

**LETTER OF TRANSMITTAL FOR COMMON SHARES OF
ONDINE BIOMEDICAL INC.**

The instructions accompanying this Letter of Transmittal should be read carefully before this Letter of Transmittal is completed.

This Letter of Transmittal is for use by registered holders (“**Shareholders**”) of common shares (“**Shares**”) of Ondine Biomedical Inc. (the “**Company**”) in connection with the proposed arrangement (the “**Arrangement**”) involving 0902337 B.C. Ltd. (the “**Purchaser**”), the Company and its securityholders that is being submitted for approval at the annual general meeting of the Company’s shareholders and special meeting of the Company’s securityholders scheduled to be held on August 30, 2011 (the “**Meeting**”). Shareholders are referred to the Notice of the Meeting and management information circular dated as of July 27, 2011 (the “**Circular**”) prepared in connection with the Meeting that accompanies this Letter of Transmittal. Capitalized terms used but not defined in this Letter of Transmittal have the meanings set out in the plan of arrangement (“**Plan of Arrangement**”) attached to the Circular. The terms of the arrangement agreement dated as of June 28, 2011 as amended as of July 25, 2011 (the “**Arrangement Agreement**”) and the Plan of Arrangement, as they may be amended from time to time, shall govern this Letter of Transmittal.

This Letter of Transmittal is for use by registered holders of Shares (as of immediately prior to the Effective Time) only and is not to be used by beneficial holders of Shares (the “Beneficial Shareholders”). A Beneficial Shareholder does not hold Shares in its name but such Shares are held by an Intermediary (e.g., bank, trust company, securities dealer or broker, trustee of self-administered RRSPs) or clearing agency (e.g., CDS Clearing and Depository Services Inc.). If you are a Beneficial Shareholder you should contact your Intermediary for instructions and assistance in delivering your certificate(s) representing Shares (prior to the Effective Time) and receiving the consideration for such Shares.

The Arrangement is anticipated to close in September 2011. At the Effective Time, subject to the terms of the Plan of Arrangement, Shareholders (other than Dissenting Shareholders) will be entitled to receive from the Purchaser, in exchange for each Share held immediately prior to the Effective Time, \$0.33 (the “Purchase Price”), less any withholding amounts and other deductions provided for in the Plan of Arrangement. Payment to Shareholders upon surrender of certificates (“Certificates”) which represent Shares prior to the Effective Time and represent the right to obtain the payment such holder is entitled to following the Effective Time pursuant to the Plan of Arrangement is based on post Share consolidation numbers.

Pursuant to the Plan of Arrangement, any cash payment owing to a Shareholder is required to be rounded up to the next whole cent and any payment of an amount less than \$10.00 shall be ignored and the Purchaser shall have no obligation to make such payment.

In order to receive the Purchase Price that a Shareholder is entitled to receive pursuant to the Arrangement, Shareholders are required to deposit the Certificates held by them with Computershare Trust Company of Canada (the “Depository” or “Computershare”). This Letter of Transmittal, properly completed and duly executed, together with all other required documents, must accompany all Certificates deposited for payment of the Purchase Price issued pursuant to the Arrangement.

Shareholders who do not deliver their Certificates and all other required documents to the Depository on or before the date which is six years after the Effective Date will lose their right to receive the Purchase Price.

Arrangement with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable) to, in the name of and on behalf of the undersigned, (a) register or record transfers of such Deposited Certificates; and (b) execute and negotiate any cheques or other instruments representing any such distribution payable to or to the order of the undersigned.

Except for any proxy deposited with respect to any vote in connection with the Meeting, the undersigned revokes any and all authority, other than as granted in this Letter of Transmittal, whether as agent, attorney-in-fact, proxy or otherwise, previously conferred or agreed to be conferred by the undersigned at any time with respect to the Deposited Certificates and no subsequent authority, whether as agent, attorney-in-fact, proxy or otherwise, will be granted with respect to the Deposited Certificates.

