



FOR IMMEDIATE RELEASE

OSTA RECEIVES FUNDING FROM INSTITUTE FOR THE STUDY OF AGING

MONTREAL, QC – October 21, 2008 – Osta Biotechnologies Inc. has received funding in the form of a convertible note in the amount of USD\$247,106 to develop a novel class of drugs for Alzheimer's disease (AD).

The funding is provided by the Institute for the Study of Aging (ISOA), a private foundation established by the Estee Lauder family in 1998, specifically for the research project entitled "Suppression of glial HO-1 activity as a potential neurotherapeutic intervention in AD."

The note, which bears interest at a rate of 5% per annum, is convertible into Osta common shares in certain circumstances upon the earlier of the fifth anniversary of the issuance thereof at conversion prices between \$0.18 and \$0.23598 per share and Osta raising an aggregate of at least \$1 million. The note is accompanied by a common share purchase warrant exercisable for a maximum of 710,772 additional common shares of Osta for 5 years from the date of issuance at a price per share tied to the conversion price of the note.

"We are quite pleased to have received funding from such a prominent organization," said Dr. Ajay Gupta, Chairman & CEO of Osta and the principal investigator of this research. "This award provides a solid endorsement to the credibility of the sound science driving our AD therapeutic development program. This funding will play a critical role in the development of our small molecule inhibitors of an enzyme known as heme oxygenase-1 (HO-1) for the treatment of AD."

Dr. Hyman M. Schipper, co-principal investigator and Director of the Center for Neurotranslational Research, SMBD Jewish General Hospital and Professor of Neurology and Medicine, McGill University, commented: "We and others have shown that some of the damage in AD is due to abnormally high activity of HO-1. Osta in collaboration with my group and Dr. Walter Szarek of Queen's University, is developing novel, potent and selective inhibitors of HO-1 as innovative therapeutics for AD and other aging-related human neurodegenerative disorders."

"Osta Biotechnologies has developed a unique and promising inhibitor for the HO-1 enzyme that may be able to protect brain cells from damaging oxidative insults, iron deposition and other pathological changes that occur in Alzheimer's disease," said Howard Fillit, MD, Executive Director of ISOA. "We are hopeful that this program will lead to a new strategy for the treatment of AD."

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 Cancer, Alzheimer's disease, Osteoporosis, Osteoarthritis and XLH.

The Institute for the Study of Aging & Alzheimer's Drug Discovery Foundation

The Institute for the Study of Aging (ISOA) and its sister organization the Alzheimer's Drug Discovery Foundation share the common mission of accelerating drug discovery for Alzheimer's disease through venture philanthropy. To date, ADDF and ISOA have awarded over \$33 million for approximately 240 research programs and conferences worldwide. For more information, visit www.AlzDiscovery.org.

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