

PRESS RELEASE

Ellex Medical Lasers Ltd (ASX:ELX)

Adelaide, Australia

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Topic: Raises \$5.5 million through Placement



Adelaide, Australia, 26 June 2007 – Ellex Medical Lasers Limited (ASX:ELX), a global leader in the design and manufacture of ophthalmic laser and ultrasound systems, announced today that it raised \$5.5 million through the placement of 6.5 million ordinary shares at a price of A\$0.85 per share. The placement was taken up by a range of domestic and off-shore sophisticated investors, including a number who were not previously investors in Ellex. The issue price compares to a closing price on 21 June of A\$0.87 and a Volume Weighted Average Price for the week prior to the placement of \$A0.867. The placement will not require shareholder approval under ASX Listing Rules.

Ellex has undertaken the placement to strengthen the balance sheet to provide the company with the flexibility to pursue the next phase of its growth strategy.

Commenting on the placement, CEO Mr Peter Falzon said, “Over the past 2 years we have seen strong growth in our revenue and profit as we have transformed our business and transitioned away from reliance on OEM. During the 2007 financial year, we also started to leverage our strategy through acquisitions. The placement will enable the company to repay the bank debt accumulated through these acquisitions and from the investment in working capital to grow the core business.”

“With our Japanese distribution company now growing strongly and solidly profitable our attention turns to strengthening our sales platform in the US. Over the next 2 years we will expand our direct sales presence and supporting infrastructure in the US including investment in working capital to support a direct sales business” said Mr Falzon.

Mr Falzon noted that the ophthalmic device industry includes an unusually high number of small one or two product companies providing opportunity to acquire and consolidate under the Ellex brand and further leverage the company’s distribution channel.

Mr Falzon confirmed the market guidance in relation to the 2007 financial year provided in February 2007 of revenue growth of 20% for the full year and growth in profitability.

The placement was managed by Taylor Collison.

ABOUT ELLEX

Ellex Medical Lasers Limited (ASX:ELX) designs, manufactures and markets a complete line of lasers and diagnostic ultrasound systems used by ophthalmologists to diagnose and treat eye diseases. With more than 12,000 systems delivered to the market, Ellex has evolved since 1985 from a manufacturing company of primarily OEM products, to direct marketing of its own branded products through subsidiaries in the United States, Japan and Australia, and a network of distribution partners in more than 100 countries. In December 2006 Ellex acquired Innovative Imaging, a leading provider of diagnostic ultrasound devices for ophthalmology, initiating the expansion of its product line beyond lasers. Ellex maintains a strong emphasis on intellectual property and research into new and better treatments to manage and treat the leading causes of blindness.

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

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