no serious adverse events reported and, as in the past, all studies continue to yield high accuracy and inter-observer agreement. Thus the technique of endomicroscopy continues to be reported in the medical/scientific literature as a safe and effective clinical technique.

GI Endoscopy – Business Case

- Using Ulcerative colitis as a single example application:
  - Published data supports average 50% reduction in biopsies
  - Surveillance programme of 200 procedures pa saves 5,000 biopsies pa
  - Savings due to reduced biopsies = €240K pa
- The above repays instrument purchase in less than one year
- There is also a compelling case for use in Barrett's oesophagus, which can use the same equipment as purchased for above.
- "See & Treat" procedures can also draw additional reimbursement from the therapeutic component
- Early detection also eliminates downstream curative medical costs

A solid business case for endomicroscopy continues to be supported by these published data, and this mostly stems from the use of our technology to provide real-time information to assist with procedural decisions such as "smart biopsy" targeting, whereby less biopsies are taken during a medical procedure, but those that are taken have increased yield for diagnosis of the disease under investigation.

It has been established that the reduction in biopsies can fund the purchase of the instrumentation over an attractively short period of time, and this business case has already been used by hospitals to justify the purchase of equipment for routine use in those applications.

New GI Training Data

- Clinical investigators in Melbourne have developed a new training approach
- 2 hour intensive in basic image interpretation
- Measurably improved diagnostic accuracy.
- Favorable mid-point cf. 30 cases “hands-on”
- Promises more accessible training
- Aimed at “accreditation” in endomicroscopy

New data published this year by doctors from the Royal Melbourne, St Vincent's and Cabrini Hospitals here in Melbourne at this years annual "Australian Gastroenterology Week" conference (AGW) reported that as little as 2 hours intensive image interpretation training before using the system can bring users to a point of gaining diagnostic utility from the technology. This offers a very attractive mid-point to achieve basic competency compared to previous reports requiring approximately 30 cases when learning "hands on". The work has been conducted as part of the development of a potential clinician accreditation program for endomicroscopy.

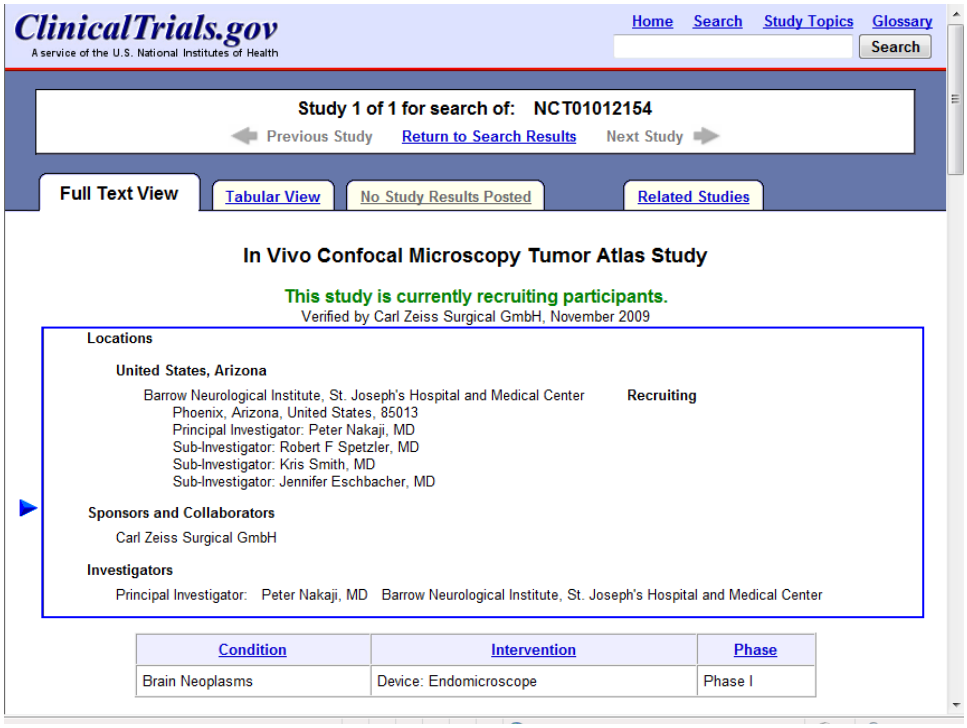
So in the GI application, proven benefit, a positive business case and declining educational overhead are all contributing to increased interest and demand.

