Quarterly Cash Flow Report

July 13, 2017 – Melbourne, Australia and Minnesota, United States – Osprey Medical (ASX:OSP) today released its Appendix 4C – Quarterly Cashflow Report for the period ending 30 June 2017.

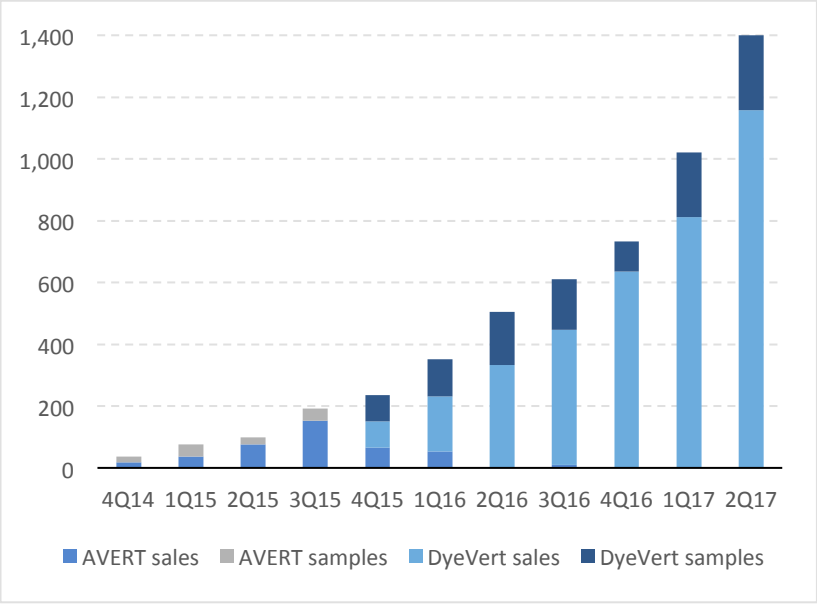
Key highlights

- **Sales momentum accelerated in 2Q 2017 to 42% quarter-on-quarter unit sales growth** vs 1Q 2017 (an increase of 244% vs 2Q 2016)
- **Total hospitals ordering DyeVert increased by 36% in 2Q 2017** vs 1Q 2017
- **Leading indicators for future growth remained strong**, with units sampled increasing by 15% and the pipeline of hospitals in the evaluation-to-purchase phase growing 18%
- Profitable sales territories in San Antonio and Atlanta continued to perform well in 2Q 2017, with **other sales territories following a similarly strong sales trajectory**
- DyeTect product increases the value of Osprey's addressable market **by 40% to US$1.8 billion**
- Cash receipts from customers increased to US$293k in 2Q 2017, up 158% on 2Q 2016, with **strong growth expected in 3Q 2017**
- **Strong balance sheet** with cash of US$15.1m at 30 June 2017 (A$20.1m at FX rate of $0.75)

Acceleration in sales momentum to 42% quarter-on-quarter unit sales growth.

Osprey reported its eleventh consecutive quarter of unit sales growth for its dye saving technologies. DyeVert and DyeVert Plus unit sales grew by 42% to 1,149 units in 2Q 2017, compared to 812 units sold in 1Q 2017. This represents growth of 244% compared with 2Q 2016.

Quarterly unit sales & samples since inception



Customers purchasing the DyeVert System expanded to 75 hospitals in 2Q 2017, up 36% over 1Q 2017, and sample evaluations experienced significant growth with 242 units recorded for 2Q 2017. The growth of

samples reflects strong interest from physicians who are eager to evaluate the device. There are currently 46 hospitals in the evaluation-to-purchase stage reflecting a strong pipeline of future customers. The growth of new customers and strong pipeline of evaluating customers demonstrates the rapid Physician adoption of the DyeVert System.