Each authority conferred or agreed to be conferred by the undersigned in this Letter of Transmittal shall survive the death or incapacity of the undersigned and any obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, legal representatives, successors and assigns of the undersigned, and the undersigned hereby agrees not to take any action at any time which results or may result in the termination of the authority herein conferred. Except as stated above, this Letter of Transmittal is irrevocable.

The undersigned hereby acknowledges that the delivery of the Deposited Certificates shall be effected and the risk of loss to such Deposited Certificates shall pass only upon proper receipt thereof by the Depositary. The undersigned will, upon request, execute any signature guarantee or additional documents deemed by the Depositary to be reasonably necessary or desirable in order for it to pay to the undersigned the aggregate Purchase Price that he or she is entitled to under the Arrangement.

The undersigned instructs the Purchaser and the Depositary to mail the cheque that the undersigned is entitled to pursuant to the Arrangement promptly after the Effective Time, by first-class mail (postage prepaid) or the equivalent, to the undersigned, or to hold such cheque for pick-up, in accordance with the instructions given below.

If the Arrangement is not completed or proceeded with, the enclosed Certificate(s) and all other ancillary documents will be returned forthwith to the undersigned at the address set out below in Box "D" or, failing such address being specified, to the undersigned at the last address of the undersigned as it appears on the securities register of the Company.

It is understood that the undersigned will not receive the cheque in respect of the Deposited Certificates under the terms of the Arrangement until the Certificate(s) owned by the undersigned are received by the Depositary at one of the addresses set forth on the back of this Letter of Transmittal, together with a duly completed Letter of Transmittal and such additional documents as the Depositary may require, and until the same are processed by the Depositary. It is understood that under no circumstances will interest accrue or be paid on the consideration payable in respect of the Deposited Certificates held by the undersigned in connection with the Arrangement.

By reason of the use by the undersigned of an English language Letter of Transmittal, the undersigned shall be deemed to have required that any contract in connection with the delivery of the Deposited Certificates pursuant to the Arrangement through this Letter of Transmittal, as well as all documents related thereto, be drawn exclusively in the English language. En raison de l'utilisation d'une lettre d'envoi en langue anglaise par le soussigné, le soussigné sera présumé avoir requis que tout contrat relatif à la livraison des certificats déposés dans le cadre de l'arrangement au moyen de la présente lettre d'envoi, de même que tous les documents qui s'y rapportent, soient rédigés exclusivement en langue anglaise.

BOX A
PAYMENT INSTRUCTIONS

Issue Cheque in the name of:
(please print or type)

(Name)

(Street Address and Number)

(City and Province or State)

(Country and Postal (Zip) Code)

(Telephone – Business Hours)

(Social Insurance Number, Social Security Number or Tax Identification Number)

BOX B
SPECIAL DELIVERY INSTRUCTIONS

To be completed **ONLY** if the Cheque to which the undersigned is entitled pursuant to the Arrangement is to be sent to someone other than the person shown in Box “A” or to an address other than the address shown on Box “A”

Same address as Box “A”; or

(Name)

(Street Address and Number)

(City and Province or State)

(Country and Postal (Zip) Code)

BOX C
SPECIAL PICK-UP INSTRUCTIONS

HOLD FOR PICK-UP AT THE OFFICE OF THE DEPOSITARY WHERE THE CERTIFICATES WERE DEPOSITED

BOX D
DELIVERY INSTRUCTIONS
(in the event the Arrangement is not completed)

To be completed by all Shareholders by selecting one box below.

Return Certificates to (please fill in address for mailing):

or

Hold Certificates for pick-up at the office of the Depositary where the Certificates were deposited.

BOX E – SIGNATURE GUARANTEE

Signature guaranteed by
(if required under Instruction 3):

Authorized Signature

Name of Guarantor *(please print or type)*

Address *(please print or type)*

Area Code and Telephone Number

BOX F – SIGNATURE

Dated: _____

(Signature of Shareholder or authorized representative)

(Signature of any joint holder)

(Name of Shareholder)

(Name of Authorized representative)

(Social Insurance Number, Social Security Number or Tax Identification Number)

(Daytime Telephone Number of Shareholder or Authorized Representative)

(Daytime Facsimile Number of Shareholder or Authorized Representative)

**BOX G
STATUS AS UNITED STATES HOLDER**

Indicate whether you are a United States (“U.S.”) holder of the Certificate(s) or are acting on behalf of a U.S. holder:

- The owner signing on Box F represents that it is not a U.S. holder and is not acting on behalf of a U.S. holder.
- The owner signing on Box F is a U.S. holder or is acting on behalf of a U.S. holder.

