Bone Medical

Investor Overview: The BNE Investment Opportunity

BNE:ASX; ADR:BMEDY.PK

Safe Harbor Statement

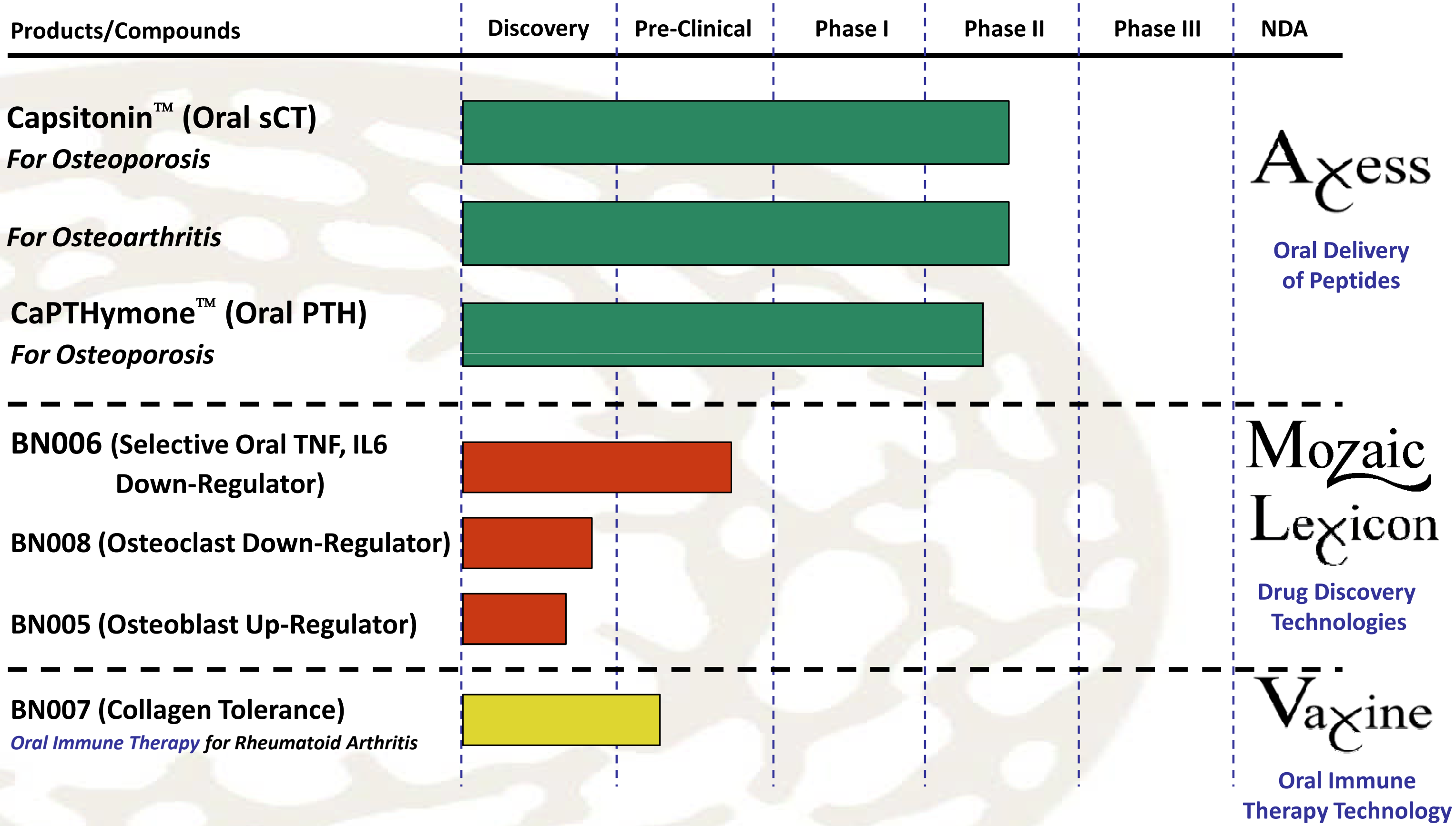
This presentation contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not guarantees of Bone Medical Limited’s future performance and involve a number of risks and uncertainties that may cause actual results to differ materially from the results discussed in these statements. Factors that might cause the Company’s results to differ materially from those expressed or implied by such forward-looking statements include but are not limited to, development and commercialization of the Company’s product portfolio; development or acquisition of additional products; and other risks and uncertainties. Bone Medical Limited undertakes no duty to update any of these forward-looking statements to confirm them to actual results.

Why Invest in BNE?

Opportunity with significant potential return and moderate risk over the short to medium term:

- High potential product opportunities:
  - 3 PhII clinical-stage programs in large, unsatisfied osteoporosis, arthritis markets
  - Potential market-transformational program in multi-billion dollar auto-immune diseases
- Unique, proprietary technologies with exclusive worldwide licenses
  - Oral peptide formulation platform based on known excipients simplifies approval pathway
  - Synthetic peptide new drug discovery platform supporting 4 preclinical programs
- Low investment, time & risk to achieve major value & partnering milestones
- Current valuation represents a historical buying opportunity
  - Valuation at 25 March 2011: \$4.1m; 52 week high/low: \$0.15/\$0.03
  - Valuation at 29 March 2012: \$2.6m; 52 week high/low: \$0.03/0.004
- Current investment objective: \$1-2m

Product Pipeline: Diverse, Complementary Technologies



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Products Have Significant Market Potential

- Capsitonin
  - Based on a known, marketed active compound and recognized formulation excipients – simplified pathway to approval
  - Oral dosing makes calcitonin a superior treatment choice for long-term treatment of chronic conditions based on safety profile:
    - Vs. competitive drug classes like bisphosphonates for osteoporosis
    - Vs. NSAIDs (including selective NSAIDs like Celebrex) for arthritis pain

