

PRESS RELEASE

OSTA ANNOUNCES PROMISING CLINICAL RESULTS ON BLOOD TESTS FOR PARKINSON'S DISEASE & ALZHEIMER'S DISEASE

MONTREAL, QC – October 11, 2006 - Osta Biotechnologies Inc. today announced the results of a pilot clinical study involving 81 subjects for the development of novel blood tests for Parkinson's disease (PD) and also for Alzheimer's disease (AD). Data from this clinical study showed statistically significant difference in the plasma alpha-1-antitrypsin (AAT) concentrations of patients suffering from PD compared to normal elderly controls (NEC), patients with Alzheimer's disease (AD) and those suffering from mild cognitive impairment (MCI). Additionally, the data showed that the plasma AAT concentrations in subjects with MCI and AD were higher than those in NEC and PD subjects suggesting that plasma AAT concentrations could be useful in early diagnosis of AD. These results hold promise that these blood tests provide simple and reliable diagnosis of subjects suffering from Parkinson's or early Alzheimer's disease.

These findings represent an important milestone in Osta's plan to develop novel blood tests for neurodegenerative diseases including PD and AD and provide an important advancement towards generating sufficient clinical data in order for the company to enter into co-development/commercialization agreements with pharmaceutical/diagnostic companies world-wide.

Currently, there are no commercial blood tests with proven utility in the evaluation of patients with PD. Idiopathic Parkinson disease (PD) is a common neurodegenerative disorder that affects more than 2% of the population over 65 years of age. The current diagnosis of PD is rendered purely on clinical grounds at a relatively late stage of the disease when a significant damage to the dopaminergic neurons has already taken place and unfortunately cannot be reversed.

Moreover, currently, there are no commercial blood tests with proven utility in the evaluation of patients with sporadic (non-familial) AD. The causes of AD are not known, but major risk factors include old age and a family history of dementia. AD is the most common form of adult-onset dementia. It is estimated that between 5-10% of North Americans aged 65 and above suffer from AD. The prevalence of AD in the US is currently estimated at approximately 4 million people and, should effective therapy remain elusive, is anticipated to rise to about 14 million people by 2050.

At present, the degree of cognitive impairment is assessed by physicians using Mini-Mental State Examination (MMSE) scores, a battery of neuropsychological tests, blood tests to exclude potentially reversible causes of memory loss, and neuroimaging. However, these techniques are tedious, expensive and often inconclusive. There are several genetic markers such as Presenilin-1, Presenilin-2, and mutant APP that can identify relatively uncommon cases of familial AD, but these genetic markers have no role in the management of patients with the far more prevalent sporadic forms of the illness. Measurements of Tau and Amyloid peptides in the cerebrospinal fluid have proven to be useful biomarkers of sporadic AD, but these measurements require a relatively invasive spinal tap that is not ideal for the mass screening of patients with memory loss.

Results of the Clinical Study

The clinical study was conducted in collaboration with Dr. Hyman M. Schipper, a Professor of Neurology & Medicine at McGill University and the Director of Centre for Neurotranslational Research at the Lady Davis Institute for Medical Research of the Jewish General Hospital. The technology is based on a key protein called alpha-1-antitrypsin (AAT). In a pilot study involving a total of 81 subjects with 16 normal elderly controls (NEC), 26 MCI, 20 AD and 19 PD subjects, 13 out of 16 NEC subjects, 23 out of 26 MCI subjects and 17 out of 20 AD subjects were found to have plasma concentrations of AAT higher than 1.23 mg/mL, whereas, only 8 out of 19 subjects with PD were found to have plasma concentration of AAT higher than 1.23 mg/mL (P <0.025 NEC vs PD; P <0.001 MCI vs PD; P <0.01 AD vs PD, overall P <0.01). Moreover, the plasma AAT concentrations of MCI subjects were found to be similar to those with AD suggesting that plasma AAT concentrations could be useful in diagnosis of MCI and hence potentially providing an early diagnosis of AD as it is well known that MCI precedes AD. The mean plasma AAT concentration of PD subjects was found to be 1.18 ± 0.19 mg/mL and was lower than the mean plasma

AAT concentration of NEC who had a mean plasma AAT concentration of 1.33 ± 0.12 mg/mL. The mean plasma AAT concentration of MCI subjects was found to be 1.44 ± 0.30 mg/mL and that of the AD subjects was found to be 1.48 ± 0.26 mg/mL which were both higher than those in PD and NEC subjects.

Dr. Hyman Schipper, Principal Investigator of the study commented “We are quite pleased with these results and are continuing to further scale up our clinical study to validate the AAT measurement as a novel biomarker for the diagnosis of PD, AD and prognosis of subjects with MCI. The development of a blood test for the diagnosis of PD, sporadic AD and MCI would represent an advance in the management of these devastating neurodegenerative conditions.”

Osta Biotechnologies Inc.

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

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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