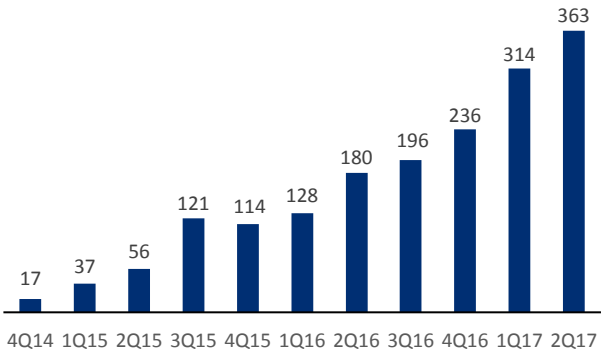
Pleasingly, the average selling price of the DyeVert System continued to remain stable at US$354, reflecting the strong customer value proposition of the DyeVert and DyeVert Plus System.

Cash receipts from customers were US$293k in 2Q 2017, noting the timing of cash receipts lags one quarter behind unit sales growth. Strong growth in cash receipts from customers is therefore expected in 3Q 2017. In 2Q 2017, sales reached US$408k based on 1,149 units sold, up 240% vs 2Q 2016 (US$120k).

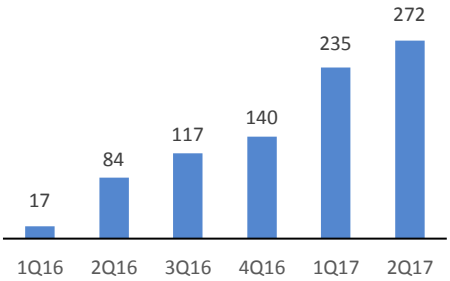
Sustained growth in two profitable sales territories

San Antonio and Atlanta continued their profitable growth in 2Q 2017, with 363 and 272 units sold respectively, compared to the estimated cash-flow breakeven requirement of 225 units sold per quarter. In terms of penetration in each city, 70% of San Antonio hospitals (16 of 23) and 55% of Atlanta hospitals (12 of 22) now use the device and penetration of procedures within these hospitals continues to grow.

Quarterly unit sales in San Antonio[1]



Quarterly unit sales in Atlanta



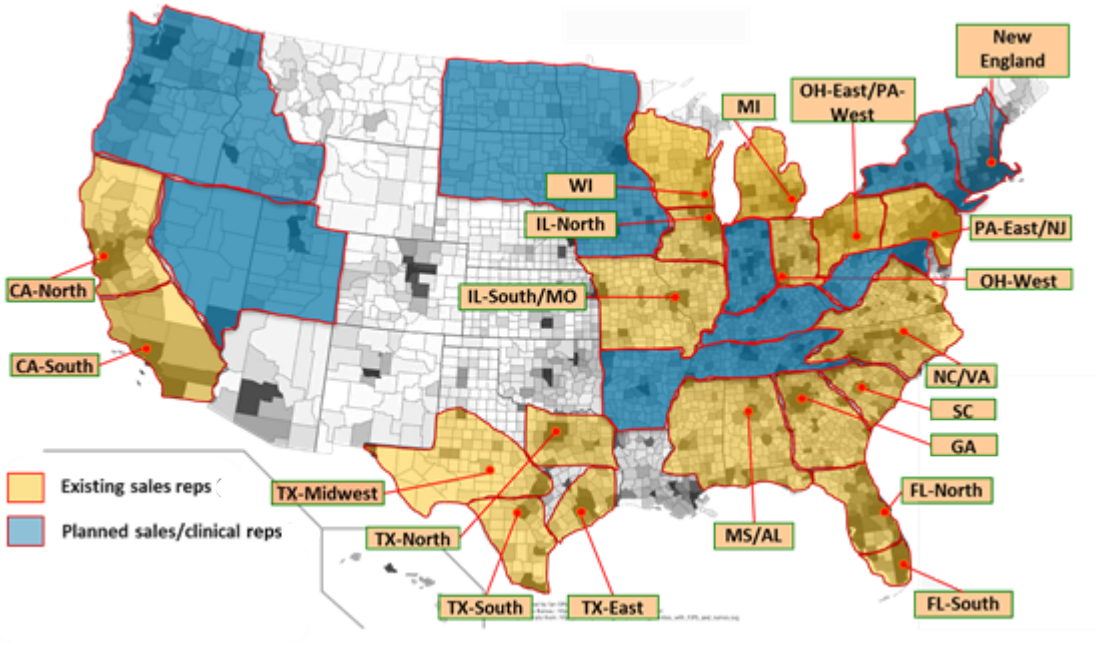
Notes:

