

May 10, 2012



## Oncolytics Biotech® Inc. Announces First Quarter 2012 Results

CALGARY, May 10, 2012 /PRNewswire/ - 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, 2012.

"In early April, 2012, we announced that we had completed enrollment in the first, 80-patient stage of our Phase III trial in head and neck cancers. The analysis of this patient group will be a significant milestone," said Dr. Brad Thompson, President and CEO of Oncolytics. "We've also significantly expanded our Phase II program through agreements with the NCIC which allow us to conduct randomized clinical studies in both prostate and colorectal cancers."

### Selected Highlights

Since January 1, 2012, the Company has made a number of significant announcements:

#### **Clinical Trial Program**

- Completion of enrollment in the first, 80-patient stage of its Phase III clinical trial examining REOLYSIN® in combination with paclitaxel and carboplatin in patients with platinum-refractory head and neck cancers (REO 018);
- Entry into an agreement whereby the NCIC Clinical Trials Group (CTG) at Queen's University in Kingston, Ontario, will sponsor and conduct a randomized Phase II study of REOLYSIN in patients with recurrent or metastatic castration resistant prostate cancer enrolling up to 80 patients;
- Entry into an agreement whereby the NCIC CTG at Queen's University will sponsor and conduct a randomized Phase II study of REOLYSIN in patients with advanced or metastatic colorectal cancer enrolling up to 100 patients;

#### **Preclinical Program**

- Presentation of five posters covering preclinical research in a range of cancer types at the 2012 AACR Annual Meeting in Chicago, IL; and

#### **Financial**

- Closed bought deal financing, which was increased post-announcement from \$15 million to \$18.5 million, for gross proceeds of \$21.3 million following the full exercise of the over-allotment option by the syndicate of underwriters.

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

|                                 | March 31,<br>2012<br>\$ | December 31,<br>2011<br>\$ |
|---------------------------------|-------------------------|----------------------------|
| <b>Assets</b>                   |                         |                            |
| <b>Current assets</b>           |                         |                            |
| Cash and cash equivalents       | 44,622,078              | 32,918,751                 |
| Short-term investments          | 1,969,228               | 1,936,787                  |
| Accounts receivable             | 52,957                  | 55,392                     |
| Prepaid expenses                | 331,523                 | 721,576                    |
| <b>Total current assets</b>     | <b>46,975,786</b>       | <b>35,632,506</b>          |
| <b>Non-current assets</b>       |                         |                            |
| Property and equipment          | 395,982                 | 392,111                    |
| <b>Total non-current assets</b> | <b>395,982</b>          | <b>392,111</b>             |
| <b>Total assets</b>             | <b>47,371,768</b>       | <b>36,024,617</b>          |

**Liabilities and Shareholders' Equity**

|  |                  |           |
|--|------------------|-----------|
| Accounts payable and accrued liabilities | <b>6,072,297</b> | 6,504,238 |
| <b>Total current liabilities</b>         | <b>6,072,297</b> | 6,504,238 |

**Shareholders' equity**

|                                      |                      |               |
|--------------------------------------|----------------------|---------------|
| Share capital                        |                      |               |
| Authorized: unlimited                |                      |               |
| Issued:                              |                      |               |
| March 31, 2012 - 76,464,251          |                      |               |
| December 31, 2011 - 71,251,335       | <b>197,371,836</b>   | 177,282,566   |
| Warrants                             | <b>3,030,519</b>     | 2,653,627     |
| Contributed surplus                  | <b>20,948,236</b>    | 21,142,519    |
| Accumulated other comprehensive loss | <b>(151,760)</b>     | (117,501)     |
| Accumulated deficit                  | <b>(179,899,360)</b> | (171,440,832) |
| <b>Total shareholders' equity</b>    | <b>41,299,471</b>    | 29,520,379    |
| <b>Total liabilities and equity</b>  | <b>47,371,768</b>    | 36,024,617    |

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

|  |                    |             |
|--|--------------------|-------------|
| For the three month period ending March 31,                  | <b>2012</b>        | <b>2011</b> |
|  | \$                 | \$          |
| <b>Expenses</b>  |                    |             |
| Research and development                                     | <b>7,490,544</b>   | 2,971,611   |
| Operating  | <b>1,088,051</b>   | 1,127,011   |
| <b>Operating loss</b>  | <b>(8,578,595)</b> | (4,098,622) |
| Change in fair value of warrant liability                    | —                  | 36,000      |
| Interest   | <b>120,067</b>     | 91,506      |
| <b>Loss before income taxes</b>                              | <b>(8,458,528)</b> | (3,971,116) |
| Income tax expense   | —                  | —           |
| <b>Net loss</b>  | <b>(8,458,528)</b> | (3,971,116) |
| Other comprehensive loss - translation adjustment            | <b>(34,259)</b>    | (36,880)    |
| <b>Net comprehensive loss</b>                                | <b>(8,492,787)</b> | (4,007,996) |
| <b>Basic and diluted loss per common share</b>               | <b>(0.11)</b>      | (0.06)      |
| <b>Weighted average number of shares (basic and diluted)</b> | <b>74,552,824</b>  | 69,956,058  |

