

ASX Announcements

Tuesday, 16 November, 1999

### Optiscan Settles Fourth Patent Infringement Claim

Optiscan is delighted to announce the resolution of its patent infringement actions against Zygo Corporation of Middlefield, Connecticut, the manufacturers of the Nikon research confocal microscopes. Zygo Corporation is now the fourth major scientific instrument manufacturer to have reached agreement with Optiscan on patent infringement actions. This agreement follows similar agreements with major manufacturers:

Olympus Optical Co Ltd

Noran Instruments

Carl Zeiss

For Zeiss, Olympus, Noran and Zygo, the agreements allow them to manufacture and sell confocal microscopes, using Optiscan's patented technology for desk top research systems only. The agreements do not permit use of the technology for the medical microscopes, which remain the core focus of Optiscan's research and development.

For Optiscan and its shareholders, the agreements are very significant. The agreement with Zygo is yet another example of the strength of the patents underpinning Optiscan's global commercialisation activity. Importantly, they have allowed Optiscan to exploit additional market applications of its patented technology, whilst focusing core activities on the larger medical diagnostic markets.

The Optiscan technology is a unique combination of optical fibre and laser technologies which, when used in miniature confocal microscopes, facilitates the production of high magnification, very sharp images of intact tissue. It is a platform technology with multiple applications. This patented technology has enabled Optiscan to pursue the development of the miniature microscope which can be placed against the skin or even inserted into the body to diagnose diseases such as early stage cancer. The device can magnify 2000 times to reveal disease at the cellular level without excising pieces of tissue from the body. Digital images of cells appear in real time on a computer screen and can be sent via the internet to pathologists from remote locations.

Ongoing discussions with potential international partners support our belief that cellular diagnostic imaging represents a breakthrough in early detection of disease, and the greatest market opportunity for Optiscan. Our success in forming these agreements therefore gives us great confidence in our efforts to position the medical technology in the global marketplace, as we draw close to the completion of the first clinical device.