

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported): March 31, 2017

XTANT MEDICAL HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-34951

(Commission File Number)

20-5313323

(IRS Employer Identification No.)

664 Cruiser Lane
Belgrade, Montana

(Address of Principal Executive Offices)

59714

(Zip Code)

(406) 388-0480

(Registrant's Telephone Number, Including Area Code)

Not applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

Twelfth Amendment and Waiver to Amended and Restated Credit Agreement

Effective March 31, 2017, Bacterin International, Inc. (“Bacterin”), a Nevada corporation and wholly-owned subsidiary of Xtant Medical Holdings, Inc. (the “Company”), as borrower, the Company, X-Spine Systems, Inc., an Ohio corporation and wholly-owned subsidiary of the Company, and Xtant Medical, Inc., a Delaware corporation and wholly-owned subsidiary of the Company, collectively as the guarantors, ROS Acquisition Offshore LP (“ROS”) and OrbiMed Royalty Opportunities II, LP (“Royalty Opportunities”), entered into the Twelfth Amendment and Waiver to Amended and Restated Credit Agreement (the “Amendment”), which amended the existing Amended and Restated Credit Agreement (the “Facility”).

Prior amendments to the Facility deferred Bacterin’s accrued interest payment date for the fiscal quarter ended on December 31, 2016 until March 31, 2017. The Amendment further defers Bacterin’s accrued interest payment date for the fiscal quarter ended on December 31, 2016 until April 30, 2017, while also deferring Bacterin’s accrued interest payment date for the fiscal quarter ended on March 31, 2017 until April 30, 2017.

The interest due on April 30, 2017 for the fiscal quarter ended on December 31, 2016 will be \$1,147,329.47, plus interest accrued on such interest from January 2, 2017 until paid at a rate equal to 14% plus the higher of the LIBO Rate (as defined in the Facility) for the fiscal quarter ended on December 31, 2016, or 1%. The interest due on April 30, 2017 for the fiscal quarter ended on March 31, 2017 will be \$1,139,597.47, plus interest accrued on such interest from April 1, 2017 until paid at a rate equal to 14% plus the higher of the LIBO Rate for the fiscal quarter ended on March 31, 2017, or 1%.

The Amendment modified the minimum revenue base covenant for the quarter ending March 31, 2017. The Amendment also modified the minimum liquidity financial covenant of the Facility by allowing the Company and its subsidiaries to maintain a liquidity amount of not less than \$500,000 until June 30, 2017. At all times after June 30, 2017, the liquidity of the Company and its subsidiaries must not be less than \$5,000,000. The Amendment modified the consolidated senior leverage ratio financial covenant of the Facility by moving the commencement date of the covenant from the most recent four fiscal quarters ended March 31, 2017, to the most recent four fiscal quarters ended June 30, 2017. Finally, the Amendment waived any non-compliance with the covenant set forth in Section 7.1(c) of the Facility due to the going concern qualification included in the Company’s audit report for the year ended December 31, 2016.

The foregoing description of the Amendment does not purport to be complete and is qualified in its entirety by reference to the Amendment, which is attached hereto as Exhibit 10.1, and is incorporated by reference herein.

Indenture Waiver

Effective March 31, 2017, the Company, ROS and Royalty Opportunities entered into a waiver letter (the “Indenture Waiver”) of the Indenture, dated as of July 31, 2015, between Bacterin and Wilmington Trust, National Association, as trustee (the “Indenture”). Under the Indenture Waiver, ROS and Royalty Opportunities waived any non-compliance with the covenant set forth in Section 6.01(a)(vii) of the Indenture due to the going concern qualification included in the Company’s audit report for the year ended December 31, 2016.

The foregoing description of the Indenture Waiver does not purport to be complete and is qualified in its entirety by reference to the Indenture Waiver, which is attached hereto as Exhibit 10.2, and is incorporated by reference herein.

