

# Bone Medical

## Company Update

**19 November 2014:**

Bone Medical is pleased to provide the following update on its current activities.

### **1. CaPTHymone™ - Oral Treatment for Osteoporosis.**

As previously announced, the study compared Bone Medical's potential oral treatment for osteoporosis, **CaPTHymone™**, against a commercially available injectable osteoporosis treatment, Forteo®.

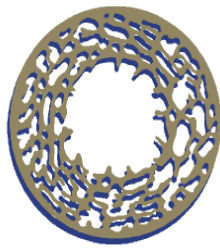
Parathyroid hormone ("PTH") is a naturally-occurring hormone that plays an important role in regulating bone formation. The human clinical trial compared PTH blood levels based on administering different dosage strengths of Bone Medical's oral PTH formulation versus the injectable Forteo® PTH formulation. Intact PTH peptides in the blood would permit a faster, simplified development plan for CaPTHymone™. The PTH blood level data from this formulation indicated that the oral doses did not generate meaningful PTH blood levels as measured by two different assay methods. Last year a similar trial using a different formulation and only one assay method showed some sign of biological activity but no blood levels; the results have not been evaluated using the second assay method. Previous studies using the second type of assay with the two available CaPTHymone™ formulations did show some evidence of positive blood levels.

The Company has concluded that it cannot apply additional funds to continue testing clinical samples from prior studies without significantly exceeding the funds allocated for new CaPTHymone™ product development studies in the January 2014 recapitalization plan. Since the results from the CaPTHymone™ clinical trials conducted to date do not support the original objective of a faster, simplified development plan, the current clinical trial will conclude Bone's CaPTHymone™ product development studies and program evaluation.

### **2. BN006 - Potential breakthrough rheumatoid arthritis treatment**

The 2013 results for BN006 provided preclinical proof of concept for BN006, and current studies have been aimed at investigating its ability to achieve advantageous therapeutic effects across a broader dose range in comparison with the market-leading treatments, in an animal rheumatoid arthritis disease model.

The Company has been advised that the contract laboratory performing the experiments has been obliged to repeat certain parts of the study program, and is proceeding to do so at the contract laboratory's expense. This has resulted in a delay in obtaining the final study data, which is anticipated shortly.



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### 3. William Harvey Research Institute

The Company's collaboration with the William Harvey Research Institute has also now been completed. The objective of this experimental work was to investigate the mechanism of action of BN006, potentially clarifying how BN006 appears to exert a selective anti-inflammatory effect with considerably less reduction in the inflammatory agent that contributes to the disease. Professor Flower's experiments tested a particular hypothesis, and further follow-up mechanism of action work is needed to more fully understand the process by which BN006 works.

### 4. Termination of Licence and Research Agreements with Proxima Group

The company licences CaPTHymone and BN006 compounds from four subsidiary companies within the Proxima Group ("the Proxima Group") under a Licence Agreement, and has the use of PLRS's laboratory under a Research Agreement (the "Agreements").

Following a nine month period of evaluation of the Proxima Group's oral delivery technologies and near completion of new product development studies, Bone Medical Ltd ("Bone" or the "Company") has elected to terminate the Agreements with the Proxima Group.

Bone has concluded that it is not in the commercial interests of the Company or its shareholders to continue with the Proxima Group under the current structure.

Bone is in discussions with one of the Group's subsidiary companies to obtain some interest in BN006 pending the outcome of the current studies and the parties agreeing terms acceptable to Bone.

Bone will provide further updates as they come to hand.

### 5. New Opportunities

Following the termination of the Licence and Research Agreements with the Proxima Group, the Board will be managing Company funds so as to reduce expenditure and maintain a healthy cash balance.

The Company has been reviewing other opportunities both in Health Sciences and other sectors and will continue to do so with the objective of increasing shareholder value.

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