



Bone Medical

ASX/MEDIA RELEASE

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Increased scientific and media interest in Bone's oral delivery technology

Bone Medical Limited (ASX: BNE): The oral peptide delivery technology used by Bone Medical has recently been spotlighted in a presentation to a major scientific congress in the US. On listing in 2004 Bone Medical secured the exclusive worldwide rights to oral peptide delivery technology for bone and musculoskeletal diseases for its products. This technology was developed by UK based Proxima Concepts Ltd, Bone's major shareholder.

The novel oral delivery platform is called Axcress™ and Bone is using the enteric-coated capsules with its leading osteoporosis candidate drug Capsitonin™. Bone Medical is developing orally administered capsules to replace injections or nasal sprays. This capsule therapeutic is presently undergoing Phase 2 trials at Q-Pharm at the University of Queensland. (For further details on the Capsitonin™ trial, please refer to the company's ASX announcement of 15 May 2007.)

Axcress™ was developed by Dr Roger New and has already been shown to deliver three peptides in man safely and effectively. Capsitonin™ capsules incorporate absorption enhancers with unmodified bioactives that protect the therapeutic peptides from gastric degradation.

UK based Diabetology Ltd is also using the Axcress oral peptide delivery technology in Capsulin™, an oral insulin for diabetics. It has just announced positive Phase 2 results at the American Diabetes Association (ADA) annual scientific conference in Chicago. Over the past week the positive trial results has resulted in major exposure in the world's media and interest among medical scientists.

Diabetology Ltd was co-founded by Dr Roger New in 2002. Dr Roger New is also the Chief Scientific Officer of Bone Medical.

Diabetology's product uses the same delivery formulation as Bone's Capsitonin™ which bodes well for the Phase 2 Capsitonin™ trial expectations. The results for the trial are due to be released in Q3 2007.

Capsitonin™ is a synthetic peptide of salmon calcitonin (sCT) which has been safely used as a treatment for osteoporosis for over 30 years. It is presently approved by the FDA as an injection or nasal spray. Bone Medical is targeting a global market of US\$700 million for injectable and nasal calcitonin.

Calcitonin aids in the maintenance of bone structure by interfering with osteoclast activity. About 200 million women worldwide suffer from osteoporosis and its occurrence is expected to double in the next 50 years. An estimated US\$40 billion is spent each year in the USA and Europe to treat the disease.

This proprietary oral peptide delivery technology route permits companies to obtain FDA approval of new drug applications (NDAs) by relying, in part, on the FDA's findings for a previously approved drug, often referred to as the 505(b)(2) approval pathway.

Bone announced last year that its strategy for the development of Capsitonin™ would be via the FDA 505(b)(2) designation, with the benefits being avoiding lengthy, costly and in many cases, repetitive preclinical and clinical trials.

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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
- oral parathyroid hormone
- bone cell regulators BN005 & BN008

Arthritis

- TNF regulators BN006
- joint protection & collagen tolerance BN007