Notes Waiver

Effective March 31, 2017, ROS and Royalty Opportunities executed a waiver (the “Notes Waiver”) of multiple Convertible Promissory Notes dated between April 14, 2016 to January 17, 2017 and issued by the Company to ROS and Royalty Opportunities (the “Notes”). Under the Notes Waiver, ROS and Royalty Opportunities waived any non-compliance with the covenants set forth in Section 6.01(a)(vii) of their respective Notes due to the going concern qualification included in the Company’s audit report for the year ended December 31, 2016.

The foregoing description of the Notes Waiver does not purport to be complete and is qualified in its entirety by reference to the Notes Waiver, which is attached hereto as Exhibit 10.3, and is incorporated by reference herein.

Item 2.03 Creation of Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement.

The disclosure set forth above under Item 1.01 is hereby incorporated by reference into this Item 2.03.

Item 7.01. Regulation FD Disclosure.

The Company issued a press release on April 5, 2017 entitled “XTNT Receives Going Concern Opinion,” which is attached as Exhibit 99.1 and incorporated herein.

The information in this Item 7.01 and the document attached as Exhibit 99.1 are being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), nor otherwise subject to the liabilities of that section, nor incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No. Description

| | |
|------|---|
| 10.1 | Twelfth Amendment and Waiver to Amended and Restated Credit Agreement, dated as of March 31, 2017, by and among Bacterin International, Inc., Xtant Medical Holdings, Inc., X-Spine Systems, Inc., Xtant Medical, Inc., ROS Acquisition Offshore LP and OrbiMed Royalty Opportunities II, LP. |
| 10.2 | Waiver Letter, dated as of March 31, 2017, by and among Xtant Medical Holdings, Inc., ROS Acquisition Offshore LP and OrbiMed Royalty Opportunities II, LP. |
| 10.3 | Waiver, dated as of March 31, 2017, by ROS Acquisition Offshore LP and OrbiMed Royalty Opportunities II, LP. |
| 99.1 | Press Release dated April 5, 2017 entitled “XTNT Receives Going Concern Opinion” |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 6, 2017

XTANT MEDICAL HOLDINGS, INC.

By: /s/ John Gandolfo

Name: John Gandolfo

Title: Chief Financial Officer

EXHIBIT INDEX

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| 99.1 | Press Release dated April 5, 2017 entitled "XTNT Receives Going Concern Opinion" |

TWELFTH AMENDMENT AND WAIVER TO AMENDED AND RESTATED CREDIT AGREEMENT

This **TWELFTH AMENDMENT AND WAIVER TO AMENDED AND RESTATED CREDIT AGREEMENT** (this "Amendment") is made and entered into as of March 31, 2017 (the "Amendment Closing Date") by and among **BACTERIN INTERNATIONAL, INC.**, a Nevada corporation (the "Borrower"), **ROS ACQUISITION OFFSHORE LP**, a Cayman Islands Exempted Limited Partnership ("ROS"), **ORBIMED ROYALTY OPPORTUNITIES II, LP**, a Delaware limited partnership ("Royalty Opportunities"), and, in their capacity as Guarantors under the Credit Agreement (as defined below), **XTANT MEDICAL HOLDINGS, INC.**, a Delaware corporation ("Holdings"), **X-SPINE SYSTEMS, INC.**, an Ohio corporation ("X-Spine") and **XTANT MEDICAL, INC.**, a Delaware corporation ("Xtant") and, along with Holdings and X-Spine, collectively, the "Guarantors").

WHEREAS, the Borrower, ROS and Royalty Opportunities are party to that certain Amended and Restated Credit Agreement, dated as of July 27, 2015, as amended by that certain First Amendment to Amended and Restated Credit Agreement, dated as of March 31, 2016, that certain Second Amendment to Amended and Restated Credit Agreement, dated as of May 25, 2016, that certain Third Amendment to Amended and Restated Credit Agreement, dated as of June 30, 2016, that certain Fourth Amendment to Amended and Restated Credit Agreement, dated as of July 29, 2016, that certain Fifth Amendment to the Amended and Restated Credit Agreement, dated as of August 12, 2016, that certain Sixth Amendment to the Amended and Restated Credit Agreement, dated as of September 27, 2016, that certain Seventh Amendment to the Amended and Restated Credit Agreement, dated as of December 31, 2016, that certain Eighth Amendment to Amended and Restated Credit Agreement, dated as of January 13, 2017, that certain Ninth Amendment to Amended and Restated Credit Agreement, dated as of January 31, 2017, that certain Tenth Amendment to Amended and Restated Credit Agreement, dated as of February 14, 2017 and that certain Eleventh Amendment to Amended and Restated Credit Agreement, dated as of February 28, 2017 (the "Credit Agreement"), pursuant to which (i) ROS and Royalty Opportunities, as Lenders under the Credit Agreement, have extended credit to the Borrower on the terms set forth therein and (ii) each Lender has appointed ROS as the administrative agent (the "Administrative Agent") for the Lenders;

