

Bone Medical

ASX/MEDIA RELEASE

INVESTOR UPDATE

- **Audited annual report completed**
- **Bone licenses improved formulation of oral delivery peptide**
- **Hyundai to review upcoming clinical trial as basis to proceed with Korean licence**

24 September 2008: International biopharmaceutical company Bone Medical Limited (ASX: BNE) has completed its audited annual report. This will be made available and mailed to shareholders next month.

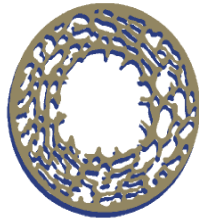
Bone Medical has finalised a new in-licensing agreement for the latest oral delivery technology from major shareholder Proxima Concepts Limited. Bone will use the Axxess IV new improved technology under the same terms and conditions as the currently licensed formulation technology. Axxess IV is an improved formulation for the oral delivery of large peptides that Bone will use to launch new treatments for osteoporosis and osteoarthritis.

This will not delay Bone's clinical trial program and improves its prospects for a successful upcoming Phase III trial for oral calcitonin called Capsitonin™. This trial is currently being planned.

Bone's business development continues at an elevated level with generally high interest in Bone's late stage clinical portfolio. The previously announced draft Heads of Agreement with Hyundai Pharma of Korea led to a due diligence visit in London. The outcome is that Hyundai will review the upcoming clinical trial performance of CaPTHymone™ as well as the outcome of discussions with the US FDA.

Bone is involved in discussions with other parties in other territories for its portfolio of projects and will advise of further developments as they occur.

- ENDS -



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About Bone Medical

Bone Medical Limited is an international biopharmaceutical development company positioned to exploit the growing market in the treatment of bone disease particularly in osteoporosis and arthritis. Bone has a portfolio of biopharmaceutical development projects for the treatment of bone disease including:

Osteoporosis

- ☐ Capsitonin™ oral calcitonin
- ☐ CaPTHymone™ oral parathyroid hormone
- ☐ bone cell regulators BN005 & BN008

Arthritis

- ☐ TNF regulators BN006
- ☐ joint protection & collagen tolerance BN007

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