Rigid Endoscopy - Neurosurgery

- Expanded Clinical Study Ongoing
- Solid progress and good patient recruitment

As reported previously a number of rigid endoscope applications are the subject of clinical investigations driven by users. These include liver laparoscopy, pancreatic cancer surgery and thoracic malignancy studies. Note that Optiscan is not investing in clinical studies or in the advancement of these applications toward product at the present time, but as described by our Executive Chairman, such applications represent a future menu of applications for potential product advancement beyond the company's short term focus.

However, the rigid application that has made the most substantial progress is Neurosurgery for brain tumours, being the initial focus of our collaboration with Carl Zeiss of Germany.



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In Vivo Confocal Microscopy Tumor Atlas Study

This study is currently recruiting participants.
Verified by Carl Zeiss Surgical GmbH, November 2009

Locations

United States, Arizona

Barrow Neurological Institute, St. Joseph's Hospital and Medical Center — **Recruiting**
Phoenix, Arizona, United States, 85013
Principal Investigator: Peter Nakaji, MD
Sub-Investigator: Robert F Spetzler, MD
Sub-Investigator: Kris Smith, MD
Sub-Investigator: Jennifer Eschbacher, MD

Sponsors and Collaborators

Carl Zeiss Surgical GmbH

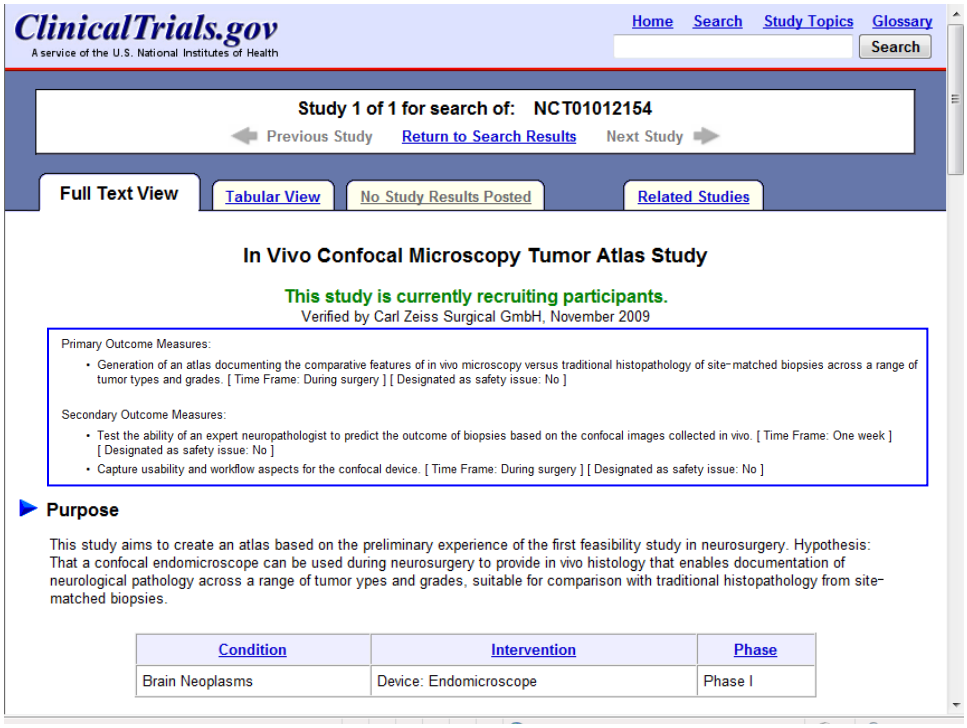
Investigators

Principal Investigator: Peter Nakaji, MD Barrow Neurological Institute, St. Joseph's Hospital and Medical Center

Condition	Intervention	Phase
Brain Neoplasms	Device: Endomicroscope	Phase I

As seen in this entry in the "clinicaltrials.gov" public clinical trial registry, the so called "In Vivo confocal Microscopy Tumor Atlas Study" is being conducted by the world renowned Barrow Neurological Institute in Phoenix, Arizona. This centre is one of the largest neurosurgical facilities in the USA and indeed the world. It features 11 dedicated neurosurgical operating rooms and conducts thousands of neurosurgical procedures each year.

