OSPREY™ MEDICAL

2018 ANNUAL REPORT

TAKING KIDNEY CARE TO HEART.

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LETTER FROM THE CHAIRMAN

JOHN ERB

Dear Shareholders,

On behalf of Osprey Medical's Board of Directors and Management, I am pleased to present the Company's Annual report for the 2018 Financial Year.

2018 has been another year of strong commercial growth for Osprey as we continued to develop our portfolio of dye-saving technologies, driving growth of our sales pipeline with new hospital and GPO purchasing contracts in the US, initiating a pilot European commercialization program, and continuing to provide healthcare education and awareness-raising for Chronic Kidney Disease (CKD) and Acute Kidney Injury (AKI) among US medical practitioners.

Sales momentum and US cardiac cath lab adoption continued to ramp up throughout the year, with a 56 percent year-on-year revenue increase. We have also seen the number of hospitals purchasing our DyeVert products growing to 137, a sizeable 40-percent increase on the previous year. This strong increase was driven largely by strong sales performance, with increased penetration in our existing hospitals, signing contracts with new hospitals and converting the healthy pipeline of hospitals in the sampling phase to purchasing hospitals. Osprey's growing revenue momentum was supported by a 39 percent expansion in our sales force in 2018, in particular investing in sales staff with specialization in Group Purchasing Organizations (GPOs).

In 2018 we focused our sales efforts to target GPOs, and are very pleased with the agreements secured. Of the four GPO agreements signed in 2018, Osprey was awarded the Technology Breakthroughs award with Premier, one of the largest GPOs in the US with 4,000 member hospitals. Osprey was the only company selected for this award in the heart products category, and is an example of the proven efficacy of the DyeVert product franchise in lowering cost of care and improving US patient outcomes. Our focus on GPO contracts will continue into 2019, and we look forward to updating you on their contribution to our growing revenue pipeline in the coming year.

Our business continues to focus on incremental and continuous innovation. Our focus on R&D was evident in 2018, with the launch of Osprey Medical's newest technology DyeVert Plus EZ in September. The DyeVert Plus EZ is a next-gen DyeVert system, streamlined and easier to use for clinicians. Since launching, we are pleased to report very positive feedback from physicians and cath lab technicians, and we expect to see steady momentum in sales of the EZ system in coming quarters.

I would like to thank my fellow Board members, including CEO Mike McCormick, and Osprey's management and staff for their tireless dedication, commitment and determination. The achievements of 2018 place Osprey in prime position to execute on our 2019 strategy, which will focus on ramping up sales of DyeVert PLUS Systems in the US and Italy, continued innovation through our R&D efforts, building strong demand with our GPO member hospitals and signing further GPO-focused purchasing contracts.

On behalf of the Osprey Medical Board, I would like to thank all our shareholders for your ongoing support. We are proud of the progress made in 2018 with your support, and I look forward to providing further progress updates and sharing our achievements with you in 2019.

Yours sincerely,

John Erb
Chairman

LETTER FROM THE PRESIDENT AND CEO

MIKE McCORMICK

Dear Shareholders,

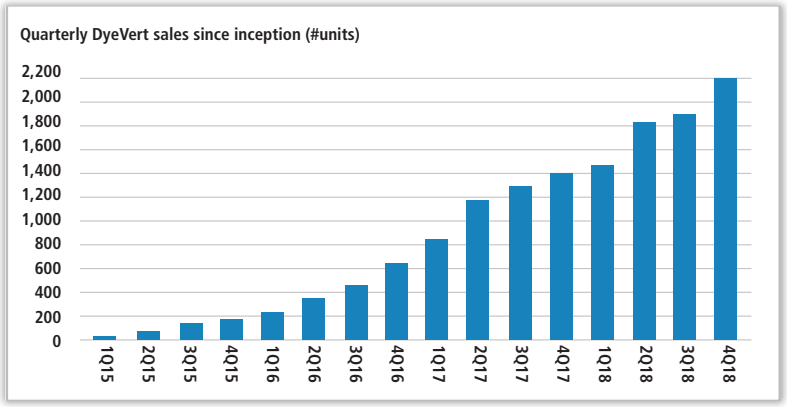
In 2018, we made substantial progress in commercializing the DyeVert™ Plus System, we successfully contracted with Group Purchasing Originations (GPO) that represent 50% of US hospitals, we optimized our salesforce and sales process, and strengthened our balance sheet with a new capital raise. The DyeVert Plus System continues to show strong adoption by physicians and penetration in Cardiac Cath Labs across the US as part of implementing kidney care protocols to lower the risk of kidney damage that can be caused from contrast (dye) injections commonly used in heart procedures. We are pleased to have advanced the Company's vision of protecting patients with poor kidney function from the harmful effects of contrast dye.

The Osprey team has worked tirelessly over the past year to successfully launch our DyeVert Plus Systems in the US. Our key achievements include:

Successful US commercialization

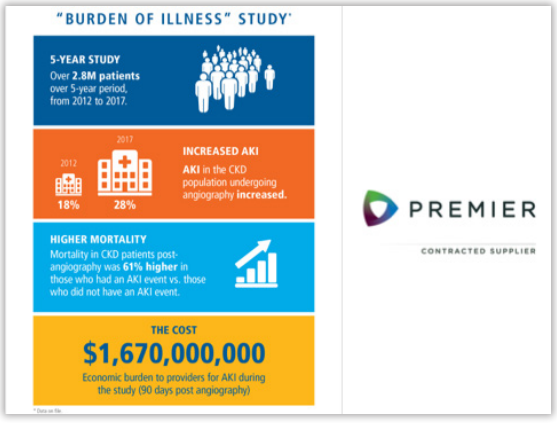
Commercialization of our DyeVert Plus System showed positive momentum throughout the year with a revenue increase of 54% compared to 2017 sales. We posted sales growth in each quarter of 2018 by increasing penetration in existing hospitals, adding new hospitals each month and having a strong pipeline of hospitals in the sample-to-purchase phase.

