

Bone Medical

ASX/MEDIA RELEASE

10th January, 2006

FDA PRE IND MEETING - CAPSITONIN FOR OSTEOPOROSIS

Bone Medical Limited (ASX: BNE) ("Bone Medical" or "the company") presents this outcome following its November 16 2005 notice of a Pre IND meeting with the FDA affecting the future of its Aaccess oral calcitonin programme –Capsitonin, following its recent meeting with the US Food & Drug Administration (FDA).

The company's intention to seek application under 505(B)2 for its oral formulation of salmon calcitonin was in principal agreed to with what the company believes are normal caveats for this type of application. The company is clear to pursue its dose ranging study as planned and to follow that with a 6 month study to demonstrate equivalence to nasal marketed forms of salmon calcitonin. The primary endpoint chosen by the company are bone markers for the dose ranging and pivotal studies, with supporting secondary tests over the study period.

A 1 month toxicology study will be carried out on the formulation chosen for the pivotal trial for the subsequent IND (Investigational New Drug) application for the pivotal Capsitonin study for the FDA application for registration in the USA.

Dr Barry Walker from Philadelphia and recently appointed director of Bone Medical stated, "The meeting was very constructive for the company in confirming the appropriate way forward to complete the development of its lead product for the US market. The guidance was in accordance with the company's expectation due to the GRAS and Pharmacopeial nature of the formulations available and the long established safety history the Agency has with salmon calcitonin for treatment of osteoporosis."

Kenneth W. Lyles, MD, Professor of Medicine, Duke University and a clinician investigator in metabolic bone disease stated "I am pleased with the way Bone Medical Limited is progressing in the development of an oral form of salmon calcitonin (Capsitonin) for the treatment of osteoporosis. This drug is used around the world to treat the disorder. In my opinion, the current data show similar responses in suppression of bone resorption markers when Capsitonin is compared to the marketed version of nasal salmon calcitonin. This augers well for the product and the planned future studies."

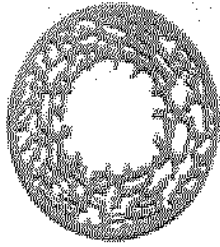
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For more information about Bone Medical Limited, please contact:

Paul Hopper
Executive Chairman
Mobile +1 858 200 5636 (USA)
Australian Office +61 8 9355 5123

Or visit: www.bonemedical.com

Registered Office: Unit 2, 1 Sarich Way Technology Park Bentley, Australia WA 6102
Ph: +61 8 9355 5123 Fax: +61 8 9355 5210



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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
- *Perthoxal*™ oral parathyroid hormone
- bone cell regulators BN005 & BN008

Arthritis

- TNF regulators BN006
- joint protection & collagen tolerance BN007