



ASX/MEDIA RELEASE

Lexcicon Patent Allowance in Europe

9 January 2014: Bone Medical Ltd (BNE:ASX), a 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 it has been notified of the allowance of its Lexcicon™ patent by the European Patent Office.

The Lexcicon™ platform technology is used to provide a molecular framework for novel peptides generated from the Company's Mozaic™ discovery technology. Together the two platforms form the proprietary technology foundation for the Company's novel rheumatoid arthritis (RA) compound, BN006.

"The allowance of the Lexcicon™ patent in Europe is an important element in the developing value of BN006," said Peter Young, Bone Medical CEO. Testing in an animal model of rheumatoid arthritis has shown that BN006 can achieve the same anti-inflammatory efficacy shown by the leading marketed RA treatment, but with significantly less suppression of TNF, which plays a role both in RA but also in the body's immune system. "The apparent selectivity of BN006 may reduce the immunosuppressive side effects that are one of the key limitations of currently marketed treatments," said Young. BN006 has also been shown to be orally deliverable, in contrast to the leading RA products, he added.

The Mozaic and Lexcicon technologies also provide the intellectual property underpinning two additional novel molecules in preclinical development, BN005 and BN008. The latter two agents modify the body's bone-building and recycling system by down-regulating the cells that break down bone (osteoclasts) and up-regulating the ones that build new bone (osteoblasts).

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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 diseases like osteoarthritis, rheumatoid arthritis, and osteoporosis.

The Company licences its technologies and obtains its R&D support from Proxima Concepts Ltd and its subsidiary Proxima Laboratory and Research Services.

The Company's product pipeline includes:

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