

May 12, 2011



Oncolytics Biotech® Inc. Announces First Quarter 2011 Results

CALGARY, May 12 /PRNewswire-FirstCall/ - Oncolytics Biotech Inc. (TSX: ONC, NASDAQ: ONCY) ("Oncolytics" or the "Company") today announced its financial results and operational highlights for the quarter ended March 31, 2011.

"In order to maximize the future commercial potential for REOLYSIN®, we continue to expand and advance our clinical program through a combination of our own trials and sponsored initiatives that allow us to cost effectively expand the scope of our clinical work," said Dr. Brad Thompson, President and CEO of Oncolytics. "In the quarter we reported positive results from multiple trials and our strengthened balance sheet will enable us to expand the number of randomized studies we are running in 2011."

Selected Highlights

Since January 1, 2011 the Company has announced:

Clinical Trial Results

- Preliminary results from a U.S. Phase 2 clinical trial (REO 017) using intravenous administration of REOLYSIN in combination with gemcitabine (Gemzar®) in patients with advanced pancreatic cancer. Seventeen evaluable patients with pancreatic cancer were expected to be treated in the first stage and if three or more patients received clinical benefit, the study would then proceed to the next stage. This endpoint was met after six evaluable patients were enrolled;
- Completion of enrollment and interim data from a U.K. translational clinical trial (REO 013) investigating intravenous administration of REOLYSIN in patients with metastatic colorectal cancer prior to surgical resection of liver metastases. On initial histological analysis of the 10 treated patients, there was evidence of selective delivery of virus to tumour versus normal liver and viral replication in the majority (seven) of patients;

Ongoing Clinical Program

- The opening of enrollment in a U.S. Phase 1 study of REOLYSIN in combination with FOLFIRI (Folinic Acid (leucovorin) + Fluorouracil (5-FU) + Irinotecan) in patients with oxaliplatin refractory/intolerant Kras mutant colorectal cancer (REO 022);
- Start of enrollment in a 2-Arm randomized Phase 2 study of carboplatin, paclitaxel plus REOLYSIN versus carboplatin and paclitaxel alone in the first line treatment of patients with recurrent or metastatic pancreatic cancer sponsored by the NCI;
- Completion of enrollment in a U.S. Phase 2 clinical trial using

intravenous administration of REOLYSIN in combination with paclitaxel and carboplatin in patients with advanced head and neck cancers (REO 015);

Financial

- Pursuant to the acceleration of the expiry date of those warrants issued on November 23, 2009, the Company received proceeds of approximately US\$6.8 million resulting from the exercise of 1,943,000 warrants; and
- The exercise of 1,322,750 warrants, issued in connection with the financing that closed on November 8, 2010, providing the Company with proceeds of approximately \$8.2 million.

ONCOLYTICS BIOTECH INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

As at,	March 31, 2011 \$	December 31, 2010 \$	January 1, 2010 \$
Assets			
Current assets			
Cash and cash equivalents	49,912,873	39,296,682	32,448,939
Short-term investments	3,609,246	3,609,246	1,679,937
Accounts receivable	72,653	284,988	64,787
Prepaid expenses	389,839	278,934	507,408
Total current assets	53,984,611	43,469,850	34,701,071
Non-current assets			
Property and equipment	224,912	226,911	208,320
Long term investments			684,000
Total non-current assets	224,912	226,911	892,320
Asset held for sale	735,681	735,681	
Total assets	54,945,204	44,432,442	35,593,391
Liabilities And Shareholders Equity			
Current Liabilities			
Accounts payable and accrued liabilities	2,339,270	2,500,682	4,226,933
Warrant liability	5,536,800	1,023,051	

Total currentliabilities	2,339,270	8,037,482	5,249,984
Shareholders equity			
Share capital			
Authorized: unlimited			
Issued:			
March 31, 2011 - 71,207,318			
December 31, 2010 - 67,958,302			
January 1, 2010 - 61,549,969	177,147,062	155,439,610	131,908,274
Warrants	2,653,627	4,108,652	2,437,460
Contributed surplus	19,366,032	19,399,489	13,734,743
Accumulated other comprehensive loss	(193,540)	(156,660)	
Deficit	(146,367,247)	(142,396,131)	(117,737,070)
Total shareholdersequity	52,605,934	36,394,960	30,343,407
Total Liabilities AndEquity	54,945,204	44,432,442	35,593,391

ONCOLYTICS BIOTECH INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(unaudited)

	2011	2010		
For the three month period ending March 31,			\$	\$
Expenses				
Research and development		2,971,611	3,041,814	
Operating	1,127,011	964,309		
	4,098,622	4,006,123		
Loss before the following		(4,098,622)	(4,006,123)	
Change in fair value of warrant liability		36,000	(541,489)	
Interest	91,506	9,819		
Loss before income taxes		(3,971,116)	(4,537,793)	
Income taxes				

Net loss	(3,971,116)	(4,537,793)
Other comprehensive loss - translation adjustment	(36,880)	(144,907)
Net comprehensive loss	(4,007,996)	(4,682,700)
Basic and diluted loss per share	(0.06)	(0.07)
Weighted average number of shares (basic and diluted)	69,956,058	61,549,969

ONCOLYTICS BIOTECH INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited)

For the three month period ending, March 31, 2010

	Share capital	Contributed Surplus	Accumulated Other Warrants	Comprehensive Income	Deficit	Total Equity
	\$	\$	\$	\$	\$	\$
As at January 1, 2010	131,908,274	13,734,743		2,437,460	(117,737,070)	30,343,407
Net loss and comprehensive loss for the period				(144,907)	(4,537,793)	(4,682,700)
Expired warrants		2,438,000	(2,438,000)			
Stock based compensation		1,029			1,029	
Other			540		540	
As at March 31, 2010	131,908,274	16,173,772		(144,907)	(122,274,863)	25,662,276

For the three month period ending, March 31, 2011

	Share capital	Contributed Surplus	Accumulated Other Warrants	Comprehensive Income	Deficit	Total Equity
	\$	\$	\$	\$	\$	\$
As at December 31,	155,439,610	19,399,489	4,108,652	(156,660)	(142,396,131)	36,394,960

2010

Net loss and comprehensive loss		(36,880)	(3,971,116)	(4,007,996)		
Exercise of warrants	21,487,080	(1,455,025)		20,032,055		
Exercise of stock options	220,372	(36,330)		184,042		
Stock based compensation		2,873		2,873		
As at March 31, 2011	177,147,062	19,366,032	2,653,627	(193,540)	(146,367,247)	52,605,934