



OFFER BOOKLET

OSPREY MEDICAL INC.

ARBN 152 854 923

**1 FOR 10 NON-RENOUNCEABLE PRO RATA ENTITLEMENT
OFFER OF NEW CDIS AT AN ISSUE PRICE OF \$0.40 PER
NEW CDI**

The Entitlement Offer closes at 5.00pm (Melbourne time) on
25 August 2017

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE AN ELIGIBLE HOLDER YOU SHOULD READ THIS OFFER BOOKLET IN ITS ENTIRETY
BEFORE DECIDING WHETHER TO APPLY FOR NEW CDIS.

IF YOU DO NOT UNDERSTAND ANY PART OF THIS OFFER BOOKLET, OR ARE IN ANY DOUBT AS TO
HOW TO DEAL WITH IT OR YOUR ENTITLEMENT, YOU SHOULD CONSULT YOUR FINANCIAL OR
OTHER PROFESSIONAL ADVISER.

Important Information

About this document

This Offer Booklet contains information relating to a proposed entitlement offer to be undertaken by Osprey Medical Inc. ARBN 152 854 923 (**Osprey**). This Offer Booklet is important and requires your immediate attention.

The Entitlement Offer is being made in accordance with Section 708AA of the Corporations Act. A reference to Section 708AA in this Offer Booklet means 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. Accordingly, this Offer Booklet is not a prospectus and does not contain all information which an investor may require to make an informed investment decision.

Forward-looking statements

This Offer Booklet 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 commercialise our products including our estimates of potential revenues, costs, profitability and financial performance; our ability to develop and commercialise 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. Eligible Holders 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 jurisdictions

The Entitlement Offer is not being extended to Eligible Holders in jurisdictions outside Australia, New Zealand, Hong Kong and Singapore and no action has been taken to register, or otherwise permit, the offer of New CDIs to be made under the laws of any jurisdiction outside of Australia, New Zealand, Hong Kong and Singapore. In particular, the New CDIs offered under the Entitlement Offer have not been, and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. It is your responsibility to ensure that you comply with any laws of your jurisdiction which are applicable to you and which are relevant to your applying for New CDIs under the Entitlement Offer.

The distribution by you of this Offer Booklet (including an electronic copy) outside Australia, New Zealand, Hong Kong and Singapore may be restricted by law. You should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities law.

This Offer Booklet has been prepared for publication in Australia, New Zealand, Hong Kong and Singapore and may not be released or distributed in the United States. This Offer Booklet does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this Offer Booklet have not been, and will not be, registered under the US Securities Act, or any state securities laws, and until so registered, may not be offered or sold in the United States except pursuant to an exemption from the registration requirements of the US Securities Act and applicable state securities laws. Hedging transactions involving any securities described in this Offer Booklet may not be conducted unless in compliance with the US Securities Act.

Accordingly, in order to enforce the above transfer restrictions whilst ensuring that Eligible Holders can still trade their CDIs on ASX, the CDIs will bear a "FOR US" designation on ASX. As a result of the imposition of the "FOR US" designation, all holders of CDIs in Osprey will be restricted from selling their CDIs on ASX to United States persons.

No recommendation

The Entitlement Offer is not a recommendation to acquire CDIs. This Offer Booklet does not constitute financial product advice and does not take into account the individual investment objectives, financial situation or particular needs of each Eligible Holder. Eligible Holders wanting to participate in the Entitlement Offer should obtain independent advice in relation to the taxation and other consequences of an investment under the Entitlement Offer before making a decision as to whether to participate in the Entitlement Offer. A cooling-off regime does not apply in relation to the acquisition of CDIs under the Entitlement Offer.

Disclaimer of representations

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Offer Booklet or the Associated Offer Announcements. Any information or representation that is not contained in this Offer Booklet or the Associated Offer Announcements may not be relied on as having been authorised by Osprey in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of Osprey, or any other person, warrants or guarantees the future performance of Osprey or any return on any investment made pursuant to the Entitlement Offer.

No financial product advice

This Offer Booklet is not financial product advice, does not purport to contain all the information that you may require to make an investment decision, and has been prepared without taking into account your personal investment objectives, financial situation or needs.

Before deciding whether to apply for New CDIs under the Entitlement Offer, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If after reading this booklet, you have any questions about the Entitlement Offer, you should contact your financial or other professional adviser.

Definitions and references to time

Capitalised words and expressions in this Offer Booklet have the meanings given in Section 6.

A reference to time in this Offer Booklet is to Melbourne time, unless otherwise stated.

All financial amounts in this Offer Booklet are references to Australian currency, unless otherwise stated.

Date of this document

This Offer Booklet is dated 4 August 2017.

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Chairman's Letter

4 August 2017

Dear holders of CHESS Depository Interests

On behalf of the Board, I am pleased to invite you to participate in a pro rata, non-renounceable entitlement offer of CHESS Depository Interests (**CDIs**), representing new fully paid shares of common stock in Osprey (**New CDIs**), at a price of \$0.40 per CDI, to raise approximately \$10.3 million before costs and expenses (**Entitlement Offer**).

On 4 August 2017 (**Announcement Date**), Osprey announced the Entitlement Offer and its successful placement of approximately 55.5 million CDIs also 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 approximately \$32.5 million before costs and expenses.

The funds from the Placement and Entitlement Offer will strengthen Osprey's balance sheet and provide increased working capital to support its continuing growth.

Overview of Entitlement Offer

The Entitlement Offer is being made to all securityholders who are registered as holders of Osprey's CDIs as 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 have the opportunity to subscribe for one New CDI for every 10 CDIs of which they are the registered holder at 7.00pm (Melbourne time) on the Record Date at an issue price of \$0.40 per New CDI (**Issue Price**). The Entitlement Offer is non-renounceable.

The Issue Price represents:

- an 8% discount to Osprey's closing CDI price on 1 August 2017, the trading day immediately prior to Osprey entering into a trading halt in connection with the Entitlement Offer and Placement; and
- a 14.8% discount to the 10 trading day VWAP of Osprey's CDIs ending on 1 August 2017.

Top Up Facility

The Entitlement Offer incorporates a top up facility under which Eligible Holders can apply to take up New CDIs in excess of their pro rata entitlement (**Top Up Facility**). Applications under the Top Up Facility will only be considered to the extent there is a shortfall under the Entitlement Offer and will be subject to the terms set out in Section 1.5 of this Offer Booklet.

Underwriting Arrangements

The Entitlement Offer is fully underwritten.

Osprey has entered into an Underwriting Agreement with Canaccord Genuity (Australia) Limited and Bell Potter Securities Limited (**Joint Lead Managers** or **JLMs**). In addition, Osprey's largest holder of CDIs, Brandon, 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.

If Eligible Holders do not take up their pro rata entitlements under the Entitlement Offer, the shortfall will be allocated:

- first, to Eligible Holders who apply to take up additional New CDIs in accordance with the terms of the Top Up Facility; and
- next to the Joint Lead Managers and sub-underwriter.