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

|                                 | Share Capital | Contributed Surplus | Warrants    | Accumulated Other Comprehensive Loss | Accumulated Deficit | Total       |
|---------------------------------|---------------|---------------------|-------------|--------------------------------------|---------------------|-------------|
|                                 | \$            | \$                  | \$          | \$                                   | \$                  | \$          |
| As at December 31, 2010         | 155,439,610   | 19,399,489          | 4,108,652   | (156,660)                            | (142,396,131)       | 36,394,960  |
| 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     |
| Share 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  |

|   | Share Capital      | Contributed Surplus | Warrants         | Accumulated Other Comprehensive Loss | Accumulated Deficit  | Total             |
|---|--------------------|---------------------|------------------|--------------------------------------|----------------------|-------------------|
|   | \$                 | \$                  | \$               | \$                                   | \$                   | \$                |
| As at December 31, 2011                     | 177,282,566        | 21,142,519          | 2,653,627        | (117,501)                            | (171,440,832)        | 29,520,379        |
| Net loss and comprehensive loss             | —                  | —                   | —                | (34,259)                             | (8,458,528)          | (8,492,787)       |
| Issued, pursuant to a bought deal financing | 19,418,551         | —                   | 376,892          | —                                    | —                    | 19,795,443        |
| Exercise of stock options                   | 670,719            | (208,136)           | —                | —                                    | —                    | 462,583           |
| Share based compensation                    | —                  | 13,853              | —                | —                                    | —                    | 13,853            |
| <b>As at March 31, 2012</b>                 | <b>197,371,836</b> | <b>20,948,236</b>   | <b>3,030,519</b> | <b>(151,760)</b>                     | <b>(179,899,360)</b> | <b>41,299,471</b> |

**ONCOLYTICS BIOTECH INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(unaudited)*

| For the three month period ending March,                | 2012               | 2011               |
|---|--------------------|--------------------|
|   | \$                 | \$                 |
| <b>Operating Activities</b>                             |                    |                    |
| Net loss for the period                                 | (8,458,528)        | (3,971,116)        |
| Amortization - property and equipment                   | 28,061             | 17,275             |
| Share based compensation                                | 13,853             | 2,873              |
| Change in fair value of warrant liability               | —                  | (36,000)           |
| Unrealized foreign exchange loss                        | (45,009)           | 191,149            |
| Net change in non-cash working capital                  | (39,453)           | (59,982)           |
| <b>Cash used in operating activities</b>                | <b>(8,501,076)</b> | <b>(3,855,801)</b> |
| <b>Investing Activities</b>                             |                    |                    |
| Acquisition of property and equipment                   | (31,932)           | (15,276)           |
| Purchase of short-term investments                      | (32,441)           | —                  |
| <b>Cash used in investing activities</b>                | <b>(64,373)</b>    | <b>(15,276)</b>    |
| <b>Financing Activities</b>                             |                    |                    |
| Proceeds from exercise of stock options and warrants    | 462,583            | 14,715,297         |
| Proceeds from public offering                           | 19,795,443         | —                  |
| <b>Cash provided by financing activities</b>            | <b>20,258,026</b>  | <b>14,715,297</b>  |
| <b>Increase in cash</b>                                 | <b>11,692,577</b>  | <b>10,844,220</b>  |
| Cash and cash equivalents, beginning of period          | 32,918,751         | 39,296,682         |
| Impact of foreign exchange on cash and cash equivalents | 10,750             | (228,029)          |
| <b>Cash and cash equivalents, end of period</b>         | <b>44,622,078</b>  | <b>49,912,873</b>  |

To view the Company's First Quarter 2012 Consolidated Financial Statements, related Notes to Consolidated Financial Statements, and Management's Discussion and Analysis, please see the Company's quarterly filings which will be available on [www.sedar.com](http://www.sedar.com) and on [www.oncolyticsbiotech.com](http://www.oncolyticsbiotech.com).

**About Oncolytics Biotech Inc.**

Oncolytics is a Calgary-based biotechnology company focused on the development of oncolytic viruses as potential cancer therapeutics. Oncolytics' clinical program includes a variety of human trials including a Phase III trial in head and neck cancers using REOLYSIN, its proprietary formulation of the human reovirus. For further information about Oncolytics, please visit: [www.oncolyticsbiotech.com](http://www.oncolyticsbiotech.com).

*This press release contains forward-looking statements, within the meaning of Section 21E of the Securities Exchange Act of*

1934, as amended. *Forward-looking statements, including the Company's belief as to the potential of REOLYSIN as a cancer therapeutic; the Company's expectations as to the success of its research and development programs in 2012 and beyond, the Company's planned operations, the value of the additional patents and intellectual property; the Company's expectations related to the applications of the patented technology; the Company's expectations as to adequacy of its existing capital resources; the design, timing, success of planned clinical trial programs; and other statements related to anticipated developments in the Company's business and technologies involve known and unknown risks and uncertainties, which could cause the Company's actual results to differ materially from those in the forward-looking statements. Such risks and uncertainties include, among others, the availability of funds and resources to pursue research and development projects, the efficacy of REOLYSIN as a cancer treatment, the success and timely completion of clinical studies and trials, the Company's ability to successfully commercialize REOLYSIN, uncertainties related to the research and development of pharmaceuticals, uncertainties related to the regulatory process and general changes to the economic environment. Investors should consult the Company's quarterly and annual filings with the Canadian and U.S. securities commissions for additional information on risks and uncertainties relating to the forward-looking statements. Investors are cautioned against placing undue reliance on forward-looking statements. The Company does not undertake to update these forward-looking statements, except as required by applicable laws.*

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