

Osta Biotechnologies Inc.
Press Release
For immediate distribution

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**OSTA BIOTECHNOLOGIES ANNOUNCES PROPOSED SHARES FOR DEBT SETTLEMENT
WITH FORMER HOLDERS OF CONVERTIBLE DEBENTURES OF ITS SUBSIDIARY**

Montreal, Quebec – September 13, 2006 – **Osta Biotechnologies Inc. (TSX-V: OBI)** announces that it is effecting, subject to regulatory approval, a shares for debt settlement with thirteen holders of convertible debentures that were issued by its wholly owned subsidiary, Osta Biopharma Inc., in 2004. In January and June of 2004, Osta Biopharma Inc. issued convertible debentures in the aggregate principal amount of \$130,000 to thirteen investors. The debentures provided for the payment of interest at an annual rate of 7% and were due twelve months from their respective dates of issue. Interest was accrued and payable up to May 3, 2005, the date upon which the debentures were converted into 371,429 common shares of Osta at a price of \$0.35 per share in connection with the closing of Osta's Qualifying Transaction. Osta reached an agreement with the former holders of the debentures whereby Osta will pay the outstanding interest by issuing, subject to regulatory approval, an aggregate of 39,977 common shares at a price of \$0.25 per share.

There are currently 28,305,219 common shares of Osta issued and outstanding.

About 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, Aging and Cancer.

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

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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.