

Quarterly Cash Flow Report

July 20, 2016 – Minnesota, United States and Melbourne, Australia – Osprey Medical (ASX:OSP) today released its Appendix 4C – Quarterly Cashflow Report for the period ending 30 June 2016.

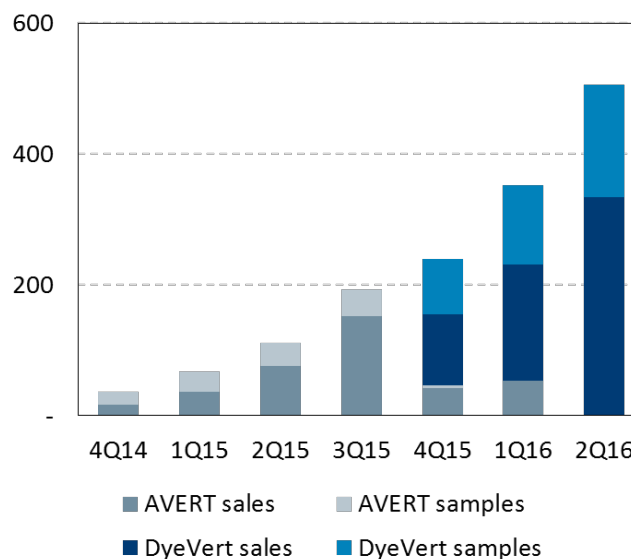
Key financial details

- Strong unit sales growth of 88% for the DyeVert System and 45% for the DyeVert and AVERT Systems combined in Q2 2016, as compared to Q1 2016
- Original sales territory in San Antonio, Texas was profitable in June 2016 with other territories following a similar sales trajectory
- Over 65% of San Antonio hospitals have now approved and purchased Osprey's products, which demonstrates the clear potential for market adoption in other sales territories
- Cash receipts from customers increased 66% to US\$113k in Q2 2016 over Q1 2016
- Cash at 30 June 2016 was US\$5.8m (A\$7.7m at AUDUSD exchange rate of 0.75)

Clear sales momentum

Osprey had another successful quarter commercializing its dye saving technologies. DyeVert unit sales grew by 88% in Q2 2016, as compared to Q1 2016, with DyeVert and AVERT System unit sales combined growing 45%. This represents unit sales growth of 440% for the quarter compared to the previous year's corresponding quarter. Cash receipts from customers increased 66% to US\$113k in Q2 2016 over Q1 2016.

Quarterly product unit sales & samples since inception



Sample evaluations of the DyeVert System also experienced significant growth with 172 units recorded for 2Q 2016, up 42% over 1Q 2016. The growth of DyeVert samples reflects strong interest from physician's eager to evaluate the device. Osprey has now recorded seven consecutive quarters of growth in units sold and samples, reflecting a strong endorsement from the cardiovascular physician community of Osprey's dye reduction technologies.

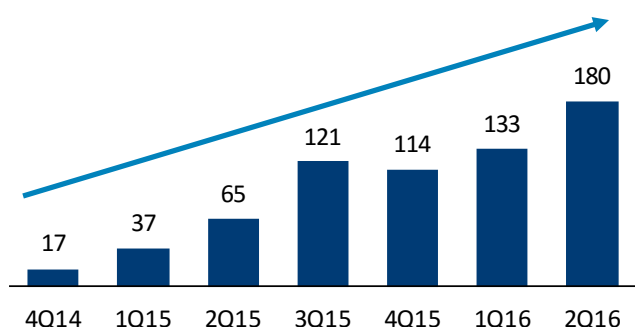
The conversion rate of hospitals upgrading from samples to initial product orders remains high at approximately 85% with 29 hospitals having now purchased the DyeVert or AVERT Systems. The time from sample evaluation to initial orders has reduced in Q2 2016, reflecting strong take-up of the DyeVert System and a shortened customer acquisition time. The average selling price of DyeVert was consistent at US\$355 for Q2 2016 with no change from Q1 2016.

