

ASX RELEASE

Ellex Medical Lasers Limited (ASX:ELX)

Adelaide, Australia

Date: 19 May, 2017

Release: Immediate

Topic: Ellex hosts a Site Tour for Institutional Shareholders & Analysts



Adelaide, Australia, 19 May 2017 – Ellex Medical Lasers Limited (ASX:ELX), a global leader in medical devices for the diagnosis and treatment of eye disease, today announced that it will be hosting a site tour by institutional shareholders and analysts at the Company's new laser and ultrasound production facility at Mawson Lakes, South Australia.

Key details of the new site and the completion of the successful move to the site in April 2017, are in the attached presentation.

ABOUT ELLEX

Ellex designs, develops, manufactures and sells innovative products that help eye surgeons around the world to effectively and efficiently treat eye disease. Ellex is a world leader in this field. Headquartered in Adelaide, Australia, Ellex has ophthalmic lasers and devices that treat glaucoma, retinal disease primarily caused by diabetes, secondary cataract and vitreous opacities, as well as age-related macular degeneration. Manufacturing is carried out in Adelaide, Australia and Fremont, California. Sales and service directly to eye surgeons is conducted via subsidiary offices in Minneapolis, Lyon, Berlin and Tokyo. A network of more than 50 distribution partners around the world services other markets.

For additional information about Ellex and its products, please visit www.ellex.com

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ELLEX MEDICAL LASERS LTD
INVESTOR EXPANDED MANUFACTURING SITE TOUR – 19 MAY 2017

TOM SPURLING, CEO

Manufacturing Site Upgrade & Expansion

– Project Rationale



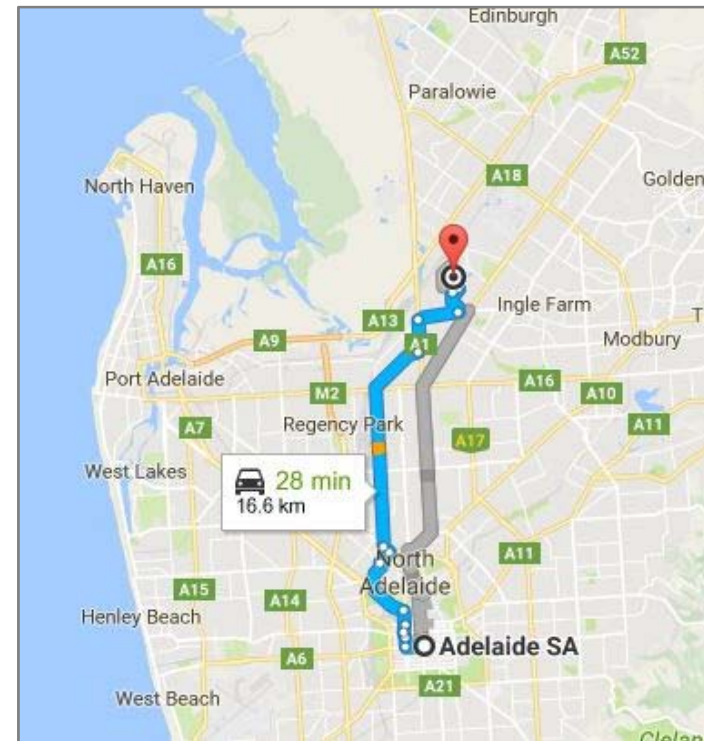
Ellex had been manufacturing ophthalmic lasers and ultrasound at a facility in a leased building at 82 Gilbert Street, Adelaide ("Gilbert Street") since 2002, with machined parts being produced at a separate leased facility in Thebarton, located 5km from Gilbert Street ("Thebarton"). Both sites served us well but were not optimal for the growth outlook of our business.

A new company-owned site was selected acquired and fitted out from March 2016 to December 2016 to expand augment capacity at Gilbert Street. This site, located in a technology and defence precinct at Second Avenue, Mawson Lakes ("Mawson Lakes") is in the northern suburbs of Adelaide. Mawson Lakes is 16km north of Gilbert Street. The site for expansion was selected because:

- It provides additional production capacity to Gilbert Street and better production line layout to drive operating efficiencies.
- It is company-owned rather than leased, providing us with better control
- It enables us to combine the machine shop operation with the laser and ultrasound manufacturing on a single site

The expansion was successfully completed in mid April 2017 and is now augmenting the Gilbert Street production facility.

