



Bone Medical

INVESTOR PRESENTATION

MARCH 2014

Important Notice

The purpose of the presentation is to provide an update of the business of Bone Medical Limited (ASX: BNE). These slides have been prepared as a presentation aid only and the information they contain may require further explanation and/or clarification. Accordingly, these slides and the information they contain should be read in conjunction with past and future announcements made by Bone Medical Limited and should not be relied upon as an independent source of information.

The views expressed in the presentation contain information derived from publicly available sources that have not been independently verified. None of Bone Medical Limited's Management or staff, or any of its affiliates or associated companies or their officers, employees, contractors or agents (the Relevant Persons) make any representation or warranty as to the accuracy, completeness or reliability of the information, or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements. Any forward looking statements in this presentation have been prepared on the basis of a number of assumptions which may prove incorrect and the current intention, plan, expectations and beliefs about future events are subject to risks, uncertainties and other factors, many of which outside Bone Medical Limited's control. Important factors that should cause actual results to differ materially from assumptions or expectations expressed or implied in this presentation include known and unknown risks. Actual results could differ materially to assumptions made and Bone Medical Limited's current intentions, plans, expectations and beliefs about the future, you are urged to view all forward looking statements contained in the presentation with caution. Except as required by applicable law or the ASX listing rules, the Relevant Persons disclaim any obligation or undertaking to publicly update any statements in this presentation, whether as a result of new information or future events.

The material provided to you does not constitute an invitation, solicitation, recommendation or an offer to purchase or subscribe for securities.

Superior Products for Musculoskeletal Diseases

- Bone is developing improved treatments for musculoskeletal diseases with oral drug delivery & increased safety profiles
- Three significant musculoskeletal disease areas all in need of effective, safe new treatments:
 - ***Osteoporosis***
 - ***Osteoarthritis &***
 - ***Rheumatoid arthritis***
- The musculoskeletal diseases market has huge pharmaceutical interest and partnering potential
- Bone has a pipeline of high-potential product candidates based on exclusively licenced platform technologies



Corporate Restructure – January 2014

\$3.8 million Capital Raised

Market Capitalisation \$6.4 million

at 2.5 cents per share

New Leadership

Non-Executive Chairman	Mr Robert Towner
Chief Executive Officer	Mr Peter Young
Non-Executive Director	Mr John Hannaford
Non-Executive Director	Dr Roger New
Company Secretary	Mr Phillip Wingate

Company Information

Capital Structure

Ordinary shares 257.8m
Options 32m

Cash \$3.1m
Debt Nil

Market Capitalisation

@2.5 cents per share \$6.4m

ASX Code BNE



Large, Growing, and Unsatisfied Target Markets

Osteoporosis

Market Data	Current Treatments
<p>\$10 billion in Global Drug Sales Affects approximately 200 million women. \$48 billion spent in North America and Europe to treat the disease</p>	<p>Bisphosphonates are market leaders but long-term safety concerns including jaw osteonecrosis, long bone shear fracture, esophageal cancer. Forteo is the only drug shown to build bone but requires daily injection.</p>

Osteoarthritis Pain

Market Data	Current Treatments
<p>\$4.5 billion in global sales & \$6.0 billion forecast by 2019 In the USA about 14% > age 25 and ~35% > age 65 suffer from osteoarthritis; 25% of people > age 60 suffer disability</p>	<p>NSAIDs are the leading treatments but have serious limitations: high percentage of non-responders. Significant side effects (gastrointestinal, hepatic, cardiovascular, metabolic, skin) and drug interactions</p>

