

ASX Announcements

May 17, 1999

Dear Sirs,

Optiscan Imaging Limited is pleased to announce that it has agreed to issue 1,666,667 shares in Optiscan to Microcaps PDF Ltd at an issue price of 30 cents per share, raising \$500,000 for working capital purposes. Microcaps PDF Ltd is a licensed pooled development fund under the Federal Government's PDF scheme. Its principal directors are Stephen Sedgman and Tom Foster.

The placement was arranged over the weekend following an approach from the principals of Microcaps PDF Ltd to Optiscan. Tom Foster of Microcaps PDF Ltd stated this morning "I am delighted to be able to make this investment". It is reflective of Microcaps' confidence in the Optiscan technology and its potential for exciting applications on an international scale.

The shares will rank equally, from their date of issue, with all other issued shares in the capital of Optiscan. Application will be made for official quotation of the shares on Australian Stock Exchange Limited as soon as practicable after their subscription.

Yours faithfully,

Peter Delaney Managing Director