Location of Mawson Lakes Site



Laser & Ultrasound Manufacturing Upgrade



**82 Gilbert Street, Adelaide,
South Australia**



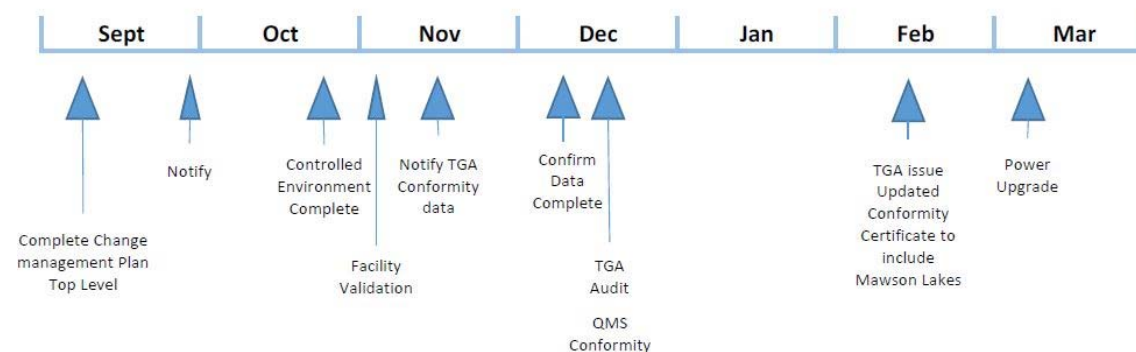
**Second Avenue, Mawson Lakes,
South Australia**

Special production facility being maintained at Gilbert Street to optimise efficiencies.

Well Controlled Change Process

- The design philosophy of new facility at Mawson Lakes was to optimise the product work flows coupled with a superior operating environment and process controls
- A detailed change management plan defined the process controls for the validation build
- Validation build was completed in December 2016
- TGA issued the Conformity Assessment & EC Certificate with the additional Mawson Lakes on 17 February 2017
- Main transformer upgrade was completed on the 5 March 2017

Mawson Lakes TGA Validation and Certification Timeline



Mawson Lakes Provides Greater Floor Space



Mawson Lakes augments Gilbert Street as follows:

- Larger production footprint overall 4000m² vs 1900m²
- Increase in cleanroom capacity under constant HEPA filtration for laser build from 130m² to 330m²
- Precision machine shop to be expanded from 200m² to 600m²



Manufacturing Capacity Expansion



Mawson Lakes gives us the ability to grow production capacity:

- Short term, 3-6 months, capacity to increase production by 30% during day shift, and possible addition of night shift if warranted
- Medium term, 6+ months, capacity to increase production by 100%.





TGA Audit and Approval

The Australian Therapeutic Goods Administration (TGA) Conformity Assessment Audit was conducted on the 14th and 15th of December 2016. The audit scope included:

- An on-site Mawson Lakes facility validation, extensive review of verification data, reports produced by Ellex Medical and confirmation, acceptance of ongoing verification plans
- On site assessment at Gilbert Street Quality Management System to ensure continuing suitability and effectiveness

The TGA submitted the conclusive audit report which enabled the Conformity Assessment Certificate with the additional manufacturing facility to be updated and released.

Quality System



- Both Gilbert Street and Mawson Lakes are TGA approved as of 16 Feb 2017 *
- ISO13485 accredited for:
The design, manufacture, distribution, installation and servicing of ophthalmic lasers and diagnostic ophthalmic ultrasound and their accessories

Certificate Number
MRA Q00068


Australian Government
Department of Health
 Therapeutic Goods Administration

Scope of Certificate

Manufacturer Facilities	
Name and Address	Scope
1. Ellex Medical Pty Ltd 82 Gilbert Street ADELAIDE SA 5000 Australia	Design, Production, Labelling, Final Release, Warehousing and Dispatch
2. Ellex Medical Pty Ltd 3-4 Second Avenue Technology Park MAWSON LAKES SA 5095 Australia	Design, Production, Labelling, Final Release, Warehousing and Dispatch

Device Categories	
Description	Limitations (if applicable)
1. Ophthalmic surgical lasers and accessories	
2. Ophthalmic ultrasound systems	

Certificate Number
MRA Q00068

Ellex Machine Shop – Future Relocation



Under construction at Mawson Lakes, adjacent laser and ultrasound facility.
Scheduled for completion early FY18.



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