San Antonio sales territory

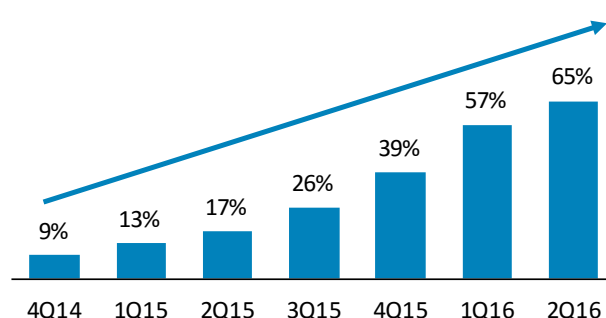
Osprey piloted its commercialization efforts in San Antonio, Texas, as a blueprint for US sales force expansion. The sales history over seven consecutive quarters (Q4 2014 to Q2 2016) provides the greatest insight into physician take-up of Osprey's dye savings products. Pleasingly, this territory was profitable in June with 100 units sold, compared to the estimated cash-flow breakeven requirement of 75 units sold per month. Ongoing developments and results in San Antonio further enhance Osprey's confidence in relation to sales efforts in subsequent territories.

Sales growth of the DyeVert System has accelerated in San Antonio with seven new hospitals purchasing the product since it was launched in December 2015 with 65% of hospitals (15 of 23) now using the device. San Antonio physicians have now used DyeVert or AVERT Plus on 667 CKD patients, representing 40% of all CKD patients treated in these hospitals.

Quarterly unit sales in San Antonio¹



% of hospitals in San Antonio using Osprey's products²



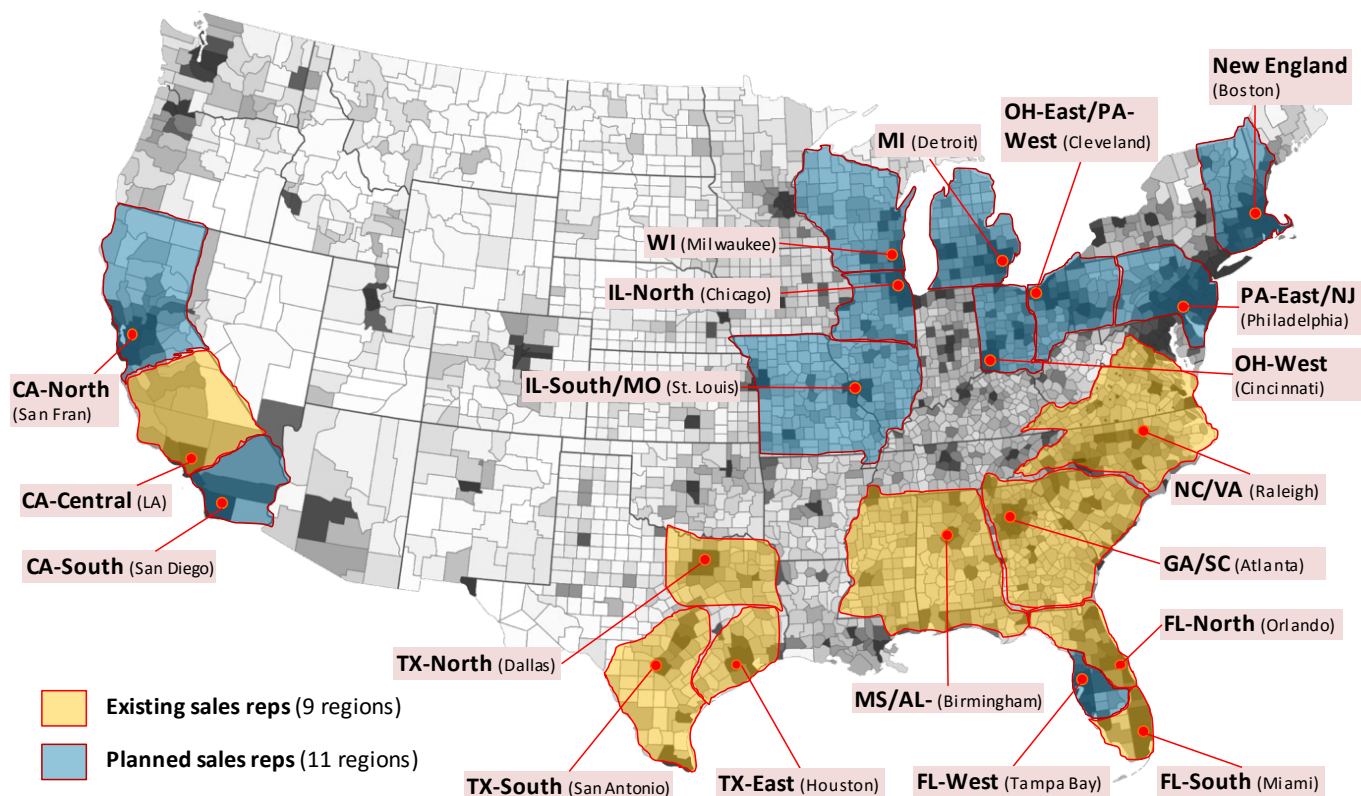
Notes:

