

**ASM Media Release
Sr-HT-Gahnite Bone Substitute Project.**

**12 MONTH
RADIOGRAPHIC EVALUATION SCAFFOLD**

SYDNEY 10th February 2017 – Allegra Orthopaedics Limited (Allegra) (ASX: AMT) provides the following Sr-HT-Gahnite Bone Substitute Project update:

1. Sr-HT-Gahnite Bone Substitute Project.

The Bioceramic project that Allegra is working on, in collaboration with Professor Hala Zreiqat and her team from the University of Sydney, continues to produce very positive results.

The 3-month histology results demonstrated that the scaffold implants maintained their structure and were well tolerated with no evidence of adverse tissue reactions. Following on from this, we are very pleased to announce the 12-month radiographic evaluation results which continue to be very encouraging.

The radiographs noted significant primary and secondary bone healing response. There was radiographic evidence of degradation of the substitute and proliferation of new bone formation. Hence, there appeared to be appropriate replacement of graft substitute with healthy new bone. All studies demonstrated stable bone union in a difficult segmental fracture pattern. There was no loss of internal fixation and no evidence of graft failure.

Overall, there is very sound radiographic evidence of bone healing and modelling with the use of this bone graft substitute.

Under Allegra's expanded license with the University of Sydney, Allegra will also continue to examine the Sr-HT-Gahnite development for other applications including – but not limited to – coatings to improve the long-term stability of implantable medical devices, drug delivery, and skeletal tissue regeneration.

Allegra's Non-Executive Chairman, Peter Kazacos commented that "In combination with the findings of the earlier results, the 12 month results are now demonstrating consistency in bone healing properties. We are very excited to proceed to the next stage of development of our Sr-HT-Gahnite Bone Substitute Project."

Allegra Orthopaedics Limited

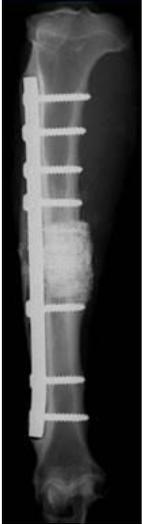
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The loss of scaffold architecture definition, indicative of proliferative new bone formation within the scaffold.

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ABOUT ALLEGRA ORTHOPAEDICS

We aim to help bring the freedom and happiness of pain-free movement to people's lives. We achieve this through providing the best possible solutions for patients, from world-wide industry leading orthopaedic products through to Australian innovations.

Allegra's principal product, the Active Total Knee, has significantly improved the quality of life for many people and remains a focussed product line. The company is pleased to continue to build upon its extensive portfolio of patents. It has extensive research relationships with universities, companies and surgeon inventors, including its global licensee to the composite biocompatible ceramic material known as Sr-HT- Gahnite from the University of Sydney.

Allegra also has a well- developed range of products for distribution from international suppliers covering all specialities from foot and ankle to upper limb.

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