



Bone Medical

AGM 2007 Company Update

This presentation contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not guarantees of Bone Medical Limited's future performance and involve a number of risks and uncertainties that may cause actual results to differ materially from the results discussed in these statements.

Factors that might cause the Company's results to differ materially from those expressed or implied by such forward-looking statements include but are not limited to, development and commercialisation of the Company's product portfolio; development or acquisition of additional products; and other risks and uncertainties. Bone Medical Limited undertakes no duty to update any of these forward-looking statements to conform them to actual results.

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- 1. Bone's business case**
 - 2. 2006/2007 achievements**
 - 3. Directors**
 - 4. Financial details**
 - 5. Next step**
 - 6. Summary**

Market overview

Osteoporosis

- Approximately 200 million women worldwide
- Ageing population in major pharmaceutical markets
- Incidence is expected to double in the next 50 years
- Bone fracture can lead to serious disability
- Estimated USD 48 billion spent to treat disease in North America and in Europe



Osteoarthritis

- Around 6% (35 to 40 million) of the European population suffer from frequent knee pain and radiographic osteoarthritis.
- It is estimated that around 25% of the people with age 60 (40% over 70 years) and above suffer from disability due to osteoarthritis.

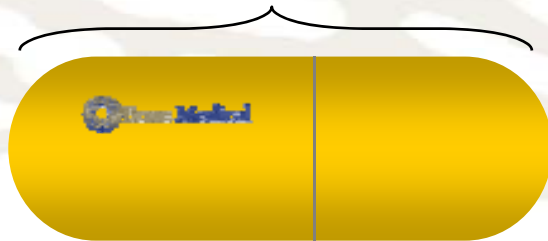
Target treatments

- Calcitonin (sCT): USD 4-500 million - nasal and injectable forms only (no oral form available)
- Parathyroid Hormone (PTH): USD 594 million - injectable form only (no oral form available)

Novel oral formulation

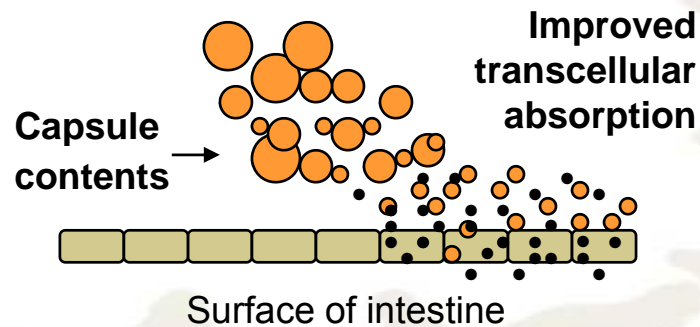
Axess oral drug delivery technology

Enteric coating for easy swallowing



Capsule contents:

Drug, stabilizer, solubilizer,
(GRAS pharmaceutical excipients)

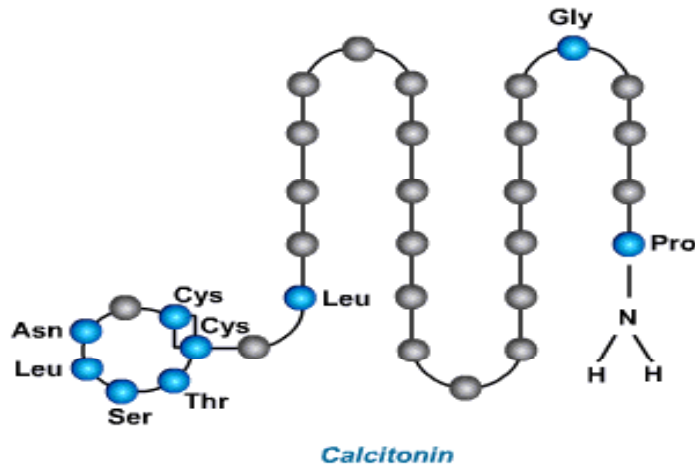


- GRAS / Pharmacopoeial excipients reduce toxicity concerns
- Formulated as a dry powder in an enteric coated capsule – simple and cheap to manufacture
- Capsule protects therapeutic peptides (sCT and PTH) from gastric degradation
- Capsule contents released in the jejunum in an area with neutral pH
- Technology utilizes existing approved substances – no NCE involvement
- Opportunity for rapid 505(b)(2) NDA submission
- Patents approved in US and Europe

Lead product - Capsitonin™

Capsitonin™ Oral Capsule (synthetic salmon calcitonin peptide)

Synthetic peptide
of salmon calcitonin



“Calcitonin has been used safely as a treatment for osteoporosis for over 30 years. Osteoarthritis may be the next indication.”

