Form 51 – 102F3

Material Change Report

1. **Name and Address of Company**

   Osta Biotechnologies Inc. ("**Osta**")
   179 Choquette Street
   Dollard-des-Ormeaux, Québec
   H9A 3H2

2. **Date of Material Change**

   December 8, 2006.

3. **News Release**

   Osta issued a news release with respect to the material change on December 11, 2006 via CCNMatthews.

4. **Summary of Material Change**

   Osta held a closing of a private placement by issuing 4,361,000 units at a price of $0.25 per unit, for gross proceeds to Osta of $1,090,250.

5. **Full Description of Material Change**

   Osta held a closing of a private placement by issuing 4,361,000 units at a price of $0.25 per unit, for gross proceeds to Osta of $1,090,250. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles its holder to acquire one additional common share for a period of two years from the closing date of the placement, at a price of $0.40. The proceeds from the private placement will be applied by Osta toward the furtherance of its research and development activities, as well as working capital and general corporate purposes.

   Sherbrooke Street Capital Inc. acted as lead agent for the private placement. At the closing of the private placement, Osta paid 7% cash commissions to the agents with respect to units sold by them. Osta also issued an aggregate of 279,910 broker warrants to the agents. Each broker warrant entitles the holder to purchase one additional common share from Osta for two years at a price of $0.40 per share.

   The common shares, warrants and broker warrants issued by Osta at the closing of the private placement are subject to a four-month hold period, expiring on April 9, 2007, in accordance with applicable securities laws and the policies of the TSX Venture Exchange.

   As a result of the closing of the private placement, Osta has 32,706,196 issued and outstanding common shares.

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

   Not applicable.

7. **Omitted Information**

Not applicable.

8. **Executive Officer**

The executive officer who can answer questions regarding this report is Dr. Ajay Gupta, Chairman and Chief Executive Officer of Osta. Dr. Gupta's business telephone number is (514) 626-0322.

9. **Date of Report**

December 18, 2006.