WHEREAS, the Guarantors and the Administrative Agent entered into an Amended and Restated Guarantee, dated as of July 31, 2015 and supplemented on September 11, 2015, pursuant to which the Guarantors have agreed to guarantee the Obligations of the Borrower under the Credit Agreement;

WHEREAS, pursuant to Section 11.1 of the Credit Agreement, the Credit Agreement may be amended by an instrument in writing signed by each of the Borrower and the Administrative Agent (acting on behalf of the Lenders);

WHEREAS, the Borrower and the Lenders desire to amend certain provisions of the Credit Agreement as provided in this Amendment.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions; Loan Document.** Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Credit Agreement. This Amendment shall constitute a Loan Document for all purposes of the Credit Agreement and the other Loan Documents.

2. **Amendments to Section 3.6.** Section 3.6 of the Credit Agreement is hereby amended by deleting the last sentence from such Section 3.6 in its entirety and inserting the following as the last sentence thereof:

“Notwithstanding the foregoing, interest accrued on the Loans for the Fiscal Quarters ended on December 31, 2016 and March 31, 2017 and otherwise required to be paid in cash on January 2, 2017 and March 31, 2017, respectively, shall instead be required to be paid in cash on April 30, 2017, plus interest accrued on such interest from January 2, 2017 and March 31, 2017, as applicable, to the date of payment thereof at a rate equal to the Applicable Margin plus the higher of (i) the LIBO Rate for the Fiscal Quarter ended on December 31, 2016 or the Fiscal Quarter ended on March 31, 2017, as applicable, and (ii) 1.00%.”

3. **Amendments to Section 8.4(a).** Section 8.4(a) of the Credit Agreement is hereby amended and restated in its entirety to read as follows:

“(a) **Minimum Revenue Base.** The Revenue Base for any Fiscal Quarter shall not be less than the amount set forth below for such Fiscal Quarter:

| <u>Fiscal Quarter Ending</u> | <u>Minimum Revenue Base</u> |
|-------------------------------------|------------------------------------|
| September 30, 2015 | \$17,500,000 |
| December 31, 2015 | \$20,000,000 |
| March 31, 2016 | \$20,000,000 |
| June 30, 2016 | \$20,000,000 |
| September 30, 2016 | \$20,000,000 |
| December 31, 2016 | \$20,000,000 |
| March 31, 2017 | \$20,000,000 |
| June 30, 2017 | \$25,000,000 |
| September 30, 2017 | \$27,500,000 |
| December 31, 2017 | \$27,500,000 |
| March 31, 2018 | \$27,500,000 |
| June 30, 2018 | \$27,500,000 |
| September 30, 2018 | \$30,000,000 |
| December 31, 2018 | \$30,000,000 |
| March 31, 2019 | \$30,000,000 |
| June 30, 2019 | \$30,000,000 |
| September 30, 2019 | \$30,000,000 |
| December 31, 2019 | \$30,000,000 |
| March 31, 2020 | \$30,000,000 |
| June 30, 2020 | \$30,000,000 |

4. **Amendments to Section 8.4(b)**. Section 8.4(b) of the Credit Agreement is hereby amended by deleting the first two sentences from such Section 8.4(b) in their entirety and inserting the following as the first two sentences thereof:

“At all times prior to June 30, 2017, the Liquidity shall not be less than \$500,000. At all times after June 30, 2017, the Liquidity shall not be less than \$5,000,000.”