Further details regarding the underwriting arrangements are set out in Section 1.6 of this Offer Booklet. The potential implications of the Placement and Entitlement Offer on Brandon's holding and voting power in Osprey are discussed in section 2.6 of this Offer Booklet.

Action you should take

The Entitlement Offer is currently scheduled to close at 5.00pm (Melbourne time) on 25 August 2017. If you wish to subscribe for New CDIs, you must ensure that your application and payment is received by this time in accordance with the instructions set out in Section 3.2.

This Offer Booklet contains important information regarding the Entitlement Offer, and I encourage you to read it carefully before making any investment decision. If you have any questions, you should consult your financial or other professional adviser.

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) between 8.30am and 5.00pm (Melbourne time) on Business Days during the offer period for the Entitlement Offer.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Erb', with a long horizontal flourish extending to the right.

John Erb
Chairman

Key Dates

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 documents to Eligible 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 New 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 in this Offer Booklet are indicative only and subject to change. All dates and times are references to Melbourne time.

Osprey, with the consent of the Joint Lead Managers, reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws and regulations. In particular, Osprey reserves the right to extend the Closing Date, to accept late Applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the Closing Date may have a consequential impact on the date that New CDIs are issued and commence trading on the ASX. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible after the Entitlement Offer opens.

Osprey also reserves the right not to proceed with the whole or part of the Entitlement Offer at any time prior to the issue of the New CDIs. In that event, application monies (without interest) would be returned to applicants.

1 Overview of the Entitlement Offer

1.1 Summary

The Entitlement Offer is a pro rata offer of approximately 25.8 million New CDIs, representing new fully paid shares of common stock in Osprey, at \$0.40 per New CDI to raise approximately \$10.3 million before costs and expenses.

Eligible Holders are entitled to subscribe for one New CDI for every 10 CDIs held by them at 7.00pm (Melbourne time) on the Record Date.

The Entitlement Offer is non-renounceable, which means that to the extent that any entitlement under the Entitlement Offer is not taken up by any Eligible Holder prior to the Closing Date, the entitlement will lapse.

The Entitlement Offer also incorporates a Top Up Facility under which Eligible Holders can apply for New CDIs in excess of their pro-rata entitlement. Eligible Holders should refer to Section 1.5 for a description of the terms and conditions of the Top Up Facility.

The choices available to Eligible Holders in respect of the Entitlement Offer are described in Section 3.

The Entitlement Offer opens at 9.00am (Melbourne time) on 14 August 2017 and is currently scheduled to close at 5.00pm (Melbourne time) on 25 August 2017.

1.2 Eligible Holders

The Entitlement Offer will be made to all securityholders who are registered as holders of Osprey's CDIs as 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 CDI holders (**Ineligible Holders**) and cannot participate in the Entitlement Offer.

Investors who receive CDIs under the Placement will not have those CDIs registered by the Record Date and, therefore, will not be entitled to participate in the Entitlement Offer in respect of those CDIs.

1.3 What is the entitlement of an Eligible Holder?

The number of New CDIs to which you are entitled under the Entitlement Offer is shown in the personalised Entitlement and Acceptance Form which accompanies this Offer Booklet. In calculating each Eligible Holder's entitlement, fractional entitlements to New CDIs have been rounded up to the nearest whole number of New CDIs. Eligible Holders can subscribe for all, or part, of their pro rata entitlement under the Entitlement Offer. Detailed instructions on how to accept all, or part of, your pro rata entitlement are set out in Section 3.

Please note that if you choose not to take up your pro rata entitlement, your percentage holding in Osprey will be diluted to the extent that the Entitlement Offer is taken up by other persons.

Osprey reserves the right to reduce the number of New CDIs allocated to Eligible Holders, or persons claiming to be Eligible Holders, if their claims as to the extent of their entitlements prove to be overstated or they fail to provide information to substantiate their claims.

1.4 No trading of entitlements

Entitlements under the Entitlement Offer are non-renounceable and will not be tradeable on the ASX or otherwise transferable. Eligible Holders who do not take up their entitlement in full will not receive any value in respect of that part of the entitlement that they do not take up.

1.5 Top Up Facility

The Entitlement Offer incorporates a Top Up Facility under which Eligible Holders can apply for New CDIs in excess of their pro rata entitlement (**Additional New CDIs**). The issue of Additional New CDIs under the Top Up Facility will be dependent on there being a shortfall in the take up of pro rata entitlements under the Entitlement Offer.

Eligible Holders who wish to apply for Additional New CDIs under the Top Up Facility can do so by specifying the number of Additional New CDIs they wish to apply for in the space provided on their Entitlement and Acceptance Form.

1.5.1 Allocation of shortfall amongst applicants under the Top Up Facility

If Eligible Holders submit applications under the Top Up Facility, any allocation of a shortfall under the Entitlement Offer amongst those applicants will be considered and determined by Osprey's Board at its discretion.

Related parties of Osprey will not be entitled to participate in the Top Up Facility. For this purpose, 'related parties' has the meaning given in the ASX Listing Rules and includes Osprey's directors and certain persons connected with them.

1.5.2 No certainty regarding allocations

As a consequence of the arrangements described above, there can be no guarantee of the number of Additional New CDIs available to Eligible Holders under the Top Up Facility. Eligible Holders who apply for Additional New CDIs under the Top Up Facility will be bound to accept any lesser number of Additional New CDIs allocated to them in accordance with the allocation procedure described above. If you do not receive all of the Additional New CDIs you applied for, any excess application monies will be returned to you without interest.

1.6 Underwriting of the Entitlement Offer

The Entitlement Offer is fully underwritten.

Osprey and the Joint Lead Managers have entered into an underwriting agreement (**Underwriting Agreement**). Under the terms of the Underwriting Agreement, the Joint Lead Managers have agreed to take up any New CDIs (excluding Brandon's minimum entitlement of 6,050,556 New CDIs) for which valid applications are not received from Eligible Holders plus any New CDIs which would have been offered to Ineligible Holders had such CDI holders been Eligible Holders.

A summary of the Underwriting Agreement, including the material events whereby either Joint Lead Manager may terminate its obligations under the Underwriting Agreement, is set out below.

1.6.1 Termination events

Each Joint Lead Manager may terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events, including (but not limited to) where:

- (a) a statement in any of the offer documents (including this Offer Booklet and all market announcements made in connection with the Entitlement Offer) does not comply with the Corporations Act or is, or becomes, misleading or deceptive, or likely to mislead or deceive;
- (b) a corrective statement is issued, or required to be issued, to correct the initial cleansing statement;
- (c) the offer timetable is delayed for more than two Business Days without the consent of the Joint Lead Managers;
- (d) there is 10% or more fall in the S&P/ASX 200 Index on two consecutive Business Days or on the Business Day immediately prior to the Settlement Date;
- (e) there are material disruptions in certain financial markets or political conditions in key markets, or hostilities commence or escalate in certain key countries;
- (f) there is an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Osprey; or
- (g) Osprey is removed from the official list of the ASX, or its CDIs are delisted or suspended from quotation by ASX.

1.6.2 Fees

In consideration for the Joint Lead Managers' services in connection with the Entitlement Offer, Osprey will pay:

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

to the Joint Lead Managers in their Respective Proportions.

