



Chairman's Address

Alan Hoffman

Friday 25th November 2016

Annual General Meeting

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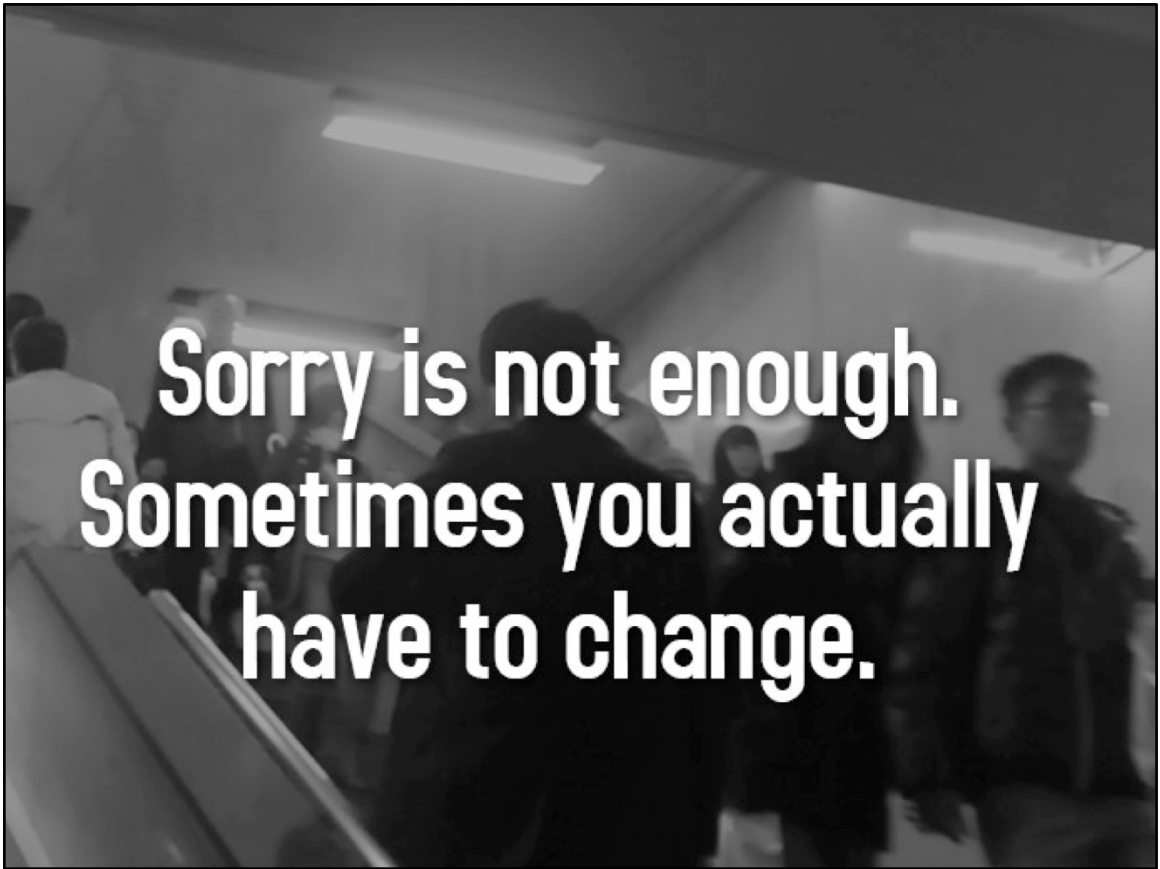
On behalf of the board and management of Optiscan, I welcome you to Optiscan's 2016 AGM and thank you all for making the time available to attend. I hereby declare the Annual General Meeting open noting that a quorum of members is present.

I would like to introduce:

- My fellow Directors: Peter Francis, Ian Mann and Ian Griffiths
- Our CEO Archie Fraser
- Our CFO and Company Secretary Michael Corry
- Optiscan's auditors from Ernst and Young
- Computershare who are overseeing our procedures today.

The agenda for today is as follows:

- The Chairman's address
- A presentation on the 2015/16 results from Michael Corry
- A presentation on the business by Archie Fraser
- A presentation on the new ViewnVivo product by Andrew Froude
- Details and voting on the resolutions outlined in the Notice of Meeting for this AGM.
- A question and answer session before the conclusion of the formal business proceedings.



**Sorry is not enough.
Sometimes you actually
have to change.**

We would like to take this opportunity to thank all our current shareholders for your patience as the new board takes the steps necessary to transform Optiscan into the company we all know it can be.

