Osprey Medical Inc. Announces A$14 million Placement

Minnesota, United States and Melbourne, Australia – October 16, 2013 – Osprey Medical Inc. (ASX: OSP) today announced it has received commitments for an oversubscribed private placement of 21,538,461 CHESS Depositary Interests (**CDIs**) (representing 10,769,230 shares of common stock) with international and domestic institutions and accredited and sophisticated investors to raise A$14 million at a price of A$0.65 per CDI (**Placement**).

The CDIs that have been subscribed for under the Placement are available for issue under Osprey's placement capacity under ASX Listing Rules 7.1 and 7.1A.

The funds raised significantly strengthens the Company's balance sheet as the Company pursues its primary objectives being:

- up-coming targeted US launch of the AVERT™ System;
- completion of the AVERT trial to enhance the FDA approved marketing claim to include "prevention of CIN";
- completion of the 20-patient diabetic limb recovery trial followed by filings to seek Australian and European marketing clearance for the diabetic limb recovery product;
- further product development; and
- commercial launch of the AVERT™ System targeted for mid-2015

Mike McCormick, President of Osprey Medical, commented: "We are very pleased with the strong support for this important capital raising from both existing institutional shareholders as well from several new institutions from both Australia and overseas. It's an exciting time for Osprey as we move towards commercialisation of the AVERT™ System and the strong support we've received for this transaction is an important validation of the progress we've made since listing on the ASX just 18 months ago."

The Placement follows a period of significant achievement. In August, the Company announced that it had received U.S. FDA 510(k) clearance for the AVERT™ System. In September, Osprey announced that the U.S. FDA had given its approval for the company to initiate a clinical trial of the AVERT™ System which is aimed at enabling the Company to expand its market claim for the AVERT™ System to include "reduction of Contrast Induced Nephropathy (CIN)" for patients undergoing angiogram or stenting procedures.

Part of the Placement, representing approximately 2.3 million CDIs collectively, has been subscribed by Brandon Managed Funds (the MRCF Trust and BBF1 Trust) and Talu Venture (formally CM Capital), the Company's largest shareholders. To facilitate their internal processes, the settlement of their subscriptions (and the subscription of 0.215m CDI's by another existing institutional holder), may occur up to 30 days following this announcement.

Canaccord Genuity (Australia) Limited is the lead manager of the Placement.

This announcement does not and shall not constitute an offer to sell or the solicitation of any offer to buy any securities.

Further information:

About the AVERT™ System

AVERT™ System, a re-usable contrast modulator with easy to adjust settings to accommodate the different types of contrast dyes. The disposable modulation reservoir easily loads into the contrast modulator unit and attaches to commonly used manual injection systems used by interventional cardiologists during heart procedures. Osprey received its FDA clearance for a marketing claim of *"controlled infusion of dye"*. The Company is currently conducting a pivotal trial with the aim of expanding its marketing claim to include the *"reduction of Contrast Induced Nephropathy (CIN)"*.

About Osprey

Osprey Medical's core technologies originated from research conducted by Dr David Kaye at Melbourne's Baker IDI Heart and Diabetes Institute. Osprey is focused on improving patients' quality of life by protecting those with chronic kidney disease from contrast induced nephropathy (CIN) and preventing limb amputation in diabetic patients with advanced foot infections. The Company's primary product, The AVERT™ System, is designed to reduce the amount of dye (contrast) injected during commonly performed heart procedures, thus protecting kidneys from damaged known as contrast induced nephropathy (CIN). Osprey Medical's Limb Recovery™ System is a percutaneous technology that allows physicians to deliver targeted doses of antibiotics to the lower limb in patients with diabetes suffering from advanced foot infections.

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 AVERT™ System 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.

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