

March 10, 2017



Oncolytics Biotech® Inc. Announces 2016 Year-End Results

CALGARY, March 10, 2017 /PRNewswire/ - Oncolytics Biotech® Inc. (TSX: ONC) (OTCQX: ONCYF) (Oncolytics or the Company) today announced its financial results and operational highlights for the year ended December 31, 2016.

"It was a year of change for Oncolytics, highlighted by additional clinical data that saw our understanding of REOLYSIN®'s mechanism of action evolve and grow," said Dr. Matt Coffey, President and CEO of Oncolytics. "Through this process, and with the help of our expanding senior team, we thoughtfully and deliberately put in place a plan that initially contemplates combinations with chemotherapy for late-stage clinical development, but will expand to include targeted immunotherapies over the longer term as we look to leverage the role of the immune system in patient treatment. In the coming months we will specifically define our first registration pathway. In the year ahead we expect data readouts from as many as five sponsored, randomized Phase 2 studies, including one in advanced or metastatic breast cancer."

Selected Highlights

Since January 1, 2016, selected highlights announced by the Company include:

Clinical Results

- An abstract submitted to the American Association of Cancer Research Annual Meeting by Canadian Cancer Trials Group ("CCTG") at Queen's University in Kingston, Ontario covering results from IND 213, an open-label, randomized, non-blinded Phase 2 study to assess the therapeutic combination of intravenously-administered REOLYSIN given in combination with paclitaxel versus paclitaxel alone in patients with advanced or metastatic breast cancer;
- A poster presentation by Dr. Kevin Kelly at the 58th American Society of Hematology Annual Meeting on the Phase 1b Study of REOLYSIN with Bortezomib and Dexamethasone in Patients with Relapsed/Refractory Multiple Myeloma, with preliminary data suggesting evidence of activity and that the treatment combination was well tolerated;
- Additional data from a randomized, CCTG-sponsored Phase 2 clinical study of REOLYSIN in non-small cell lung cancer (IND 211), which showed: a statistically significant improvement ($p=0.0201$) in progression free survival (PFS) for female patients with adenocarcinoma in the test arm versus the control arm, a strong trend to improved overall survival (OS) for female patients with adenocarcinoma in the test arm versus the control arm;
- Preliminary data from a randomized, CCTG-sponsored Phase 2 clinical study of REOLYSIN in advanced or metastatic colorectal cancer (IND 210), following an abstract for the 2016 American Society of Clinical Oncology annual meeting, which showed a statistically significant improvement in objective response rates in female patients (female patients in the test arm had an overall response rate (ORR) of 63.2% (n=19) versus 23.8% (n=21) in the control arm ($p=0.0054$)), and a trend to improvement in median OS in female patients (female patients in the test arm had median OS of 19.3 months (n=19) versus 14.5 months (n=21) in the control arm);

- Updated results from a randomized Phase 2 clinical trial of its lead product, REOLYSIN, in combination with carboplatin and paclitaxel in patients with pancreatic cancer (NCI-8601), where an intent-to-treat analysis of overall survival on patients with confirmed treatment regimes, as assessed by the percentage of patients surviving for two years, showed a doubling of patients surviving two years; 20% on the test arm versus 9% on the control arm;
- Treatment of the first patients in a Phase 1b study of pembrolizumab (KEYTRUDA®) in combination with REOLYSIN and chemotherapy in patients with advanced pancreatic adenocarcinoma, the Company's first trial examining REOLYSIN in combination with a checkpoint inhibitor;

Corporate

- The appointment of Oncolytics co-founder and long-serving senior executive Matt Coffey PhD, MBA, as President and CEO;
- The appointment of Andres Gutierrez, MD, PhD, with more than 25 years of senior clinical development expertise designing and implementing both early- and late-stage oncology clinical studies, to the role of Chief Medical Officer;
- Formation of a Science and Technology Committee charged with supporting REOLYSIN's further development in the context of the broader oncology space with an ultimate focus on reaching a commercial endpoint; and

Financial

- At December 31, 2016, the Company reported \$14.1 million in cash, cash equivalents and short-term investments. At March 9, 2017, the Company had approximately \$11.3 million in cash, cash equivalents and short-term investments.