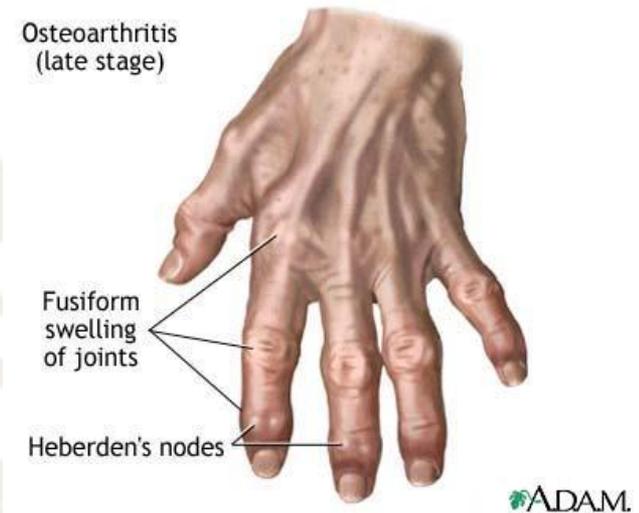
Rheumatoid Arthritis

Market Data	Current Treatments
<p>\$25 billion anti-TNF drug sales alone in 2012 51-59% of patients suffer work disability within a decade of onset; 30% of patients need help with personal care</p>	<p>Biologics such as Enbrel, Humira, Remicade and Orencia are injectables with significant immunosuppressive side effects; new JAK-inhibitors (Xeljanz) are oral but carry risk of cancer, serious infection, and other safety issues</p>

Clinical-Stage Products

Capsitonin™ (oral calcitonin)

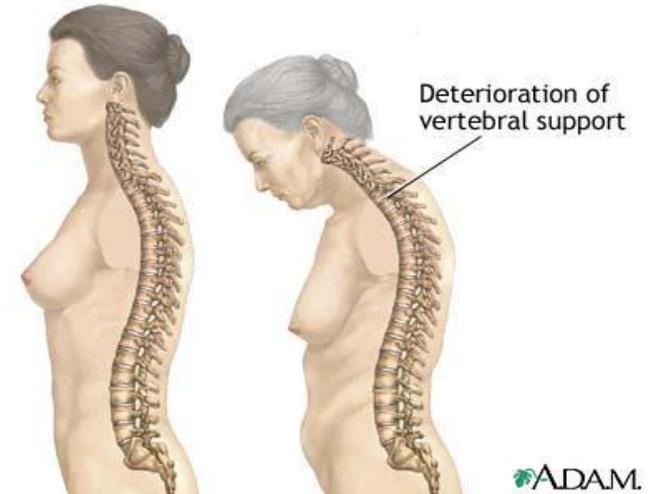
- Oral delivery of calcitonin hormone for the treatment of osteoarthritis pain
- Calcitonin is a natural hormone that has been used to treat bone diseases by injection and nasal spray for many years.
- An effective oral calcitonin could challenge the role of non-steroidal anti-inflammatory drugs (NSAIDs).



Clinical-Stage Products

CaPTHymone™

- Oral parathyroid hormone (“PTH”) for the treatment of osteoporosis
- PTH is a naturally occurring hormone that modulates healthy bone formation
- Current delivery of PTH is by daily injection with global sales from the leading medication Forteo® approximately US\$1 billion
- An effective oral PTH could replace injected PTH for the treatment of osteoporosis and also expand the market through greater patient acceptance