The current board was formed in May 2016 and while we will not pass too much comment on the efforts and outcomes of the board and management before our time, we can assure you that we have heard your comments and concerns and that the current board and management are firmly committed to delivering a far superior level of performance and communication to the standard that has been delivered in the past.

Our goals are to drive the business forward, to develop a renewed path for growth and to finally deliver on the promise that Optiscan has hinted at for far too long.

Step One

Establish a platform for change



The question many of you may well be asking is how did it come to this? Why has it taken so long to establish a clear direction for Optiscan and, more importantly, how is it going to change with the new board?

It is my view that the answers to these questions lie in the fundamentals of the business structure.

Optiscan has had, and still has, good people working for it. However, they were in the wrong roles and were not being given the opportunity to make good use of their skills in their areas of expertise.

I am also a believer in a public company structure consisting only of non-executive directors. I believe this provides a very clear line of responsibility and accountability between the board and the management. As directors, we have a responsibility to ensure that we are working on behalf of the shareholders of the company and to ensure we are not distracted by overlaps between our role as directors and the day-to-day management of the business. I believe that this structural and operational overlap has occurred too much in the past for Optiscan to the ultimate detriment of business performance .



Many of you who have been shareholders of Optiscan for a while would be familiar with this graph.

Whilst there are many reasons for this trend, there can be no excuses.

The simple facts are that Optiscan has underperformed for far too long and has not delivered on the fundamental expectation of increased shareholder wealth.

This path of decline demonstrates a fundamental failure of the company to identify a sustainable vision for the future and an even greater failure to put that vision into effect.

For far too long, Optiscan has relied on the generosity of our shareholders to continue to pump capital into the company and then failed to provide a return on that investment.

This historical underachievement is quite frankly unacceptable.



This slide highlights the previous points even further.

The “saw tooth” share price graph reached Crisis Point in early 2016 which resulted in Optiscan being “Suspended From Official Quotation” on 22nd February 2016 with a share price of 2c.

The company had simply run out of ideas and cash. Indeed had it not been for the efforts and cash injection provided by Ian Mann, none of us would be here for an AGM today as there would have been no Optiscan.

I would like to take this opportunity to formally thank Ian for his professionalism, his faith in Optiscan, his loyalty to it and his extraordinary willingness to invest time, effort and cash into a company in a time of desperate need.