An important factor helping drive adoption of DyeVert Plus is the medical society guidelines that stress the importance of dye minimization and monitoring for patients at risk of dye related kidney damage. The American College of Cardiology and American Heart Association have issued joint guidelines for the reduction of Contrast Induced Acute Kidney Injury (CI-AKI). These guidelines emphasize the need to screen patients for risk of CI-AKI, ensure proper hydration for all patients, and employ dye minimization strategies to avoid CI-AKI. Additionally, updated best practices from The Society for Cardiovascular Angiography and Interventions (SCAI) expanded on the guidelines to include the need for real time monitoring, setting of contrast thresholds, and minimizing contrast in high-risk patients. All of these guidelines drive demand for our DyeVert Plus System, as it is the only FDA cleared product proven to reduce dye without affecting image quality. DyeVert's unique monitoring system is the only objective means for a Cath lab to establish target contrast threshold levels by patient and monitor contrast delivered to the patient in real time throughout the procedure. Osprey's market awareness campaigns in 2018 reinforced the society guidelines, the need for minimization of dye delivered to patients, and the need to manage these high-risk patients differently in the Cath lab.



GPO partnerships

In 2018, Osprey announced 4 national agreements including Premier, one of the largest GPOs in the US with 4,000 hospitals covered. The Premier contract is considered a Technology Breakthroughs award, due to the unique opportunity for the DyeVert System to improve quality and patient outcomes while lowering total cost of care in patients suffering from Chronic Kidney Disease (CKD) who are undergoing common heart procedures. Premier owns the world's largest database of hospital procedure charges and patient outcomes and they commissioned a study of the Burden of Illness of AKI in their member hospitals. The study included 752 hospitals with 2.8M CKD patients across 5 years showing AKI rates rose from 18% in 2012 to 28% in 2018. Patients who had an AKI event had a 6% rise in mortality and the cost of AKI in these hospitals was $1.67B.



GPOs are a major focus for Osprey and our sales organization highlighting the high burden of illness of AKI, physician engagement with established clinical guidelines and measurable results with trackable outcomes through clinical databases.

Direct sales force

The Company's sales strategy is to use a direct sales force to commercialize the DyeVert system to improve patient outcomes and lower hospital costs. Osprey has taken a considered approach in the creation of sales territories, choosing to locate its sales reps where there is a large population of patients with chronic kidney disease who are at high risk of developing kidney damage.

Osprey expanded its sales force by 39% in 2018, hiring 9 additional sales team members throughout the year, ending the year with 32. The sales team is comprised of 19 sales representatives, 8 clinical specialists, 2 GPO specialists and 3 sales management. Sales reps focus on opening new GPO contracted hospitals and clinical specialists focus on expanding utilization in existing hospitals. This multi-faceted sales approach allows for education on disease prevention and product training to ensure rapid adoption and patients' protection.

Podium presentations and publications

A key part of Osprey's commercialization strategy is to present on the podium at leading industry events to drive product awareness among the physician community. Osprey's technology was featured in eight podium presentations at key heart meetings in 2018 including the American College of Cardiology, ACC Quality Summit (NCDR), Society for Cardiovascular Angiography and Interventions, CardioRenal Connections and Transcatheter Cardiovascular Therapeutics conferences. These presentations featured the DyeVert Plus System benefits of +40% on average dye savings without compromised image quality, which aligns with industry guidelines to minimize dye in patients with poor kidney function. Collectively, over 26,000 clinicians and their associates attended these meetings in 2018, which provided significant exposure for Osprey and DyeVert.

Positive data highly supportive of Osprey's products were published in 2018. Gurm, et. al.[1] also published an important paper reinforcing the correlation between reducing dye dosage to patients undergoing PCI and the corresponding reduction of the risk of CI-AKI. This paper reinforces the importance of reducing dye delivered to at risk pat ation.

DyeVert Plus EZ enhances the user experience and reduces prep time

Osprey's newest technology, DyeVert Plus EZ, offers all of the same benefits and clinical utility as the DyeVert Plus System with a streamlined, simple 'one step prep' to improve ease of use for our customers. The DyeVert Plus EZ system continues to integrate seamlessly into the standard cath lab system and provides all of the real time monitoring capabilities from our current reusable LCD monitor.

The DyeVert Plus EZ was launched in September and to date has received very positive feedback from physicians and cath lab technicians who are using the system in high-risk patients at risk for CI-AKI.

Successful capital raise

In November 2018, Osprey completed a capital raise of A$14.3m to accelerate GPO-focused growth strategies. An A$10m private placement to Allan Gray cornerstoned the raise, with strong support by existing shareholders. Funds will be used for continued commercial expansion of our DyeVert Plus products, new product launches in 2019, and, importantly, sales force growth and focus on our GPO contracted hospitals.

As we look forward, sales revenue is expected to grow as the number of hospitals and physicians using DyeVert Plus increases and as we pick up momentum from GPO hospital adoption. Importantly, we will continue to expand our network of key opinion leading physicians and hospital centers of excellence, which is expected to provide the framework for accelerating sales throughout 2019. The key areas of focus in CY2019 include the following:

Continued US commercial penetration

The Osprey salesforce will focus on GPO contracted hospitals in 2019 with the goal of establishing the DyeVert as part of the standard of care for physicians treating patients at risk of dye related kidney damage. We anticipate the DyeVert Plus EZ will become our dominant product with the enhanced priming benefits accelerating hospital penetration.

European pilot commercial launch

Outside of the US, we plan to pilot European commercial activities in the UK and Italy. In the UK our focus in 2019 will be on submission and support of The National Institute for Health and Care Excellence (NICE) approval. In Italy, we will focus on clinical activities to understand the key factors to market adoption. We will work with key opinion leading UK and Italian physicians to help drive market awareness for our technologies 2019.

Medical community scientific promotion and market development

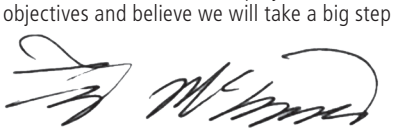
We are continuing to work with key opinion leading physicians to direct podium presentations and peer reviewed journal articles on the performance of the DyeVert System and the importance of dye reduction for patients at-risk of dye related kidney damage.

We are planning additional post marketing studies of the DyeVert Plus System in 2019. These studies will focus on demonstrating the value of contrast monitoring and dye savings using the DyeVert System. We anticipate these studies to be presented at key heart meetings and published following completion.

New product enhancements and developments

We continue to invest in our DyeVert product franchise. In 2019 our top priority is the addition of a power injector compatible DyeVert Plus System. This technology will allow power injection procedures to have the same dye saving advantages as manual injection procedures with DyeVert Plus. Approximately 25% of US hospitals use power injection and Osprey's new technology will help protect power injection patients from the harmful effects of dye.