5. **Amendments to Section 8.4(c)**. Section 8.4(c) of the Credit Agreement is hereby amended by restating it in its entirety as follows:

“(c) **Consolidated Senior Leverage Ratio**. The Consolidated Senior Leverage Ratio shall not be greater than the amount set forth below at any time, in each case, other than as set forth in the definition thereof, with respect to the most recent period of four Fiscal Quarters then ended (starting at the time that the financial statements for the most recent four Fiscal Quarters ended June 30, 2017 are required to have been delivered hereunder (or have been so delivered, if earlier)):

| Four Fiscal Quarters Ended | Consolidated Senior Leverage Ratio |
|-----------------------------------|---|
| June 30, 2017 | 5.00:1.00 |
| September 30, 2017 | 5.00:1.00 |
| December 31, 2017 | 5.00:1.00 |
| March 31, 2018 | 5.00:1.00 |
| June 30, 2018 | 5.00:1.00 |
| September 30, 2018 | 5.00:1.00 |
| December 31, 2018 | 5.00:1.00 |
| March 31, 2019 | 2.50:1.00 |
| June 30, 2019 | 2.50:1.00 |
| September 30, 2019 | 2.50:1.00 |
| December 31, 2019 | 2.50:1.00 |
| March 31, 2020 | 2.50:1.00 |
| June 30, 2020 | 2.50:1.00 |

6. **Waiver of Amended Covenants**. The Lenders hereby waive any non-compliance with the covenant set forth in Section 7.1(c) of the Credit Agreement as in effect prior to this Amendment solely with respect to the going concern qualification included in the audit report of Holdings' independent registered public accounting firm for the year ended December 31, 2016.

7. **Conditions to Effectiveness of Amendment**. This Amendment shall become effective upon receipt by the Borrower, the Administrative Agent, the Lenders and the Guarantors of a counterpart signature of the others to this Amendment duly executed and delivered by each of the Borrower, the Lenders, the Administrative Agent and the Guarantors.

8. **Expenses.** The Borrower agrees to pay on demand all expenses of the Administrative Agent (including, without limitation, the fees and out-of-pocket expenses of Covington & Burling LLP, counsel to the Administrative Agent) incurred in connection with the Administrative Agent's review, consideration and evaluation of this Amendment, including the rights and remedies available to it in connection therewith, and the negotiation, preparation, execution and delivery of this Amendment.

9. **Representations and Warranties.** The Borrower and the Guarantors represent and warrant to each Lender as follows:

(a) After giving effect to this Amendment, the representations and warranties of the Borrower and the Guarantors contained in the Credit Agreement or any other Loan Document shall, (i) with respect to representations and warranties that contain a materiality qualification, be true and correct in all respects on and as of the date hereof, and (ii) with respect to representations and warranties that do not contain a materiality qualification, be true and correct in all material respects on and as of the date hereof, and except that the representations and warranties limited by their terms to a specific date shall be true and correct as of such date.

(b) After giving effect to this Amendment, no Default or Event of Default under the Credit Agreement will occur or be continuing.

10. **No Implied Amendment or Waiver.** Except as expressly set forth in this Amendment, this Amendment shall not, by implication or otherwise, limit, impair, constitute a waiver of or otherwise affect any rights or remedies of the Administrative Agent or the Lenders under the Credit Agreement or the other Loan Documents, or alter, modify, amend or in any way affect any of the terms, obligations or covenants contained in the Credit Agreement or the other Loan Documents, all of which shall continue in full force and effect. Nothing in this Amendment shall be construed to imply any willingness on the part of the Administrative Agent or the Lenders to agree to or grant any similar or future amendment, consent or waiver of any of the terms and conditions of the Credit Agreement or the other Loan Documents.

