

Bone Medical

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POSITIVE RESULTS IN DEVELOPMENT PROGRAMME FOR RHEUMATOID ARTHRITIS TREATMENT

Bone Medical Limited (ASX: BNE) ("Bone Medical" or "the company") announces further positive results in pre-clinical studies aimed at the development of a treatment for rheumatoid arthritis. The company has previously reported success with a prototype drug based upon lipid-peptide micelles generated using the Mozaic™ combinatorial drug discovery technology, which was recently granted a patent in Europe. The company has now taken this one step further and created an oligopeptide (BN006) with higher activity than the prototype, based upon a peptide scaffold derived through use of the sister technology to Mozaic, known as Lexicon, for which a patent application has just been filed.

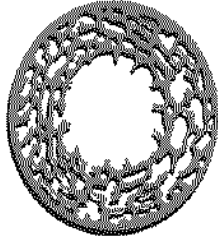
In recent experiments carried out in conjunction with Bone Medical's collaborator Synovo GngH, the new compound has demonstrated its ability to inhibit production of TNF (tumour necrosis factor) in rats by at least 75% after stimulation by lipopolysaccharide. Since TNF is one of the key agents responsible for perpetuating the vicious circle which leads to destruction of cartilage in rheumatoid arthritis (RA), the ability to control the level of TNF augers well for BN006 to act as a therapeutic agent in this disease. Parallel experiments in cell culture have demonstrated that BN006 alters TNF secretion only by macrophages, and leaves lymphocytes unaffected, giving rise to the hope that treatment with BN006 will not compromise the working of the immune system in other areas.

Treatment of rheumatoid arthritis has recently been revolutionised by the advent of monoclonal antibodies which can remove TNF from the circulation, and cause dramatic reduction in the symptoms of RA. However, the therapy is expensive, and needs to be administered by injection. Also, the symptoms can return if the treatment is suspended, and patients show increased susceptibility to infection, together with a small increase in incidence of leukaemia, which escapes the immune surveillance mechanisms.

The next stage in Bone Medical's development programme for BN006 is to test it in animal models more akin to rheumatoid arthritis, using a stimulus of collagen type II, one of the major proteins making up the matrix in bone and cartilage. Because the molecule is small, it is anticipated that it will be orally available.

Speaking about the Lexicon technology, Dr Roger New, Bone Medical's Chief Scientific Officer and inventor of Lexicon said, "Normally, peptides with such a small number of amino acids have a disordered configuration which makes it difficult for them to bind strongly to receptors on the surface of cells. The Lexicon scaffold, however, introduces rigidity into the structure so that the peptide can bind to and cross-link two or more cell surface receptors, and thereby bring about profound changes in the behaviour of cells. This is what we are able to do with macrophages, preventing them from secreting TNF. Since TNF causes problems in rheumatoid arthritis and other inflammatory disorders, we expect that treatment with BN006 will have a significant impact in this area."

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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