



Bone Medical

Quarterly Commentary

31 January 2015:

Bone Medical is pleased to update shareholders on recent activities during the quarter ended 31 December 2014.

The Company completed studies on two compounds licensed from subsidiaries of Proxima Concepts Limited (Proxima) as part of a nine month period of evaluation of the Proxima oral delivery technologies. A Human Clinical Trial was completed on the CaPTHymone™ compound with results announced 29 September 2014 and a pre-clinical trial on BN006 with results announced 9 December 2014.

The 9 month evaluation was a significant part of the Recapitalisation agreement signed in January 2014 with funds allocated to assess and complete these trials. Following the results of the trials and the completion of the evaluation period, Bone Medical elected to terminate the License Agreements with the Proxima.

The termination of the Proxima License Agreements at the end of November significantly reduces the financial commitments of Bone going forward as there are no longer commitments to maintain consulting, patent and research costs associated with the Proxima Licence agreements.

During the quarter the Company also settled as part of the January 2014 Recapitalisation agreement an outstanding debt of the Company with AusInvest who had an arrangement regarding the introduction of the LaJolla funding facility.

The Company is now positioned to move forward with its review of new opportunities both in Health Sciences and other sectors and will continue to do so with the objective of increasing shareholder value. During this period, cash burn is expected to be low in order to maintain an attractive cash balance for new ventures.

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