This group previously received an award for their presentation of the pre-clinical animal imaging study presented to the American Association of Neurological Surgeons.



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Primary Outcome Measures:
- Generation of an atlas documenting the comparative features of in vivo microscopy versus traditional histopathology of site-matched biopsies across a range of tumor types and grades. [Time Frame: During surgery] [Designated as safety issue: No]

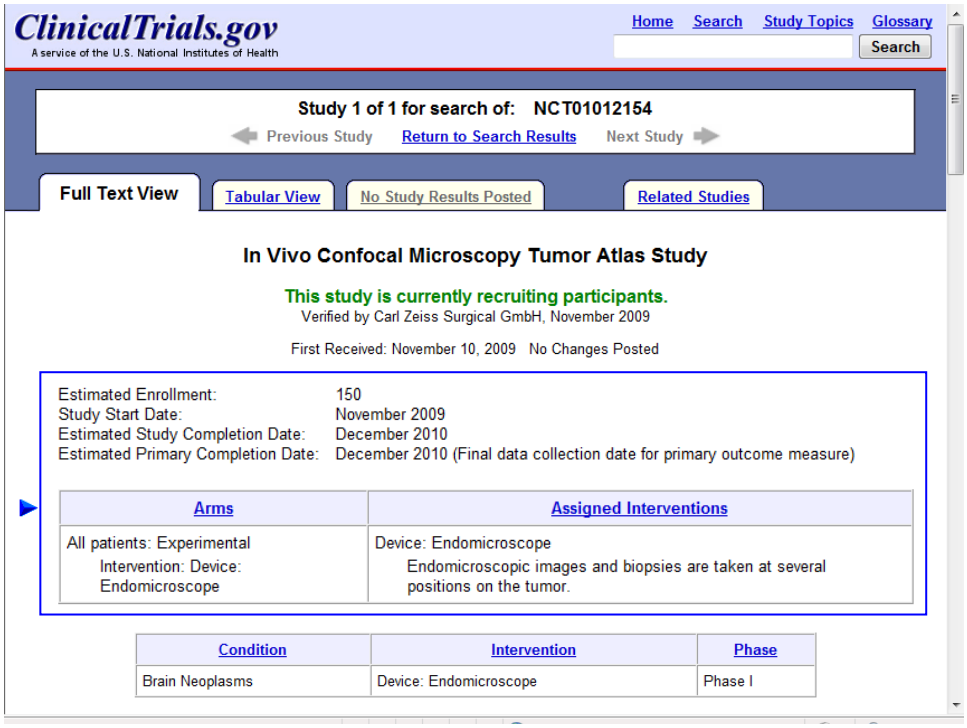
Secondary Outcome Measures:
- Test the ability of an expert neuropathologist to predict the outcome of biopsies based on the confocal images collected in vivo. [Time Frame: One week] [Designated as safety issue: No]
- Capture usability and workflow aspects for the confocal device. [Time Frame: During surgery] [Designated as safety issue: No]

Purpose

This study aims to create an atlas based on the preliminary experience of the first feasibility study in neurosurgery. Hypothesis: That a confocal endomicroscope can be used during neurosurgery to provide in vivo histology that enables documentation of neurological pathology across a range of tumor ypes and grades, suitable for comparison with traditional histopathology from site-matched biopsies.

Condition	Intervention	Phase
Brain Neoplasms	Device: Endomicroscope	Phase I

As seen here, the studies purpose is a mixture of clinically relevant measurements relating to the prediction of brain tumour pathology based on the use of our technology, assessment of usability of the technology, and documentation of a diversity of tumor types.