11. **Waiver and Release.** TO INDUCE THE ADMINISTRATIVE AGENT, ACTING ON BEHALF OF THE LENDERS, TO AGREE TO THE TERMS OF THIS AMENDMENT, THE BORROWER, THE GUARANTORS AND THEIR AFFILIATES (COLLECTIVELY, THE RELEASING PARTIES) REPRESENT AND WARRANT THAT AS OF THE DATE HEREOF THERE ARE NO CLAIMS OR OFFSETS AGAINST OR RIGHTS OF RECOUPMENT WITH RESPECT TO OR DEFENSES OR COUNTERCLAIMS TO THEIR OBLIGATIONS UNDER THE LOAN DOCUMENTS AND IN ACCORDANCE THEREWITH THEY:

(a) WAIVE ANY AND ALL SUCH CLAIMS, OFFSETS, RIGHTS OF RECOUPMENT, DEFENSES OR COUNTERCLAIMS, WHETHER KNOWN OR UNKNOWN, ARISING PRIOR TO THE DATE HEREOF; AND

(b) FOREVER RELEASE, RELIEVE, AND DISCHARGE THE ADMINISTRATIVE AGENT, THE LENDERS, THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, MEMBERS, PREDECESSORS, SUCCESSORS, ASSIGNS, ATTORNEYS, ACCOUNTANTS, AGENTS, EMPLOYEES, AND REPRESENTATIVES (COLLECTIVELY, THE "RELEASED PARTIES"), AND EACH OF THEM, FROM ANY AND ALL CLAIMS, LIABILITIES, DEMANDS, CAUSES OF ACTION, DEBTS, OBLIGATIONS, PROMISES, ACTS, AGREEMENTS, AND DAMAGES, OF WHATEVER KIND OR NATURE, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, CONTINGENT OR FIXED, LIQUIDATED OR UNLIQUIDATED, MATURED OR UNMATURED, WHETHER AT LAW OR IN EQUITY, WHICH THE RELEASING PARTIES EVER HAD, NOW HAVE, OR MAY, SHALL, OR CAN HEREAFTER HAVE, DIRECTLY OR INDIRECTLY ARISING OUT OF OR IN ANY WAY BASED UPON, CONNECTED WITH, OR RELATED TO MATTERS, THINGS, ACTS, CONDUCT, AND/OR OMISSIONS AT ANY TIME FROM THE BEGINNING OF THE WORLD THROUGH AND INCLUDING THE DATE HEREOF, INCLUDING WITHOUT LIMITATION ANY AND ALL CLAIMS AGAINST THE RELEASED PARTIES ARISING UNDER OR RELATED TO THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY.

(c) IN CONNECTION WITH THE RELEASE CONTAINED HEREIN, THE RELEASING PARTIES ACKNOWLEDGE THAT THEY ARE AWARE THAT THEY MAY HEREAFTER DISCOVER CLAIMS PRESENTLY UNKNOWN OR UNSUSPECTED, OR FACTS IN ADDITION TO OR DIFFERENT FROM THOSE WHICH THEY KNOW OR BELIEVE TO BE TRUE, WITH RESPECT TO THE MATTERS RELEASED HEREIN. NEVERTHELESS, IT IS THE INTENTION OF THE RELEASING PARTIES, THROUGH THIS AGREEMENT AND WITH ADVICE OF COUNSEL, FULLY, FINALLY, AND FOREVER TO RELEASE ALL SUCH MATTERS, AND ALL CLAIMS RELATED THERETO, WHICH DO NOW EXIST, OR HERETOFORE HAVE EXISTED. IN FURTHERANCE OF SUCH INTENTION, THE RELEASES HEREIN GIVEN SHALL BE AND REMAIN IN EFFECT AS A FULL AND COMPLETE RELEASE OR WITHDRAWAL OF SUCH MATTERS NOTWITHSTANDING THE DISCOVERY OR EXISTENCE OF ANY SUCH ADDITIONAL OR DIFFERENT CLAIMS OR FACTS RELATED THERETO.

(d) THE RELEASING PARTIES COVENANT AND AGREE NOT TO BRING ANY CLAIM, ACTION, SUIT, OR PROCEEDING AGAINST THE RELEASED PARTIES, DIRECTLY OR INDIRECTLY, REGARDING OR RELATED IN ANY MANNER TO THE MATTERS RELEASED HEREBY, AND FURTHER COVENANT AND AGREE THAT THIS AGREEMENT IS A BAR TO ANY SUCH CLAIM, ACTION, SUIT, OR PROCEEDING.

