



30 August 2013

Capital Management – Investment from Magna Group

Appendix 3B – Convertible Note Agreement

Effective capital management is at the forefront of the Board's objectives. In the lead up to recurring commercial sales, capital management allowing the unrestricted pursuit of near term objectives is critical. Further, it is important for the Company to expand its ownership base beyond Australia and into regions that form the dominant markets for future technologies and products. To fulfil these corporate goals, Optiscan has secured an initial investment from Magna Group ("Magna"), an investment firm based out of the world's single largest medical technology market - the United States. The details of Magna's initial US\$100,000 investment are contained within the attached Appendix 3B.

Magna Group is a cutting edge investment firm that makes innovative structured investments into small and mid-cap public companies around the world. The firm's investment process is centered on a deep commitment to forging lasting partnerships with its portfolio companies and an emphasis on customized solutions tailored to fit the individual needs of the companies it works with. Founded in 2009 by Joshua Sason, Magna's central objective is to identify and creatively invest in the most compelling opportunities worldwide.

Mr. Sason, speaking from New York today, expressed his enthusiasm for the investment: "At Magna Group, we seek out and invest in great companies with strong management teams and robust business plans, providing the growth capital they need to build their businesses. We have been looking at opportunities in Australia for quite some time and are extremely excited to introduce our maiden transaction with Optiscan Imaging ("Optiscan"). We couldn't think of a better ASX partner to help demonstrate the significance of Magna Group's innovative, issuer-centric approach to investing in Australia. Considering Optiscan management's unique experience and deep commitment, we are confident that our investment will enable continued growth and pursuit of strategic objectives into the future. We look forward to a building a long-lasting relationship with the company."

About Optiscan

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).

Further information:

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Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

OPTISCAN IMAGING LIMITED (*Company*)

ABN

81 077 771 987

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Ordinary fully paid shares (<i>Ordinary Shares</i>)
Convertible security with face value of US\$100,000 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 355,022 Ordinary Shares
One Convertible security with face value of US\$100,000 |

<p>3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p>	<p><u>Ordinary Shares</u></p> <p>Ordinary Shares will rank pari passu with existing Ordinary Shares.</p> <p><u>Convertible Security</u></p> <ul style="list-style-type: none">• The face value of the Convertible Security is US\$100,000 (the <i>Principal Amount</i>).• The Convertible Security bears interest at 8% pa and is secured by a general security interest over all of the assets of the Company.• The Convertible Security shall convert into new Ordinary Shares of the Company determined by converting the Principal Amount from US\$ to A\$ and dividing by 77.5% the average of five daily VWAPs per share during a specified period prior to the conversion date of the Convertible Security• The Ordinary Shares issued upon conversion of the Convertible Security will rank pari passu with existing Ordinary Shares. <p>The Convertible Security does not carry any voting rights at meetings of shareholder of the Company, and has no rights of participation in any rights issue undertaken by the Company prior to conversion of the Convertible Security.</p>
<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	<p>The Ordinary Shares rank pari passu with existing Ordinary Shares.</p> <p>On conversion of the Convertible Security, the ordinary shares issued will rank pari passu with existing Ordinary Shares.</p>

5	Issue price or consideration	The convertible security is issued for US\$100,000 355,022 Ordinary shares @ \$0.063 per share	
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The purpose of the Convertible Security is to provide funding to the Company for general corporate and working capital purposes. The Ordinary Shares were issued in satisfaction of a commitment fee in relation to the Convertible Note Agreement dated 29 August 2013.	
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	30 August 2013	
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	Number	⁺ Class
		162,443,140	Ordinary Shares
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	5,000,000 1,900,000 1	Options exercisable at \$0.10 before 31 March 2014. Options exercisable at \$0.166 before 30 September 2014. Convertible Note with face value of US\$100,000

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	Not applicable
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12	Is the issue renounceable or non-renounceable?	Not applicable
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13	Ratio in which the ⁺ securities will be offered	Not applicable
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14	⁺ Class of ⁺ securities to which the offer relates	Not applicable
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15	⁺ Record date to determine entitlements	Not applicable
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16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable
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17	Policy for deciding entitlements in relation to fractions	Not applicable
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18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents	Not applicable
	<small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	

19	Closing date for receipt of acceptances or renunciations	Not applicable
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20	Names of any underwriters	Not applicable
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21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not applicable
25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?
- 33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	Not applicable
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39	Class of +securities for which quotation is sought	Not applicable
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40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Not applicable
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41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	Not applicable
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42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> <tr> <td style="text-align: center;">Not applicable</td> <td></td> </tr> </table>	Number	+Class	Not applicable	
Number	+Class					
Not applicable						

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Date: 30 August 2013

(Director/Company secretary)

Print name: BRUCE ANDREW, SECRETARY