ONCOLYTICS BIOTECH INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | 2016 | 2015 |
|--------------------|------|------|
| As at December 31, | \$ | \$ |

Assets

Current assets

| | | |
|-----------------------------|-------------------|------------|
| Cash and cash equivalents | 12,034,282 | 24,016,275 |
| Short-term investments | 2,088,800 | 2,060,977 |
| Accounts receivable | 54,406 | 340,059 |
| Prepaid expenses | 260,841 | 506,669 |
| Total current assets | 14,438,329 | 26,923,980 |

Non-current assets

| | | |
|---------------------------------|----------------|---------|
| Property and equipment | 319,955 | 459,818 |
| Total non-current assets | 319,955 | 459,818 |

| | | |
|----------------------------|-------------------|------------|
| <i>Total assets</i> | 14,758,284 | 27,383,798 |
|----------------------------|-------------------|------------|

Liabilities And Shareholders' Equity

Current Liabilities

| | | |
|--|------------------|-----------|
| Accounts payable and accrued liabilities | 4,068,664 | 2,709,492 |
| Total current liabilities | 4,068,664 | 2,709,492 |

Shareholders' equity

Share capital

Authorized: unlimited

Issued:

December 31, 2016 – 121,258,222

December 31, 2015 – 118,151,622

262,321,825 261,324,692

Contributed surplus

26,643,044 26,277,966

| | | |
|--|----------------------|---------------|
| Accumulated other comprehensive income | 554,060 | 760,978 |
| Accumulated deficit | (278,829,309) | (263,689,330) |
| Total shareholders' equity | 10,689,620 | 24,674,306 |
| Total liabilities and equity | 14,758,284 | 27,383,798 |

ONCOLYTICS BIOTECH INC.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

| | 2016 | 2015 | 2014 |
|-----------------------------------|---------------------|--------------|--------------|
| For the years ending December 31, | \$ | \$ | \$ |
| Expenses | | | |
| Research and development | 9,770,007 | 8,601,864 | 13,824,252 |
| Operating | 5,524,500 | 5,315,837 | 4,998,694 |
| Loss before the following | (15,294,507) | (13,917,701) | (18,822,946) |
| Interest | 163,902 | 197,859 | 210,390 |
| Loss before income taxes | (15,130,605) | (13,719,842) | (18,612,556) |
| Income tax recovery (expense) | (9,374) | (3,153) | (6,779) |
| Net loss | (15,139,979) | (13,722,995) | (18,619,335) |

Other comprehensive income items that may be reclassified to net loss

| | | | |
|--|---------------------|---------------------|---------------------|
| Translation adjustment | (206,918) | 480,935 | 200,345 |
| Net comprehensive loss | (15,346,897) | (13,242,060) | (18,418,990) |
| Basic and diluted loss per common share | (0.13) | (0.12) | (0.21) |
| Weighted average number of shares (basic and diluted) | 119,880,200 | 112,613,845 | 87,869,149 |

ONCOLYTICS BIOTECH INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Share Capital | Warrants | Contributed Surplus | Accumulated Other Comprehensive Income | Accumulated Deficit | Total |
|--|---------------|----------|---------------------|--|---------------------|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| As at December 31, 2013 | 228,612,564 | 376,892 | 24,491,212 | 79,698 | (231,347,000) | 22,213,366 |
| Net loss and other comprehensive income | — | — | — | 200,345 | (18,619,335) | (18,418,990) |
| Issued, pursuant to Share Purchase Agreement | 8,861,652 | — | — | — | — | 8,861,652 |