(e) THE RELEASING PARTIES REPRESENT AND WARRANT TO THE RELEASED PARTIES THAT THEY HAVE NOT HERETOFORE ASSIGNED OR TRANSFERRED, OR PURPORTED TO ASSIGN OR TRANSFER, TO ANY PERSON OR ENTITY ANY CLAIMS OR OTHER MATTERS HEREIN RELEASED.

12. **Counterparts; Governing Law.** This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of such when so executed and delivered shall be an original, but all of such counterparts shall together constitute but one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by fax transmission or other electronic mail transmission (e.g., "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

BACTERIN INTERNATIONAL, INC.,
as the Borrower

By: /s/ John Gandolfo
Name: John Gandolfo
Title: Chief Financial Officer

XTANT MEDICAL HOLDINGS, INC.,
(fka: Bacterin International Holdings, Inc.)
as a Guarantor

By: /s/ John Gandolfo
Name: John Gandolfo
Title: Chief Financial Officer

X-SPINE SYSTEMS, INC.,
as a Guarantor

By: /s/ John Gandolfo
Name: John Gandolfo
Title: Chief Financial Officer

XTANT MEDICAL, INC.,
as a Guarantor

By: /s/ John Gandolfo
Name: John Gandolfo
Title: Chief Financial Officer

Signature Page to Twelfth Amendment and Waiver to A&R Credit Agreement

ROS ACQUISITION OFFSHORE LP,
as a Lender and as the Administrative Agent

By OrbiMed Advisors LLC, solely in its
capacity as Investment Manager

By: /s/ Samuel D. Islay
Name: Samuel D. Islay
Title: Managing Member

ORBIMED ROYALTY OPPORTUNITIES II, LP,
as a Lender

By OrbiMed ROF II LLC,
its General Partner
By OrbiMed Advisors LLC,
its Managing Member

By: /s/ Samuel D. Islay
Name: Samuel D. Islay
Title: Managing Member

Signature Page to Twelfth Amendment and Waiver to A&R Credit Agreement

March 31, 2017

VIA EXPRESS COURIER AND EMAIL

ROS Acquisition Offshore LP
c/o OrbiMed Advisors LLC
601 Lexington Ave., 54th Floor
New York, NY 10022

OrbiMed Royalty Opportunities II, LP
c/o OrbiMed Advisors LLC
601 Lexington Ave., 54th Floor
New York, NY 10022

Re: Indenture, dated as of July 31, 2015 (the “Agreement”), by and between Bacterin International Holdings, Inc., a Delaware corporation (the “Company”), and Wilmington Trust, National Association (the “Trustee”)

Ladies and Gentlemen,

Capitalized terms used herein but not defined shall have the meanings given in the Agreement. The Borrower has been notified that it will be receiving a going concern opinion from its accountant in its upcoming audited annual financial statements. The receipt of such an opinion will breach an affirmative covenant made by the Borrower under another agreement of indebtedness that it has entered into, which in turn could trigger the cross default provision under Section 6.01(a)(vii) of the Agreement.

Pursuant to Section 6.05 of the Agreement, a default under Section §6.01(a)(vii) of the Agreement may be waived by the holders of a majority of the aggregate principal amount of the outstanding Notes. As ROS Acquisition Offshore LP (“ROS”) and OrbiMed Royalty Opportunities II, LP (“OrbiMed”) hold approximately 27.7% and 48.8%, respectively, of the aggregate principal amount of the outstanding Notes, ROS and OrbiMed collectively hold the requisite majority to waive such an Event of Default.

By signing below, ROS and OrbiMed hereby waive any Event of Default that has occurred as a result of the breach of Section 6.01(a)(vii) of the Agreement caused by Borrower’s going concern opinion and the breach of an affirmative covenant made by the Borrower under another agreement of indebtedness, as discussed above. The waivers set forth herein are limited to the extent specifically set forth above and shall in no way serve to waive any other terms, covenants or provisions of the Agreement, or any obligations of the Borrower, other than as expressly set forth above. Nothing in this letter shall be construed to imply any willingness on the part of ROS or OrbiMed to agree to or grant any similar or future amendment, consent or waiver of any of the terms and conditions of the Agreement.