1. *Quarterly unit sales fell in 4Q15 following the introduction of the DyeVert System, as hospitals sampled the new product*

Continued sales force expansion

In 2Q 2017, Osprey's 18 sales personnel focused on expanding DyeVert sales throughout the US. Osprey's sales personnel are seasoned medical device sales reps with at least 10 years of previous selling experience. Pleasingly, many spent their early career in the hospital as nurse and cardiovascular technologists. This experience is augmented with a deep onboarding, product education and training process to ensure rapid acclimation in the sales process.

Osprey intends to hire new reps where there is a high incidence of chronic kidney disease. Planned new territories to be hired in 2017 are indicated on the map below in blue, which is expected to bring the sales force to approximately 26-28 people by the end of 2017.



Launch of DyeTect increases Osprey's addressable market by 40% to US$1.8 billion

During the quarter, Osprey announced its first US clinical use of the FDA cleared DyeTect Automated Contrast Monitoring System. This new product leverages the DyeVert Plus wireless "smart syringe" and reusable LCD monitor to actively manage dye administration during heart procedures. The addressable market for DyeTect is 3.5M procedures per year in the US and Western EU. The list price for the consumable components of the DyeTect System is expected to be US$149 per procedure, making the addressable market for DyeTect worth approximately US$525 million per year.

The concept for DyeTect originated from customers who had used Osprey Medical's DyeVert Plus and wanted the benefits of real-time dye threshold monitoring and accurate accounting of total dye dose for all dye-based procedures.

Distinct market segments exist for DyeTect vs DyeVert Plus based on the patient benefits of each system. DyeTect is targeted for patients *without* chronic kidney disease, as it does not minimize the amount of dye used. For patients with chronic kidney disease the DyeVert Plus is needed because it reduces the amount of dye which is indicated for patients with compromised kidneys. DyeVert Plus and DyeTect target different patient groups with the strong differentiation of dye minimization that is needed for chronic kidney disease patients.

Mike McCormick, Osprey President and CEO said:

"We are pleased with our strong sales growth in 2Q 2017 – this quarter marks 11 quarters of growth since our first recorded revenues and is a testament to our sales strategy and the unmet clinical need for our products that are driving strong sales momentum. With more than 6,000 procedures now conducted using our dye saving devices, and key opinion leading scientific publication and presentations, awareness of the need and value of our products continues to grow rapidly."

Osprey Medical is hosting an investor conference call on Friday 14th July at 11.00am Australian Eastern Standard Time (9.00am Hong Kong/Singapore, 6pm Thursday 13th July US West Coast, 9pm Thursday 13th July US East Coast).

Call details:

Australia Toll Free	1 800 558 698
Alternate Australia Toll Free	1 800 809 971
Australia Local Number	+612 9007 3187
Hong Kong	800 966 806
Singapore	800 101 2785
United States	855 8811 339

Conference Identification: 573327

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About Osprey

Osprey Medical is focused on protecting patients from the harmful effects of X-ray dye (contrast) used during commonly performed angiographic imaging procedures. The Company's core technologies originated from research conducted by Dr David Kaye at Melbourne's Baker IDI Heart and Diabetes Institute. Its proprietary dye reduction and monitoring technologies are designed to help physicians minimize dye usage. The Company's DyeVert™ System is a next-generation product that reduces contrast while maintaining image quality in a self-adjusting easy-to-use design. Osprey Medical's Board and Management are comprised of experienced and successful personnel with established track records covering medical device development, regulatory approvals, sales and marketing, and mergers-acquisitions. Osprey Medical's advisory board comprises world-recognised experts in heart and kidney diseases.