In addition, Osprey will also pay to the Joint Lead Managers an amount equal to the Sub-Underwriting Fee (defined below).

1.6.3 Other provisions

As is customary with underwriting arrangements, Osprey has also (subject to certain limitations) agreed to indemnify each Joint Lead Manager, its affiliates and related bodies corporate, and their respective directors, officers, employees, advisers and representatives against losses they may suffer in connection with the Placement or the Entitlement Offer.

1.7 Sub-underwriting arrangements

Osprey's largest holder of CDIs, Brandon, has committed to take up a minimum of its pro rata entitlement under the Entitlement Offer, being 6,050,556 New CDIs and to fully sub-underwrite the remainder of the Entitlement Offer.

Brandon will receive a fee from the Joint Lead Managers equal to 1% of the total amount sub-underwritten by Brandon (**Sub-Underwriting Fee**).

If the Underwriting Agreement is terminated, Brandon's obligations as a sub-underwriter will also be terminated. Brandon does not have a separate right to terminate its sub-underwriting commitment.

If the Underwriting Agreement is terminated for any reason, Osprey reserves the right to issue any shortfall at its discretion (at a price not less than the Issue Price of \$0.40 per CDI).

1.8 Allocation of any shortfall

As a result of the arrangements described above in Sections 1.5 and 1.6, if Eligible Holders do not take up their pro rata entitlements under the Entitlement Offer, the resulting shortfall will be allocated:

- (a) first, to Eligible Holders who apply to take up Additional New CDIs in accordance with the terms of the Top Up Facility; and
- (b) next, to the Joint Lead Managers and sub-underwriter.

1.9 Issue of New CDIs

Osprey currently expects that New CDIs will be issued by 4 September 2017 and that holding statements will be posted by 6 September 2017.

1.10 Ranking of New CDIs

When issued, the New CDIs will be fully paid and will rank equally with existing CDIs.

1.11 Withdrawal of the Entitlement Offer

Osprey reserves the right to withdraw all or part of the Entitlement Offer, and this Offer Booklet, at any time, subject to applicable laws. In that case, Osprey will refund application monies in relation to New CDIs not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any application monies paid by you to Osprey will not entitle you to receive any interest and that any interest earned in respect of application monies will belong to Osprey.

1.12 Increase of authorised capital

In connection with the Entitlement Offer, Osprey intends to amend and restate its Certificate of Incorporation to increase the authorised share capital of Osprey before the Closing Date.

2 Effect of the Entitlement Offer on Osprey

2.1 Purpose and use of funds

Osprey is raising capital for the following purposes:

- (a) to expand United States sales force to increase coverage of the United States with focus on geographies with a high share of AKI;
- (b) to initiate a pilot European sales programme in Germany;
- (c) for ongoing support for post approval market trials and physician sponsored trials for scientific presentation and publications; and
- (d) for continued research and development of the product portfolio.

2.2 Financial Impact

The Entitlement Offer will increase Osprey's net assets by an amount equal to the net proceeds of the Entitlement Offer.

The table below shows on a pro forma basis Osprey's financial position following completion of the Entitlement Offer and Placement. This information is pro forma in nature and provides an illustrative indication of the effect of the Entitlement Offer and Placement had they occurred as at 30 June 2017. It is presented in abbreviated form and does not include all the disclosures that are ordinarily provided in financial statements prepared in accordance with the Corporations Act. It should be read in conjunction with the other disclosures in this Offer Booklet, including in Section 4.

(US\$000)	Actual 30-Jun-17	Placement Offer	Entitlement Offer	Costs	Proforma 30-Jun-17
Current Assets					
Cash and cash equivalents	\$ 15,054	\$ 17,773	\$ 8,263	\$ (2,029)	\$ 39,061
Other Current Assets	\$ 891	\$ -	\$ -	\$ -	\$ 891
Total Current Assets	\$ 15,945	\$ 17,773	\$ 8,263	\$ (2,029)	\$ 39,952
Total Non-Current Assets	\$ 671	\$ -	\$ -	\$ -	\$ 671
Total Assets	\$ 16,616	\$ 17,773	\$ 8,263	\$ (2,029)	\$ 40,623
Total Current Liabilities	\$ 1,296	\$ -	\$ -	\$ -	\$ 1,296
Total Non-Current Liabilities	\$ 13	\$ -	\$ -	\$ -	\$ 13
Total Liabilities	\$ 1,309	\$ -	\$ -	\$ -	\$ 1,309
Net Assets	\$ 15,307	\$ 17,773	\$ 8,263	\$ (2,029)	\$ 39,314
Total Equity	\$ 15,307	\$ 17,773	\$ 8,263	\$ (2,029)	\$ 39,314

Notes:

1. For the purpose of this pro forma balance sheet, it has been assumed that the costs and expenses of the Entitlement Offer and Placement will amount to approximately US\$1.9 million. The actual level of costs will depend upon a number of factors including the level of participation by and mix of investors in the Entitlement Offer (which impacts the fees payable under the Underwriting Agreement, as described in Section 1.6 above).
2. The balance between Osprey's working capital and net debt will change over the course of a financial year and, as such, the position at 30 June 2017 may not reflect the average over a 12 month period. There is, however, no material difference between net assets as at 30 June 2017 and net assets as at the date of this Offer Booklet.
3. Assumes a foreign exchange rate of A\$1.00 equals \$0.8011 (the exchange rate published by the Reserve Bank of Australia on 1 August 2017).
4. Assumes Placement of US\$17,772,908 and Entitlement Offer of US\$8,262,842.

2.3 Effect on Capital Structure

The principal effect of the Entitlement Offer on Osprey's issued CDIs will be to increase the total number of issued CDIs. The following table sets out the number of issued CDIs on the Announcement Date 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 the Announcement Date	257,859,254
CDIs issued under the Placement	55,464,076
CDIs offered under the Entitlement Offer	25,785,924
Total CDIs on issue on completion of the Entitlement Offer and Placement	339,109,254

2.4 Effect on CDI holdings

The issue of New CDIs under the Placement will have the effect of diluting the percentage CDI holdings of holders of CDIs in Osprey who do not participate in the Placement. The extent to which the Entitlement Offer has any further effect on the percentage holdings of CDI holders will be dependent on the extent to which Holders of CDIs participate in the Entitlement Offer (including under the Top Up Facility). In particular:

- (a) Holders of CDIs who do not take up their full pro rata entitlement under the Entitlement Offer will have their percentage holding in Osprey further diluted following the issue of New CDIs under the Entitlement Offer.
- (b) Holders of CDIs who take up their full pro rata entitlement under the Entitlement Offer will maintain their percentage holding (although, as noted above, that percentage holding will be less than their percentage holding immediately prior to completion of the Placement).
- (c) Holders of CDIs who take up their full pro rata entitlement under the Entitlement Offer and receive New CDIs under the Top Up Facility and/or receive New CDIs as a sub-underwriter, will increase their percentage holding in Osprey to the extent they receive additional New CDIs under the Top Up Facility and/or the sub-underwriting arrangements.