Please acknowledge your receipt of this notice and your agreement to the waiver pursuant to the Agreement by executing the enclosed copy of this letter where indicated below and returning it to John Gandolfo by email to jgandolfo@xtantmedical.com, with the original sent by regular mail to Xtant Medical Holdings, Inc., 664 Cruiser Lane, Belgrade, Montana 59714. Thank you for your consideration.

Very truly yours,

Xtant Medical Holdings, Inc.

/s/ John Gandolfo

John Gandolfo, Chief Financial Officer

ACKNOWLEDGED AND AGREED TO BY:

ROS ACQUISITION OFFSHORE LP

By OrbiMed Advisors LLC, solely in its capacity as Investment Manager

By: /s/ Samuel D. Islay
Name: Samuel D. Islay
Title: Managing Member

ORBIMED ROYALTY OPPORTUNITIES II, LP

By OrbiMed ROF II LLC, its General Partner
By OrbiMed Advisors LLC, its Managing Member

By: /s/ Samuel D. Islay
Name: Samuel D. Islay
Title: Managing Member

WAIVER

This **WAIVER** (this "Waiver") is made and entered into as of March 31, 2017 by **ROS ACQUISITION OFFSHORE LP**, a Cayman Islands Exempted Limited Partnership ("ROS") and **ORBIMED ROYALTY OPPORTUNITIES II, LP**, a Delaware limited partnership ("Royalty Opportunities") and, together with ROS, collectively, the "Lenders").

WHEREAS, ROS is the registered holder of a Convertible Promissory Note in the aggregate principal amount of \$1,428,552.78 issued on April 14, 2016 and Convertible Promissory Notes in the aggregate principal amounts of \$995,700 and \$42,856.59 issued on January 17, 2017 (collectively, the "ROS Notes"), in each case, by Xtant Medical Holdings, Inc., a Delaware corporation (the "Company");

WHEREAS, Royalty Opportunities is the registered holder of a Convertible Promissory Note in the aggregate principal amount of \$809,613.67 issued on April 14, 2016 and Convertible Promissory Notes in the aggregate principal amounts of \$564,300 and \$24,288.41 issued on January 17, 2017, in each case, by the Company (collectively, the "Royalty Opportunities Notes" and together with the ROS Notes, collectively, the "Notes");

WHEREAS, the Company has received a going concern qualification in the audit report of its independent registered public accounting firm for the year ended December 31, 2016, and such qualification will breach an affirmative covenant made by the Company under another agreement of indebtedness that it has entered into, which in turn could trigger the cross default provision under Section 6.01(a)(vii) of the Notes and result in an Event of Default (the "Default");

WHEREAS, pursuant to Section 6.05 of the Notes, a default under Section 6.01(a)(vii) of the Notes may be waived by the holders of a majority of the aggregate principal amount of each outstanding Series, and the Lenders represent the holders of 100% of the aggregate principal amount of each outstanding Series of the Notes; and

WHEREAS, upon the terms and subject to the conditions of this Waiver, the Lenders have agreed to waive the Default.

NOW, THEREFORE, in consideration of the mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**. Capitalized terms used herein without definition shall have the meanings assigned to such terms in the Notes.

2. **Waiver**. The Lenders hereby waive the Default.

3. **No Implied Waiver**. Except as expressly set forth in this Waiver, this Waiver shall not, by implication or otherwise, limit, impair, constitute a waiver of or otherwise affect any rights or remedies of the Lenders under the Notes or alter, modify, amend or in any way affect any of the terms, obligations or covenants contained in the Notes, all of which shall continue in full force and effect. Nothing in this Waiver shall be construed to imply any willingness on the part of the Lenders to agree to or grant any similar or future consent or waiver of any of the terms and conditions of the Notes.