Mechanism of action:

- Calcitonin aids in the maintenance of bone structure by interfering with osteoclast activity

Current route of administration

- Nasal spray or injectable

Use/indication:

- Osteoporosis, Osteoarthritis

Side effects:

- Mild joint ache, headache

2nd lead product - CaPTHymone™

CaPTHymone™ Oral Capsule (synthetic parathyroid hormone peptide)

Synthetic peptide of the human hormone



“The bone forming effects of parathyroid hormone have been known for 70 years!”

Mechanism of action:

- A controlling agent for maintaining normal calcium levels in the blood for strong formation of new bone.

Route of administration:

- Injectable

Use/indication:

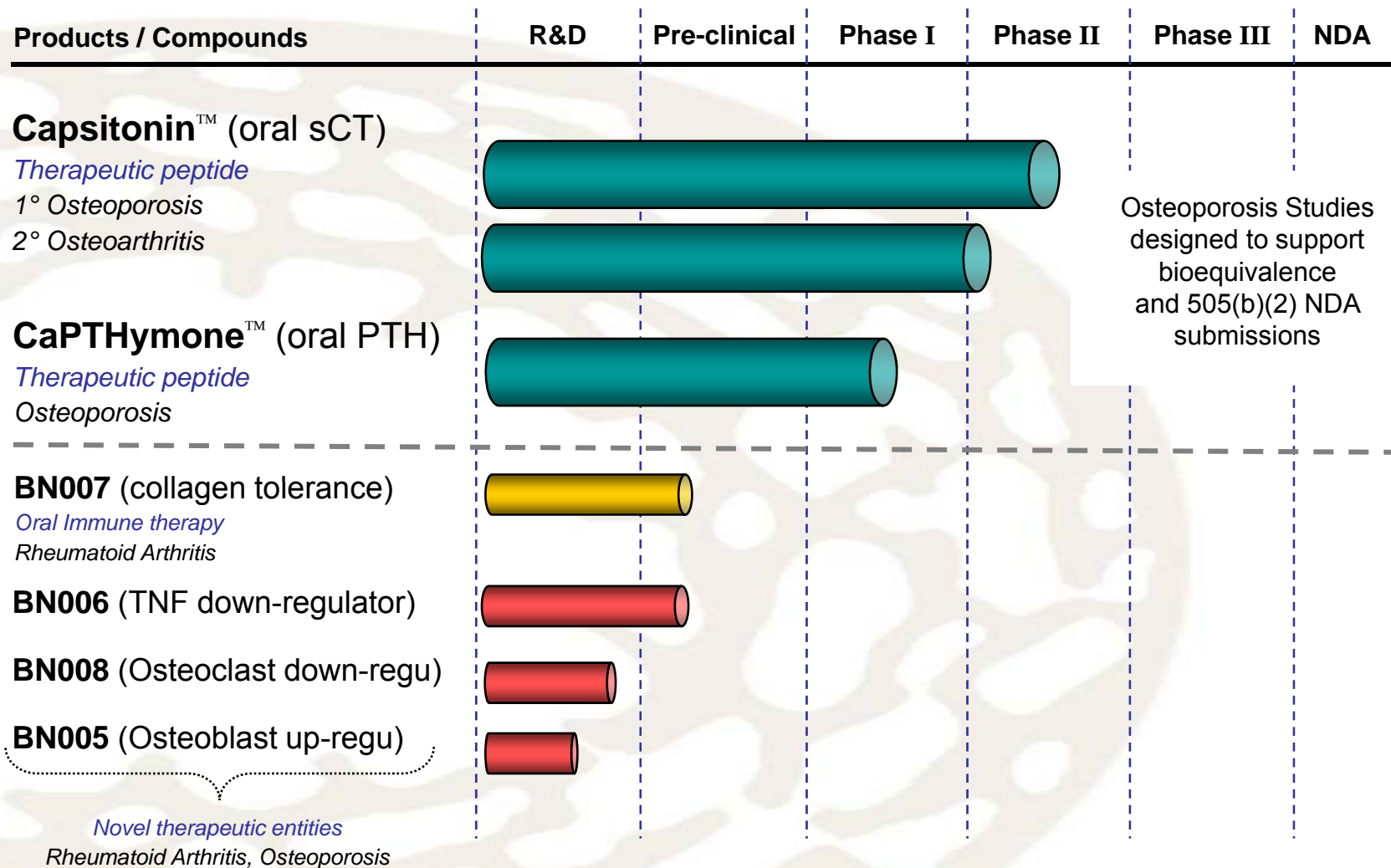
- Osteoporosis

Side effects:

