

Osta Biotechnologies Inc.
Press Release
For Immediate Distribution

OSTA RECEIVES NOTICE OF ALLOWANCE FROM CANADIAN INTELLECTUAL PROPERTY OFFICE ON KEY PEX PATENT

MONTREAL, QC – May 28, 2007 – Osta Biotechnologies Inc. (OBI: TSX-V) today announced that it has received a Notice of Allowance from the Canadian Intellectual Property Office for one of the key patents entitled “Use of PEX in the treatment of metabolic bone diseases”. The company has licensed this technology from McGill University, Montreal and is advancing the preclinical development of a novel therapeutic agent for the treatment of osteoporosis based on PEX inhibition. To date, the company has obtained promising in-vivo results on the effectiveness of its lead molecule for the treatment of osteoporosis. The company plans to file an IND application in 2010 to initiate Phase-I human clinical trials in North America.

PHEX, formerly PEX (phosphate regulating gene with homologies to endopeptidases on the X chromosome) enzyme is a metalloendopeptidase which is found almost exclusively on the surface of bone forming cells called osteoblasts. Osta’s researchers have shown that through proteolytic cleavage, osteoblast membrane-bound PHEX degrades Parathyroid hormone, PTH (1-34). Other researchers have shown that PHEX also cleaves Parathyroid hormone related peptide (PTHrP). PTH and PTHrP are known to stimulate the bone-forming activities of osteoblasts and are important for normal skeletal maintenance. The Company believes that by inhibiting PHEX, and hence by modulating the micro-environmental concentrations of critical bone anabolic agents, namely PTH and PTHrP, it may be possible to present a novel strategy for the treatment of metabolic bone diseases such as osteoporosis.

Osta Biotechnologies Inc.

Osta is a biopharmaceutical company listed on the TSX Venture Exchange dedicated to developing novel diagnostics and therapeutics in the areas of Alzheimer’s disease, Osteoporosis, Cancer and X-linked hypophosphatemic rickets (XLH).

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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.