I would like to thank our employees, Board of Directors, and shareholders for your continued support. We are on track to achieving our 2019 operational objectives and believe we will take a big step forward in our vision of protecting patients from the harmful effects of contrast dye.



Mike McCormick
Osprey Medical President and CEO

[1] Gurm HS, Seth M, Dixon SR, et al. Contemporary use of and outcomes associated with ultra-low contrast volume in patients undergoing percutaneous coronary interventions. *Catheter Cardiovasc Interv.* 2018:1-9.

INDEPENDENT AUDITORS' REPORT

Board of Directors, Audit Committee and Shareholders
Osprey Medical, Inc. and Subsidiary
Minnetonka, Minnesota
and
Level 13, 41 Exhibition Street
Melbourne, Victoria 3000, Australia
ARBN: 152 854 923

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Osprey Medical, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Osprey Medical, Inc. and Subsidiary as of December 31, 2018 and 2017 and the results of their operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
February 26, 2019

OSPREY MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

As of December 31, 2018 and 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	$ 25,251,790	$ 32,134,848
Accounts receivable	392,634	310,103
Prepaid expenses	291,378	144,446
Inventory	771,842	762,185
Total Current Assets	26,707,644	33,351,582
PROPERTY AND EQUIPMENT		
Office and computer equipment	441,398	374,215
Laboratory equipment	1,070,551	1,001,848
Furniture and fixtures	46,103	46,103
Leasehold improvements	172,998	–
Less: Accumulated depreciation	(1,000,281)	(738,853)
Net Property and Equipment	730,769	683,313
OTHER ASSETS		
Intangible assets, net of accumulated amortization of $143,704 and $131,208 as of December 31, 2018 and 2017, respectively	83,307	95,803
Other asset	12,250	12,250
Total Other Assets	95,557	108,053
TOTAL ASSETS	**$ 27,533,970**	**$ 34,142,948**

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	$ 875,805	$ 557,464
Accrued payroll and related	808,123	1,062,681
Accrued vacation	169,183	159,660
Total Current Liabilities	1,853,111	1,779,805
LONG-TERM LIABILITIES		
Accrued rent	6,987	4,330
Other accrued liabilities	139,278	–
Total Liabilities	1,999,376	1,784,135
SHAREHOLDERS' EQUITY		
Preferred stock, $0.0001 par value; 20,000,000 authorized shares; none issued and outstanding as of December 31, 2018 and 2017	–	–
Common stock, $0.0001 par value; 630,000,000 authorized shares; 215,898,685 and 169,754,103 shares issued and outstanding as of December 31, 2018 and 2017, respectively	21,590	16,975
Additional paid-in capital	122,271,893	111,578,760
Accumulated deficit	(96,758,889)	(79,236,922)
Total Shareholders' Equity	25,534,594	32,358,813
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 27,533,970**	**$ 34,142,948**

See accompanying notes to consolidated financial statements.

OSPREY MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2018 and 2017

	2018	2017
SALES	$ 2,514,117	$ 1,630,615
COST OF SALES	1,384,277	1,393,722
Gross Profit	1,129,840	236,893
OPERATING EXPENSES		
Sales and marketing	9,990,594	7,113,767
General and administrative	3,445,549	3,100,607
Clinical and regulatory	1,917,548	1,239,023
Research and development	3,635,455	3,226,686
Total Operating Expenses	18,989,146	14,680,083
Operating Loss	(17,859,306)	(14,443,190)
OTHER INCOME		
Other income	344,320	110,253
Net Other Income	344,320	110,253
Loss Before Taxes	(17,514,986)	(14,332,937)
Income tax provision	6,981	3,474
NET LOSS	**$ (17,521,967)**	**$ (14,336,411)**
EARNINGS PER SHARE:		
Basic and diluted loss per common share	$ 0.10	$ 0.10
Basic and diluted weighted average shares outstanding	**177,444,867**	**142,497,786**

See accompanying notes to consolidated financial statements.

OSPREY MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the Years Ended December 31, 2018 and 2017

	Common Stock		Additional Paid-in	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Deficit	Equity
BALANCES, December 31, 2016	128,869,627	$ 12,887	$ 86,524,388	$ (64,900,511)	$ 21,636,764
Issuance of common stock at $0.62 per share, net of issuance costs of $1,156,773	40,625,114	4,062	24,332,244	–	24,336,306
Exercise of stock options	259,362	26	113,155	–	113,181
Stock-based compensation expense	–	–	608,973	–	608,973
2017 net loss	–	–	–	(14,336,411)	(14,336,411)
BALANCES, December 31, 2017	169,754,103	16,975	111,578,760	(79,236,922)	32,358,813
Issuance of common stock at $0.22, per share, net of issuance costs of $136,247	46,144,582	4,615	10,182,218	–	10,186,833
Stock-based compensation expense	–	–	510,915	–	510,915
2018 net loss	–	–	–	(17,521,967)	(17,521,967)
BALANCES, December 31, 2018	215,898,685	$ 21,590	$ 122,271,893	$ (96,758,889)	$ 25,534,594

See accompanying notes to consolidated financial statements.

OSPREY MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (17,521,967)	$ (14,336,411)
Adjustments to reconcile net loss to net cash flows from operating activities		
Depreciation	261,428	185,376
Amortization	12,496	12,496
Stock-based compensation expense	510,915	608,973
Changes in operating assets and liabilities		
Accounts receivable	(82,531)	(175,157)
Prepaid expenses	(146,932)	(82,637)
Inventory	(9,657)	(501,249)
Accounts payable	318,341	141,921
Accrued payroll and related	(254,558)	275,862
Accrued rent	2,657	(16,842)
Other accrued liabilities	139,278	–
Accrued vacation	9,523	41,430
Net Cash Flows from Operating Activities	(16,761,007)	(13,846,238)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(308,884)	(321,840)
Net Cash Flows from Investing Activities	(308,884)	(321,840)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock, net of issuance costs	10,186,833	24,336,306
Proceeds from exercise of stock options	–	113,181
Net Cash Flows from Financing Activities	10,186,833	24,449,487
Net Change in Cash and Cash Equivalents	(6,883,058)	10,281,409
CASH AND CASH EQUIVALENTS - Beginning of Year	32,134,848	21,853,439
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 25,251,790	$ 32,134,848
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Cash paid for income taxes	$ 6,981	$ 3,474

See accompanying notes to consolidated financial statements.