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In Vivo Confocal Microscopy Tumor Atlas Study

This study is currently recruiting participants.
Verified by Carl Zeiss Surgical GmbH, November 2009

First Received: November 10, 2009 No Changes Posted

Estimated Enrollment: 150
Study Start Date: November 2009
Estimated Study Completion Date: December 2010
Estimated Primary Completion Date: December 2010 (Final data collection date for primary outcome measure)

Arms	Assigned Interventions
All patients: Experimental Intervention: Device: Endomicroscope	Device: Endomicroscope Endomicroscopic images and biopsies are taken at several positions on the tumor.

Condition	Intervention	Phase
Brain Neoplasms	Device: Endomicroscope	Phase I

And the study was intended to run a little over one year, with the registered scheduled completion date to be reached in December 2010, although this is of course subject to review by the investigators.

The surgeons in this study have quickly mastered the use of the device and have expressed great enthusiasm for the technology's potential impact and importance in the field of neurosurgery. I am also personally excited by this application, for which I see the emergent role and relevance of endomicroscopy as consistent with our strongest established applications to date.

Technology and Development Update

Based on the clinical experience to date, we are now well placed to define the requirements for product to be based on our second generation platform. Although not moved into clinical use yet, the second generation platform development was consolidated significantly during the period and basically awaits firm product definitions from partners to be advanced specifically into individual products.

The key features, of our second generation system are firstly, the scanner, has undergone dramatic miniaturisation to just 30% of the volume of the old scanner shown beside it.

This has been achieved without compromise, the new scanner exceeds the performance of the older, larger scanner in every specification - it has faster scan modes, higher image resolution, more precise image depth control, and is more robust.

This enables easier integration with various flexible and rigid endoscopes, as we have established through construction of prototypes using several different brands and specification of endoscopes. These include high definition endoscopes, which, due to their large camera components, require the endomicroscope scanner to be smaller.

The new box enjoys a smaller footprint than the old system as well as a range of easier operability features. For example, a simple front panel interface enables immediate access to all key scanning and imaging functions.

The endoscope can be easily connected and disconnected with a simple one handed latching operation.

The host computer software is now able to run on standard computer hardware such as the notebook computer shown here. The many new software features enabled by the new platform include digital image storage in commonly viewable formats (just like a digital camera), automatic image display optimisation, and complete flexibility to display across multiple monitors, depending on the setup of the endoscopy room or operating theatre.

As mentioned, we now need definitive requirements from partners to "productise" this new platform accordingly.

Probe based endomicroscopy

- The endomicroscope is passed through a standard endsocope
- Lower barrier to entry (no brand-platform conversion)
- “Integrated scanner” endomicroscopy remains ‘state of the art’
- Optiscan has significant new probe based IP
- Two new approaches being patented

Probe based endomicroscopy involves miniaturisation and packaging of the scanner so that it can be inserted through the working channel (or biopsy channel) of a completely standard, flexible endoscope. Aimed predominantly at the GI applications space, this approach has various "pros and cons".

It has the commercially attractive advantage that it does not require modification of the endoscope to integrate the endomicroscope scanner. Thus it is easily made compatible with all brands of endoscopes, and users do not have to convert to a particular brand and model of endoscope to utilise the technology, thus opening access to a larger market.

Optiscan has recently generated significant new intellectual property (IP) to enable refinement of our new second generation scanning technology that would allow probe based endomicroscopy. Some performance compromise is required to realise this capability in the short term, and we believe that integration of our present 2nd generation scanner into a flexible endoscope remains the "state of the art".

Two new approaches have been invented, one of which has already been demonstrated as a bench prototype, with minimal compromise in imaging performance. The other requires significant further development, but offers the potential to ultimately exceed the full imaging and control performance of our current flagship scanner in probe form.

Summary

- Strong applications
- Advanced technology development
- Strong IP

Overall, this progress in IP and platform development combined with progress in clinical applications puts Optiscan in an excellent position to deliver new products into new and growing markets for endomicroscopy.

Thank you all very much for your attention.