- Some leg cramps, mild headache

CaPTHymone™ is the new trade name for Perthoxal™

Product Pipeline



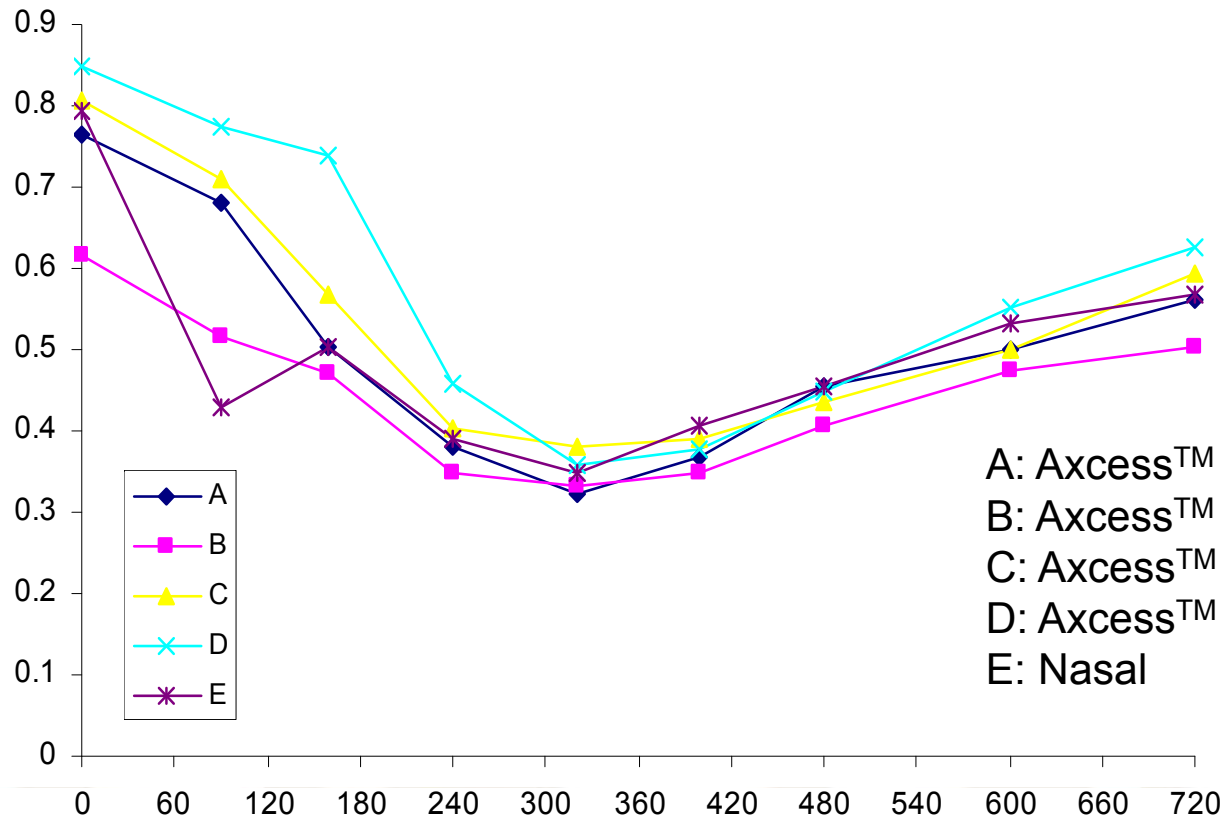
2006/2007 achievements

- 25th February 2006
 - Raised AUD 1.8 million
- 31st October 2006
 - BN006 demonstrated ability to inhibit production of TNF in rats by at least 75%
- 21st February 2007
 - BN006 Prof. Marc Feldmann said “..second-generation approach to the treatment of rheumatoid arthritis and has tremendous promise because of its potential to be administered orally and at a low cost.”
- 11th May 2007
 - Raised AUD 2.1 million
- 19th July 2007
 - CapsitoninTM phase II clinical trial met clinical end point

Plasma CTX change - single dose

Changes over 12 hours in Plasma CTX after administration of single dose of Capsitonin™

CTX levels (ng/ml)



A: Axcress™ III 1,250 i.u.
 B: Axcress™ III 2,500 i.u.
 C: Axcress™ IV 1,250 i.u.
 D: Axcress™ IV 2,500 i.u.
 E: Nasal 200 i.u.

Time in minutes

Board of Directors

- Dr. Roger New, Chairman (United Kingdom)
- Leon Ivory, Director (Australia)
- Leif Helth Jensen (Denmark)
- Prof. Peter Brooks, Director (Australia)
- Dr. Barry Walker MD, Director (USA)
- Troels Jordansen, Managing Director (United Kingdom)

Management

- CEO, Troels Jordansen
- Chief Scientific Officer, Dr. Roger New Ph.D.*
- CFO, Ed Daquino
- VP Clinical and Regulatory, Dr. Tony Lockett MD*
- Australian Corporate Finance, Leon Ivory
- International BD Director, Tim Earle*

* Part time

Finance

- Listed in August 2004
- Ticker: (ASX:BNE)
- Office:
 - Bentley, WA, Australia 6102
 - LBIC, Camden/London, UK
- Shares Outstanding: 76.3 million (ord.); 10 million (pref. C);
7.1 million (options)