NOTE 1 - Summary of Significant Accounting Policies

Nature of Operations

Osprey Medical, Inc. ("Osprey", "Osprey Medical" or the "Company") is a US based, commercial stage company focused on protecting patients from the harmful effects of X-ray dye (contrast) used during commonly performed angiographic imaging procedures. Osprey's mission is to improve outcomes in patients with Chronic Kidney Disease (CKD) and at high risk of acquiring Contrast-Induced Acute Kidney Injury (AKI). Patients with AKI experience long term and costly side effects from this disease. The incidence of AKI also has a negative economic impact on the health care providers caring for these patients. Osprey Medical is committed to making angiography safer for patients suffering from CKD, improving outcomes, and reducing economic impact.

The Company's products are designed to reduce the amount of contrast injected into patients during standard cardiovascular and peripheral procedures (angiogram and stenting). Published literature indicates approximately 25% of patients undergoing standard cardiovascular procedures have preexisting CKD and are at high risk of further kidney damage due to AKI. Cardiology and Radiology clinical society guidelines strongly recommend reducing the risk of AKI by screening patients for risk of kidney disease, adequately hydrating hi-risk patients pre- and post-procedure, minimizing the amount of contrast delivered to the patient, and monitoring in real time the amount of contrast delivered during the angiography procedure.

Osprey Medical's core technologies originated from research conducted at Melbourne's Baker IDI Heart and Diabetes Institute. Its proprietary contrast reduction and monitoring technologies are designed to help physicians minimize and track contrast volumes administered to patients. The Company's DyeVert™ System reduces contrast while maintaining image quality in a self-adjusting easy-to-use design. The system's monitoring component allows for real-time contrast monitoring throughout the procedure and the ability to establish maximum contrast thresholds for each patient. The monitoring system displays total contrast administered to the patient and the amount saved during the procedure.

Following successful clinical trials, the Company obtained European Regulatory approval (CE Mark), TGA approval, and United States of America Food and Drug Administration ("FDA") clearance for the AVERT™, AVERT Plus, and DyeVert System. The Company received FDA clearance for medical claims of contrast savings, image quality and reflux reduction for its products.

The company commenced its commercial strategy in 2015 and has since built a sales organization focused on commercializing its DyeVert Systems to hospitals throughout the United States. As of December 31, 2018, the company has a VP of Sales, 3 Sales Directors, 20 territory managers, and 7 clinical specialists.

Osprey Medical's patent portfolio comprises of 16 issued US patents, 26 issued international patents; 14 pending US patent applications, and PCT filings resulting in 20 National Stage Applications in the European Union (Germany, France and Great Britain), Japan and Australia.

On October 30, 2007, the Company formed a wholly-owned Australian subsidiary with the name Osprey Medical Pty. Ltd. (OM Pty) for the purpose of conducting research on future products. The subsidiary began operations in early 2008.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Principles of Presentation

The consolidated financial statements include the accounts of the Company's wholly-owned Australian subsidiary, OM Pty. All intercompany accounts and transactions have been eliminated in consolidation.

The US dollar is the functional currency of OM Pty, and as a result, all currency gains and losses are reflected in operations. Currency gains and losses include realized amounts on transactions, and unrealized amounts related to translating accounts from local currency to the functional currency, with translation accomplished using the current rate method.

In its consolidated statements of operations, the Company segregates its operating expenses into four categories that provide useful information to both management and Company shareholders.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with maturities of three months or less from their date of purchase. The Company maintains cash balances that exceed federally insured limits; however, it has not incurred losses on such amounts to date.

Accounts Receivable

The Company grants credit to customers in the normal course of business and generally does not require collateral or any other security to support amounts due. Customer accounts with balances outstanding longer than the contractual terms are considered past due. The Company records accounts receivable at the original invoice amount less an estimate made for doubtful receivables based on periodic reviews of all outstanding amounts. The Company determines the need for an allowance for doubtful accounts by considering a number of factors, including length of time accounts receivables are past due, customer financial condition and ability to pay the obligation, historical and expected credit loss experience, and the condition of the general economy and the industry as a whole. It is the Company's policy to write-off accounts receivable when deemed uncollectible. There was no allowance for doubtful accounts as of December 31, 2018, and 2017.

Inventories

Inventories are stated at lower of cost (using the first-in, first-out method) or net realizable value, and are as follows as of December 31:

	2018	2017
Raw Materials	$ 399,589	$ 563,121
Finished Goods	372,253	199,064
Total	$ 771,842	$ 762,185

The Company has invested in its manufacturing operations to support future sales. The Company is not currently operating at full capacity. Charges related to excess capacity are included as current period charges to cost of sales and are not capitalized into inventory.

Property and Equipment

Property and equipment are recorded at cost, and depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets:

	Years
Office and computer equipment	3
Furniture and fixtures	7
Laboratory equipment	5
Leasehold Improvements	5

Maintenance and repairs are charged to expense as incurred. Depreciation expense on property and equipment was $261,428 and $185,376 for the years ended December 31, 2018 and 2017, respectively.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Intangible Assets

Intellectual property acquired for consideration is recorded either as research and development expense or as intangible assets, as appropriate to the use of the property. Intellectual property that has multiple future uses is capitalized when acquired, and single use property is expensed as research and development. The Company's recorded intangible assets are comprised entirely of patent applications acquired from V-Kardia Pty. (VK Pty) for which there were multiple future uses. At acquisition of these assets there was a difference between the value of the asset acquired and its tax basis, and the Company increased the assigned value of the asset acquired by the amount of the related deferred tax liability. The Company amortizes intangible assets on a straight-line basis over their expected economic lives, which is equivalent to the time from acquisition through expiration of the patents expected to be issued from the acquired patent applications. The intangible assets acquired in June, 2007 are expected to have a life of approximately 18 years from the date of acquisition.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC"), Topic 606, *Revenue from Contracts with Customers*, which the Company adopted effective January 1, 2018. Accordingly, the Company recognizes revenue when its customers obtain control of its products, which occurs at a point in time, generally upon delivery to the customer. The amount recognized as revenue is the invoiced price adjusted for variable consideration, if any, in exchange for goods delivered. All revenue is recognized when the Company satisfies its performance obligations. The Company does not have any contract assets or liabilities as of December 31, 2018 or 2017 and the adoption of ASC Topic 606 did not have an impact on the financial statements.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flow from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Lease Expense

The Company recognizes rental expense and tenant improvement allowances for operating leases on a straight-line basis over the term of the lease.

