

Quarterly Cash Flow Report

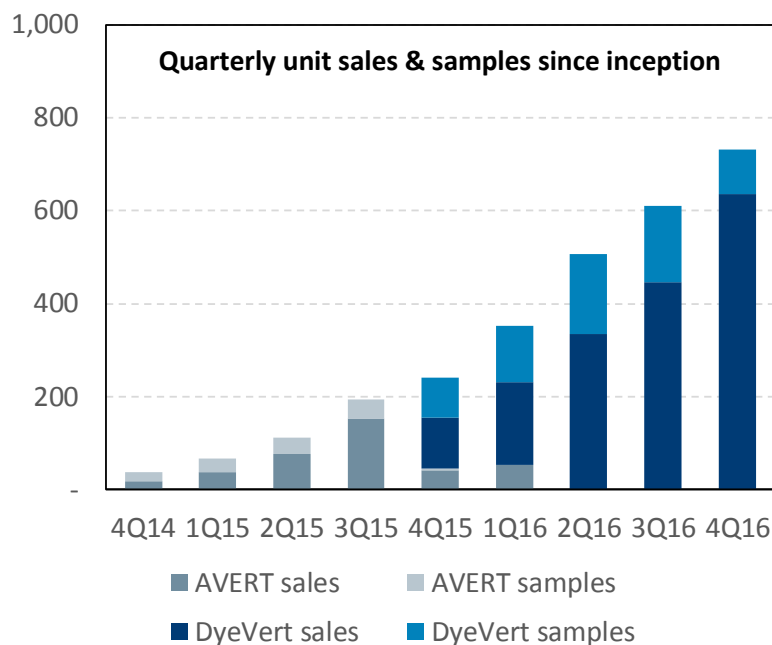
January 30, 2017 – Melbourne, Australia and Minnesota, United States – Osprey Medical (ASX:OSP) today released its Appendix 4C – Quarterly Cashflow Report for the period ending 31 December 2016.

Key financial details

- Continued strong sales momentum with quarter-on-quarter unit sales growth of 43% for the DyeVert System in Q4 2016 (321% vs Q4 2015)
- The number of hospitals ordering DyeVert increased by 22% in Q4 2016 vs Q3 2016, and the pipeline of new hospitals at the evaluation stage remains strong
- Osprey's pilot sales territory for DyeVert in San Antonio, Texas continued profitable growth in Q4 2016 and other territories continue to follow a similar sales trajectory
- Cash receipts from customers increased in Q4 2016 to US\$206k, up 67% on Q3 2016
- Cash at 31 December 2016 was US\$21.8m (A\$27.3m at AUD/USD exchange rate of \$0.75)
- Full-year results release expected to be published on Feb 27th, 2017

Clear sales momentum

Osprey reported its ninth consecutive quarter of growth for its dye saving technologies. DyeVert unit sales grew by 43% to 636 units in Q4 2016, as compared to Q3 2016 at 446 units. Compared with Q4 2015, this is growth of > 321%.



Customers purchasing the DyeVert System expanded to 45 hospitals in Q4 2016, up 22% over Q3 2016. Additionally, 40 hospitals are in the evaluation-to-purchase cycle reflecting a strong pipeline of future DyeVert customers. Notably, the growth of new customers and strong pipeline of evaluating customers demonstrates the rapid Physician adoption of the DyeVert System.

Pleasingly, the average selling price of the DyeVert System was stable throughout all of FY2016 at \$350, reflecting the strong customer value proposition of the DyeVert System.

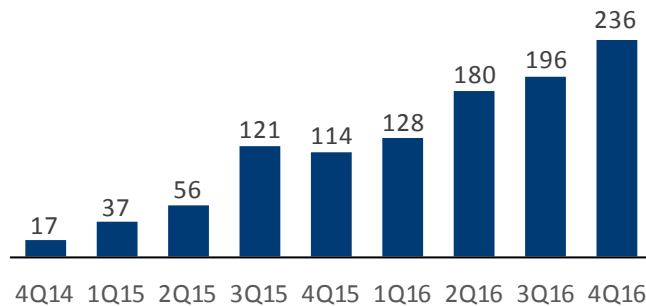
Cash receipts from customers increased to US\$206k in Q4 2016, notably this was 40% of full year FY2016 total cash receipts from customers. This highlights the rapid uptake of the DyeVert System.

On a full-year basis, sales reached US\$585k compared with US\$173k in 2015.

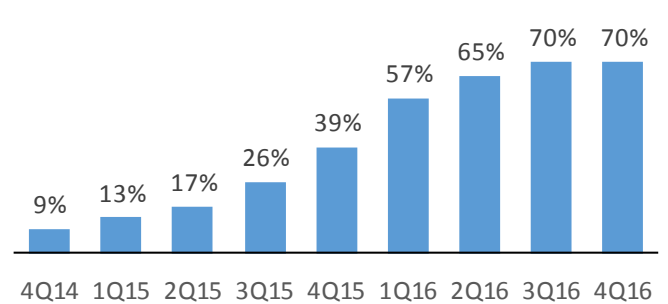
San Antonio sales territory

Osprey piloted its commercialization efforts in San Antonio, Texas, as a blueprint for US sales force expansion. The sales history over nine consecutive quarters (Q4 2014 to Q4 2016) provides the greatest insight into physician adoption of Osprey's dye savings products. Notably, 70% of hospitals (16 of 23) now use the device, and unit sales to existing hospitals increased in Q4 by 21% reflecting further expansion of physician users in each hospital.