2.5 Effect of the Offer on the Control of Osprey

Osprey does not consider that the Entitlement Offer will have any material effect on control. However, given that the largest holder of CDIs in Osprey, Brandon, has agreed to participate in the Placement, committed to take up a minimum of its pro rata entitlement under the Entitlement Offer and agreed to fully sub-underwrite the Entitlement Offer, Brandon will likely increase its percentage holding in Osprey. The implications for Osprey are considered in further detail below.

The number of New CDIs to be issued under the Entitlement Offer is approximate and is subject to the rounding of fractional entitlements to New CDIs.

2.6 Potential implications for Brandon's holding in Osprey

Brandon has for several years been a significant holder of CDIs in Osprey. Brandon currently holds 60,505,558 CDIs (approximately 23.46% of all CDIs on issue, not including any CDIs to be issued under the Placement and Entitlement Offer).

In order to support Osprey, Brandon has agreed to participate in the Placement, committed to take up a minimum of its pro rata entitlement, being 6,050,556 under the Entitlement Offer, and to sub-underwrite the Entitlement Offer on the basis described in Section 1.7 of this Offer Booklet. Osprey considers it is appropriate for Brandon to sub-underwrite the Entitlement Offer as it believes that the support of its major holder of CDIs has facilitated Osprey's ability to progress this capital raising initiative.

To limit the extent to which Brandon's percentage interest in Osprey increases as a result of the Entitlement Offer, Brandon has committed not to participate in the Top Up Facility. This means that Eligible Holders under the Top Up Facility will receive allocations from any shortfall in priority to Brandon.

On completion of the Placement and Entitlement Offer, it is expected that Brandon will own no less than 23% and no more than 29%, of the issued CDIs. The exact number of CDIs that will be issued to Brandon will depend upon the extent to which other Eligible Holders take up their entitlements under the Entitlement Offer and participate in the Top Up Facility. The table below shows the effect on Brandon's percentage holding depending on the level of take-up by other Eligible Holders.

	Impact on Brandon's CDI holding
CDIs held by Brandon prior to Entitlement Offer and Placement	60,505,558
% holding prior to Entitlement Offer and Placement	23.46%
Brandon's participation in Placement	13,002,674
% holding following the Entitlement Offer assuming no shortfall	Approximately 23%*
% holding following the Entitlement Offer assuming 25% shortfall	Approximately 25%*
% holding following the Entitlement Offer assuming 50% shortfall	Approximately 26%*
% holding following the Entitlement Offer assuming 75% shortfall	Approximately 27%*
% holding following the Entitlement Offer assuming 100% shortfall	Approximately 28%*

*Note: Assumes Brandon takes up full entitlement.

2.7 Information regarding Brandon

Brandon is a seed and venture capital fund specialising in Australia and New Zealand life science companies. Brandon is not a related party of Osprey.

As reflected by its commitment to (i) participate in the Placement, (ii) take up a minimum of its pro rata entitlement, and (iii) sub-underwrite the Entitlement Offer, Brandon is supportive of Osprey's strategy. Brandon has otherwise confirmed to Osprey that it does not have any current intention to seek any material changes to Osprey's operations or its financial or dividend policies, alter the composition of Osprey's Board (including by seeking increased representation on the Board) or to increase its holding in Osprey other than through its present participation in the Placement and Entitlement Offer. It is noted however that these are the current intentions of Brandon as at the date of this Offer Booklet and may change subsequently in response to changing circumstances or the passage of time.

2.8 Certain provisions of Corporations Act do not apply

Osprey is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act dealing with the acquisition of shares, including provisions that relate to substantial holdings and takeovers. Rather, the acquisition of securities in Osprey is subject to Delaware law and applicable US securities laws.

2.9 Transfer restrictions

The Entitlement Offer is being made available to Eligible Holders in reliance on the exemption from registration contained in Regulation S of the US Securities Act for offers which are made outside the United States. This means that the CDIs issued in the Entitlement Offer are subject to restrictions under Regulation S.

In order to comply with the requirements of Regulation S, investors may not re-sell any CDIs (or underlying securities) into the United States to a United States person or for the account or benefit of a United States person for a period of one year after the date of issue of the securities unless the re-sale of the securities is registered under the US Securities Act or an exemption from registration is available.

Accordingly, in order to enforce the above transfer restrictions whilst ensuring that Eligible Holders can still trade their CDIs on ASX, the CDIs will bear a "FOR US" designation on ASX. As a result of the imposition of the "FOR US" designation, all holders of CDIs in Osprey will be restricted from selling their CDIs on ASX to United States persons.

3 Choices available to Eligible Holders

3.1 Your choices

Before taking any action, you should read this Offer Booklet in its entirety and, if you have any questions, consult your financial or other professional adviser.

If you are an Eligible Holder, the following choices are available to you:

Option	See Section
Participate in the Entitlement Offer	3.2
Take no action	3.7

3.2 How to participate in the Entitlement Offer

3.2.1 *Taking up some or all of your pro rata allocation*

To subscribe for New CDIs offered to you under your pro rata allocation, please complete the accompanying Entitlement and Acceptance Form according to the instructions on the form for all, or that part, of your pro rata entitlement you wish to subscribe for.

3.2.2 *Applying for Additional New CDIs under the Top Up Facility*

Please refer to Section 1.5 for details regarding the Top Up Facility.

If you wish to apply for Additional New CDIs under the Top Up Facility, please insert the number of Additional New CDIs you wish to apply for in the relevant box on the Entitlement and Acceptance Form.

3.2.3 *Payment*

The Issue Price of \$0.40 per New CDI is payable in full on application.

Payments must be received by 5.00pm (Melbourne time) on the Closing Date and must be in Australian currency and made by:

- (a) cheque drawn on and payable at any Australian bank;
- (b) bank draft or money order drawn on and payable at any Australian bank; or
- (c) BPAY®.

If you wish to pay by BPAY®, you do not need to return the Entitlement and Acceptance Form. You simply need to follow the instructions on the Entitlement and Acceptance Form. Different financial institutions may implement earlier cut-off times with regards to electronic payment, so please take this into consideration when making payment by BPAY®. It is your responsibility to ensure that funds submitted through BPAY® are received by no later than 5.00pm (Melbourne time) on the Closing Date.

Osprey will treat you as applying for as many New CDIs as your payment will pay for in full, subject to any scale-back Osprey may implement in respect of Additional New CDIs under the Top Up Facility. Amounts received by Osprey in excess of your pro rata entitlement (**Excess Amount**) may be treated as an application under the Top Up Facility to apply for as many Additional New CDIs as your Excess Amount will pay for in full.

Cheques, bank drafts and money orders must be made payable to "Osprey Medical Inc." and crossed 'Not Negotiable'. Cash payments will not be accepted. Receipts for payment will not be provided.

Osprey will not be responsible for any postal or delivery delays or delay in the receipt of your BPAY® payment.

Application monies will be held in trust in a subscription account until New CDIs are issued. Any interest earned on application monies will be for the benefit of Osprey and will be retained by Osprey irrespective of whether any issue of New CDIs takes place.

