



Osta Biotechnologies Inc.
Press Release
For Immediate Distribution

OSTA BIOTECHNOLOGIES ANNOUNCES BREAKTHROUGH RESULTS ON A NEW EXPERIMENTAL CANCER DRUG

RESULTS TO BE PRESENTED AT THE UPCOMING 2007 AMERICAN ASSOCIATION FOR CANCER RESEARCH INTERNATIONAL CONFERENCE ON MOLECULAR TARGETS & CANCER THERAPEUTICS IN SAN FRANCISCO – OCTOBER 22 - 26

MONTREAL, QC – October 15, 2007 - Osta Biotechnologies Inc. (“Osta”, TSXV: OBI) today announced breakthrough results on its lead anti-cancer therapeutic agent OB-24 in pre-clinical studies on human cancer cells implanted in mice. Data from this large scale pre-clinical study confirmed the findings of a previous study that was made public on June 14, 2007, which showed a statistically significant reduction in tumour volumes in mice treated with OB-24, compared to untreated mice or mice treated with Dacarbazine, a drug widely used clinically for the treatment of metastatic melanoma. In addition, OB-24 was found to induce a wide spectrum anti-tumour activity in both laboratory and animal experiments against a number of drug resistant and invasive tumours, and enhanced the activity of a number of currently used chemotherapy drugs.

«These results hold promise that OB-24, either alone or in combination with other chemotherapeutic agents, could represent an important modality for the treatment of metastatic and drug-resistant human cancers in a safe and effective fashion» said Dr. Ajay Gupta, Chairman & CEO, of Osta. Ongoing studies in alternative cancer models are anticipated to establish the basis for clinical utility of OB-24 for the treatment of advanced cancers» added Dr. Gupta.

«The findings announced today represent an important milestone in Osta's plan to develop novel targeted therapeutic agents for the treatment of metastatic, aggressive and drug resistant tumours, and provide an important advance towards generating sufficient pre-clinical data for the company to progress towards an Investigational New Drug (IND) filing, which is anticipated in 2009» said Dr. Gupta.

OB-24, which belongs to a novel class of anti-cancer compounds, was well tolerated with no apparent signs of toxicity in mice with repetitive dosing up to 100 mg/kg dose compared to standard chemotherapy which exhibited significant adverse effects. Robust anti-tumour activity was seen in the human prostate carcinoma, human melanoma, metastatic mouse melanoma and human colorectal carcinoma models. The activity of OB-24 in these models was equal to or significantly greater than that of standard chemotherapeutic agents namely, paclitaxel (Taxol) for prostate cancer, dacarbazine for melanoma, and 5-fluorouracil (5-FU) for colorectal cancer. In the PC-3 prostate cancer model, OB-24 showed a dramatic activity when combined with Taxol (approximately 85% inhibition compared to vehicle alone and about 3 times more powerful in inhibiting tumour growth compared to Taxol alone). The combination of OB-24 and Taxol was well tolerated with mice exhibiting a significant gain in body weight. Additionally, these studies clearly showed that the activity of OB-24 combined with Taxol significantly inhibited lung metastasis in mice. Furthermore, OB-24-treated tumours exhibited a significant reduction in the density of blood vessels that are critical for tumour growth.

Dr. Gerald Batist, Professor and Chair of Oncology at McGill University, and Director of the Segal Cancer Centre at the Jewish General Hospital (JGH), commented “The occurrence of relapses in cancer patients receiving chemotherapy, radiotherapy or biological agents is common in clinical practice due to the development of drug resistance and is a major obstacle in the successful management of cancer. Often, patients who experience incomplete remission suffer an aggressive progression of their disease and the

majority of them die in a short period of time. Tumour cells appear to be able to adapt to virtually every drug discovered so far. In standard clinical practice, the rule for dealing with relapses is still to switch to alternative drugs thereby creating a huge need for the discovery of novel classes of anti-tumour compounds capable of by-passing drug resistance pathways with an ability to safely treat invasive and metastatic tumours. The discovery of such a novel class of anti-cancer compounds by Osta's scientific team and its collaborators at the Centre for Neurotranslational Research, JGH, Segal Cancer Centre, and Queen's University, Kingston, Ontario is truly exciting and has the potential to satisfy a significantly unmet medical need for millions of cancer patients world-wide. Our collaboration with Osta also demonstrates the fact that we can help in the development of new drugs, from the laboratory to clinical testing in patients, all within the Segal Cancer Centre. "

Dr. Hyman Schipper, Professor of Neurology and Medicine, SMBD Jewish General Hospital and McGill University, Dr. Walter Szarek, Professor Emeritus, Department of Chemistry, Queens University, Dr. Kanji Nakatsu, Professor of Pharmacology & Toxicology, Queens University Dr. Jason Vlahakis, Department of Chemistry, Queens University, Dr. Ajay Gupta, Chairman & CEO, Osta Biotechnologies and Dr. Moulay Alaoui-Jamali, Professor of Medicine & Oncology, McGill University, co-inventors of this discovery expressed excitement with these remarkable results and acknowledged the indispensable role of the Canadian Institutes for Health Research whose funding of basic research provided the foundation for this work.

Dr. Gupta commented "We are continuing to optimize the dosage and the treatment duration and plan to complete the pre-clinical toxicology and safety pharmacology studies on our lead anti-cancer drug by the middle of 2009. At that time, we plan to file an Investigational New Drug (IND) application with the United States Food and Drug Administration to initiate Phase-I clinical trials in the U.S. The successful development of our novel class of anti-cancer compounds for the treatment of metastatic, invasive and drug resistant tumours would represent a major breakthrough in the management of these devastating diseases."

About Osta Biotechnologies Inc.

Osta Biotechnologies is a Quebec-based biopharmaceutical company that is listed on the TSX Venture Exchange under the ticker (TSXV: OBI). The company is dedicated to developing novel diagnostics and therapeutics for the aging population particularly in the areas of Alzheimer's disease, cancer, osteoporosis, X-linked hypophosphatemic rickets and Osteoarthritis.

For further information, please contact:

Osta Biotechnologies Inc.
Mr. Alain Geahchan
Director of Operations
(514) 567-5505

Mr. Jean-Pierre Trudel
President
Jean-Pierre Trudel & Associates
(514) 347-6111; jp.trudel@videotron.ca

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.

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