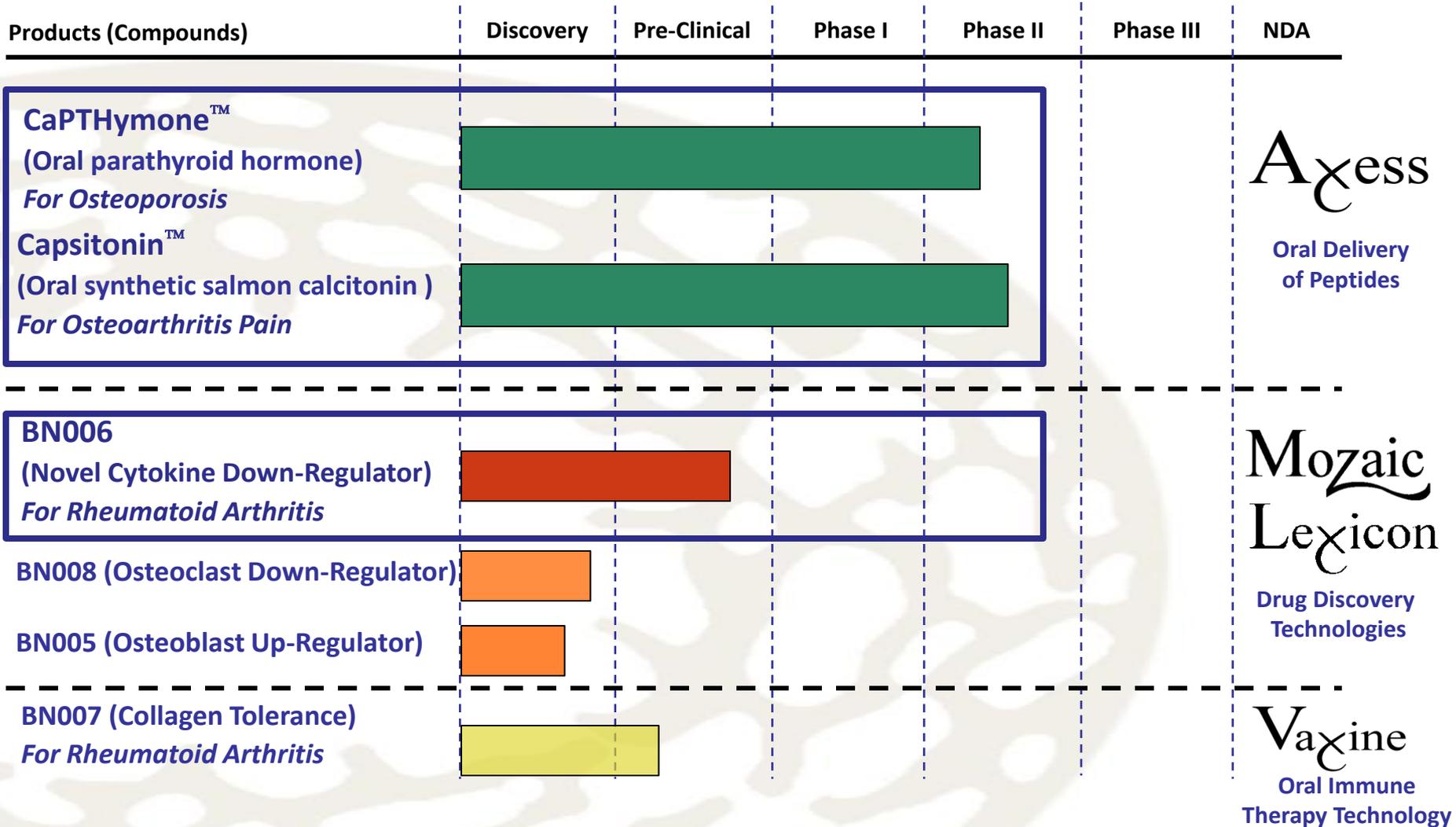
Potential Breakthrough Treatment

BN006

- Market-leading Rheumatoid Arthritis products sold **US\$25b** worldwide in 2012 but have major drawbacks
 - Antibody-based mechanism of action
 - Systemic inhibition of immunological proteins
 - Immunosuppressive side effects
 - Injectable-only
- BN006 designed to modify expression of immunological proteins without systemic inhibition & have potential for improved safety profile
- Proof of concept study in Rheumatoid Arthritis animal model vs. market leader showed ***equal efficacy with less reduction of immunological proteins***
- Orally deliverable



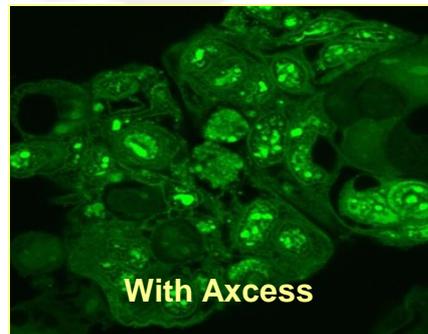
Product Pipeline Includes High-value Opportunities



Oral Delivery Technology: A_χess™

Bone's exclusively licenced A_χess™ technology platform permits oral delivery of peptides. This is a major unfulfilled pharmaceutical industry goal

- Differentiated versus other oral peptide techniques under development
- Uses accepted, well-known, commonly used components
- Works via trans-cellular transport through normal gut absorption – versus other technologies that affect intercellular -junctions creating potential toxicity

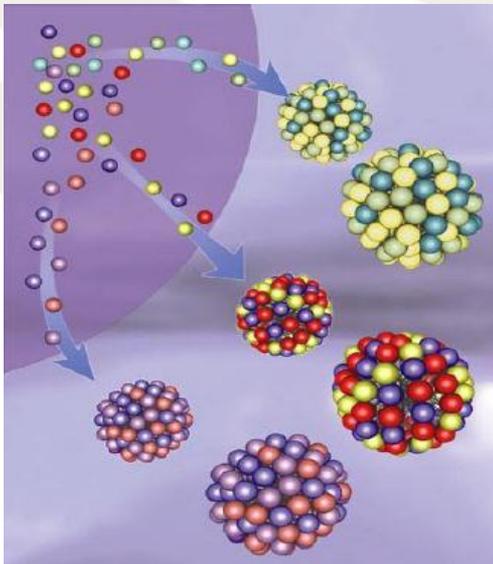


In vitro uptake of radio-labeled insulin by Caco2 human-derived intestinal cells: unformulated versus formulated with A_χess

