

PRESS RELEASE

OSTA BIOTECHNOLOGIES INC.'S SCIENTISTS AWARDED THE CANADIAN SPACE AGENCY CONTRACT

MONTREAL, QC – February 21, 2006 - Osta Biotechnologies Inc., today announced that its scientists, Drs. Andrew Karaplis, David Goltzman and Ajay Gupta have been awarded a three year research contract for an aggregate sum of \$349,698.66 by the Canadian Space Agency (CSA) to investigate bone cell death in microgravity arising from changes in parathyroid hormone related peptide (PTHrP) expression. This contract is a joint initiative between CSA and the Canadian Institutes of Health Research (CIHR) - Institute of Musculoskeletal Health and Arthritis (IMHA) and is posted on the CSA's web site at www.space.gc.ca.

Dr. Andrew Karaplis, Osta's President & CSO and Principal Investigator of the study commented "We are very pleased to have been selected as one of the recipients of this prestigious contract. In previous studies, we have shown that osteoblast-derived PTHrP functions as a powerful endogenous bone anabolic agent that promotes the recruitment and prevents the apoptotic death of bone-forming cells. Interestingly, decreased PTHrP expression has been reported in cultured rat osteoblasts exposed to simulated microgravity environment and in the long bones from rats flown in space for 2 weeks (Mission STS-58, SL-2). We will be setting up experiments in the e-OSTEO mini lab to investigate the role of PTHrP in osteoblast biology with potential relevance to the pathogenesis and treatment of microgravity-induced osteoporosis. Our experiments will lead to better understanding of bone loss in microgravity conditions and will help us assess potential therapeutic interventions in space to prevent bone loss experienced by astronauts. This knowledge will also lead to improved strategies for treating osteoporosis here on earth."

The contract money for this research will be disbursed through the Lady Davis Institute for Medical Research of the Sir Mortimer B. Davis – Jewish General Hospital where the ground experiments will be conducted. The microgravity experiments will be conducted in the e-OSTEO mini-lab for cell culture in space aboard a recoverable satellite. The anticipated length of the satellite's orbit around the earth is 15 days after which time the e-OSTEO container will be recovered for further experiments.

"Chronic pain, loss of mobility and function, loss of independence and ultimately a diminished quality of life are common outcomes of a host of musculoskeletal and connective tissue conditions," said IMHA's Scientific Director, Dr. Cy Frank. "This study promises to provide information that may contribute to more effective treatment of a broad array of conditions of bones, joints and muscles including osteoporosis and osteoarthritis."

In the early phases of space exploration, it was recognized that bone loss due to weightlessness may limit the prospect of long duration flights. It has been reported that astronauts typically lose 1-1.6% of their spinal, femoral neck, trochanter and pelvic bone mineral density per month in space. This bone loss continues for several months after landing, and is of considerable concern because of the increased risk of fractures, particularly in the lower extremities. Also, the loss of calcium from bones imposes an increased load on kidneys, thereby amplifying the risk of renal stones and other renal problems.

The cellular mechanism of increased bone loss in microgravity is currently unknown. Because of the prevalence of osteoporosis and since bone loss is an important health concern on earth, our studies on the cause and on potential therapeutic modalities to prevent bone loss in space will also

increase our understanding of bone physiology and disease processes on the ground. Osta's researchers will be addressing the following key questions in their experiments: What are the mechanisms whereby bone loss occurs in space and are these mechanisms similar to those underlying osteoporosis? How can this bone loss be reduced or halted?

Osta Biotechnologies Inc.

Osta is a biopharmaceutical company listed on the TSX Venture Exchange (TSXV: OBI). Osta is dedicated to developing novel diagnostics and therapeutics for the aging population particularly in the areas of osteoporosis, osteoarthritis and Alzheimer's disease.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

Certain information in this press release is forward-looking and is subject to numerous risks and uncertainties. By their nature, such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. These risks include actions of Osta's competitors, and those inherent in scientific research and development.

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