



16 October 2008

OPTISCAN SEEKING TO RAISE CAPITAL

The board of Optiscan wishes to advise its shareholders that the company is seeking to raise capital and is currently in discussion with a number of Australian based parties.

Optiscan completed a modest capital raising in June 2008 and at the time it was envisaged that the company would seek to raise further capital in the US in this financial year. In the report released to the ASX in late August, the year end cash position was \$3.99M, and the company reported that it was carefully monitoring the capital and funding position of the Group.

Arrangements for an investor road show and capital raising in the US were proceeding well, when the global financial markets declined dramatically. As a consequence of these developments, the investment banks and advisors acting on our behalf reported that there is now no immediate prospect of new capital being raised in the USA.

Optiscan is continuing to pursue other opportunities for additional funding, and this may include dialogue with parties that could take a substantial position in the company, or in its IP portfolio.

If current discussions do not result in the additional cash and capital funding in the appropriate timeframe then substantial re-structuring of the company's activities will be necessary.

The board will keep its shareholders informed of developments.

Background

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

Optiscan's patented miniaturised microscope technology is being used in the field of flexible endo-microscopes.

Optiscan has also entered into a collaboration with the Carl Zeiss Group in Germany for the use of its patented miniaturised microscope technology in rigid endoscopes in key Zeiss markets.

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