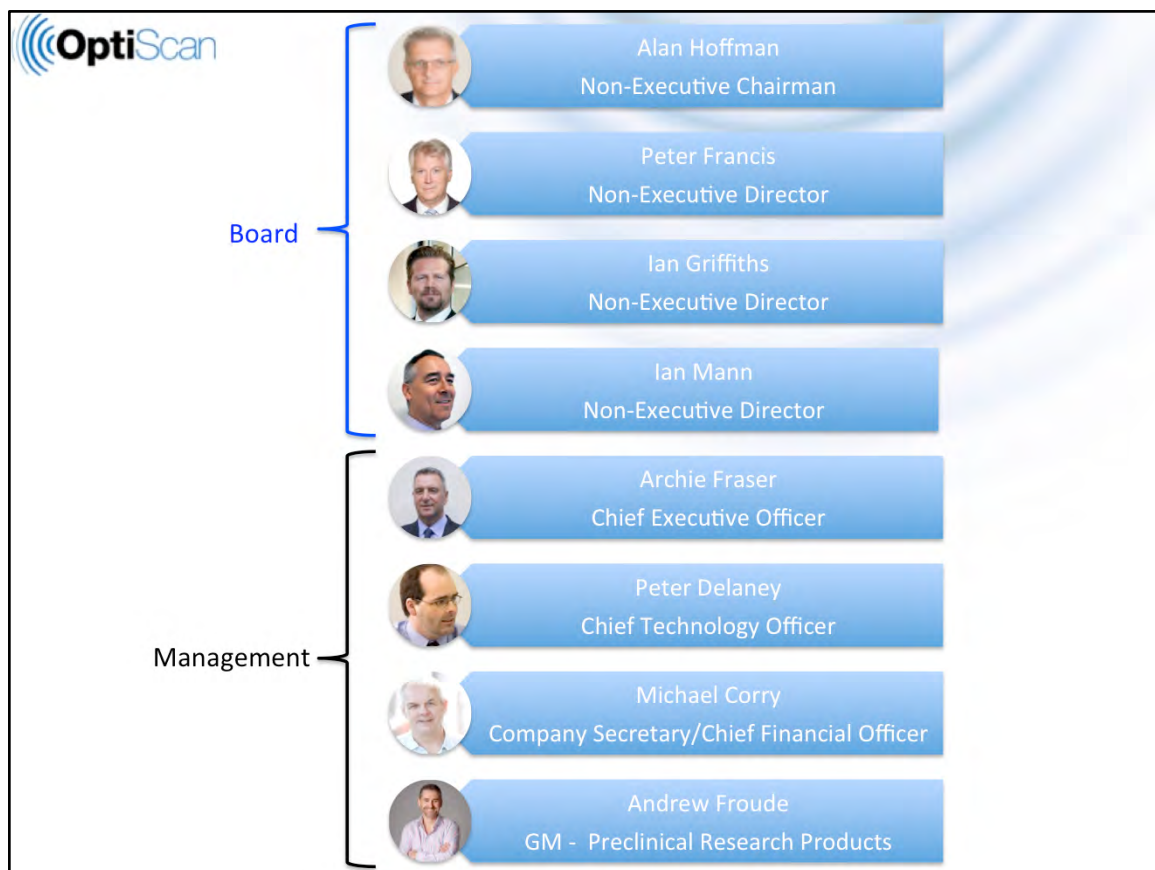


Optiscan had been here before as many of you would know – but not to this level.

Time had come for a change – and it had to be done quickly.

With a starting point of April this year, discussions started taking place to identify a board with the capability and capacity to pull Optiscan out of a very deep hole.

Enter the new non-executive board and a new management team.



In May 2016, a new board was established consisting of myself, Peter Francis, Ian Griffiths and the retention of Ian Mann who joined the board in December 2015.

The board then appointed Archie Fraser as CEO with Peter Delaney moving into the pivotal position of Chief Technology Officer in recognition of his world leading skills and knowledge in this area.

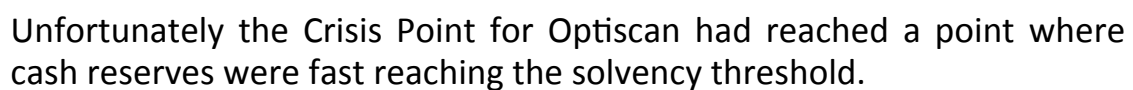
Michael Corry was appointed as Company Secretary and CFO in June and Andrew Froude appointed in August 2016 into the role of General Manager Preclinical Research Products.

This is a tremendous team of people who possess the suite of skills and knowledge necessary to drive Optiscan forward.

It has been an honor and pleasure for me to work with this wonderful team and I have tremendous faith that this group will ensure the delivery of the Optiscan promise.



- **\$2.16M - Total Capital Raised**
- \$0.75M - Sophisticated Investors
- \$0.55M - Rights Issue take-up
- \$0.86M - Rights Issue Underwriters



As a consequence, Optiscan undertook to raise \$2.16M and, with thanks to our ever generous shareholders, we were successful in doing so.

I would like to pass on a vote of thanks to our underwriters, Life Sciences Pty Ltd, who rallied sub-underwriter support to deliver \$0.86M as part of this raise.

The \$2.16M raise and the additional Director Loan of \$0.6M which today we will put to this meeting for approval to convert to shares means that the company is close to \$2.8M better off than it was not that long ago.



With the cash position of the company resolved, thoughts quickly turned to clarifying the future position of Optiscan.

Due to a lack of clarity in communications in the past, it is perhaps no surprise that our shareholders and the market in general has been confused by this.

Our strategic direction limped from Annual Report to Annual Report without any apparent signs of progress and an apparent inability to deliver on any of the commitments made in those reports.

Was



Products:

- Zeiss
- Flexible Probe
- 2.4mm Probe
- Cell Live

Fields:

- Gastrointestinal diagnosis;
- Women's Health;
- ENT (Ear, Nose and Throat);
- Virtual biopsy through microscopic imaging;
- Arthroscopy of joints
- ..etc etc

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To highlight this further, Annual Reports and general announcements prior to the appointment of the new board advised of a series of areas of interest as outlined here.

The effect of this for Optiscan was to create a dilution of focus limiting the ability of the company to deliver on specific projects.

The new board of Optiscan was committed to addressing this issue early in its tenure.

Following input from a report provided by Jason Loveridge, the board then undertook a strategic review of the business to arrive at a clearer strategic direction for the business.



This new direction was outlined in our 2016 Annual Report which stated that the Company has identified three key pillars of success for its new business model:

- Developing the Carl Zeiss Meditec collaboration
- Sales of the second-generation pre-clinical research product (which was re-launched as ViewnVivo earlier this week)
- Exploring new market opportunities for related Optiscan products and services



Without doubt, our collaboration with Carl Zeiss Meditec is the cornerstone of the Optiscan business. Zeiss is a major international conglomerate based in Germany and a serious business partner.

