

Osta Biotechnologies Inc.
Press Release
For immediate distribution

**OSTA BIOTECHNOLOGIES ANNOUNCES CLOSING OF PRIVATE PLACEMENT FOR
\$1.1 MILLION**

Montreal, Quebec – December 11, 2006 – **Osta Biotechnologies Inc. (TSX-V: OBI)** announces that it has held a closing of a private placement by issuing 4,361,000 units at a price of \$0.25 per unit, for gross proceeds to Osta of \$1,090,250. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles its holder to acquire one additional common share for a period of two years from the closing date of the placement, at a price of \$0.40. The proceeds from the private placement will be applied by Osta toward the furtherance of its research and development activities, as well as working capital and general corporate purposes.

Sherbrooke Street Capital Inc. acted as lead agent for the private placement. At the closing of the private placement, Osta paid 7% cash commissions to the agents with respect to units sold by them. Osta also issued an aggregate of 279,910 broker warrants to the agents. Each broker warrant entitles the holder to purchase one additional common share from Osta for two years at a price of \$0.40 per share.

The common shares, warrants and broker warrants issued by Osta at the closing of the private placement are subject to a four-month hold period, expiring on April 9, 2007, in accordance with applicable securities laws and the policies of the TSX Venture Exchange. As a result of the closing of the private placement, Osta has 32,706,196 issued and outstanding common shares.

About Osta Biotechnologies Inc.

Osta is a biopharmaceutical company listed on the TSX Venture Exchange dedicated to developing novel diagnostics and therapeutics for the aging population, particularly in the areas of Alzheimer's disease, Osteoporosis and Cancer.

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You can also visit our Web Site: www.ostabiotechnologies.com

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

The issue of this press release is limited to Canada only. This press release should not be issued in the United States through U.S. news wire agencies.