3.2.4 Return completed Entitlement and Acceptance Form and payment

Unless you are paying by BPAY®, completed Entitlement and Acceptance Forms and payment of application money should be forwarded to the CDI Registry by mail in the enclosed prepaid envelope or, if you are outside of Australia or do not use the prepaid envelope, by mail addressed to:

Osprey Medical Inc.
C/ - Link Market Services Limited
GPO Box 3560
Sydney NSW 2001
Australia

Completed Entitlement and Acceptance Forms and payments must be received by 5.00pm (Melbourne time) on the Closing Date.

Please note that all acceptances, once received, are irrevocable.

If you wish to pay by BPAY®, you do not need to return the Entitlement and Acceptance Form. Please see Section 3.2.3 above for details.

3.3 Representations you will be taken to make by acceptance

By completing and returning your Entitlement and Acceptance Form or making a payment by BPAY®, you will be deemed to have:

- (a) represented and warranted that that there has been no breach by you of the laws of the country which apply to you and are relevant to you applying for New CDIs under the Entitlement Offer;
- (b) acknowledged that you have fully read and understood this Offer Booklet and the Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Booklet and the Entitlement and Acceptance Form;
- (c) agreed to be bound by the terms of the Entitlement Offer, the provisions of this Offer Booklet and Osprey's constitution;

- (d) authorised Osprey to register you as the holder of the New CDIs allotted to you;
- (e) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (f) acknowledged that once Osprey receives your Entitlement and Acceptance Form or any payment of application monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (g) agreed to apply for and be issued up to the number of New CDIs specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any application monies via BPAY®, at the Issue Price per New CDI;
- (h) if you have applied for or are deemed to have applied for Additional New CDIs under the Top Up Facility, agreed to accept any lesser number of Additional New CDIs allocated to you in accordance with the allocation procedure described in Section 1.5;
- (i) authorised Osprey, the CDI Registry and their respective officers, employees or agents to do anything on your behalf necessary for New CDIs to be issued to you;
- (j) declared that you were the registered holder at the Record Date of the CDIs indicated in the Entitlement and Acceptance Form as being held by you on the Record Date;
- (k) acknowledged that the information contained in this Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that the New CDIs are suitable for you given your investment objectives, financial situation or particular needs;
- (l) acknowledged that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Osprey and is given in the context of Osprey's past and ongoing continuous disclosure announcements to the ASX;
- (m) acknowledged the statement of risks in the 'Risk Factors' Section of this Offer Booklet and that investments in Osprey are subject to risk;
- (n) acknowledged that none of Osprey or its related bodies corporate, affiliates and none of its or their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Osprey, nor do they guarantee the repayment of capital;
- (o) agreed to provide any requested substantiation of your eligibility to participate in the Entitlement Offer and your holding of CDIs on the Record Date; and
- (p) authorised Osprey to correct any errors in your Entitlement and Acceptance Form.

3.4 No minimum subscription

There is no minimum subscription for the Entitlement Offer.

3.5 No cooling off rights

Cooling off rights do not apply to an investment in New CDIs. You cannot withdraw your application once it has been made.

3.6 Refunds of excess application monies

Any application monies received for more than the number of New CDIs issued to you (but only where the excess amount is A\$2.00 or greater) will be refunded as soon as reasonably practicable following the close of the Entitlement Offer. No interest will be paid on any application monies.

Payment of any refund will be made either by:

- (a) cheque mailed to your address as last recorded in Osprey's register of members; or
- (b) direct credit, but only where you have previously nominated to receive payment of dividends by direct credit and have not withdrawn that nomination.

In all cases, the payment method will be at Osprey's election.

3.7 If you do nothing

If you do not apply for CDIs pursuant to the Entitlement Offer, your entitlement under the Entitlement Offer will lapse.

If you do not apply for CDIs pursuant to the Entitlement Offer, your percentage ownership in Osprey will be diluted because the issue of New CDIs under the Entitlement Offer will increase the total number of CDIs on issue.

4 Risk Factors

This section identifies what the Directors regard as major risks, which may materially and adversely affect the future operating and financial position of Osprey and the value of CDIs. You should carefully consider the following risk factors, as well as the other information contained in this Offer Booklet before making an investment decision.

The Directors assessment of risks was based on the knowledge as at the date of this Offer Booklet and there is no assurance that the relative importance of the various risks will not change.

4.1 Company Specific Risks

In addition to the general risks noted in Section 4.2 of this Offer Booklet, investors should be aware of the specific risks of an investment in Osprey. These specific risks include, but are not limited to, those risks referred to below.

4.1.1 Business Risks

In assessing Osprey's business products, Eligible Holders should consider the various risks and difficulties frequently encountered by companies early in their commercialisation in competitive markets, particularly companies that develop and sell medical devices. These risks include Osprey's ability to:

- (a) implement and execute its business strategy;
- (b) expand and improve the productivity of its sales team and marketing programs;
- (c) increase awareness of its brand and products, and build loyalty among medical professionals;
- (d) manage expanding operations; and
- (e) respond effectively to competitive pressures and developments.

4.1.2 Regulatory Risk

Although Osprey has obtained FDA clearance for DyeVert™ Plus, there is no guarantee that Osprey will obtain necessary approvals for future products in the markets in which Osprey plans to commercialise.

Osprey may also face ongoing regulatory compliance difficulties. Regulatory agencies subject a marketed device, its manufacturer and the manufacturer's facilities to continual review and periodic inspections. Potentially costly follow-ups or post-marketing clinical studies may be required and previously unknown problems may result in restrictions on the marketing of the device and could include product withdrawal.

If Osprey fails to comply with applicable regulatory requirements, a regulatory agency may:

- (a) issue warning letters;
- (b) impose civil or criminal penalties;

- (c) suspend Osprey's regulatory authorisation or restrict or change the approved indications for use or impose additional safety reporting requirements;
- (d) suspend any of Osprey's ongoing clinical trials;
- (e) refuse to approve pending applications or supplements to approved applications filed;
- (f) impose restrictions on Osprey's operations; or
- (g) seize or detain devices or require a product recall.

In addition, the law or regulatory policies governing medical devices may change. New regulatory requirements or additional regulations may be enacted that could prevent or delay regulatory approval of Osprey's products or that may otherwise impact Osprey's ability to market, distribute and sell devices and or consumables. Osprey cannot predict the likelihood, nature or extent of adverse government regulation that may arise.

If third parties are successful in their claims, Osprey might have to pay substantial damages or take other actions that are adverse to Osprey's business.

4.1.3 Change in Laws and Healthcare Policy

Osprey's business and the business of the third parties with which it operates are subject to the laws and regulations in a number of jurisdictions. Unforeseen changes in laws and government policy in the US, the EU, Australia and elsewhere, including in relation to material and unforeseen changes to:

- (a) licensing and approval requirements;
- (b) regulations relating to clinical trials;
- (c) manufacturing;
- (d) product approval; and
- (e) pricing,

could materially impact Osprey's operations, assets, contracts and profitability.

