ASX RELEASE | OSTEOPORE LIMITED

ACTIVITIES UPDATE QUARTER ENDING JUNE 2020

Highlights:

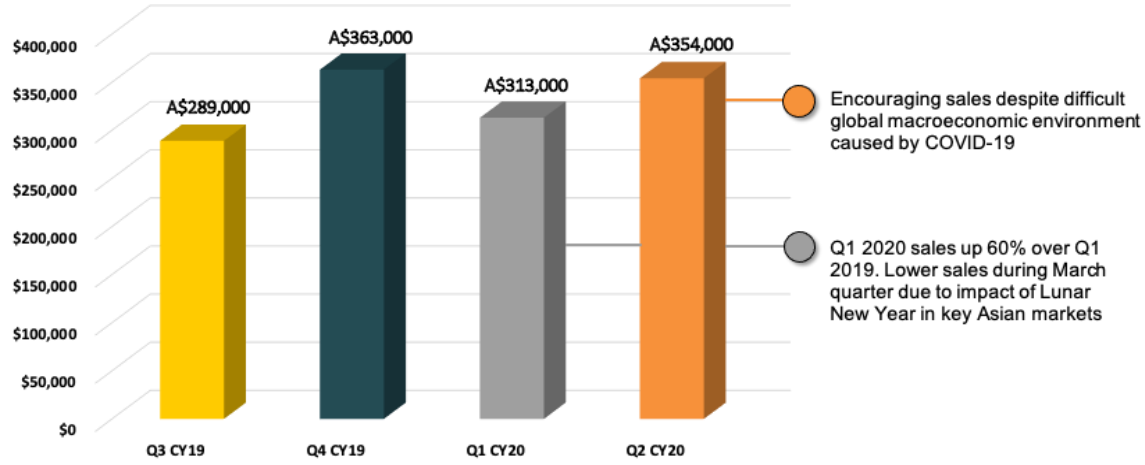
- ***Revenue of S$348,000 (A$354,000) for March 2020 quarter***
- ***Revenue growth of 58% over Q2 2019***
- ***Execution of US Distribution Agreement***
- ***Increased manufacturing capacity***
- ***Publication of 10 year clinical survey results***

31 July 2020: Osteopore Limited (ASX: OSX) ("Osteopore" or the "Company"), a revenue generating medical technology company that has commercialised a range of patented 3D printed bioresorbable products, is pleased to release its Appendix 4C cash flow statement for the three-month period ending 30 June 2020.

Financial Performance

Despite challenging global macroeconomic conditions due to COVID-19, Osteopore continued to see encouraging sales during the quarter, with Q2 CY revenue increasing to S$348,000 (A$354,000). This represents a 58% increase over the previous year sales for the corresponding period.

The quarter saw continuing growth in sales from the Company's current core Asian geographic territories, as well as some progress into European markets, with increased engagement in EU markets including the UK, with small preliminary orders have been secured, and Italy, where Osteopore has engaged a new distribution partner, and is expected to generate further sales over the balance of 2020. Osteopore continues to work closely with current distribution partners to ensure sales teams are educated and supported to drive adoption and sales.



These results highlight the consistent demand for the company's unique 3D printed bioresorbable implants and the ongoing impact of the Company's continuing business development initiatives. Operations were less affected during the quarter by COVID-19 related business shutdowns, as the Company was included as an "essential service" in Singapore, allowing it to remain open and operational during the Singapore shut down.

US Distributor signing

In early July, Osteopore signed a non-exclusive agreement with US based Bioplate Inc to market, promote and sell Osteopore products into the US markets of California, Arizona, Texas, Ohio, Wyoming, Indiana, and Puerto Rico. Penetrating this region was a major strategic objective for the business and will see Osteopore providing cranial fixation solutions to doctors, health professionals, hospitals and health services.

Bioplate have set up vendor and product training with the sales team and are working towards a potential stocking order for Q3 CY along with a new Osteoplug design to suit the U.S market. Osteopore will continue to explore additional distributors for other regions to facilitate market penetration and sales, as well as maximise the improved patient outcomes available through its unique technology.

