

ondine



For Immediate Release

Ondine Receives Letters of Intent for Sale of Majority Interest in Sinusitis Subsidiary

Includes Funding for Sinuwave Technologies Corp.

VANCOUVER, B.C. - July 7, 2010 – Ondine Biopharma Corporation (TSX: OBP; AIM: OBP) today announced that it has entered into non-binding letters of intent (the “LOIs”) with a syndicate of private equity investors based in Europe to purchase a majority position in Ondine’s to be formed subsidiary, Sinuwave Technologies Corporation (“Sinuwave”), which will be dedicated to the development of photodisinfection solutions for the chronic sinusitis market. Subject to the execution of definitive agreements and regulatory approvals, the proposed transaction would provide Ondine with continued economic benefits from the sinusitis application as well as cash flows to be used for the development of expanded applications of the Company’s photodynamic platform technologies.

Under the terms of the LOIs, the syndicate would receive a 70% ownership interest in Sinuwave in return for an upfront cash payment to Ondine of US\$600,000 and an initial private placement into Sinuwave of US\$500,000. The syndicate would also commit to provide Sinuwave Technologies Corporation with additional funding of up to US\$1 million by way of equity purchases over a 2 year period in 2 tranches. In addition, the syndicate would have the right to invest a further \$1 million in Sinuwave on exercise of share purchase warrants.

The parties contemplate that Ondine would develop and manufacture any products created under this initiative, and would be entitled to ongoing management consulting and product development fees as well as royalties and manufacturing margins. Ondine would also be entitled to additional payments totaling up to US\$250,000 based on the achievement of certain regulatory milestones.

“This proposed transaction will enable us to focus on this important new application of our platform photodisinfection technology”, said Carolyn Cross, Chairman & CEO of Ondine Biopharma Corporation. “The proven antimicrobial and anti-inflammatory benefits of Ondine’s non-antibiotic photodisinfection technology have the potential to provide substantial relief to patients who suffer from chronic sinusitis. Sinusitis represents a very large market, affecting over 43 million people in North America alone. There are over 450,000 patients in North America for whom sinus surgeries and antibiotics have been unsuccessful. As global leaders in photodisinfection, we have the technology and the expertise to create a new class of products that we believe can better serve these patients. By establishing a separate company dedicated to the chronic sinusitis application and entering into the above transaction, we expect to accelerate the development programs and commercialization opportunities for this important new market.”

Sinuwave Technologies Corporation is being established to develop and commercialize photodisinfection products for the sinusitis market. It will license all relevant Ondine intellectual property and know-how for this application, including technology internally developed over the past ten years and technology obtained in Ondine's December 2009 acquisition of Advanced Photodynamic Technologies Inc. ("APT"). Sinuwave Technologies Corporation will leverage the product development, clinical and regulatory experiences of both the Ondine and APT teams.

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 LOIs are non-binding and there can be no assurances that the transaction contemplated by the LOIs will be consummated. The transaction is subject to, among other things, negotiation of a definitive agreement and the Company receiving the usual regulatory approvals.

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

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