4.1.4 Market Adoption Risk

To achieve Osprey's sales revenue objectives, patients, physicians, hospitals and Payers must accept Osprey's products, specifically the DyeVert™ Plus, for routine use. Regulatory approvals of Osprey's products, including US FDA approval, does not guarantee market adoption. Acceptance of Osprey's products in Europe and the US will be dependent on numerous factors, including but not necessarily limited to, risk-benefit and cost-benefit analysis of the use of Osprey's products and reimbursement. Market adoption risk could be related to the following factors:

- (a) salesforce hiring, training, deployment, and/or attrition do not allow for Osprey's sales plans to be executed in a timely manner.
- (b) a significant number of US hospitals may require a FDA claim of "CIN reduction" prior to broadly adopting and placing significant orders for Osprey's products.

- (c) inability for Osprey to achieve substantial contract agreements in large, multi-hospital systems that make up a large portion of certain US geographies.
- (d) (**Pricing**) Osprey is unable to achieve its sales goals at its current established pricing strategy which would reduce Osprey's future revenue stream.
- (e) (**Competition**) unforeseen competition comes into the marketing (i.e. lower toxicity contrast agent, better imaging equipment) that reduces the market need for Osprey's products.
- (f) (**Guidelines**) unforeseen changes to established published clinical guidelines making contrast dye minimization less important for the prevention of contrast induced AKI.
- (g) (**Osprey's Economic Value Proposition**) unforeseen changes to the hospitals' current economic landscape or business model that reduces the importance of contrast induced AKI as being a hospital cost driver; and lowering the market need for Osprey's products.

4.1.5 Intellectual Property Risk

- (a) Patents

Osprey relies on its ability to obtain and maintain patent protection of its products. Osprey's patent portfolio comprises 12 issued US patents, 15 issued international patents; 15 pending US patent applications, and PCT filings resulting in 19 national stage applications in the European Union (Germany, France and Great Britain), Japan and Australia.. There is no current litigation or litigation being threatened by or against Osprey. However, in the future, litigation may be necessary to enforce Osprey's issued patents, to protect its trade secrets and know-how, or to determine the enforceability, scope, and validity of the proprietary rights of others. If Osprey finds it necessary to enforce its issued patents, the cost of such litigation is expensive and the outcome of this type of legal action is uncertain.

- (b) Infringement of Third Party Intellectual Property Rights

Osprey does not believe that it is currently using any material third party intellectual property rights and so does not believe that its activities infringe any third party's intellectual property rights. To date, no third party has asserted this to be the case. However, in the future Osprey may be subjected to infringement claims or litigation arising out of patents and pending applications of its competitors, or additional proceedings initiated by third parties or the United States Patent and Trademark Office (**USPTO**) to re-examine the patentability of licenses or owned patents. The defence and prosecution of intellectual property suits, USPTO proceedings, and related legal and administrative proceedings are costly and time-consuming to pursue, and their outcome is uncertain. If Osprey infringes the rights of third parties, Osprey could be prevented from selling its products and be forced to defend against litigation and to pay damages.

- (c) Trade secrets

In addition to its patent and licensing activities, Osprey also relies on its trade secrets. The protective measures that Osprey employs may not always be sufficient to protect its trade secrets. This could erode Osprey's competitive advantage. Osprey cannot be certain that others will not independently develop the same or similar technologies on their own or gain access to trade secrets or disclose such technology, or that Osprey will otherwise be able to meaningfully protect its trade secrets and unpatented know-how and keep them secret. This could allow competitors to commercialise products competitive to DyeVerTM Plus.

4.1.6 Competitive Risk

The medical device industry is highly competitive and subject to rapid technology change. The industry includes companies with significantly greater financial, technical, human, research and development, and marketing resources than Osprey. Competitors may commercialise products that compete directly or indirectly with Osprey's products. If competitors develop products or technologies that are more effective, Osprey's current or future products may become obsolete or uncompetitive.

4.1.7 Manufacturing and Product Quality Risk

Osprey's products have not yet been produced on a large scale. If Osprey or its suppliers are unable to manufacture products in sufficient quantities or at an appropriate cost level, it may not be able to meet demand for its products which may adversely impact its clinical study patient enrolment timeline and/or its sales revenue objectives.

Osprey's products must also meet the regulatory requirements which are subject to continual review including inspections by regulatory authorities. Failure by Osprey or its suppliers to continuously comply with applicable regulatory requirements or failure to take satisfactory corrective action in response to adverse inspection, could result in enforcement actions, including a public warning letter, a shutdown of, or restrictions on, its manufacturing operations, delays in approving or clearing products, refusal to permit the import or export of its products or other enforcement action.

4.1.8 Supplier Risk

Osprey's contracts with key suppliers are generally standard in nature, in the form of purchase order arrangements that are common to medical device firms in the early stages of commercialisation, with no minimum purchase orders required. As Osprey has moved into its commercialisation phase, it is increasingly relying on its key suppliers for components. A disruption at one of its key suppliers could cause a substantial delay in availability of Osprey's products, leading to a potential loss of sales. Development of key manufacturing processes along with process validation testing, device verification testing, and regulatory approvals required for a manufacturing change could take up to 6 months to complete, however as no proprietary technologies are employed by suppliers and a number of potential alternative suppliers operate in the US, Osprey believes that alternative suppliers could ultimately be located, qualified and approved for all of its critical system components within the above 6 month timeframe.

4.1.9 Sufficiency of Funding

Osprey is currently not profitable and does not expect to become profitable until after achieving successful commercialisation of its products to allow sufficient sales revenue to fund on-going company operations. Slower than anticipated market adoption could require Osprey to seek additional funding.

Osprey may need to finance its future cash needs through equity offerings, debt financing or corporate collaboration. Any additional funds that it obtains may not be on terms favourable to its Shareholders and may require it to relinquish valuable rights. There is no assurance that additional funding would be available in the future or would be secured on acceptable terms.

4.1.10 Product Liability Risk

As with all medical device products, despite regulatory approvals, there is no assurance that unforeseen adverse events or manufacturing defects will not arise. Osprey may be exposed to the risk of product liability claims, which are inherent in

the design, manufacturing, marketing, and use of medical devices. While Osprey holds a level of product liability insurance, that insurance may not sufficiently cover the claims of product liability suit. Product liability claims may damage Osprey's reputation and may destroy or substantially diminish Osprey's business. Defending a suit, regardless of its merits, could be costly and could divert management attention from Osprey's core business activities.

4.1.11 Key personnel

Osprey currently employs, or engages as consultants, a number of key management and scientific personnel. Osprey's future depends on retaining and attracting suitable and qualified personnel. Osprey has structured incentive programs for its key personnel. Despite these measures, there is no guarantee that Osprey will be able to attract and retain suitable qualified personnel, which could negatively affect Osprey's ability to reach its goals.

In addition, Osprey's workforce are highly qualified. Osprey is dependent on the availability of suitably skilled labour to provide its services and is therefore susceptible to any labour shortages.

4.1.12 Delaware Company

The rights attaching to Common Stock are subject to Delaware General Corporation Law and in some respects differ from the rights attaching to shares in an Australian company.