Myself along with Archie Fraser and Peter Francis met with Zeiss in San Diego in September of this year which was followed up with a visit last week to Germany by Archie Fraser and Andrew Froude. The outcomes of those meetings are a clarification of direction, a renewed and refreshed relationship and a joint genuine excitement about the future of this project and possibly others in collaboration with Zeiss.

It is important to note the commercial confidentiality is binding in our agreements with Zeiss which restricts us to announcements on material specifics as prescribed under ASX rules. However, we can advise that with a goal of FDA approval over the next 6-9 months, Optiscan will move into commercialisation and production soon after.

Never before has revenue generation been so close and we are now close to delivering considerable financial benefits to Optiscan and its shareholders in the form of significant lifts in revenue and profit in the 2017/18 financial year.



Whilst Zeiss is a cornerstone project for Optiscan, with a fresh new look and improved capability, we are very confident that ViewnVivo will secure a significant share of the global market and will provide Optiscan with a revenue source to compliment our Zeiss collaboration project.

ViewnVivo is now through the final stages of testing and, subject to final regulatory approval, we anticipate new model sales and installations to take place in the 2nd quarter of the 2017 calendar year.

Like Zeiss, ViewnVivo has the potential to provide significant lifts in Optiscan's revenue and profit commencing in the 2nd quarter of the 2017 calendar year and into the 2017/18 financial year and beyond.

There are more details to follow on both the Zeiss and ViewnVivo in presentations which will follow shortly from Archie and Andrew.

In summary though, we are very excited by the opportunities in front of us with these two key projects and are looking to move into the next financial year in a significantly improved cash and profit position than has ever been delivered in the past.



Whilst the two pillars of Zeiss and ViewnVivo are pivotal to the future success of Optiscan, it is also essential that we future-proof our business.

Therefore we need to continue our Product Development to explore new market opportunities.

Whilst our prime focus will be on Zeiss and ViewnVivo in the short-term, our development team, headed up by the enormously talented Peter Delaney, will continue to investigate opportunities for Optiscan. Archie Fraser will cover off on this further in his presentation.

The key point here is that we will ensure delivery of key projects and yet still keep an eye on the future. We will do this via a separate department of Optiscan which will be responsible for development.

As a consequence, we will ensure that Optiscan remains at the forefront of innovation and technological advancement well into the future.



We now have what we believe to be a very clear path forward for success for Optiscan.

Our energy is focused on delivering the plan which we are very confident of achieving.

The one last element of this that remains is keeping our shareholders, stakeholders and the market informed of our progress and any future plans.



Of all the comments and concerns raised about Optiscan in the past, it is the lack of communication that we hear about the most.

In order to address this, we now give an assurance to our shareholders that we will post a market update soon after each of our monthly board meetings.

Admittedly, depending on the issues discussed, the matters agreed and, where applicable, the need for commercial confidentiality, we may be somewhat restricted on what we can and cannot say.

However, we will maintain our commitment to keep you informed and provide a platform for further follow-up should you wish it.

Rest assured we have as much desire to tell you of our progress as you have an appetite for hearing it – so we will communicate often and in detail to ensure we deliver on this promise to you.



Goal or Outcome?



Finally I would like to make a quick point about the creation of shareholder wealth.

The incoming board of Optiscan rewrote our mission as:

To create Shareholder wealth through the profitable delivery of microscopic imaging and related technologies into the global market.

It is important to note that creation of Shareholder wealth is neither a business plan nor a key strategy – it is an outcome.

Put simply, Optiscan belongs to its shareholders. The goal of your board and management of Optiscan is to develop and deliver a direction for the company that will drive the business forward and will deliver an outcome that will improve business profitability and create an increase in shareholder wealth.

With a market capitalisation of around \$4m when the new board commenced, we have started down the right path with a current market cap rapidly approaching \$20m. We have way to go yet and we have expectations well above where we are now... but it's a good start.



In summary, we see a very bright future ahead for Optiscan for the first time in a long while.

We look forward to next year with genuine excitement about what the future holds for us all.

The last 20 years have been ones of constant promise – 2017 will be a year of delivery.

So strap yourself in - it is going to be quite a ride.



And finally, I wish to thank our shareholders for your ongoing patience and support and close with an assurance that all members of the board and management will continue to work hard to deliver a company of which we can all be proud to be a part of.