- CaPTHymone
  - Based on a known, marketed active compound and recognized formulation excipients – simplified pathway to approval
  - Oral dosing vs. current marketed injectable product
- BN006
  - Selective TNF/IL6 inhibition vs. current products' systemic blockade
  - Potential for reduced immune-suppressive side effects and for oral dosing

Recent Competitive Developments Underscore BNE Opportunity

- One competitor's oral calcitonin for osteoporosis
  - Effective in a 12-month PhIII bone mineral density study but *25% GI side effects; may be due to formulation*
  - Confirms ability to seek approval with a single small PhIII study
- Another competitor's oral calcitonin for osteoarthritis
  - Failed efficacy in an osteoporosis fracture study and arthritis disease-modification study
  - Program dropped by Pharma partner
- One competitor's oral parathyroid hormone terminated by Pharma partner after PhII study
- Industry reports indicate one competitor's transdermal PTH terminated by Pharma partner after PhIIB study
- *BNE's oral calcitonin and oral PTH may be the best remaining product candidates for these key therapies and may be either first to market or best in market*

Market Benchmarks Highlight BNE Product Potential

		2011 Sales		Profile
Osteoporosis				
Forteo (PTH)	Lilly	$950m	injectable	route of administration
Fosamax (bisphosphonate)	Merck	$855m	oral	side effects
Evista (SERM)	Lilly	$4.2b	oral	side effects
Osteoarthritis				
Celebrex (Cox-2 inhibitor)	Pfizer	$2.5b	oral	side effects drug interactions
NSAIDs	various		oral	side effects drug interactions
Cymbalta (SSNRI)	Lilly	$3.5b	oral	anti-depressant
Rheumatoid arthritis				
Enbrel (TNF-α inhibitor)	Amgen/Pfizer	$7.4b	inj	side effects route of administration
Remicade (TNF-α inhibit	Centocor/ Merck	$8.2b	inj	side effects route of administration
Humira (TNF-α inhibitor)	Abbott	$7.9b	inj	route of administration side effects

Significant Partnering Potential

- Discussions with multiple multinational & regional firms:
  - Product profiles are attractive partnering prospects
  - Requested specific additional data in some cases
  - Active discussions
- Partnering strategy
  - Pursue near-term opportunities to leverage individual programs with selective deals
  - Advance unpartnered programs to major deal value points
    - Clinical-stage programs are each 1 PhIIb study away from End of Phase II
    - BN006 – IND or Ph I
  - Regional as well as global deals
  - Partner assumes downstream investment
  - Target deal value: significant share of program NPV

Deal Comp – Abbott/Galapagos

- Product: selective JAK1 inhibitor for rheumatoid arthritis & auto-immune disease
- Stage: completed one 4-week PhIIa dos-ranging study
- Deal terms:
  - $150m upfront payment
  - $200m licensing fee at end of PhII
  - Potential additional $1b in milestones and fees
  - Tiered double-digit royalties on sales

- BNE comp: BN006, selective TNF/IL6 inhibitor
- Stage: preclinical, ~$0.8m to be PhI ready, ~$6m to complete PhIIa

Company Comparables

- Unigene (UGNE: OTC) - $41m market cap ($114m enterprise value); licensed oral calcitonin formulation to Tarsa (private) for osteoporosis
- NPS (NPSP: NASDAQ) - $617m market cap; 2 PhIII therapeutic peptides for rare diseases, including proprietary recombinant PTH for hypothyroidism
- Acrux (ACR: ASX) - $668m market cap; out-licenses transdermal technologies/products
- Lexicon Pharma (LXRX: NASDAQ) - $779m market cap; novel peptides for target diseases including autoimmune diseases

Market information as of 30 April 2012

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2012 Value Drivers

- Raise new capital to replace current debt financing, advance product programs and restore upward price momentum
- Complete near to medium term program milestones
- Complete a regional or global partnering deal for at least one program
- Expand US visibility and presence; list on a US exchange

Prospective 2012 News Flow:	Q2	Q3	Q4
New investment funds			
New preclinical product data			
New patent grants			
Initiate new clinical trials			
Potential partnering deal			

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Corporate & Financial Overview (as of 30 April 2012)

- Current directors:
  - Roger New, PhD Chairman & CSO; inventor of licensed technologies
  - Peter Brooks, MD – world rheumatology expert; Director Australian Workforce Institute; University of Melbourne
  - Leon Ivory – experienced banker and biotech entrepreneur
  - Peter Young – CEO & Managing Director; > 30 years industry experience
- Corporate office: Perth; US based CEO & subsidiary
- Proprietary technologies licensed from Proxima Concepts Ltd
  - Exclusive world-wide license in musculoskeletal diseases
- Contract lab relationship with Proxima Laboratory & Research Services
- Shares Outstanding: 210 Million; no preferred shares
- 10.8 Million Options Outstanding; no warrants
- Market Capitalization: $2.3 Million ($5.3 Million enterprise value) as of 30 April 2012
- Current funding: convertible debt facility @ $100,000/month

BNE Investment Summary

- Significant opportunity in emerging oral peptide market for large and growing markets
- Differentiated proprietary technology & global patent estate
- Recent competitor developments magnify the market opportunity
- Balanced portfolio of lower-risk oral drug delivery programs in Phase II and novel preclinical chemical entities with breakthrough potential
- High potential for Big Pharma partnering/acquisition
- Near-term clinical milestones & low-risk, low-cost, short development path
- Diverse product pipeline: multiple “shots on goal”
- Current valuation = attractive investment opportunity with significant upside