Research and Development Costs

Research and development costs are charged to expense as incurred. The Company has acquired licenses to intellectual property that do not have multiple uses and records such acquisition costs as research and development as incurred. Consideration for such intellectual property includes current and future payments of cash, issuance of common stock and warrants to acquire common stock.

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred tax assets and liabilities are determined based on the differences between financial reporting and tax bases of the assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce net deferred tax assets when it believes it is more likely than not that all or part of its deferred tax assets will not be realized.

Stock-Based Compensation

The Company accounts for stock-based payment transactions when it receives employee or supplier goods and services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments using a fair-value-based method. The Company uses the Black-Scholes-Merton (BSM) option pricing model to determine the fair value of stock-based awards. The fair value of stock-based payment is recognized over the requisite service period.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Issuance of Stock

The Company issues new shares of stock upon the exercise of stock options, warrants and converted instruments.

Going Concern

The financial statements are prepared on a going concern basis. Management evaluates the ability for the entity to continue as a going concern for at least twelve months from the date the financial statements are issued. In the event management concludes that there is substantial doubt regarding the Company's ability to continue as a going concern, the assumption is emphasized in the consolidated financial statement disclosures, including management's plan to mitigate the conditions that cause substantial doubt. If substantial doubt regarding the Company's ability to continue as a going concern is alleviated, the Company provides disclosures regarding the conditions or events that raised substantial doubt, management's evaluation of the significance of those conditions or events and management's plans that alleviated the substantial doubt.

Recent Accounting Pronouncements

In May 2014, August 2015, March 2016, April 2016 and May 2016, the Financial Accounting Standards Board ("FASB") issued amended revenue recognition guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required about customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The Company adopted this new standard on January 1, 2018, utilizing the modified retrospective approach. There was no impact to the amount or timing of revenue that the Company had recognized in prior periods.

In February 2016, the FASB issued updated guidance to improve financial reporting about leasing transactions. This guidance will require organizations that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. This guidance is effective for the Company's annual periods beginning January 1, 2019, and for quarterly periods thereafter. The Company is evaluating the impact that the adoption of this standard will have, if any, on its financial statements and disclosures but anticipates recognizing additional right to use assets and lease obligations on its consolidated balance sheet.

Subsequent Events

For the year ended December 31, 2018, the Company has evaluated, for potential recognition and disclosure, events that occurred prior to the issuance of the consolidated financial statements for the years ended December 31, 2018 on February 26, 2019.

NOTE 2 - Liquidity

The Company has an accumulated deficit and has not generated significant revenues since inception. The Company expects that its expenses will exceed its revenues at least up to, and likely beyond, the point at which the Company is able to generate significant revenues from its approved products. The Company expects to have enough working capital to operate for at least the next twelve months beyond February 26, 2019.

NOTE 3 - Fair Value Measurements

Generally, fair value is determined on the exchange price which would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The Company discloses each major asset and liability category measured at fair value on either a recurring or nonrecurring basis and establishes a three tier fair value hierarchy which prioritizes the inputs used in fair value measurements. The three tier hierarchy for inputs used in measuring fair value is as follows:

> Level 1 Observable inputs such as quoted prices in active markets

> Level 2 Inputs other than the quoted prices in active markets that are observable either directly or indirectly

> Level 3 Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis:

	Total	Level 1	Level 2	Level 3
As of December 31, 2018:				
Cash and cash equivalents – money market securities	$ 15,016,252	$ 15,016,252	$ –	$ –
As of December 31, 2017:				
Cash and cash equivalents – money market securities	$ 28,674,801	$ 28,674,801	$ –	$ –

NOTE 4 - Leases

In March 2014, the Company signed an amendment to the lease for additional square footage. The lease term, as amended expired in March 2018. In April 2018, the Company signed an amended lease for their current location in Minnetonka, Minnesota. The lease term with substantial leasehold improvements, as amended expires in May 2023, and contains no extensions or renewal options. The Company is currently negotiating an extended lease provision. The monthly payments ranging from $12,284 to $14,241 for the lease.

Rent expense was $92,142 and $91,525 for the years ended December 31, 2018 and 2017, respectively. Rent is recorded on a straight-line recognition basis and the difference is recorded as an accrued long-term liability.

Under the terms of the lease for office space, the Company paid monthly base rent and was additionally responsible for its pro rata share of estimated operating expenses, which include utilities, taxes, maintenance, repair, and insurance costs. The minimum remaining lease commitments under the terms of the noncancelable building lease for the years ending December 31:

2019	$ 150,728
2020	155,250
2021	159,908
2022	164,704
2023	69,960
Total	$ 700,550

NOTE 5 - Employee Benefits

The Company provides a 401k plan as a benefit to its employees. In April 2018, the Company started a 5% match of qualified payments under the 401K plan. Under the plan, eligible employees may contribute amounts through payroll deductions supplemented by employer contributions for investment in various investments specified in the plan. Company contributions to the plan were $170,897 and $0 for the years ended December 31, 2018 and 2017, respectively.

NOTE 6 - Intangible Assets

The Company received a license at inception from its then parent company, VK Pty, to certain intellectual property. That license became inoperative when VK Pty assigned its intellectual property to the Company on June 21, 2007, in advance of preferred stock financing from CM Capital Investments (CMCI). The assignment was done in exchange for issuing 348,098 shares of the Company's common stock to VK Pty, valued at $.50 per share. As a result of these transactions, during 2007, the Company expensed as research and development the full $14,600 of the original intangible asset value and an additional $4,443 of value related to the deferred tax liability assigned to the initial license. The Company capitalized $174,049 of purchased value and an additional $52,962 related to the corresponding deferred tax liability as an intangible asset, reflecting the value of the acquired intellectual property.

The intellectual property is expected to have a useful life equal to the life of the underlying patent applications. Such life will extend, on average, 18 years from 2007 to 2025. Amortization is recorded on a straight-line basis beginning at acquisition date, resulting in amortization expense of $12,496 for both years ended December 31, 2018 and 2017. Amortization expense will approximate $12,496 in each of the next five years.