| | | | | | | |
|---|-------------|-----------|------------|---------|---------------|--------------|
| Issued, pursuant to "At the Market" Agreement | 1,468,668 | — | — | — | — | 1,468,668 |
| Expired warrants | — | (376,892) | 376,892 | — | — | — |
| Share based compensation | — | — | 980,325 | — | — | 980,325 |
| Share issue costs | (1,285,828) | — | — | — | — | (1,285,828) |
| As at December 31, 2014 | 237,657,056 | — | 25,848,429 | 280,043 | (249,966,335) | 13,819,193 |
| Net loss and other comprehensive income | — | — | — | 480,935 | (13,722,995) | (13,242,060) |
| Issued, pursuant to Share Purchase Agreement | 4,371,687 | — | — | — | — | 4,371,687 |
| Issued, pursuant to "At the Market" Agreement | 20,049,693 | — | — | — | — | 20,049,693 |
| Share based compensation | — | — | 429,537 | — | — | 429,537 |
| Share issue costs | (753,744) | — | — | — | — | (753,744) |
| As at December 31, 2015 | 261,324,692 | — | 26,277,966 | 760,978 | (263,689,330) | 24,674,306 |

| | | | | | | |
|--|--------------------|----------|-------------------|----------------|----------------------|-------------------|
| Net loss and other comprehensive income | — | — | — | (206,918) | (15,139,979) | (15,346,897) |
| Issued, pursuant to incentive share award plan | 41,000 | — | (41,000) | — | — | — |
| Issued, pursuant to "At the Market" Agreement | 1,456,296 | — | — | — | — | 1,456,296 |
| Share based compensation | — | — | 406,078 | — | — | 406,078 |
| Share issue costs | (500,163) | — | — | — | — | (500,163) |
| As at December 31, 2016 | 262,321,825 | — | 26,643,044 | 554,060 | (278,829,309) | 10,689,620 |

ONCOLYTICS BIOTECH INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | 2016 | 2015 | 2014 |
|---------------------------------------|---------------------|--------------|--------------|
| For the years ending December 31, | \$ | \$ | \$ |
| Operating Activities | | | |
| Net loss for the year | (15,139,979) | (13,722,995) | (18,619,335) |
| Amortization - property and equipment | 162,233 | 180,411 | 163,501 |

| | | | |
|---|---------------------|--------------|--------------|
| Share based compensation | 406,078 | 429,537 | 980,325 |
| Unrealized foreign exchange (gain) loss | (139,810) | (816,319) | 242,542 |
| Net change in non-cash working capital | 2,233,865 | (1,105,464) | (2,443,988) |
| Cash used in operating activities | (12,477,613) | (15,034,830) | (19,676,955) |
| Investing Activities | | | |
| Acquisition of property and equipment | (23,527) | (108,268) | (152,750) |
| Redemption (purchase) of short-term investments | (27,823) | (29,292) | (30,041) |
| Cash used in investing activities | (51,350) | (137,560) | (182,791) |
| Financing Activities | | | |
| Proceeds from Share Purchase Agreement | — | 4,305,396 | 7,830,409 |
| Proceeds from "At the Market" equity distribution agreement | 956,133 | 19,362,240 | 1,214,083 |
| Cash provided by financing activities | 956,133 | 23,667,636 | 9,044,492 |
| (Decrease) increase in cash | (11,572,830) | 8,495,246 | (10,815,254) |
| Cash and cash equivalents, beginning of year | 24,016,275 | 14,152,825 | 25,220,328 |
| Impact of foreign exchange on cash and cash equivalents | (409,163) | 1,368,204 | (252,249) |
| Cash and cash equivalents, end of year | 12,034,282 | 24,016,275 | 14,152,825 |

To view the Company's Fiscal 2016 Consolidated Financial Statements, related Notes to the Consolidated Financial Statements, and Management's Discussion and Analysis, please see the Company's annual filings, which will be available under the Company's profile at www.sedar.com

and on Oncolytics' website at <http://www.oncolyticsbiotech.com/investor-centre/financials/>.

About Oncolytics Biotech Inc.

Oncolytics is a biotechnology company developing REOLYSIN, an immuno-oncology viral-agent, as a potential treatment for a variety of tumor types. The compound induces selective tumor lysis and promotes an inflamed tumor phenotype through innate and adaptive immune responses to potentially treat a variety of cancers. Oncolytics' clinical development program emphasizes three pillars: chemotherapy combinations to trigger selective tumor lysis; immuno-therapy combinations to produce adaptive immune responses; and immune modulator (IMiD) combinations to facilitate innate immune responses. For further information about Oncolytics, please visit: 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 2017 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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