Provisions of Osprey's Certificate of Incorporation, its Bylaws and Delaware General Corporation law could make an acquisition of Osprey, which may be beneficial to Shareholders, more difficult and may prevent attempts by Shareholders to replace or remove the current members of the Board and management.

Certain provisions of Osprey's Certificate of Incorporation and Bylaws could discourage, delay or prevent a merger, acquisition or other change of control that Shareholders may consider favourable, including transactions in which Shareholders might otherwise receive a premium for their CDIs. Furthermore, these provisions could prevent or frustrate attempts by Shareholders to replace or remove members of the Board. These provisions could also limit the price that investors might be willing to pay in the future for the CDIs, thereby depressing the market price of the CDIs. Shareholders who wish to participate in these transactions may not have the opportunity to do so.

In addition, Osprey is governed by the provisions of section 203 of the Delaware General Corporation Law, which may, unless certain criteria are met, prohibit large Shareholders, in particular those owning 15% or more of the voting rights, from merger or combining with Osprey for a prescribed period of time.

Osprey will also incur costs and demands upon management as a result of complying with laws and regulations affecting public companies in the US as well as listing requirements on ASX, which may adversely affect its operations results, and failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could cause investors to lose confidence in its operating results, potentially, having a material adverse effect on the price of Osprey's Common Stock and the CDIs.

4.1.13 Reporting Requirements

Osprey expects to become subject to the periodic reporting requirements of the US Exchange Act at some stage in the near future which would require it to register the Common Stock with the US Securities and Exchange Commission (**SEC**) under the US Exchange Act. Osprey will become a reporting company if, among other things, Osprey has (i) assets of more than US\$10 million and (ii) either 2,000 or more holders of any class of equity securities or 500 or more holders of any class of equity securities who are not 'accredited' investors' as defined in Rule 501 of Regulation D of the US Securities Act.

This will involve Osprey filing annual, quarterly and current reports on Forms 10-K, 10-Q and 8-K. In the absence of a waiver from the ASX Listing Rules, these SEC periodic reports will be in addition to Osprey's periodic filings required by the ASX Listing Rules. The legal and accounting costs and management time that is required to comply with these reporting requirements are expected to be significant.

4.1.14 Speculative Nature of Investment

Any potential investor should be aware that subscribing for CDIs involves various risks. The CDIs to be issued pursuant to the Entitlement Offer carry no guarantee with respect to the payment of dividends, return of capital or market value. The success of Osprey is largely dependent on European and US market adoption. An investment in Osprey should therefore be considered speculative in nature.

4.1.15 No Independent Valuation

No independent valuation has been carried out on Osprey or its products. Valuations of medical device products before commercial use are imprecise. The Directors do not believe that an independent valuation would be meaningful given the likely qualifications and limitations of such valuations and the difficulties in determining the likely commercial success of Osprey and its products.

4.1.16 Exchange Rates

Osprey may be subject to exchange rate risks with the majority of the proceeds of the Entitlement Offer to be received in Australian Dollars, while Osprey's functional currency is in US Dollars.

Osprey does not intend to enter into hedging transactions. The CDIs will be listed on ASX and priced in Australian dollars. However, Osprey's reporting currency is US dollars. As a result, movements in foreign exchange rates may cause the price of Osprey's securities to fluctuate for reasons unrelated to Osprey's financial condition or performance and may result in a discrepancy between Osprey's actual results of operations and the investor's expectations of the returns of Osprey's securities expressed in Australian dollars.

4.2 General Risks

There are risks associated with any stock market investment. Some of these risks are listed below.

4.2.1 Stock Market Fluctuations

Stock market fluctuations in Australia and other stock markets around the world may negatively impact the CDI price. Factors that may influence the investment climate in stocks (which may not relate to actual performance of Osprey) include general economic outlook, movements in commodity prices, exchange rate movements, interest rates, inflation and political developments.

4.2.2 *Liquidity and realisation risks*

There can be no guarantee that an active market for CDIs will develop or that the price of CDIs will increase. There may be relatively few buyers or a relatively high number of sellers of CDIs on the ASX at any given time. This may increase the volatility of the market price of CDIs. It may also affect the prevailing market price at which a Shareholder is able to sell their CDIs. This may result in Shareholders receiving a market price for their CDIs that is less than the price paid for their CDIs.

4.2.3 *General Economic Conditions*

Australian and world economic conditions may negatively impact Osprey's financial performance. A prolonged deterioration in economic conditions could be expected to have a material adverse impact on Osprey.

4.2.4 *Taxation*

Changes in tax legislation and regulation or their interpretation may adversely affect the value of an investment in CDIs and may affect Shareholders differently.

4.2.5 *Accounting standards*

Changes in accounting standards or the interpretation of those accounting standards that occur after the date of this Offer Booklet may adversely impact Osprey's reported financial statements.

4.2.6 *Absence of Dividends*

The ability of Osprey to pay any dividend is dependent on many factors including the outcome of Osprey's clinical trials and commercialisation activities. Many of the factors that will affect Osprey's ability to pay dividends and the timing of those dividends will be outside the control of Osprey's and its Directors. The Directors cannot give any assurance regarding the payment of dividends in the future.

4.3 *Other*

Other risks include those normally found in conducting business, including litigation resulting from breach of agreements or in relation to employees or any other cause.

The above list of risk factors should not to be taken as exhaustive of the risks faced by Osprey or by investors in Osprey. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Osprey and the value of the CDIs.

Therefore, the CDIs to be issued pursuant to the Offer Booklet carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those CDIs.

5 Further Information

5.1 Taxation

Taxation implications of participating in the Entitlement Offer will vary depending on the particular circumstances of individual Eligible Holders. Eligible Holders are advised to obtain their own professional taxation advice before making a decision in relation to the Entitlement Offer.

5.2 This Offer Booklet is not a prospectus

The Entitlement Offer is being conducted in accordance with Section 708AA of the Corporations Act. In general terms, Section 708AA relates to rights issues by certain companies that do not require the preparation of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Booklet is considerably less than the level of disclosure required in a prospectus.

As a result, in deciding whether or not to accept the Entitlement Offer, you should rely on your own knowledge of, refer to disclosures made by Osprey to the ASX (which are available for inspection on the ASX website at www.asx.com.au and on Osprey's website at <http://ospreymed.com/> and seek the advice of your professional adviser.

5.3 Information about Osprey

The information included in this Offer Booklet provides information about Osprey's activities current as at 4 August 2017. It is information in a summary form and does not purport to be complete. It should be read in conjunction with Osprey's other periodic and continuous disclosure announcements.

5.4 Future performance

The words "anticipate", "believe", "expect", "project", "estimate", "likely", "intend", "should", "could", "may", "plan" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this Offer Booklet are based on assumptions and contingencies which are subject to change without notice as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

An investment in Osprey is subject to investment and other known and unknown risks, some of which are beyond the control of Osprey. Osprey does not guarantee any particular rate of return or the performance of Osprey nor does it guarantee the repayment of capital from Osprey or any particular tax treatment.

