

Bone Medical

ASX/Media Release

Section 708A(5)(e) notice

5 October 2009: Bone Medical Limited (ASX: BNE) is pleased to announce that it has issued 4,024,403 shares at an issue price of \$0.18 per share, along with 2,012,202 options exercisable at 20 cents per share and expiring on 30 September 2010 (Private Placement).

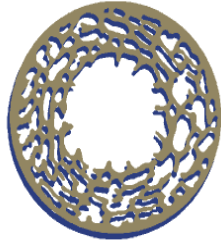
The shares and options are a result of the recently completed Private Placement as announced on 31 August 2009. The remaining shares and options, to be issued to Proxima Concepts and its subsidiary, Proxima Laboratory and Research Services Limited (Proxima Group) which are by conversion of outstanding obligations and participation by Bone Medical Directors and contractors, will be the subject of a notice of meeting to obtain approval from Bone Medical shareholders.

During the period since 30 June 2009, Bone Medical has also issued 250,000 shares at an issue price of \$0.20 per share to consultants in lieu of cash for contractual obligations as announced on 30 June 2009, 31 July 2009 and 4 September 2009 (Consultant Shares).

NOTICE UNDER SECTION 708A

The Company gives notice pursuant to Section 708A(5)(e) of the Corporations Act that the shares issued pursuant to the Private Placement and Consultant Shares were issued without disclosure to investors and consultants under Part 6D.2, in reliance on Section 708A(5) of the Corporations Act. The Company, as at the date of this notice, has complied with the provisions of Chapter 2M of the Corporations Act and Section 674 of the Corporations Act. There is no excluded information to be disclosed for the purposes of Sections 708A(7) and (8) of the Corporations Act.

-Ends-



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About Bone Medical Limited

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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