



ASX/MEDIA RELEASE

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BONE MEDICAL ANNOUNCES NEW COLLABORATION To advance the development of rheumatoid arthritis treatments

Biopharmaceutical development company Bone Medical Limited (**ASX: BNE**) is pleased to announce the signing of a Collaborative Testing Agreement with the Institute of Bone and Joint Research (IBJR) for its Collagen Tolerance Project, BN007.

The collaboration with the IBJR, at the Royal North Shore Hospital in Sydney, will examine Bone's novel approach to the treatment of particular forms of arthritis.

Bone Medical's CEO Dr Jim Phillips said the IBJR agreement demonstrates the company's dedication to combining in-house development with academic collaborations to expand capabilities.

"Collaborations and license partners form the core of our business strategy and we are keen to develop win-win relationships, whilst continuing to support the progression of Australian science," said Dr Phillips.

Professor Philip Sambrook, Head of Rheumatology at the University of Sydney and Director of the IBJR said that such collaborations between industry and the Institute and Australian science in general, are important to the progression of important medical research.

"Rheumatoid arthritis is a severe disease, causing significant morbidity in affected patients. Further advances in treatment are clearly important for disease control in the longer term," said Professor Sambrook.

"The model we will use is one of the best established and validated animal models of rheumatoid arthritis, with proven predictor value in testing agents that are clinically efficacious in the human form of disease."

Certain forms of arthritis are believed to be autoimmune responses, meaning that the body turns on itself, producing antibodies that attack normal tissues. In rheumatoid arthritis, one target of attack is a protein called type II collagen (T2C), normally abundant in cartilage.

The aim of Bone Medical's Collagen Tolerance Project is to tolerize the body, making it recognise collagen as part of its "self" rather than as foreign matter. This is done by means of vaccination with small amounts of T2C. Once the body is tolerized to T2C it hopefully would not produce the destructive inflammatory response to its own collagen or at the very least, any response would be greatly diminished.

The IBJR agreement represents a significant step for Bone Medical increasing their total of pre-clinical collaborations in Australia to four. In addition, further human clinical studies for Bone's two lead projects are expected to commence within the coming months.

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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

- oral calcitonin BN002
- oral parathyroid hormone BN003
- combination therapy

Arthritis

- TNF regulators BN006
- bone cell regulators BN005/BN008
- joint protection & collagen tolerance BN007

The Collagen Tolerance Project employs one of Bone Medical's three core technologies, Vaxcine™.

Vaxcine™ is an oral vaccine carrier which enables the encapsulation of antigens inside oil droplets. These oil droplets are able to transport antigens to the Peyer's patches in the intestine, where, in conjunction with the appropriate adjuvant, they can stimulate immune responses in the gut mucosa more effectively. The system has a long history of clinical use, being validated in a number of different models for pathogenic disease.

About the Institute of Bone and Joint Research (IBJR)

The IBJR was established in 1999 to provide an Institute devoted to advancing the understanding of the disorders and diseases of the musculoskeletal system, their diagnosis and treatments. The Institute is lead by Professor Philip Sambrook, the Florence & Cope Professor of Rheumatology at the University of Sydney and a member of several international Scientific Editorial Boards. Professor Sambrook has also served on the Asia Pacific League of Associations for Rheumatology (APLAR), is Vice President of the Asia Pacific Osteoporosis Foundation and a member of the Osteoporosis Australia Board.