U.S. holders must provide their Taxpayer Identification Number (“TIN”)

To avoid U.S. backup withholding, if you are a U.S. holder or acting on behalf of a U.S. holder, you must complete Substitute Form W-9 attached hereto or, in certain circumstances, another withholding tax certificate. You can find more information in Instruction 8, “Substitute Form W-9 — U.S. holders”.

**TO BE COMPLETED ONLY BY HOLDERS OF
CERTIFICATE(S) THAT ARE U.S. HOLDERS**

<p>SUBSTITUTE FORM W-9</p> <p>Department of the Treasury Internal Revenue Service</p> <p>Payer's Request for Taxpayer Identification Number (TIN) and Certification</p> <p>(UNITED STATES HOLDERS ONLY)</p>	<p>Part 1 – PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.</p>	<hr/> <p>Name</p> <hr/> <p>Social Security Number (TIN)</p> <hr/> <p>OR</p> <hr/> <p>Employer Identification Number</p> <hr/> <p>Awaiting TIN <input type="checkbox"/></p>
	<p>Part 2 – Certification – Under the penalties of perjury, I certify that:</p>	
	<p>(1) The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me),</p>	
	<p>(2) I am not subject to backup withholding because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and</p>	
	<p>(3) I am a U.S. person (including a U.S. resident alien).</p>	
<p>Certificate Instructions – You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of under-reporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out such item (2).</p>		
<p>The IRS does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.</p>		
<p>Sign Here</p>		
<p>SIGNATURE _____</p>		
<p>DATE _____</p>		

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 28% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE ARRANGEMENT

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE "AWAITING TIN" BOX IN PART 1 OF THE SUBSTITUTE FORM W-9.

<p>CERTIFICATION OF AWAITING TIN</p>
<p>I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office, or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 28% of all reportable payments made to me will be withheld.</p>
<p>Signature _____ Date _____, 201_</p>

INSTRUCTIONS

1. Use of Letter of Transmittal

- (a) Shareholders should read the accompanying Circular prior to completing this Letter of Transmittal.
- (b) This Letter of Transmittal duly completed and signed (or an originally signed facsimile copy thereof) together with accompanying Certificates and all other required documents must be sent or delivered to the Depository at the addresses set out on the back of this Letter of Transmittal.
- (c) The method used to deliver this Letter of Transmittal and any accompanying Certificates and all other required documents is at the option and risk of the Shareholder, and delivery will be deemed effective only when such documents are actually received. The Company and Purchaser recommend that the necessary documentation be hand delivered to the Depository at the addresses set out on the back of this Letter of Transmittal, and a receipt obtained; otherwise the use of registered mail with return receipt requested, properly insured, is recommended. Shareholders whose Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in depositing those Certificates. Delivery to an office other than to the specified office does not constitute delivery for this purpose.
- (d) The Purchaser reserves the right if it so elects in its absolute discretion to instruct the Depository to waive any defect or irregularity contained in any Letter of Transmittal and/or accompanying documents received by it.

2. Signatures

This Letter of Transmittal must be completed and signed by the registered holder of Certificate(s) or by such holder's duly authorized representative (in accordance with paragraph 4 below of these Instructions).

- (a) If this Letter of Transmittal is signed by the registered owner(s) of the accompanying Certificate(s), such signature(s) on this Letter of Transmittal must correspond with the name(s) as registered or as written on the face of such Certificate(s) without any change whatsoever, and the Certificate(s) need not be endorsed. If such deposited Certificate(s) are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.
- (b) If this Letter of Transmittal is signed by a person other than the registered owner(s) of the accompanying Certificate(s), or if the cheque is to be issued to someone other than the registered owner(s) or the cheque is to be sent to an address other than the registered holder's address:
 - (i) such deposited Certificate(s) must be endorsed or be accompanied by appropriate share transfer power(s) of attorney duly and properly completed by the registered owner(s); and

- (ii) the signature(s) on such endorsement or share transfer power(s) of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the Certificate(s) and must be guaranteed as noted in paragraph 3 below of these Instructions.
- (c) If any of the Deposited Certificates are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of such Deposited Certificates.