- Demonstrated in multiple different oral peptide programs
- Manufacturing process is low-cost and uses standard techniques

Novel Drug Discovery Platform: Mozaic™ Lexicon™

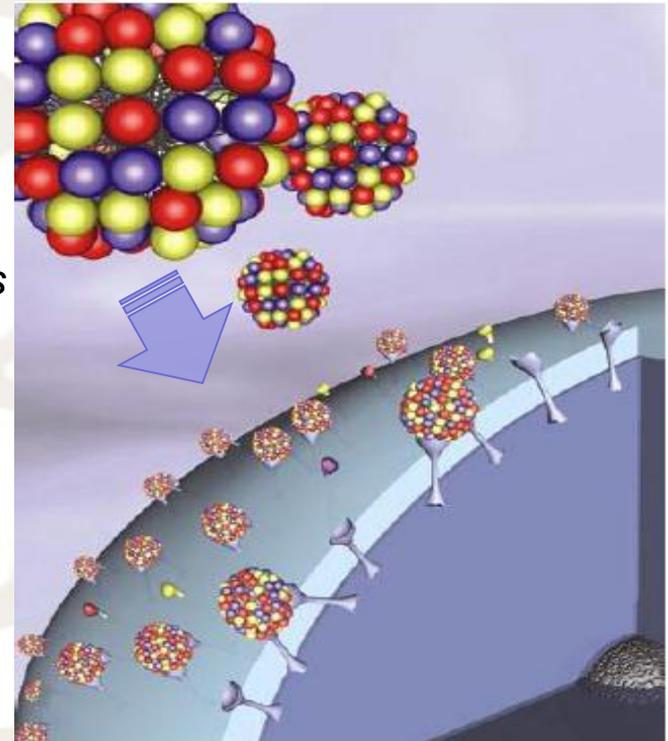
Bone's exclusively licenced Mozaic™ & Lexcicon™ platform technologies provide a new proprietary method for building new molecules with targeted biological properties



Multiple combinations of amino acid building blocks presented as 3-D mosaics on micelle surface

Mozaic nanoparticles bind to cell surface receptors

Resulting biological effects allow selection and optimization of molecules with desired activity