Forward-Looking Statements

This announcement contains or may contain forward-looking statements that are based on management's beliefs, assumptions and expectations and on information currently available to management. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements, including without limitation our expectations with respect to our ability to commercialize our products including our estimates of potential revenues, costs, profitability and financial performance; our ability to develop and commercialize new products including our ability to obtain reimbursement for our products; our expectations with respect to our clinical trials, including enrolment in or completion of our clinical trials and our associated regulatory submissions and approvals; our expectations with respect to the integrity or capabilities of our intellectual property position. Management believes that these forward-looking statements are reasonable as and when made. You should not place undue reliance on forward-looking statements because they speak only as of the date when made. Osprey does not assume any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Osprey may not actually achieve the plans, projections or expectations disclosed in forward-looking statements, and actual results, developments or events could differ materially from those disclosed in the forward-looking statements.

Foreign Ownership Restriction

Osprey's CHESS Depositary Interests (CDIs) are issued in reliance on the exemption from registration contained in Regulation S of the US Securities Act of 1933 (Securities Act) for offers or sales which are made outside the US. Accordingly, the CDIs have not been, and will not be, registered under the Securities Act or the laws of any state or other jurisdiction in the US. The holders of Osprey's CDIs are unable to sell the CDIs into the US or to a US person unless the re-sale of the CDIs is registered under the Securities Act or an exemption is available. Hedging transactions with regard to the CDIs may only be conducted in accordance with the Securities Act.

+Rule 4.7B

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Osprey Medical, Inc.

ABN	**Quarter ended ("current quarter")**
152 854 923	30 June 2017

Consolidated statement of cash flows		**Current quarter Q2 $'000 USD**	**Year to date 6 Months $'000 USD**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	293	584
1.2	Payments for		
	(a) research and development	(528)	(1,148)
	(b) product manufacturing and operating costs	(146)	(342)
	(c) advertising and marketing	(629)	(1,189)
	(d) leased assets	-	-
	(e) staff costs	(1,809)	(4,095)
	(f) administration and corporate costs	(267)	(521)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	5	8
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(3,081)**	**(6,703)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(40)	(96)
	(b) businesses (see item 10)	-	-
	(c) investments	-	-

Consolidated statement of cash flows		Current quarter Q2 $'000 USD	Year to date 6 Months $'000 USD
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**(40)**	**(96)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of quarter/year to date	18,175	21,853
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(3,081)	(6,703)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(40)	(96)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		**Current quarter Q2 $'000 USD**	**Year to date 6 Months $'000 USD**
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of quarter**	**15,054**	**15,054**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter $'000 USD**	**Previous quarter $'000 USD**
5.1	Bank balances	15,054	18,175
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**15,054**	**18,175**

6.	**Payments to directors of the entity and their associates**	**Current quarter $'000 USD**
6.1	Aggregate amount of payments to these parties included in item 1.2	160
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Payments represent remuneration paid to executive and non-executive directors.

7.	**Payments to related entities of the entity and their associates**	**Current quarter $'000 USD**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $'000 USD**	**Amount drawn at quarter end $'000 USD**
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

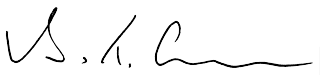
9.	**Estimated cash outflows for next quarter**	**$'000 USD**
9.1	Research and development	(200)
9.2	Product manufacturing and operating costs	(300)
9.3	Advertising and marketing	(600)
9.4	Leased assets	-
9.5	Staff costs	(2,400)
9.6	Administration and corporate costs	(300)
9.7	Other (provide details if material)	-
9.8	**Total estimated cash outflows**	**(3,800)**

10.	**Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)**	**Acquisitions**	**Disposals**
10.1	Name of entity	n/a	n/a
10.2	Place of incorporation or registration	n/a	n/a
10.3	Consideration for acquisition or disposal	n/a	n/a
10.4	Total net assets	n/a	n/a
10.5	Nature of business	n/a	n/a

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.



Sign here: Date: 13 July 2017

Company Secretary

Print name: Brendan Case

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
5. Accounting Standards. ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.