1. Quarterly unit sales fell in 4Q15 following the introduction of the DyeVert System, as hospitals sampled the new product
2. This chart reflects the percentage of the 23 hospitals in San Antonio that have approved and purchased Osprey's products, since the beginning of 4Q14

The continued growth in hospital penetration in San Antonio demonstrates the clear potential for strong market adoption in other sales territories. Recent sales traction in the largest hospital system in San Antonio, the Methodist Health Care System, has been particularly encouraging, where 47 units were sold in Q2 2016.

Sales force expansion

Osprey started aggressively scaling up its US commercialisation initiatives in October 2015, following FDA clearance of enhanced claims for dye savings, image quality and reflux reduction. At the completion of 2Q 2016, Osprey had sales reps in 9 territories with plans to hire up to 11 additional sales reps and territories by the end of CY 2016. Osprey intends to hire new reps where there is a high incidence of chronic kidney disease (planned new territories indicated in blue on the map).



Key Scientific Podium presentations

The AVERT randomized controlled clinical trial results were presented as a “Late Breaking Clinical Trial” at the Society of Cardiovascular Angiography and Interventions (SCAI) May 4-7 in Florida. SCAI is one of the largest meetings of speciality heart physicians and draws a worldwide audience of physicians and scientists who are focused on angiography and interventions (diagnosing artery blockage and stent treatment). Dr Roxana Mehran, the principal investigator of the AVERT study, presented the results at the main podium stage as the first scientific presentation of the meeting. Dr Mehran was Program Chair for the SCAI meeting and the selection of the AVERT trial to lead the Scientific Sessions indicates the importance of reducing Contrast Induced Acute Kidney Injury to the physician community.

In addition, the DyeVert first-in-man clinical trial was presented at the EuroPCR meeting May 17-20 in Paris. Professor Steffen Desch presented outcomes of the 44 patient study, which was performed at the Heart Centre in Lübeck, Germany and Monash Medical Centre in Melbourne, Australia. Monash’s Dr. James Sapontis was the principal investigator of the study. This prospective, non-randomised, single arm trial found that the DyeVert System saved 47.4% contrast dye on average in all patients, 50.3% in PCI/Stenting and 46.6% in diagnostic procedures. These results further support Osprey’s commercialisation efforts in the US.

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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.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

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

Name of entity

Osprey Medical Inc.

ARBN

152 854 923

Quarter ended ("current quarter")

30 June 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter Q2 \$'000 USD	Year to date 6 months \$'000 USD
1.1	Receipts from customers	113	181
1.2	Payments for (a) staff costs	(1,680)	(3,053)
	(b) advertising and marketing	(314)	(693)
	(c) research and development	(829)	(1,970)
	(d) leased assets	-	-
	(e) other working capital	(122)	(235)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
Net operating cash flows		(2,832)	(5,770)

		Current quarter \$'000 USD	Year to date 6 months \$'000 USD
1.8	Net operating cash flows (carried forward)	(2,832)	(5,770)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	(120)	(208)
	(e) other non-current assets	-	-
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	(120)	(208)
1.14	Total operating and investing cash flows	(2,952)	(5,978)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(2,952)	(5,978)
1.21	Cash at beginning of quarter/year to date	8,759	11,785
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter	5,807	5,807

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter
		\$'000 USD
1.24	Aggregate amount of payments to the parties included in item 1.2	167
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

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

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$'000 USD	Amount used \$'000 USD
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter (Q2) \$'000 USD	Previous quarter (Q1) \$'000 USD
4.1	Cash on hand and at bank	5,807	8,759
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		5,807	8,759

Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	N/A	N/A
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

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

Sign here: Date: July 18, 2016

(Australian 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. 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.
3. **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.