

Bone Medical

ASX/MEDIA RELEASE

Axcess III Patent Granted in US

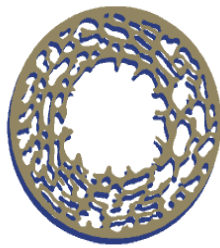
18 July 2012: Bone Medical Ltd (BNE: ASX), an international biopharmaceutical company focused on the development of important new medicines for the treatment of musculoskeletal diseases like osteoporosis and arthritis, is pleased to announce that its Axcess III oral peptide formulation technology patent has been granted in the United States.

Dr. Roger New, Chairman, Chief Scientific Officer, and inventor of the Axcess technology, commented, "This is a major milestone in the development of our oral peptide formulation technology. Axcess III addresses the version of this technology that we use in Capsitonin, our proprietary oral calcitonin product for osteoporosis and arthritis pain. The US patent grant not only cements the protection of the intellectual property that is such a critical prerequisite for the development of new medicines, but it is a significant sign of the credibility and novel inventiveness of this platform."

According to various industry estimates, the US pharmaceutical market accounts for well over one third of global sales, or around \$380 billion. Peptide-based biological products are a highly significant contributor to industry sales, but there is no oral form of these products on the market. In addition, traditional oral treatments for osteoporosis and relief of arthritis pain have serious clinical limitations in the chronic treatment setting that these diseases represent that can be potentially overcome by Bone Medical's product candidates using the Axcess technology.

The US Center for Disease Control estimates that 27 million Americans suffer from osteoarthritis; the National Osteoporosis Foundation in the US says that there are 10 million Americans with osteoporosis and another 34 million with low bone mineral density that are at risk for the disease.

"The Company has achieved a noteworthy series of important patent grants so far in 2012," said Bone Medical CEO Peter Young. "Our Axcess III oral formulation technology now has the benefit of issued patent protection in all three of the largest pharmaceutical markets, the US, Europe, and Japan, as well as many other countries around the world. We also announced patent grants for Axcess II in Japan and Korea, adding to the US and multiple other markets where this patent has issued. And our Axcess IV patent, providing specific coverage for our oral parathyroid hormone program, also issued in two new important additional markets, Russia and Japan."



Bone Medical

The Company has licensed exclusive worldwide rights in musculoskeletal diseases to the Axxess oral peptide technology platform from Proxima Concepts Ltd.

- ENDS -

Enquiries:

Dr Roger New
Chairman

Office: +44 207 794 1512

Peter Young
CEO

Mobile: +1 201 841 9681

Leon Ivory

Director

Mobile: +61 419 428 264

or visit: www.bonemedical.com

About Bone Medical Limited

Bone Medical Limited is an international biopharmaceutical company focused on developing significant new products for the growing market in the treatment of bone disease, especially osteoporosis and arthritis. The Company's product pipeline includes:

- Phase II clinical-stage programs for the oral delivery of two well-established peptides which have historically been limited to nasal or injectable delivery
 - o Capsitonin™ (oral calcitonin)
 - Osteoporosis
 - Osteoarthritis
 - o CaPTHymone™ (oral parathyroid hormone) for osteoporosis
- Novel, potential breakthrough preclinical-stage compounds
 - o BN006 – oral TNF-alpha inhibitor for rheumatoid arthritis (RA)
 - o BN007 – collagen tolerance & joint protection agent for RA
 - o BN005 & BN008 – bone cell regulation for osteoporosis

The Company has an exclusive world-wide license to the underlying technologies used in all these products in its target disease fields from Proxima Concepts Ltd.