Increased Manufacturing Capacity

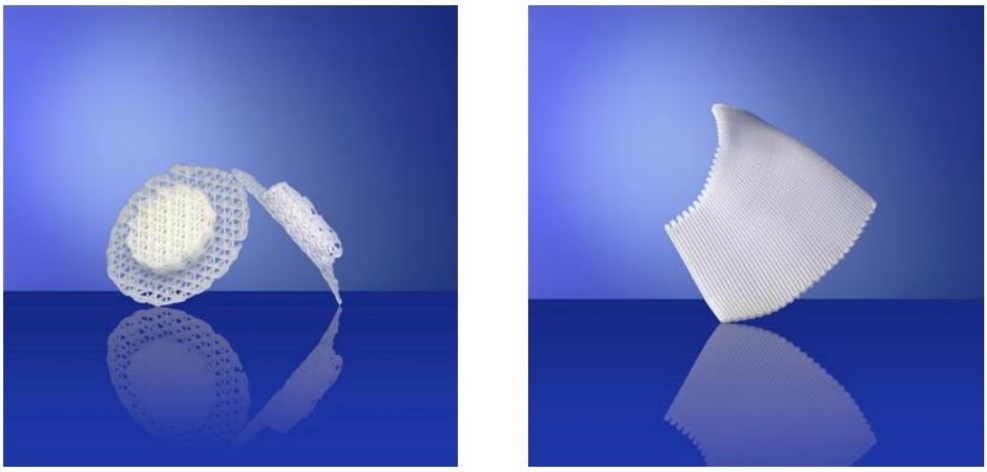
During the quarter Osteopore significantly increased both its manufacturing productivity and capacity and is well positioned to meet future anticipated product demand from existing and new markets. Osteopore also continued its commitment to future revenue growth with a number of new hires to support the increase in manufacturing capability in preparation for the expected upswing in demand in the second half of the 2020 calendar year.

Osteopore chief executive officer Khoon Seng Goh said "We are delighted by the continuing strong growth in sales for the Osteopore products, despite the global impact of the Covid-19 pandemic. Osteopore is pleased to be continuing to grow sales in existing regions and building our distribution network into new territories and is continuing to provide significant benefits to patients through the implementation of our technology".

At the end of June, Osteopore cash reserves were A$2.3m, a reduction of $442k from the March quarter. Operating cash outflow was recorded at just A$170,000. In addition to increasing revenue streams, Osteopore received over S$350,000 in grants over the course of the quarter through both ongoing business support grants and COVID-19 related government support schemes.

Australian TGA Approval

In April, Osteopore received Australian Therapeutics Goods Administration ("TGA") approval for its craniofacial products, Osteomesh, Osteoplug, and Osteoplug-C. Obtaining TGA approval allows Osteopore to make its products more broadly commercially available to doctors and hospitals across Australia, and the Company is currently having ongoing discussions with potential distribution partners.



Osteoplug (left) and Osteomesh (right) now both approved for sales into Australia

"Osteopore's products were also successfully used for the first time in Australia for a patient specific cranioplasty. In December 2019, a custom 3D-printed implant was used by Dr Michael Wagels and a team of surgeons at the Princess Alexandra Hospital in Brisbane in a first-in-Australia procedure to undertake skull reconstruction for Brisbane man Mr Brodie Ellis. Mr Ellis suffered a severe head injury when he fell off a motorcycle in Vietnam in 2018. He also injured his left leg, which resulted in an above knee amputation. The Osteopore technology was a key component of the skull reconstruction, which was highlighted by Australian media coverage in May. More information on Mr Ellis' treatment, and the use of the Osteopore technology in achieving this outcome, can be found at https://www.youtube.com/watch?v=s2lxR3xPWCI (via Channel 7 News)."