NOTE 7 - Income Taxes

Osprey Medical is a C corporation under the U.S. Internal Revenue Code.

The Company incurred income tax expense of $6,891 and $3,474 for the years ended December 31, 2018 and 2017, respectively.

As of December 31, 2018, and 2017, the Company has recorded a valuation allowance to offset its net deferred tax assets due to uncertainty surrounding realization of the net deferred tax assets.

The Company has accumulated net operating losses to be carried forward to future years in the amount of $90,441,356 applicable to income subject to federal income tax and $40,952,229 applicable to income subject to state income tax as of December 31, 2018. These state carryforwards begin to expire in 2023. Utilization of these net operating losses to offset future taxable income may be limited.

Income tax expense (benefit) consists of the following:

	2018	2017
Current:		
Federal	$ –	$ –
State	6,891	3,474
Foreign	–	–
	6,891	3,474
Deferred:		
Federal	4,224,000	5,263,000
State	580,000	–
Foreign	–	–
	4,804,000	5,263,000
Deferred tax asset valuation allowance	(4,804,000)	(5,263,000)
Total provision	$ 6,891	$ 3,474

Changes in tax laws and rates may affect recorded deferred tax assets and liabilities and our effective tax rate in the future. On December 22, 2017, the U.S. President signed into law the Tax Cuts and Jobs Act (the "Act"), which enacted tax law changes largely effective for tax years beginning after December 31, 2017. The Act reduces the corporate tax rate to 21%, effective January 1, 2018, for all corporations. The Company has revalued its deferred tax assets and liabilities as of December 22, 2017. The deferred tax assets and liabilities are fully offset with a valuation allowance, and therefore the Company did not recognize any income tax expense related to the revaluation.

NOTE 7 - Income Taxes (cont.)

Income tax expense differs from the amount computed at the statutory federal income tax rate of 34% due principally to nondeductible expenses, different rates for foreign jurisdictions and the recognition of a valuation allowance against the net deferred tax asset.

Significant components of deferred tax assets and liabilities as of December 31 are as follows:

	2018	2017
Deferred tax assets:		
Net operating loss carry forwards	$ 21,692,000	$ 17,814,000
Research and development credit	1,261,000	371,000
Organization costs	1,000	1,000
Accrued vacation	41,000	34,000
Deferred rent	10,000	1,000
Stock-based compensation expense	108,000	85,000
	23,113,000	18,306,000
Deferred tax liability:		
Intangible assets	(48,000)	(45,000)
	(48,000)	(45,000)
Net deferred tax asset	23,065,000	18,261,000
Valuation allowance	(23,065,000)	(18,261,000)
	$ –	$ –

The valuation allowance for deferred tax assets changed by $4,804,000 and $(5,263,000) for the years ended December 31, 2018 and 2017, respectively.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority.

The Company is not currently under examination by any taxing jurisdiction. In the event of any future tax assessments, the Company has elected to record the income taxes and any related interest and penalties as income tax expense on the Company's statement of operations.

NOTE 8 - Common Stock and Preferred Shares

During the year ended December 31, 2018, there were no options exercised. During the year ended December 31, 2017, options exercised resulted in the Company issuing 259,362 shares of common stock for proceeds of $113,181. The intrinsic value of the options exercised as of December 31, 2017 was $67,012.

In August 2017, the Company authorized an additional 450,000,000 shares of common stock resulting in a total amount authorized of 630,000,000.

In November 2018, the Company completed a private offering on the Australian Securities Exchange of 32,258,065 shares of common stock at a price to the public of $0.22 per share. In addition, in October 2018, a pro rata non-renounceable Entitlement Offer was offered to qualified shareholders of record. Under the Entitlement Offer, 13,886,517 shares of common stock were issued in November 2018 at a price of $0.22 per share. As a result of the total financing, the Company raised approximately $10,323,080 in gross proceeds, before issuance costs of approximately $136,247.

In August and September 2017, the Company completed a private offering on the Australian Securities Exchange of 27,732,038 shares of common stock at a price to the public of $0.62 per share. In addition, in September 2017, a pro rata non-renounceable Entitlement Offer was offered to qualified shareholders of record of 12,893,076 shares of common stock at a price to the public of $0.62 per share. As a result of the total financing, the Company raised approximately $25,500,000 in gross proceeds, before issuance costs of approximately $1,200,000.

As of December 31, 2018, and 2017, respectively, the common shares outstanding were 215,898,685 and 169,754,103. As of December 31, 2018, and 2017, there are no preferred shares outstanding.

NOTE 9 - Weighted Average Shares Calculation

Basic loss per share is computed by dividing net loss by the weighted average shares outstanding during the reporting period. Diluted loss per share is computed similarly to basic loss per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock warrants and options, if dilutive. Diluted loss per share does not include any of these dilutive effects in its calculation. The number of additional dilutive shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from the exercise were used to acquire shares of common stock at the average market price during the reporting period.

Shares used in the loss per share computations for the years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Weighted average common shares outstanding – basic	177,444,867	142,497,786
Dilutive effect of stock option and warrants	–	–
Weighted average common shares outstanding – diluted	177,444,867	142,497,786

As of December 31, 2018 and 2017, stock options shares of 13,564,956 and 11,138,073, respectively, were not included as their effect is anti-dilutive due to the loss for the years.

NOTE 10 - Stock-Based Compensation

The Company had a stock incentive plan (the 2006 Plan) that provided for the issuance of incentive and non-qualified stock options to employees and directors, for the purpose of encouraging key officers, directors, employees, and consultants of the Company to remain with the Company and devote their best efforts to the business of the Company. The 2006 Plan expired in 2016, and 7,554,573 shares then outstanding remain available for exercise as of December 31, 2018. On August 29, 2016, the Company's stockholders approved a new stock option plan (the 2016 Plan) with the same directive as the old plan. Under the 2016 Plan, incentive stock options must be granted at exercise prices not less than 100% of the fair value of the Company's stock as of the grant date. If incentive options are granted to persons owning more than 10% of the voting stock of the Company, the Plan provides that the exercise price shall not be less than 110% of the fair value of the Company's stock as of the grant date. These options have exercise and vesting terms established by the Option Committee of the Company's Board of Directors at the time of each grant, but in no event are the options exercisable after ten years from the date of grant. The options granted are subject to time based vesting ranging from immediate vesting to vesting 48 months after the date of grant. The Board of Directors approved an increase in the 2016 Plan of 2,575,750 shares in May 2018. The Company has reserved 7,178,236 shares of common stock for issuance under the 2016 Plan, as of December 31, 2018. As of December 31, 2018, options issued under the 2016 plan were 6,010,383.