- Market Cap (21.11.07): AUD 31 million
- Average monthly cash: AUD 283,000 over 2006/2007
- Cash in bank (September): **AUD 600,000**
- ASX evaluation: Volume and value upwards trend

- **Capsitonin™**
 - Submit for End of Phase II FDA meeting
 - FDA meeting
 - Special Process Assessment
 - Toxicology study
 - Initiate clinical Phase III clinical trial
 - Submit for NDA
- **CaPTHymone™**
 - Report on Phase I/II study just finalised
 - Submit pre-IND to FDA
 - FDA meeting
 - Initiate Phase II clinical trial
- **BN006**
 - More Prof. Marc Feldmann data
 - Toxicology tests
 - Phase I clinical trial

- **Corporate**
 - **Raise funds to cover FDA meetings and 2008/2009**
 - **Secure resources to handle 2 projects**
 - **Increase business development activities**
 - **Secure first 'deal'**
 - **Appoint Australian and European brokers and analysts**
 - **Improve investor relations activities and shareholder communication**

Value proposition

- Two products in clinical trials:
 - **Capsitonin™** - oral calcitonin for osteoporosis *and* osteoarthritis
 - **CaPTHymone™** - oral parathyroid hormone for osteoporosis
- Rapid regulatory process: potential bioequivalence and/or 505(b)(2) NDA submissions
- Multi-billion dollar market opportunity(s)
- Unique oral formulation technology with no NCE involvement
- Novel therapeutic entity discovery platform with proven potential
- Balanced portfolio between lower-risk drug delivery programs and potential breakthrough future treatments
- Experienced management driving low-cost business model



Dr. Roger New
Chairman

Troels Jordansen
Managing Director

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