Quarterly unit sales in San Antonio¹



% of hospitals in San Antonio using Osprey's products²



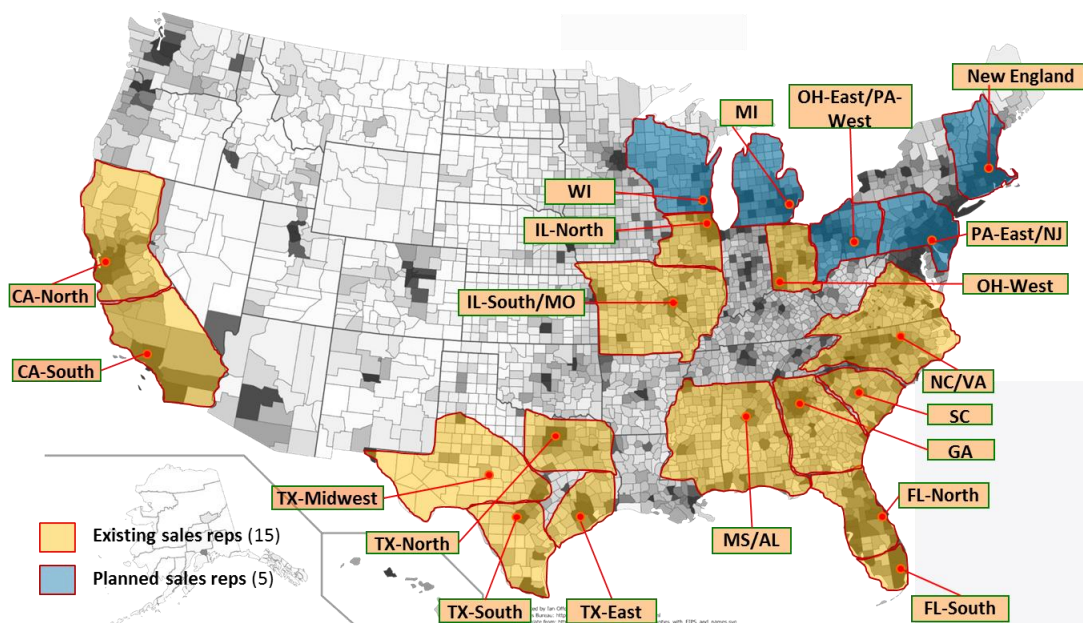
Notes:

1. Quarterly unit sales fell in 4Q 2015 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

Additionally, three hospitals in the Rio Grande Valley, within the geography of this sales area, are in the evaluation-to-purchase cycle reflecting a strong pipeline of future customers. The continued growth in hospital penetration in San Antonio demonstrates the clear potential for strong market adoption in other sales territories.

Sales force expansion

In Q4 2016, Osprey increased its sales force by 60% to 15 sales reps as compared to 9 sales reps in Q3 2016. Osprey intends to hire new reps where there is a high incidence of chronic kidney disease. Planned new territories to be hired in Q1 2017 are indicated on the map below in blue, which will bring the sales force to 20 people.



Mike McCormick, Osprey President said: “We are pleased with the continued momentum resulting from our expanded sales efforts and clinician support for our products. With more than 4,300 procedures using our dye saving devices, and key opinion leading scientific publication and presentations, awareness of the need and value of our products are growing rapidly.”

Full-year results release expected to be published on Feb 27th, 2017

Osprey Medical is hosting an investor conference call on Tuesday 31th January at 11.00am Australian Eastern Daylight Savings Time.

Call details:

Australia Toll Free	1 800 558 698
Alternate Australia Toll Free	1 800 809 971
Australia Local Number	+612 9007 3187
Hong Kong	800 966 806
Singapore	800 101 2785
United States	1855 8811 339

Conference Identification: 720157

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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 subject to Listing Rule 4.7B

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

Name of entity

Osprey Medical, Inc.

ABN

152 854 923

Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter Q4 \$'000 USD	Year to date 12 Months \$'000 USD
1. Cash flows from operating activities		
1.1 Receipts from customers	206	510
1.2 Payments for		
(a) research and development	(493)	(2,910)
(b) product manufacturing and operating costs	(146)	(465)
(c) advertising and marketing	(165)	(1,034)
(d) leased assets	-	-
(e) staff costs	(1,715)	(5,830)
(f) administration and corporate costs	(178)	(810)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(2,489)	(10,525)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(106)	(416)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter Q4 \$'000 USD	Year to date 12 Months \$'000 USD
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	-	-
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(106)	(416)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	21,897
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(888)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	21,009

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	24,448	11,785
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,489)	(10,525)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(106)	(416)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	21,009

Consolidated statement of cash flows		Current quarter Q4 \$'000 USD	Year to date 12 Months \$'000 USD
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of quarter	21,853	21,853

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$'000 USD	Previous quarter \$'000 USD
5.1	Bank balances	21,853	24,448
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	21,853	24,448

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$'000 USD
167
-

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

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

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$'000 USD
-
-

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

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$'000 USD	Amount drawn at quarter end \$'000 USD
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$'000 USD
9.1 Research and development	(300)
9.2 Product manufacturing and operating costs	(300)
9.3 Advertising and marketing	(500)
9.4 Leased assets	-
9.5 Staff costs	(2,600)
9.6 Administration and corporate costs	(300)
9.7 Other (provide details if material)	-
9.8 Total estimated cash outflows	(4,000)

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

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company Secretary

Date: 30 January 2017

Print name: Brendan Case

Notes

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