

ASM MEDIA RELEASE

**Promising Results for the
Ceramic Material Sr-HT-Gahnite Bone Substitute**

SYDNEY 7 June 2016 – Allegra Orthopaedics Limited (Allegra) (ASX: AMT) provides the following update on the Sr-HT-Gahnite Bone Substitute Project.

The Project that Allegra is working on in collaboration with Professor Hala Zreiqat and her team from the University of Sydney is producing very positive histology results.

With the aid of 3D technology Professor Zreiqat and her team have developed a unique ceramic material that acts as a scaffold on which the body can regenerate new bone, and then gradually degrades as it is replaced by natural bone.

The recently received 3 month histology results show that the scaffold implants maintain their structure and are well tolerated with no evidence of adverse tissue reactions. All the samples showed extensive bone ingrowth which was integrated with bone at the defect edge. Complete bridging of the defect was observed in some specimens.

Overall the results are promising and ongoing bone formation was evident in all the samples. The 12 month animal study will be concluded towards the end of 2016 and evaluation at this longer time point of one year should provide significantly greater bone ingrowth and bridging of the defect.

As a result of the performance of this Project to date, Allegra has recently employed Ameneh Sadeghpour to head up the Project & future innovation ventures in order to ensure seamless coordination of the activities.

Ameneh will be an important addition to the Allegra team. She is an accomplished Engineer with Master Degree qualifications in both Biomedical Engineering and Project Management from UNSW and USYD as well as the internationally recognised PMI - Project Management Professional qualification.

Ameneh has significant experience in the Pharmaceutical, Medical Device and Biotechnology industries and has a broad background in project and operations management. Ameneh will drive the Project, working closely with the Tissue Engineering & Biomaterials Research Unit at the University of Sydney

Ameneh will be joining Allegra on the 14th June 2016.

International recognition of the promise of the ceramic material Sr-HT-Gahnite bone substitute has been shown by the award of the prestigious Radcliffe Harvard Fellowship to Professor Zreiqat to continue her work in the field of bone scaffolding research.

“Each patient has only a limited amount of bone available for grafting so the demand for synthetic bone substitutes is high. Those currently available are far from optimal,” says Professor Zreiqat. “My work aims to change that. It actually 'kick starts' the process of bone regeneration making it a superior material to those bone substitutes currently available. Our tests also show that it will not be rejected by the body.”

Professor Zreiqat believes “This material has the potential to positively affect the quality of life of millions of people globally, so we are hoping to see it used clinically within the next five years”.

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Allegra's Executive Chairman, Peter Kazacos commented "The grant received in 2015 from the NSW Government's Medical Devices Fund has been a vital component in enabling Allegra to accelerate the development of the Project.

Programs such as the MDF are strategically important to Allegra as it enables us to develop and commercialise Australian innovation technologies".

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ABOUT ALLEGRA ORTHOPAEDICS

Allegra's mission is to deliver to its customers the highest quality medical products in conjunction with unparalleled customer support.

Allegra's principal product is the Active Total Knee, which has significantly improved the quality of life for people globally.

Allegra is also the global licensee to a composite biocompatible ceramic material known as Sr-HT- Gahnite from the University of Sydney for veterinary and orthopaedic solutions. The Sr-HT-Gahnite is still under development and preliminary studies have duplicated the mechanical strength of the bone. Preclinical studies currently being performed indicate good bioactivity and ingrowth of bone into the synthetic scaffold prepared from the ceramic material. Importantly, it is 100 times mechanically stronger than synthetic bone substitute materials in clinical use.

The company continues to build upon its extensive portfolio of patents. It has extensive research relationships with universities, companies and surgeon inventors. Our partnerships are creating innovative products which will deliver significant shareholder value.

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