3. Guarantee of Signatures

If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Certificates, or if the payment is to be made in a name other than the registered owner(s), or sent to an address other than the address of the registered owner(s) as shown on the central securities register of the Company as of immediately prior to the Effective Time, such signature must be guaranteed by an Eligible Institution or in some other manner satisfactory to the Depository and the Purchaser (except that no guarantee is required if the signature is that of an Eligible Institution). An “Eligible Institution” means a Canadian Schedule I chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange, Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States.

4. Fiduciaries, Representatives and Authorizations

Where this Letter of Transmittal or any share transfer power(s) of attorney is executed by a person as an executor, administrator, trustee or guardian, or on behalf of a corporation, partnership or association or is executed by any other person acting in a representative capacity, such person should indicate when signing and this Letter of Transmittal must be accompanied by satisfactory evidence of their proof of appointment and authority to act. The Purchaser or the Depository, at their discretion, may require additional evidence of authority or additional documentation.

5. Delivery Instructions

All cheques to be issued in exchange for the Deposited Certificates will be issued in the name of the person indicated in Box “A” and delivered to the address indicated in Box “A” (unless another address has been provided in Box “B”). If any cheques are to be held for pick-up at the offices of the Depository, complete Box “C”. If none of Box “A”, Box “B” or Box “C” are completed, any cheques issued in exchange for the Deposited Certificates will be issued in the name of the registered holder of the Deposited Certificates and will be mailed to the address of the registered holder of the Deposited Certificates as it appears on the central securities register of the Company immediately prior to the Effective Time. Any Certificate(s) mailed in accordance with this Letter of Transmittal will be deemed to be delivered at the time of mailing.

6. Lost Certificates and Pre-Consolidation Certificates

If a Certificate has been lost, stolen or destroyed, this Letter of Transmittal should be completed as fully as possible and forwarded, together with a letter describing the loss, to the Depository.

The Depository will respond with the requirements (which may include a bonding requirement) that must be satisfied in order for the undersigned to receive payment of the consideration in accordance with the Arrangement.

The Company has previously consolidated all of its issued an outstanding Shares (the “**Share Consolidation**”). Fractional Shares remaining after giving effect to the Share Consolidation have been cancelled, such that shareholdings of each Shareholder were rounded down to the nearest whole number of Shares. If you have not returned your pre-consolidation share certificates as required to obtain your post-consolidation certificates, the Letter of Transmittal should be accompanied by your pre-consolidation certificates required to replace the pre-consolidation certificates in order for the undersigned to receive payment of the consideration in accordance with the Arrangement. **Payment to Shareholders upon surrender of their certificates pursuant to the Arrangement is based on post Share Consolidation numbers.**

7. Return of Certificates

If the Arrangement does not proceed for any reason, any Certificate(s) received by the Depository will be returned to the undersigned forthwith in accordance with the delivery instructions in Box “D”, or failing such address being specified, to the undersigned at the last address of the undersigned as it appears on the central securities register of the Company.

8. Substitute Form W-9 — U.S. Holders

In order to avoid “backup withholding” of United States income tax on payments made for the Certificates, a holder of Certificate(s) that is a U.S. holder (as defined below) must generally provide the person’s correct taxpayer identification number (“TIN”) on the Substitute Form W-9 above and certify, under penalties of perjury, that such number is correct, that such holder is not subject to backup withholding, and that such holder is a U.S. person (including a U.S. resident alien). If the correct TIN is not provided or if any other information is not correctly provided, payments made with respect to the Certificates may be subject to backup withholding of 28%. For the purposes of this Letter of Transmittal, a “U.S. holder” means: a beneficial owner of the Certificates that, for United States federal income tax purposes, is (a) a citizen or resident of the United States, (b) a corporation, or other entity classified as a corporation for United States federal income tax purposes, that is created or organized in or under the laws of the United States or any state in the United States, including the District of Columbia, (c) an estate if the income of such estate is subject to United States federal income tax regardless of the source of such income, (d) a trust if (i) such trust has validly elected to be treated as a U.S. person for United States federal income tax purposes or (ii) a United States court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust, or (e) a partnership, limited liability company or other entity classified as a partnership for United States tax purposes that is created or organized in or under the laws of the United States or any state in the United States, including the District of Columbia.

