



7 March 2007

Dear Shareholder

### **Invitation to Participate in Share Purchase Plan**

The Board of Directors of Optiscan Imaging Limited announced on 21 February 2007 that a Share Purchase Plan would be introduced for shareholders of the Company. The purpose of this letter is to invite your participation in the plan.

Optiscan has been in continuing dialogue with several large companies concerning use of its unique endo-microscope technology over recent years. To retain appropriate flexibility to reach the best outcome in this process the Board believes it is prudent to strengthen the company's balance sheet at this time. The funds raised will be used for working capital, and in conjunction with the income generated by continued growth in Pentax sales, will ensure we retain an appropriately strong financial position as discussions progress.

### **Outline of the SPP**

The plan entitles eligible shareholders to purchase up to \$5,000 of fully paid ordinary shares, free from brokerage and commissions, at a price which represents a discount to the market price. The offer is made to all eligible shareholders, irrespective of the number of shares they hold. The offer is non-renounceable and cannot be transferred to other parties and participation is optional.

#### **Shareholders eligible to participate**

The right to participate in this offer is available exclusively to shareholders who are registered as holders of fully paid ordinary shares as at the record date of 2 March 2007, being a date seven business days after announcement of the SPP.

#### **Price of shares**

Shares will be issued under the Plan at the issue price of \$0.46 per share. The issue price is an 10.3% discount to the volume weighted average market price of ordinary shares in Optiscan on the Australian Stock Exchange ("ASX") during the five trading days prior to announcement of the plan on 21 February 2007. Eligible shareholders should be aware that the market price may change between the Record Date and the date when the shares are issued to participants. This may result in an increase or decrease in the price or value of the shares which the participant may receive.

#### **Acceptance of offers**

An offer to participate in the Plan may be accepted by an eligible shareholder only by completing and returning the Entitlement and Acceptance Form enclosed with this letter, together with the appropriate payment for the amount to which the acceptance relates, by no later than the offer closing date, 29 March 2007.

Payment may be made only by cheque in Australian dollars drawn on an Australian bank. An offer will be taken to have been accepted by an eligible shareholder only if the cheque which accompanies the shareholder's acceptance form is paid in full on first presentation.

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If one or more acceptance forms are received by an eligible shareholder in relation to shares with a value greater than \$5,000, the shareholder will be issued with the maximum number of shares permitted by the Plan and the excess subscription monies will be refunded.

If an eligible shareholder subscribes for an amount which is not exactly divisible by the issue price for the shares, in calculating the number of shares to be issued, all fractional entitlements will be rounded down to the nearest whole number. Optiscan will not refund any resulting small excess in subscription monies which will be deemed to form part of the aggregate subscription price of the shares.

#### Issue of shares

Optiscan will issue shares pursuant to this offer as soon as reasonably practicable after the closing date and will promptly apply for those shares to be quoted on the ASX. The company will, within the period required by the ASX Listing Rules, send each participant a holding statement in respect of any shares issued under the Plan.

Shares issued under the Plan will rank equally with all other ordinary shares in Optiscan and will therefore carry the same voting rights, dividend rights and other entitlements as those shares.

#### Oversubscription

The directors of Optiscan have determined that the capital requirements of the company are such that the total proceeds from the SPP will not exceed \$4.0 million. Although the company reserves the right to accept oversubscriptions, should the directors determine that in this instance, oversubscriptions will not be accepted, shares will be allocated to applicants on a pro rata basis.

#### Timetable

|                            |               |
|----------------------------|---------------|
| Record Date                | 2 March 2007  |
| Offer opens                | 7 March 2007  |
| Closing Date               | 29 March 2007 |
| Allotment of shares        | 4 April 2007  |
| Quotation of shares on ASX | 12 April 2007 |

These dates are indicative only. The company may vary the dates without notice. All queries and enquiries relating to this matter should be referred to the Company's Register, Computershare Investor Services on (within Australia) 1300 304 985 or (outside Australia) 613 9415 4646.

Yours faithfully

Matthew Barnett  
Chief Executive Officer