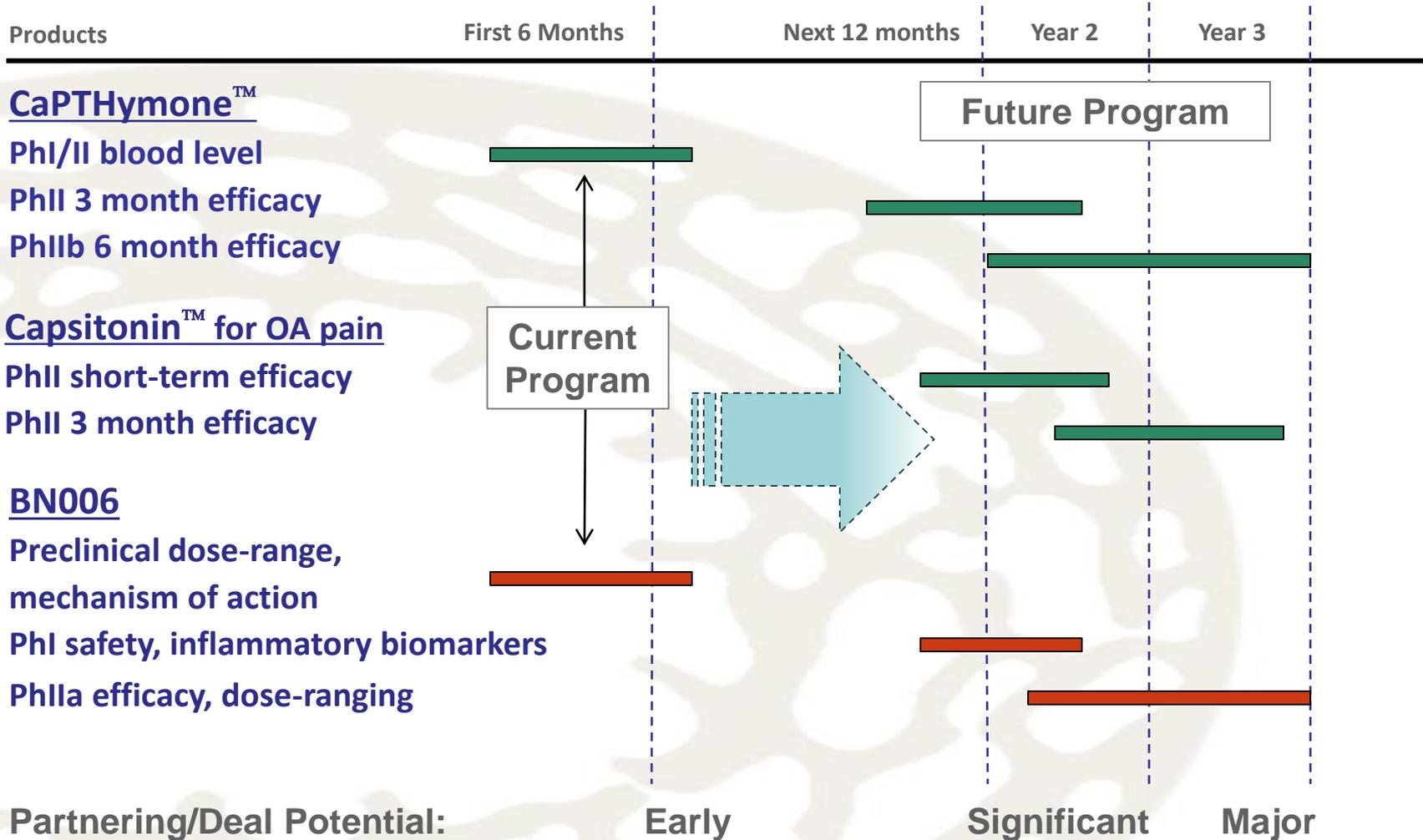


Six-month Value-generating Milestones

- **New clinical data confirming CaPTHymone™ oral PTH blood levels vs. Forteo® (US\$1B injectable PTH for osteoporosis)***
 - Demonstrate that substituting our oral formulation should achieve the same medical effect as Forteo®
- **Complete mechanism of action, animal dose-ranging & oral dosing data for BN006 for rheumatoid arthritis***
 - Confirm profile as a potential RA treatment in man
- **Evaluate new technology acquisition candidates to further diversify & leverage pipeline potential**

****EARLY PARTNERING MILESTONE***

Key Product Development/Partnering Milestones



Value Benchmarks

- **Transdermal delivery technologies: Acrux Ltd**
 - Australian company (ASX: ACR)
 - Transdermal delivery technologies, marketed products (Axiron) with Lilly
 - Market cap: \$351m (February 2014)
- **Oral peptide value comparator: Oramed**
 - Israeli company with a US market listing (NASDAQCM: ORMP)
 - Oral peptide technology, oral insulin in PhIIa clinical trials
 - Market cap: US\$143m (February 2014)
- **Rheumatoid arthritis value comparator: Galapagos**
 - Belgian company (NYSE Euronext: GLPG)
 - 2012 licencing deal with Abbott for GLPG0634: PhIIa-stage
 - Selective JAK inhibitor for rheumatoid arthritis
 - US \$150m upfront, \$200m at end of PhII, \$1b other milestones
 - Double-digit royalty

Historical Share Price Performance



Investment Summary

- Recapitalized & restructured, new leadership
- Focused on large, unsatisfied musculoskeletal disease markets with high industry-partnering potential
- Pipeline of high-potential product candidates based on exclusively licenced technology platforms
- Active search for new technology acquisitions to leverage value growth
- Low capital & operating burden to achieve near-term value milestones (leveraged by 45% cash-back tax credit for Australian-based R&D)
- Significant value appreciation potential

Contacts

Bone Medical Limited

Ground floor, 16 Ord Street, West Perth, Western Australia 6005

PO Box 902, West Perth, Western Australia, 6872

Telephone +61 (0) 89482 0580

Facsimile +61 (0) 89482 0505

query@bone-ltd.com

www.bone-ltd.com

Peter Young, CEO

peter.franklin.young@gmail.com

Mobile: +1 201 841 9681

Rob Towner , Chairman

rtowner@cornerstonecorp.com.au

Mobile: +61 (0) 414 594 868