NOTE 10 - Stock-Based Compensation (cont.)

The following table presents the weighted average assumptions used to estimate the fair values of the stock options granted to employees and nonemployees in the periods presented, using the BSM option pricing formula: The risk free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life and expected volatility are based on the average reported lives and volatilities of our company.

	Year Ended December 31, 2018	Year Ended December 31, 2017
Risk-free interest rate	.69%–2.84%	1.23%–2.15%
Expected volatility	78.00%–90.88%	69.67%–71.80%
Expected life (in years)	5.92	4.00
Dividend yield	0.00%	0.00%
Weighted-average estimated fair value of options granted	$0.21	$0.29

The following table summarizes the activity for outstanding employee and non-employee stock options:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Balance as of December 31, 2016	10,297,435	$ 0.71	6.3	
Granted	1,841,500	0.61		
Exercised	(259,362)	(0.44)		
Expired	(741,500)	(0.79)		
Balance as of December 31, 2017	11,138,073	0.71	6.0	
Granted	2,537,883	0.29		
Expired	(111,000)	(0.53)		
Balance as of December 31, 2018	13,564,956	$ 0.64	5.78	$ –
Exercisable as of December 31, 2018	8,225,791	$ 0.79	5.53	$ –

The aggregate intrinsic value is calculated as approximately the difference between the weighted average exercise price of the underlying awards and the share fair value as of December 31, 2018.

The Company recognized stock-based compensation expense related to stock options of $510,915 and $608,973 for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018, $1,082,166 of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted average period of 1.87 years. To the extent the forfeiture rate is different than anticipated stock-based compensation related to these awards will be different from the Company's expectations.

SHAREHOLDER INFORMATION

Overview

The Company's securities are listed for quotation in the form of CHESS Depositary Interests (CDIs) on the Australian Securities Exchange (ASX) and trade under the symbol "OSP". Each share of common stock (Share) is equivalent to 2 CDIs.

The shareholder information below was applicable as at 18 February 2019.

The Company's corporate Governance Statement approved by the Board on 20 February 2019 is located at: https://ospreymed.com/investors/corporate-governance/

The Company's share capital was as follows:

Type of Security	Number of Securities
Total number of issued Shares [1]	215,898,685
Total number of issued CDIs	431,797,370

(1) Includes Shares held by CHESS Depositary Nominees Pty Limited (CDN)

SUBSTANTIAL HOLDERS

The names of substantial holders in the Company and their respective stock holdings (to the best of the Company's knowledge) follow below:

Names of holders as disclosed in substantial holding notices given to the Company	Number of CDIs Held	Percentage of voting power
Brandon Capital Partners and each of the following associated entities: MRCF Pty Ltd atf the MRCF Trust (9,134,673 CDIs), BBF1 Trusco Pty Ltd atf Brandon Biosciences Fund No.1 Trust (4,814,443 CDIs) and BBF1 IIF Partnership, LP (10,842,156 CDIs), AustralianSuper Pty Ltd atf AustralianSuper (34,302,093 CDIs), MRCF3 Services (H) Pty Ltd atf MRCF3 (H) Trust (34,302,093 CDIs), MRCF3 Services (SW) Pty Ltd atf MRCF3 (SW) Trust (11,434,033 CDIs), MRCF3 Services (HP) Pty Ltd atf MRCF3 (HP) Trust (11,434,033 CDIs)	116,263,524	26.9%
Funds and investment mandates for which Allan Gray Australia Pty Ltd acts as investment manager	64,516,130	14.9%
J P Morgan Nominees Australia Pty Limiteds [1]	63,198,082	14.6%
HSBC Custody Nominees (Australia) Limited [1]	35,875,781	8.3%
AustralianSuper Pty Ltd as trustee of AustralianSuper	34,302,093	7.9%
Citicorp Nominees Pty Limited [1]	34,204,326	7.9%
CM Capital VT4A Pty Limited as trustee for CM Capital Venture Trust 4A (holding of 17,020,450 CDIs) and its associated entity CM Capital VT4B Pty Limited as trustee for CM Capital Venture Trust 4B (holding of 17,020,449 CDIs)	34,040,899	7.9%
Kinetic Investment Partners Pty Ltd	23,764,199	5.9%

(1) The Company is not aware of the extent (if any) to which the holdings of J P Morgan Nominees Australia Limited, HSBC Custody Nominees (Australia) Limited and Citicorp Nominees Pty Limited are subject to an exception listed in section 609 of the Corporations Act.

For the purpose of the above table, a "substantial holder" is a security holder, who together with their associates, have a relevant interest (within the meaning of section 608 of the Australian Corporations Act) in securities representing 5% or more of the total number of votes attached to voting shares in the Company.

DISTRIBUTION SCHEDULE

Number of CDIs	Number of Holders
1–1,000	147
1,001–5,000	685
5,001–10,000	333
10,001–100,000	776
100,001 and over	236
Total	**2,177**

Unmarketable Parcels

Based on the market price on 18 February 2019, there were 721 shareholders holding less than a marketable parcel (i.e. a parcel of securities of less than $500).

Osprey Medical Top 20 Holders

Set out below is a schedule of the 20 largest holders of securities in the Company, including the number and percentage of securities held by those holders as at 18 February 2019. [Related but separate legal entities are not aggregated for the purposes of the table below.]

