



7 August 2017

Dear holder of CHES Depositary Interests

Entitlement Offer – notice to holders of CDIs

On 4 August 2017, Osprey Medical Inc. ARBN 152 854 923 (**Osprey**) announced:

- a non-renounceable entitlement offer of approximately 25,785,924 new CHES Depositary Interests (**New CDIs**) (representing approximately 12,892,962 new fully paid shares of common stock in Osprey) at an issue price of \$0.40 per New CDI to raise approximately \$10.3 million before costs and expenses (**Entitlement Offer**); and
- a placement of 55,464,076 new CDIs (representing 27,732,038 new fully paid shares of common stock) at a price of \$0.40 per CDI to sophisticated and professional investors, to raise approximately \$22.2 million before costs and expenses (**Placement**).

Together, the Placement and Entitlement Offer will raise \$32.5 million before costs and expenses.

Eligible Holders (described below) will be sent an Offer Booklet relating to the Entitlement Offer and a personalised Entitlement and Acceptance Form on or about Monday 14 August 2017, which contains important information about the Entitlement Offer. A copy of the Offer Booklet is currently available on the ASX website at www.asx.com.au and Osprey's website at <http://ospreymed.com/>.

Key information about the Entitlement Offer

The Entitlement Offer will be made to all securityholders who are registered as holders of CDIs at 7.00pm (Melbourne time) on Wednesday 9 August 2017 (**Record Date**) with a registered address in Australia, New Zealand, Hong Kong or Singapore (**Eligible Holders**). CDI holders with a registered address outside Australia, New Zealand, Hong Kong or Singapore are considered ineligible securityholders and cannot participate in the Entitlement Offer.

Under the Entitlement Offer, Eligible Holders will be invited to subscribe for 1 New CDI for every 10 CDIs held as at 7.00pm (AEST time) on the Record Date at an offer price of \$0.40 per New CDI. You may take up your entitlement in full or part. The Entitlement Offer also incorporates a top up facility under which Eligible CDI holders can apply to take up New CDIs in excess of their entitlement.

The Entitlement Offer is non-renounceable, which means that entitlements will not be tradeable on the ASX or otherwise transferable.

The Entitlement Offer is being made in accordance with Section 708AA of the Corporations Act (as modified by ASIC Class Order [CO 14/827] and ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus is required to be prepared in relation to the Entitlement Offer.

The New CDIs will rank equally with the CDIs currently on issue. Fractional entitlements to CDIs will be rounded up to the nearest whole number of New CDIs.

The Entitlement Offer is fully underwritten. Canaccord Genuity (Australia) Limited and Bell Potter Securities Limited (**Joint Lead Managers**) are underwriting the Entitlement Offer. Brandon Capital Partners has committed to take up a minimum of its pro rata entitlement under the Entitlement Offer and to fully sub-underwrite the remainder of the Entitlement Offer.

The Joint Lead Managers will receive the following fees:

- an underwriting fee equal to 4.0% of the gross proceeds raised under the Entitlement Offer (excluding any proceeds relating to Brandon Capital Partners' entitlement and sub-underwritten amount); and
- a management fee equal to 1.0% of the gross proceeds raised under the Entitlement Offer (excluding any proceeds relating to Brandon Capital Partners' entitlement and sub-underwritten amount).

Brandon Capital Partners will receive a fee equal to 1% of its total amount sub-underwritten.

Purpose and use of funds

Net proceeds from the Entitlement Offer and the Placement will be used for:

- expanding US sales force to increase coverage of the US with focus on geographies with a high share of AKI;
- initiating a pilot European sales programme in Germany;
- ongoing support for post approval market trials and physician sponsored trials for scientific presentation and publications; and
- continuing research and development of the product portfolio.

Key dates for CDI holders

Osprey expects the Entitlement Offer to be conducted according to the following timetable:

Event	Date
Announcement of Placement and Entitlement Offer	4 August 2017
Ex-date	8 August 2017
Record Date to determine entitlement to participate in the Entitlement Offer	7.00pm on 9 August 2017
Dispatch Offer Booklet and personalised Entitlement and Acceptance Form to Eligible CDI holders	14 August 2017
Entitlement Offer opens	9.00am on 14 August 2017

Entitlement Offer closes	5.00pm on 25 August 2017
Shortfall announced to ASX	30 August 2017
Issue of CDIs under Entitlement Offer	4 September 2017
New CDIs under Entitlement Offer commence trading on ASX on a normal basis	5 September 2017
Dispatch of holding statements	6 September 2017

Dates and times are indicative only and subject to change. All dates and times are references to Melbourne time.

Capital structure

The following table sets out the number of issued CDIs on the date that the Placement and Entitlement Offer were announced (4 August 2017) and, subject to the rounding of fractional entitlements under the Entitlement Offer, the total number of issued CDIs at the completion of the Placement and Entitlement Offer:

CDIs	Number
CDIs on issue at 4 August 2017	257,859,254
CDIs to be issued under the Placement	55,464,076
CDIs offered under the Entitlement Offer (approximate)	25,785,924
Total CDIs on issue on completion of the Entitlement Offer and Placement (approximate)	339,109,254

Action you should take

The Entitlement Offer is currently scheduled to close at 5.00pm (Melbourne time) on 25 August 2017. If you are an Eligible Holder and wish to subscribe for New CDIs, you must ensure that your application and payment is received by this time in accordance with the instructions in the Offer Booklet and your personalised Entitlement and Acceptance Form. If you do not wish to participate in the Entitlement Offer, no action is required.

For further information regarding the Entitlement Offer, please call the Entitlement Offer Information Line on 1300 420 406 (within Australia) or +61 1300 420 406 (outside Australia) at any time between 8.30am and 5.00pm (Melbourne time) on business days during the offer period for the Entitlement Offer.

Yours sincerely



Brendan Case

Company Secretary
Osprey Medical Inc.