Findings From Landmark 10-year Clinical Study

Clinical data from a recent 10-year study of Osteoplug, the implant used for regeneration of the skull after burr hole surgery, conducted by the National University Hospital in Singapore, has demonstrated the long-term safety and efficacy of the product. The hospital evaluated the data of 275 implants and results indicate the product did not increase the rate of surgical complications and showed zero reports of infection originating from the implants.

Currently, Osteopore is the only company globally that 3-D prints bioresorbable regenerative implants for bone healing. Its core technology allows for its implants to be capable of restoring the human skeleton with a reduced risk of post-surgery complications, commonly associated with permanent bone implants. To date, its products have been used in 30,000 surgeries globally and counting and have significantly improved the quality of life for these patients worldwide.

The study report can be accessed at:
https://www.futuremedicine.com/doi/pdf/10.2217/3dp-2019-0022

Outlook:

Despite conditions caused by COVID-19, Osteopore continues to progress key business development initiatives to increase underlying revenue from current geographic territories along with expanding manufacturing capability to meet potential future demand. The company also hopes to establish new geographic markets in Australia, Europe and Asia via new distribution agreements.

Osteopore is also refining its China strategy to build on the current Co-operation Agreement with Boao Yiling Life Care Centre in China and secure initial orders and procedures. The Company also plans to

expand its therapeutic scope with potential applications of Osteopore's bone regeneration scaffold in dental and orthopaedic sectors.

Use of Funds and Related Party Transactions

The Company confirms that expenditure for the quarter is in accordance with the Use of Funds outlined in the Company's Prospectus dated 25 July 2019 and that there are no material variances from those expenditures.

Payments in the June quarter to related parties of $130,000 included at Item 6 in the attached Appendix 4C comprised salaries and fees paid to executive and non-executive directors and their associated entities, accounting and company secretarial services and reimbursements.

This announcement has been approved for release by the Board of Osteopore.

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About Osteopore Limited

Osteopore Ltd is an Australian and Singapore based medical technology company commercialising a range of bespoke products specifically engineered to facilitate bone healing across multiple therapeutic areas. Osteopore's patented technology fabricates specific micro-structured scaffolds for bone regeneration through 3D printing and bioresorbable material.

Osteopore's patent protected scaffolds are made from proprietary polymer formulations, that naturally dissolve overtime to leave only natural. healthy bone tissue, significantly reducing post-surgery complications that are commonly associated with permanent bone implants.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Osteopore Limited	
ABN	**Quarter ended ("current quarter")**
65 630 538 957	30 June 2020

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	280	601
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(26)	(242)
	(c) advertising and marketing	(63)	(326)
	(d) leased assets	-	-
	(e) staff costs	(536)	(752)
	(f) administration and corporate costs	(239)	(443)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	397	397
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(187)**	**(764)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(170)	(294)
	(d) investments	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
2.6	**Net cash from / (used in) investing activities**	**(170)**	**(294)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(6)	(14)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(32)	(37)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	**Net cash from / (used in) financing activities**	**(38)**	**(51)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	2,722	3,392
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(187)	(764)

Consolidated statement of cash flows		Current quarter $A'000	Year to date (6 months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(170)	(294)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(38)	(51)
4.5	Effect of movement in exchange rates on cash held	(47)	(3)
4.6	**Cash and cash equivalents at end of period**	**2,280**	**2,280**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	2,280	2,722
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,280**	**2,722**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	130
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Payments made to Directors and Key Management Personnel related to:

1. Director and executive fees;
2. Company secretarial service;
3. Salary; and
4. Reimbursements

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	556	505
7.4	**Total financing facilities**	**556**	**505**
7.5	**Unused financing facilities available at quarter end**		-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Other financing facilities relate to amount due to directors ($60k), related party ($307k) and other third parties ($189k). All loans are subject to 0% interest, are unsecured and repayable on demand.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(187)
8.2	Cash and cash equivalents at quarter end (Item 4.6)	2,280
8.3	Unused finance facilities available at quarter end (Item 7.5)	-
8.4	Total available funding (Item 8.2 + Item 8.3)	2,280
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	**12**

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2020

Authorised by: By the Board

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(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting poxlicy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.