

Bone Medical

ASX/MEDIA RELEASE

31 July 2015

Quarterly Update for Q2 2015

Due diligence completed on transaction; Takor continues momentum in the quarter with an increased sales pipeline and further technology development underway

HIGHLIGHTS

- Due diligence completed on proposed acquisition of Takor Group Pty Ltd (a leading geospatial and disruptive location based technology company based in Perth, Australia)
- Takor launched the latest release of Mappt 2.0, which includes additional user features such as photo geo-tagging and enhanced GPS usability
- As at 30 June 2015, the Mappt application has been downloaded over 3,000 times, demonstrating outstanding average user retention rate of 83%
- Proactive promotional activities throughout Europe and North America at several high profile geospatial events, with Mappt receiving excellent feedback and positive sentiment throughout
- Takor enters Q3 2015 with a strong sales pipeline and number of potential collaboration opportunities in the U.S
- Further technology development of Kojai, with new features expected to be launched in Q4 2015

Bone Medical Limited (ASX:BNE) ("BNE" or "the Company") is pleased to provide an update on recent activities during the quarter ended 30 June 2015.

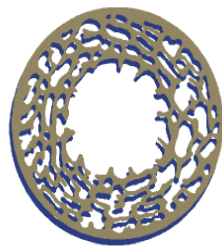
Corporate

In May the Company announced it had entered into a Binding Term Sheet agreement to acquire 100% of the shares of Takor Group Pty Ltd (Takor), a leading geospatial and disruptive location based technology company. Takor has two flagship products, which have been developed and commercialised including Mappt, a mobile mapping app for enterprise and Kojai, a location based sharing app. It has a user base across 83 countries and intends to accelerate growth into new markets in H2 2015.

In June Bone Medical finalised its legal, technical and commercial due diligence as part of the acquisition process. The Company is now progressing with the required regulatory and shareholder approvals and is anticipating the issue of a Notice of Meeting in the coming weeks. A prospectus for the Capital Raising accompanying the acquisition is also underway.

Operational

During the quarter Takor has been busy showcasing its product suite at several high profile geospatial events in Europe and North America, two key markets for the group. Takor's leading mapping app, Mappt, has been at the forefront of presentations and discussions as Takor's most advanced product offering.



Bone Medical

During the quarter Takor launched the latest release of Mappt 2.0, which incorporates additional user features such as photo geo-tagging and enhanced GPS usability.

At the end of the quarter Mappt had been downloaded over 3,000 times by enterprise and consumers and demonstrated an excellent average user retention rate of 83%. The app is used across 83 countries by organisations in a variety of industries including mining, transport, environmental and local government through to individuals.

Focus on Promotion of Mappt - Conferences & Forums attended

In May Takor attended the **World Geospatial Forum (WGF)** in Portugal, an important event bringing together state-of-the-art geospatial companies, user industries, government representatives and senior academics from across the globe. The event is attended by industry heavy-weights and leading market participants including Hexagon (HEXAB:SS), DigitalGlobal (DGI: NYSE) and Oracle (NYSE: ORCL).

Mr Alistair Hart, Takor senior consultant and Mappt product evangelist was selected to present the applications of Mappt towards managing dengue fever outbreaks in the world's tropical regions. Due to its superior data capabilities, offline proficiency and ease of use, the Mappt app has an important part to play in managing environmental programs. This was seen earlier in the year when Mappt was used by both local and international health teams, including the Guinea Ministry of Health and Ministry of Health and Sanitation - Sierra Leone in West Africa to create virtual 'geofences' in Ebola affected regions and in assisting in identifying where aid was required. The app's capabilities and ease of use allowed this to be executed with no Internet but also minimal software training was required.

Mappt was also showcased at the prestigious **GEOINT conference** in Washington DC, U.S in June. GEOINT (GEOspatial INTelligence) is the premier event for the demonstration of new technologies for geo-intelligence industries including the U.S Air Force, Army and Department of Homeland Security. Mappt received particular interest from defence personnel and several key contacts were made at the U.S Department of Defence as well as the U.S Army Corps of Engineers and in late August Takor will return to the U.S to present Mappt to a number of interested defence parties.

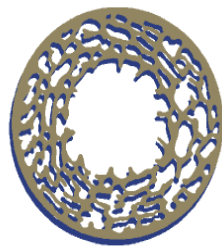
OUTLOOK

Mappt

Following the successful U.S and European promotional road show of Mappt, Takor intends to leverage the sentiment it has received as it looks to offer a significantly cheaper and superior alternative to existing products in the market.

Several global organisations have shown interest in Mappt's capabilities and Takor enters Q3 2015 with a strong sales pipeline and a number of potential collaboration opportunities. It will be Takor's focus to expand on these and further identify new opportunities in the coming quarter.

Takor will also continue to focus on further product development and commercialisation opportunities for Mappt in key markets including Europe, Asia and North America.



Bone Medical

Takor executives Amir Farhand, Founder and CEO and Alistair Hart will be attending and presenting Mappt at the United Nations Global Mapping Symposium in late September and Takor is confident the event will generate new opportunities to further market Mappt to not-for-profit organisations at a national level in Europe and North America.

Kojai

Takor is expected to continue technology development work on Kojai in order to increase the app's ability to cater for accelerated user downloads and server speeds. Takor expects at least 4 exciting new features to be added as part of the development, which will be launched in Q4 2015.

ENDS

For further information please contact

BONE MEDICAL

Robert Towner

Chairman

+61 (0) 8 9286 2828

rtowner@cornerstonecorp.com.au

MEDIA

Asher Moses

Media & Capital Partners

+61 438 008 616

asher.moses@mcpartners.com.au