	Name of Registered Holder	No. of CDIs Held	% of Total CDIs
1.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	63,198,082	14.6
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	35,875,781	8.3
3.	MRCF3 SERVICES (H) PTY LTD	34,302,093	7.9
4.	CITICORP NOMINEES PTY LIMITED	34,204,326	7.9
5.	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED <NO 1 ACCOUNT>	20,688,236	4.8
6.	CM CAPITAL VT 4A PTY LTD <CM CAPITAL VENTURE 4A A/C>	17,020,450	3.9
7.	CM CAPITAL VT 4B PTY LTD <CM CAPITAL VENTURE 4B A/C>	17,020,449	3.9
8.	NATIONAL NOMINEES LIMITED	11,963,769	2.8
9.	MRCF3 SERVICES (SW) PTY LTD	11,434,033	2.6
9.	MRCF3 SERVICES (HP) PTY LTD	11,434,033	2.6
10.	BBF1 IIF PARTNERSHIP LP	10,842,156	2.5
11.	MRCF PTY LTD	9,134,673	2.1
12.	BAINPRO NOMINEES PTY LIMITED	7,564,151	1.8
13.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	6,673,844	1.5
14.	SANDHURST TRUSTEES LTD <ENDEAVOR ASSET MGMT MDA A/C>	5,379,897	1.2
15.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	5,064,040	1.2
16.	BBF1 TRUSCO PTY LTD BRANDON BIOSCIENCES FUND NO.1	4,814,443	1.1
17.	DRNEWNHAM SUPER PTY LTD <DRN SUPERANNUATION FUND A/C>	4,808,170	1.1
18.	MOORE FAMILY NOMINEE PTY LTD MOORE FAMILY SUPER FUND>	4,500,000	1.0
19.	DIXSON TRUST PTY LIMITED	3,248,946	0.8
20.	UBS NOMINEES PTY LTD	3,247,445	0.8
Total CDIs held by top 20 CDI Holders		**322,419,017**	**74.6**
Total CDIs held by all other CDI Holders		**109,378,353**	**25.3**
Total CDIs		**431,797,370**	**100.00**

Options (not listed on ASX)

As at 18 February 2019, there were 13,367,614 options on issue to purchase shares of common stock (equivalent to 26,735,228 CDIs) under the Company's 2006 and 2016 Stock Incentive Plans.

The following table is a distribution schedule of the number of holders of Options as at 18 February 2019:

Category	Number of Holders
1–1,000	5
1,001–5,000	5
5,001–10,000	20
10,001–100,000	18
100,001 and over	13
Total	**61**

Restricted Securities

There were no ASX restricted securities or securities subject to voluntary escrow as at 18 February 2019.

Voting Rights

Every holder of Shares present in person or by proxy is entitled to one vote for each Share held on the record date for the meeting on all matters submitted to a vote of Shareholders.

CDI holders may attend and vote at the Company's general meetings. The Company must allow CDI holders to attend any meeting of Shareholders unless relevant US law at the time of the meeting prevents CDI holders from attending those meetings.

In order to vote at such meetings, CDI holders may:

- instruct CDN, as the legal owner, to vote the Shares underlying their CDIs in a particular manner. A voting instruction form will be sent to CDI holders with the notice of meeting or proxy statement for the meeting and this must be completed and returned to the Registry before the meeting;
- inform Osprey that they wish to nominate themselves or another person to be appointed as CDN's proxy for the purposes of attending and voting at the general meeting; or
- convert their CDIs into a holding of Shares and vote these at the meeting. Afterwards, if the former CDI Holder wishes to sell their investment on the ASX it would need to convert the Shares back to CDIs. In order to vote in person, the conversion from CDIs to Shares must be completed before the record date for the meeting.

One of the above steps must be undertaken before CDI holders can vote at Shareholder meetings.

Proxy forms, CDI voting instruction forms and details of these alternatives will be included in each notice of meeting or proxy statement sent to CDI holders by the Company.

Holders of issued but unexercised options are not entitled to vote.

Australian Corporate Governance Statement

The Board of Directors has confirmed that the Company's corporate governance framework complies in almost all respects with the ASX's Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd Edition) ("Recommendations") and that where it does not comply, it is due to the current relative size of the Company, its stage of development, and the scale and nature of its operations.

The Company's Corporate Governance Statement and further details in relation to the Company's governance framework are set out in a dedicated corporate governance information section of the Company's website https://ospreymed.com/investors/corporate-governance/. This section of the Company's website contains copies of all of the corporate governance policies and Board Committee charters.

Required Statements

(a) There is no current on-market buy-back of the Company's securities.

(b) The Company is incorporated in the state of Delaware in the United States of America.

(c) The Company is not subject to Chapters 6, 6A, 6B and 6C of the Corporations Act 2001 (Cth) dealing with the acquisition of shares (ie, substantial holdings and takeovers).

(d) The Company's securities are not quoted on any exchange other than the ASX.

(e) Under the Delaware General Corporation Law, shares are generally freely transferable subject to restrictions imposed by US federal or state securities laws, by the Company's certificate of incorporation or by-laws, or by an agreement signed with the holders of the shares at issue. The Company's amended and restated certificate of incorporation and by-laws do not impose any specific restrictions on transfer.

(f) The name of the Australian Secretary is Brendan Case.

(g) The address and telephone number of our principal registered office in Australia is:
Level 13, 41 Exhibition Street
Melbourne, Victoria 3000
+ 61 410 442 393

(h) Register of securities
Link Market Services
Level 1, 333 Collins Street
Melbourne, Victoria 3000
Telephone: + 61 3 9615 9800
Facsimile: + 61 2 9287 0303
www.linkmarketservices.com.au

CORPORATE DIRECTORY

Board of Directors and Australian Secretary

Mr John Erb, Non-executive Chairman
Mrs. Sandra Lesenfants, Non-executive Director
Mr Mike McCormick, President & CEO
Mr Andrew Jane, Non-executive Director
Mr Neville Mitchell, Non-executive Director
Dr Christopher Nave, Non-executive Director
Mr Brendan Case, Australian Secretary

Executive Team

Mr Mike McCormick, President & CEO
Mr Jim Surek, VP of Sales
Mr Vic Fabano, VP Operations
Ms Melanie Hess, VP of Regulatory Affairs, Quality and Compliance
Mr Rod Houfburg, VP Research & Development
Ms Kim Knish, VP Clinical Affairs
Ms Nancy Ness, CFO
Mr Doug Schoenberg, VP Marketing & Reimbursement

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VP of Marketing, Education & Reimbursement
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M: (763) 258 7537

Annual Meeting of Stockholders Date & Place

The Annual Meeting of stockholders will be held at *Johnson Winter & Slattery's* Melbourne office, Level 34, 55 Collins Street, Melbourne, Victoria, Australia on Thursday, 9 May 2019 at 9.00am Australian Eastern Standard Time, (Wednesday, 8 May 2019 at 6.00pm U.S. Central Time).

ASX Code

OSP

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