Backup withholding is not an additional United States income tax. Rather, the United States income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If backup withholding results in an overpayment of taxes, a refund may be obtained provided that the required information is furnished to the IRS.

Certain persons (including, among others, corporations, certain “not-for-profit” organizations, and certain non-U.S. persons) are not subject to backup withholding. A holder that is a U.S.

holder should consult his or her tax advisor as to the holder's qualification for an exemption from backup withholding and the procedure for obtaining such exemption.

The TIN for an individual United States citizen or resident is the individual's social security number.

The "Awaiting TIN" box of the substitute Form W-9 may be checked if a holder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the "Awaiting TIN" box is checked, the holder that is a U.S. holder must also complete the Certificate of Awaiting Taxpayer Identification Number found below the Substitute Form W-9 in order to avoid backup withholding. If a holder that is a U.S. holder completes the Certificate of Awaiting Taxpayer Identification Number but does not provide a TIN within 60 days, such holder will be subject to backup withholding at a rate of 28% until a TIN is provided.

Failure to furnish TIN — If you fail to furnish your correct TIN, you are subject to a penalty of U.S. \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Non-U.S. holders receiving payments in the U.S. should return a completed Form W-8BEN, a copy of which is available from the Depository upon request.

9. Privacy Notice

Computershare is committed to protecting your personal information. In the course of providing services to you and our corporate clients, we receive non-public personal information about you - from transactions we perform for you, forms you send us, other communications we have with you or your representatives, etc. This information could include your name, address, social insurance number, securities holdings and other financial information. We use this to administer your account, to better serve your and our clients' needs and for other lawful purposes relating to our services. Some of your information may be transferred to servicers in the U.S.A. for data processing and/or storage. We have prepared a Privacy Code to tell you more about our information practices, how your privacy is protected and how to contact our Chief Privacy Officer. It is available at our website, computershare.com, or by writing us at 100 University Avenue, Toronto, Ontario, M5J 2Y1. Computershare will use the information you are providing in order to process your request and will treat your signature(s) as your consent to us so doing.

10. Miscellaneous

- (a) If the space on this Letter of Transmittal is insufficient to list all Certificates, additional Certificate numbers may be included on a separate signed list affixed to this Letter of Transmittal.
- (b) If Certificates are registered in different forms (e.g., "John Doe" and "J. Doe") a separate Letter of Transmittal should be signed for each different registration.
- (c) No alternative, conditional or contingent deposits of Certificates will be accepted.
- (d) Additional copies of this Letter of Transmittal may be obtained from the Depository at the address set out on the back of this Letter of Transmittal.
- (e) This Letter of Transmittal will be construed in accordance with and be governed by the

laws of the Province of British Columbia and the federal laws of Canada applicable therein.

**THE DEPOSITARY FOR THE ARRANGEMENT IS:
COMPUTERSHARE TRUST COMPANY OF CANADA**

The office of the Depositary is:

By Mail

P.O. Box 7021
31 Adelaide St E
Toronto, ON M5C 3H2
Attention: Corporate Actions

By Registered Mail, Hand or Courier

Toronto

100 University Avenue
9th Floor
Toronto, ON M5J 2Y1
Attention: Corporate Actions

Vancouver

510 Burrard Street
2nd Floor
Vancouver, BC V6C 3B9
Attention: Corporate Actions

Inquiries

Toll Free: 1-800-564-6253
E-Mail: corporateactions@computershare.com

Any questions and requests for assistance may be directed by holders of Shares to the Depositary at the telephone number and locations set out above.