5.5 Past performance

Past performance information given in this Offer Booklet is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

5.6 Foreign holders of CDIs

The Entitlement Offer is not being extended to Eligible Holders in jurisdictions outside Australia, New Zealand, Hong Kong and Singapore, and no action has been taken to register, or otherwise permit, the offer of New CDIs to be made under the laws of any jurisdiction outside of Australia, New Zealand, Hong Kong and Singapore. In particular, the New CDIs offered under the Entitlement Offer have not been, and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. It is your responsibility to ensure that you comply with any laws of your jurisdiction which are applicable to you and which are relevant to your applying for New CDIs under the Entitlement Offer.

The distribution by you of this Offer Booklet (including an electronic copy) outside Australia, New Zealand, Hong Kong and Singapore may be restricted by law. You should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities law.

This Offer Booklet has been prepared for publication in Australia, New Zealand, Hong Kong and Singapore and may not be released or distributed in the United States.

5.6.1 New Zealand

The CDIs are not being offered to the public within New Zealand other than to existing CDI holders of Osprey with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

5.6.2 Hong Kong

WARNING: The contents of this Offer Booklet have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Offer Booklet, you should obtain independent professional advice.

5.6.3 Singapore

This Offer Booklet and any other materials relating to the CDIs have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Booklet and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of CDIs may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Offer Booklet has been given to you on the basis that you are an existing holder of Osprey's CDIs. In the event that you are not such a CDI holder, please return this Offer Booklet immediately. You may not forward or circulate this Offer Booklet to any other person in Singapore.

Any offer is not made to you with a view to the CDIs being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire CDIs. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

5.6.4 United States

This Offer Booklet does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Securities described in this Offer Booklet have not been, and will not be, registered under the US Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be, offered or sold in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. Accordingly, the New CDIs to be offered and sold to Eligible Holder will be sold only in “offshore transactions” (as defined in Rule 902(h) under the US Securities Act) in compliance with Regulation S under the US Securities Act.

5.7 Privacy

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Osprey (directly or through the CDI Registry). Osprey collects, holds and will use that information to assess and process your application, administer your holding in Osprey and to provide related services to you. Osprey may disclose your personal information for purposes related to your holding in Osprey, including to the CDI Registry, Osprey’s related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies.

You can obtain access to personal information that Osprey holds about you. To make a request for access to your personal information held by (or on behalf of) Osprey, please contact Osprey through the CDI Registry.

5.8 Governing law

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offer are governed by the laws applicable in Victoria, Australia. Each applicant for New CDIs submits to the non-exclusive jurisdiction of the courts of Victoria.

6 Glossary and Interpretation

6.1 Definitions

In this Offer Booklet, the following words have the following meanings unless the context requires otherwise:

Term	Meaning
\$ or A\$	Australian dollars.
Additional New CDIs	New CDIs in excess of the pro rata entitlement of an Eligible Holder.
AKI	acute kidney injury.
Announcement Date	4 August 2017.
ASIC	the Australian Securities and Investments Commission.
Associated Offer Announcements	the announcement and presentation released to the ASX by Osprey on 4 August 2017.
ASX	ASX Limited ACN 008 624 691 or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.
ASX Listing Rules	the official listing rules of the ASX as amended or replaced from time to time.
Board	the board of directors of Osprey.
BPAY®	the electronic payment facility by that name.
Brandon	Brandon Capital Partners Pty Ltd and BCP3 Pty Ltd, including funds managed by them.
Business Day	a day which is not a Saturday, Sunday or a public holiday in Victoria.
CDI	a CHESS Depository Interest, being a unit of beneficial ownership of shares of Common Stock (with each CDI being equivalent to one-half of a share of Common Stock).
CDI Register	the register of all holders of CDIs in Osprey maintained by the CDI Registry.
CDI Registry	Link Market Services Limited ABN 54 083 214 537.
CHESS	Clearing House Electronic Subregister System.

Closing Date	the deadline for accepting the Entitlement Offer, being 5.00pm on 25 August 2017 (subject to change).
Common Stock	fully paid shares of common stock in Osprey.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of Osprey.
Eligible Holder	has the meaning given in Section 1.2.
Entitlement Offer	the pro rata non-renounceable entitlement offer to Eligible Holders outlined in this Offer Booklet.
Entitlement and Acceptance Form	the personalised form accompanying this Offer Booklet which may be used to make an application for New CDIs under the Entitlement Offer.
FDA	US Food and Drug Administration.
Ineligible Holder	a holder of CDIs who is not an Eligible Holder.
Issue Price	the price payable for each New CDI under the Entitlement Offer, being \$0.40.
Joint Lead Manager or JLMs	Canaccord Genuity (Australia) Limited and Bell Potter Securities Limited
New CDIs	the CDIs offered pursuant to the Entitlement Offer.
Offer Booklet	this offer booklet dated 4 August 2017.
Osprey or Company	Osprey Medical Inc. ARBN 152 854 923.
Placement	the offer of new CDIs to sophisticated and institutional investors announced on 4 August 2017.
Record Date	7.00pm (Melbourne time) on 9 August 2017.
Respective Proportions	50-50 between each of the JLMs.
SEC	US Securities and Exchange Commission.
SFA	Securities and Futures Act, Chapter 289 of Singapore.
Shareholder	a holder of Common Stock or CDIs in Osprey.
Top Up Facility	the facility described in Section 1.5.
USPTO	United States Patent and Trademark Office.
US Securities Act	US Securities Act of 1933, as amended.

6.2 Interpretation

In this Offer Booklet, unless the context otherwise requires:

- (a) where fractions arise in the calculations, they will be rounded up to the nearest whole number of New CDIs.
- (b) the singular includes the plural, and vice versa;
- (c) words importing one gender include other genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Offer Booklet have corresponding meanings;
- (e) terms used in this Offer Booklet and defined in the Corporations Act have the meanings ascribed to them in the Corporations Act;
- (f) other grammatical forms of a word or phrase defined in this Offer Booklet have a corresponding meaning; and
- (g) a reference to a Section is a reference to a Section of this Offer Booklet.

Corporate Directory

DIRECTORS

John Erb - Chairman (Non-Executive)
Mike McCormick - President and Chief Executive Officer
Andy Jane - Non-Executive Director
Sandra Lesenfants - Non-Executive Director
Neville Mitchell - Non-Executive Director
Chris Nave - Non-Executive Director

JOINT LEAD MANAGERS

Canaccord Genuity (Australia) Limited
Level 4, 60 Collins Street
Melbourne VIC 3000
Australia

Bell Potter Securities Limited
Level 29, 101 Collins Street
Melbourne VIC 3000
Australia

COMPANY SECRETARY

Brendan Case

HEADQUARTERS

5600 Rowland Road
Suite 250
Minnetonka MN 55343
United States of America

FINANCIAL ADVISER

Vesparum Capital
Level 7, 41 Exhibition Street
Melbourne VIC 3001
Australia

CDI REGISTRY

Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
Australia

SOLICITORS

Johnson Winter & Slattery
20 Bond Street
Sydney NSW 2000
Australia

Entitlement Offer Information Line:

Phone (within Australia): 1300 420 406
Phone (outside Australia): +61 1300 420 406
Open 8.30am to 5.00pm on Business Days