

ondine



For Immediate Release

Ondine Completes Sale of Majority Interest in Sinusitis Subsidiary

Sinuwave Technologies Secures Funding & Appoints CEO

VANCOUVER, B.C. – September 15, 2010 – Ondine Biopharma Corporation (TSX: OBP; AIM: OBP) (the “Company”) today announced that it has concluded the sale (the “Sinuwave Sale”) of a majority interest in Sinuwave Technologies Corporation (“Sinuwave”) to a group of private equity investors. Sinuwave was formed by the Company as a dedicated vehicle for the development of photodisinfection solutions for the chronic sinusitis market. In addition to a cash payment received by the Company on closing, the transaction provides Ondine with future economic benefits and with current cash flows to be used for the development of this expanded application of the Company’s photodynamic platform technology. The Company also announced that Mr. James Balcom has been appointed President and Chief Executive Officer of Sinuwave Technologies Corporation. Mr. Balcom has over 20 years of experience leading and managing companies involved with the development and commercialization of cutting edge, complex technologies.

“Today, few effective treatments exist for a large and rapidly growing number of chronic recurrent sinusitis sufferers. We believe photodisinfection technology may offer an effective solution for the treatment of chronic sinusitis. . The proven antimicrobial and anti-inflammatory benefits of Ondine’s non-antibiotic photodisinfection technology have the potential to provide substantial relief to those chronic sinusitis patients who have found sinus surgeries, antibiotics and other treatment methods to be unsuccessful.”, said Carolyn Cross, Chairman & CEO of Ondine Biopharma Corporation.

“Having established Sinuwave as a separate company dedicated to the treatment of chronic sinusitis, this transaction is expected to accelerate the development programs and commercialization opportunities for this important new market. Ondine, the global leader in photodisinfection technology, will work with Sinuwave to create a new class of products to better serve these patients. We are excited that James Balcom has joined us as President and CEO of Sinuwave and will be spearheading this initiative to develop this important new application of photodisinfection.”

Sinuwave Technologies Corporation

Sinuwave was established to develop and commercialize photodisinfection products for the chronic sinusitis market. It has licensed all relevant Ondine intellectual property and know-how for this application, including technology obtained in Ondine’s December 2009 acquisition of Advanced Photodynamic Technologies Inc. (“APT”), and technology developed internally at Ondine over the past ten years. Sinuwave Technologies Corporation leverages the product development, clinical and regulatory experiences of both the Ondine and APT teams.

Terms of the Sinuwave Sale Transaction

Ondine sold a majority of its ownership in Sinuwave (the “Sinuwave Sale”) for US\$660,000 (the “Sinuwave Sale Proceeds”) to the private equity investor group. In addition, immediately subsequent to the Sinuwave Sale, the private equity investor group completed an initial financing in Sinuwave for US\$550,000 (the “Initial Sinuwave Financing”). The former shareholders of APT received a 3.3% interest in Sinuwave (post the Initial Sinuwave Financing), including a 2.0% interest received by Merrill Biel, a director of the Company and a 1.2% interest received by his wife. These shares were issued in settlement of Ondine’s obligation to pay 5% of the Sinuwave Sale Proceeds to the former shareholders of APT. As a result of the sale and financing transactions, the private equity investor group will own a 77.1% interest in Sinuwave and Ondine retains a 19.6% interest. Under the terms of a shareholder agreement, Ondine has the right to participate in future financings of Sinuwave to the extent required to maintain its percentage interest. The private equity investor group has also committed to provide Sinuwave with additional financing totaling US\$1.1 million in 2 tranches and would have the right to invest a further \$1.1 million in Sinuwave on exercise of share purchase warrants.

Ondine has also entered into a memorandum of understanding (“MOU”) with Sinuwave, pursuant to which Ondine will receive monthly fees for management and research and development services initially representing up to US\$780,000 annually. Also under the terms of the MOU, Ondine would have the right and obligation to manufacture products for Sinuwave for the chronic sinusitis application on a cost plus basis, and Ondine would be entitled to receive royalties on Sinuwave sales. In addition, Ondine is entitled to milestone payments totaling US\$250,000 based on the achievement of certain development milestones. It is expected that the MOU will be followed up by definitive agreements to be entered into by the parties on or about the end of September 2010.

Proceeds from the Sinuwave Sale will be used by Ondine for the continued research and development of the Company’s platform photodisinfection technology products, including the Company’s MRSAid™ nasal decolonization system, its *in situ* endotracheal tube disinfection system, as well as for working capital and general corporate purposes.

About Ondine Biopharma Corporation

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. 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.ondinebiopharma.com.

Forward-Looking Statements:

Certain statements contained in this release containing words like "believe", "intend", "may", "expect" and other similar expressions, are forward-looking statements that involve a number of risks and uncertainties. Factors that could cause actual results to differ materially from those projected in the Company's forward-looking statements include the following: 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.

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

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