4. **Governing Law**. THIS WAIVER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

IN WITNESS WHEREOF, the Lenders have caused this Waiver to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

ROS ACQUISITION OFFSHORE LP,

By OrbiMed Advisors LLC, solely in its
capacity as Investment Manager

By: /s/ Samuel D. Islay
Name: Samuel D. Islay
Title: Managing Member

ORBIMED ROYALTY OPPORTUNITIES II, LP,

By OrbiMed ROF II LLC,
its General Partner

By OrbiMed Advisors LLC,
its Managing Member

By: /s/ Samuel D. Islay
Name: Samuel D. Islay
Title: Managing Member

Signature Page to Waiver

Xtant™ Medical Receives Going Concern Opinion

Belgrade, MT, April 05, 2017 (GLOBE NEWSWIRE) -- Xtant™ Medical Holdings, Inc. (NYSE MKT:XTNT), a leader in the development of regenerative medicine products and medical devices, today announced that as previously disclosed in its Annual Report on Form 10-K for the year ended December 31, 2016, which was filed on March 29, 2017 with the Securities and Exchange Commission, its audited financial statements contained a going concern qualification paragraph in the audit opinion from its independent registered public accounting firm. See further discussion in the Company's consolidated financial statements included in the Company's Annual Report on Form 10-K. This announcement is made pursuant to NYSE MKT Company Guide Section 610(b), which requires public announcement of the receipt of an audit opinion containing a going concern paragraph. This announcement does not represent any change or amendment to the Company's consolidated financial statements or to its Annual Report on Form 10-K for the year ended December 31, 2016.

About Xtant™ Medical Holdings

Xtant Medical Holdings, Inc. (NYSE MKT:XTNT) develops, manufactures and markets class-leading regenerative medicine products and medical devices for domestic and international markets. Xtant products serve the specialized needs of orthopedic and neurological surgeons, including orthobiologics for the promotion of bone healing, implants and instrumentation for the treatment of spinal disease, tissue grafts for the treatment of orthopedic disorders, and biologics to promote healing following cranial, and foot and ankle surgeries. With core competencies in both biologic and non-biologic surgical technologies, Xtant can leverage its resources to successfully compete in global neurological and orthopedic surgery markets. For further information, please visit www.xtantmedical.com.

Important Cautions Regarding Forward-Looking Statements

This press release contains certain disclosures that may be deemed forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to significant risks and uncertainties. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "continue," "efforts," "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," "forecasts," "strategy," "will," "goal," "target," "prospects," "potential," "optimistic," "confident," "likely," "probable" or similar expressions or the negative thereof. Statements of historical fact also may be deemed to be forward-looking statements. We caution that these statements by their nature involve risks and uncertainties, and actual results may differ materially depending on a variety of important factors, including, among others: the ability to comply with covenants in the Company's senior credit facility and to make deferred interest payments; the ability to maintain sufficient liquidity to fund operations; the ability to remain listed on the NYSE MKT; the ability to obtain financing on reasonable terms; the ability to increase revenue; the ability to continue as a going concern; the ability to maintain sufficient liquidity to fund operations; the ability to achieve expected results; the ability to remain competitive; government regulations; the ability to innovate and develop new products; the ability to obtain donor cadavers for products; the ability to engage and retain qualified technical personnel and members of the Company's management team; the availability of Company facilities; government and third-party coverage and reimbursement for Company products; the ability to obtain regulatory approvals; the ability to successfully integrate recent and future business combinations or acquisitions; the ability to use net operating loss carry-forwards to offset future taxable income; the ability to deduct all or a portion of the interest payments on the notes for U.S. federal income tax purposes; the ability to service Company debt; product liability claims and other litigation to which we may be subjected; product recalls and defects; timing and results of clinical studies; the ability to obtain and protect Company intellectual property and proprietary rights; infringement and ownership of intellectual property; the ability to remain accredited with the American Association of Tissue Banks; influence by Company management; the ability to pay dividends; and the ability to issue preferred stock; and other factors.

Additional risk factors are listed in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q under the heading "Risk Factors." The Company undertakes no obligation to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, except as required by law.

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