



NEWS

ONCOLYS BIOPHARMA AND TACERE THERAPEUTICS FORM STRATEGIC ALLIANCE TO DEVELOP RNAi HEPATITIS C DRUG

Tokyo, Japan and San Jose, California, USA—June 21, 2007 — Oncolys BioPharma, Inc. (Tokyo, Japan) and Tacere Therapeutics, Inc. (San Jose, CA, USA) announced today that they have entered into a strategic alliance to develop TT-033, Tacere’s lead clinical program. Under this agreement, Oncolys has been granted an option to acquire the Asian rights for TT-033, a novel RNA interference (RNAi) based product for the treatment of hepatitis C (HCV), which Oncolys will market as OBP-701. Further, Oncolys has made an equity investment in Tacere of an undisclosed amount.

“We are extremely excited about forming a collaborative relationship with Tacere, one of the pioneers in RNAi, as OBP-701/TT-033 greatly expands and perfectly matches our product pipeline,” said Yasuo Urata, President and Chief Executive Officer of Oncolys. “Regarding HCV, there are still many patients who have no meaningful cure and there is a definite need for new drugs that are both effective and safe. We believe that OBP-701/TT-033 will enable us to offer new treatments for patients suffering from HCV.”

Sara M. Hall, President and Chief Executive Officer of Tacere, stated, “After the team at Tacere’s significant investment into the development of TT-033, from proof-of-concept in 2004 as RNAi was first being recognized as a therapeutic modality to the beginning of IND-enabling studies, we are pleased to see this validation of our technology by Oncolys. Following our recent successful pre-IND meeting with the FDA, we share the excitement of seeing this product advance to the clinic. HCV continues to be a significant public health crisis in Japan, China, and Korea, and we look forward to Oncolys’ expert guidance along the regulatory and marketing path in Asia.”

About TT-033

TT-033 is a novel therapeutic product containing three separate RNAi elements entrapped in an AAV protein coat. AAV delivery methods have demonstrated clinical safety and the ability to penetrate hepatocytes (the site of HCV replication) at high levels following a single intravenous administration. In preclinical animal studies, this “cocktail in one drug” targeted and cleaved the hepatitis C virus itself at three different sites simultaneously without toxicity. The three sequences were chosen to be effective against

all genotypes of HCV. Tacere will begin IND-enabling studies on TT-033 shortly and plans to enter Phase 1 clinical studies in late 2008.

About Oncolys BioPharma, Inc.

Oncolys BioPharma is a privately held biopharmaceutical company focused on the development of novel biologics for the treatment of cancer and infectious disease. The company's lead product for the treatment of cancer, Telomelysin[®] (OBP-301), is based on replication-competent oncolytic virus, and is being tested in Phase-I clinical trial in the U.S. for various solid tumors. A novel cancer diagnostic product, Telomescan[®] (OBP-401), is at validation stage (feasibility studies) and is expected to be effective in detecting most types of cancer. The company also has a major program for infectious disease, OBP-601, in late pre-clinical stage (Pre-IND) for HIV/AIDS therapy. OBP-601 is a novel NRTI with highly promising safety and resistance profiles. For additional information, please visit www.oncolys.com.

About Tacere Therapeutics, Inc.

Tacere is an innovative biotechnology company focused on developing therapeutics to treat serious infectious diseases using its proprietary knowledge in the development of RNAi therapeutics. Tacere is located in San Jose, California, USA. Its lead therapeutic compound is TT-033, an RNAi drug for the treatment of hepatitis C. For additional information, please visit www.tacerebio.com.

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