



**For Immediate Release**

## **Securityholder Meeting in Connection with Privatization of Ondine and Debt Financing**

**VANCOUVER, BC, August 4, 2011** – Ondine Biomedical Inc. (the “Company” or “Ondine”, TSX: OBP; AIM: OBP) today announced that it has mailed in accordance with regulatory requirements the formal notice, accompanying management information circular, and other related documents (the “Meeting Materials”) in connection with the Annual General Meeting of Shareholders and Special Meeting of Securityholders (collectively, the “Meeting”) to be held on Tuesday, August 30, 2011. At the Meeting, Ondine’s securityholders will vote on, among other things, a resolution to approve the proposed plan of arrangement (the “Arrangement”) that was previously announced in the Company’s news release dated June 28, 2011 (the “Arrangement News Release”). Copies of the Meeting Materials are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website at [www.ondinebio.com](http://www.ondinebio.com). Completion of the Arrangement is subject to a number of conditions including, among other things, receipt of required securityholder, court, and regulatory approvals.

In connection with the Arrangement, Merrill Biel, who is a director of the Company, his spouse and another party (collectively, the “APT Vendors”) have entered into an agreement with the Company (the “APT Amending Agreement”) which amends the share purchase agreement among the APT Vendors and the Company made as of November 15, 2009, as previously amended (the “APT SPA”). Under the APT SPA, the Company is obligated to issue up to an additional 528,276 common shares of Ondine on the achievement of certain development and clinical milestones. Under the APT Amending Agreement, if the Arrangement becomes effective, the Company’s obligation to issue common shares of Ondine to the APT Vendors on a pro rata basis if all of the remaining six milestones are achieved would be extinguished and replaced by an obligation to make pro rata cash payments instead. The amount of cash payable for reaching each milestone is an amount equal to \$0.33 times the number of shares that would have otherwise been issuable on attainment of the milestone. Accordingly, the aggregate cash consideration would be \$174,331 if all of the remaining milestones are met within the specified time frames. Additionally, for two of the milestones in connection with the Company’s product for the prevention of ventilator associated pneumonia, the APT Amending Agreement extends the period during which the milestone must occur from five years to eight years from the date of Closing (as defined in the APT SPA).

The Company has also entered into a loan agreement (the “Loan Agreement”) with 0902337 B.C. Ltd. (the “Purchaser”) in connection with the bridge loan (the “Bridge Loan”) of up to \$750,000 as described in the Arrangement News Release. The Purchaser is a private company whose sole shareholder is Carolyn Cross, Chairman, Chief Executive Officer and a shareholder of Ondine. Pursuant to the Loan Agreement, the Purchaser advanced \$750,000 to the Company

on August 3, 2011. The Bridge Loan is due on demand or on termination of the Arrangement Agreement pursuant to its terms. The Bridge Loan is interest free if paid in full on or before October 1, 2011 and thereafter will bear interest at 5% per annum payable at the end of each month commencing on October 31, 2011.

The APT Amending Agreement entered into by the Company and the APT Vendors and the Loan Agreement entered into by Company and the Purchaser constitute related party transactions for the purposes of the AIM Rules for Companies (the “Related Party Transactions”). Accordingly, the directors of the Company (excluding Merrill Biel, with respect to the APT Amending Agreement, and Carolyn Cross, with respect to the Loan Agreement), having consulted with its nominated adviser, consider the terms of the Related Party Transactions to be fair and reasonable insofar as the Company's shareholders are concerned.

At the Meeting, Ondine's shareholders (“Shareholders”) will also vote on a resolution (the “AIM Delisting Resolution”) authorizing the Company to apply to cancel the admission of the Company's common shares (the “Common Shares”) on the AIM market of the London Stock Exchange (the “AIM”). The Company will only cancel the admission of the Common Shares on the AIM if the Arrangement becomes effective, as the Company will then have only one Shareholder, 0902337 B.C. Ltd., being the Purchaser under the Arrangement. In accordance with the Aim Rules for Companies, in order to become effective, the AIM Delisting Resolution must be approved by at least three-quarters (75%) of the votes cast on the AIM Delisting Resolution by Shareholders present in person or by proxy at the Meeting. If the Arrangement and the AIM Delisting Resolutions are approved at the Meeting and the Arrangement becomes effective, it is expected that cancellation of the admission to trading on the AIM of the Common Shares will be at 7:00a.m. (London time) on September 7, 2011.

### **About Ondine Biomedical Inc.**

Ondine is developing non-antibiotic therapies for the treatment of a broad spectrum of bacterial, fungal and viral infections. The Company is focused on developing leading edge products utilizing its patented light-activated technology, primarily for the healthcare-associated infection (HAI) market. Photodisinfection provides broad-spectrum antimicrobial efficacy without encouraging the formation and spread of antibiotic resistance. The Company is based in Vancouver, British Columbia, Canada, with a research and development laboratory in Bothell, Washington, USA. For additional information, please visit the Company's website at: [www.ondinebio.com](http://www.ondinebio.com).

## **Forward-Looking Statements:**

*Certain statements contained in this release containing words like "believe", "intend", "may", "expect", "would" and other similar expressions, are forward-looking statements that involve a number of risks and uncertainties. This forward-looking information relates to, among other things, the timing and prospects for completion of the Arrangement, which is subject to a number of conditions precedents, such as the approval of the Arrangement by the court, by Ondine's securityholders and by regulatory authorities. Accordingly, there can be no assurances that the Arrangement will be consummated. The forward-looking statements contained in this release reflect the current views of Ondine with respect to future events and are necessarily based upon a number of assumptions and estimates that, while considered reasonable by Ondine, are inherently subject to various risks and uncertainties. Many factors, both known and unknown, could cause actual results, performance or achievements to be materially different from the results, performance or achievements that are or may be expressed or implied by such forward-looking information contained in this news release and Ondine has made assumptions based on or related to many of these factors. Such factors that could cause actual results to differ materially from those projected in the Company's forward-looking statements include, without limitation, the following: litigation, fluctuations in economic and equity market conditions, market acceptance of our technologies and products; our ability to obtain financing; our financial and technical resources relative to those of our competitors; our ability to keep up with rapid technological change; government regulation of our technologies; our ability to enforce our intellectual property rights and protect our proprietary technologies; the ability to obtain and develop partnership opportunities; the timing of commercial product launches; the ability to achieve key technical milestones in key products and other risk factors identified from time to time in the Company's public filings. Investors are cautioned against attributing undue certainty or reliance on forward-looking information. Although Ondine has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described or intended. Ondine does not intend, and does not assume any obligation, to update this forward-looking information to reflect changes in assumptions or changes in circumstances or any other events affecting such information, other than as required by applicable law.*

The TSX Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

## **For further information please contact:**

Carolyn Cross, Chairman and CEO  
Ondine Biomedical Inc.  
(604) 669-0555  
ccross@ondinebio.com

Canaccord Genuity Limited, Nominated Adviser  
Mark Williams/Bhavesh Patel  
+4420 7050 6500