First Quarter Report

March 31, 2015

Oncolytics Biotech Inc.

Message to Shareholders

First Quarter 2015

In the first quarter of 2015 we continued to execute on our orphan drug initiative receiving approval in multiple indications in both the US and the EU. We also presented both preclinical and clinical data that furthered our understanding of how REOLYSIN® works, proposed new potential treatment combinations, and identified patient populations that could benefit from treatment with REOLYSIN®. Finally, we continued to strengthen our balance sheet, adding cash that will allow us to fund operations at current levels into 2017.

Orphan Drug Designation Granted in Multiple Indications

In 2015, we have received Orphan Drug Designation in a range of indications. Both the U.S. Food and Drug Administration ("FDA") and the European Medicines Agency ("EMA") have created programs that help sponsors of products designed to treat relatively rare, life threatening indications by offering certain benefits and incentives. Most importantly, this includes a multi-year period of market exclusivity once approval is granted for the product in the specifically designated indication. The FDA has now granted Oncolytics Orphan Drug Designation in ovarian, fallopian tube, and primary peritoneal cancers, choosing to designate the three indications separately, in pancreatic cancer, and in malignant glioma in all patients, which was an expansion from our original application for high grade gliomas in pediatric patients. The EMA has granted Orphan Drug Designation in both ovarian and pancreatic cancers. In their review for the latter indication, they took into account emerging overall survival data from our REO 017 study.

Clinical and Pre-Clinical Findings Presented at Conferences Internationally

In mid-April our Chief Operating Officer, Dr. Matt Coffey, presented at the at the Royal Society of Medicine's Immuno-oncology: Using the Body's Own Weapons conference, held in London, UK. The presentation included data from our single arm clinical study examining the use of REOLYSIN® in combination with gemcitabine in patients with advanced pancreatic cancer (REO 017). As well, data was presented showing up regulation of PD-1 and PD-L1 from our single arm clinical study examining the use of REOLYSIN® in patients with primary glioblastomas or brain metastases (REO 013b). The updated results from the REO 017 study demonstrated a median overall survival (OS) of 10.2 months, and one- and two-year survival rates of 45% and 24%, respectively. The data suggests that there may be immunological involvement following treatment with REOLYSIN® that could ultimately support improved overall survival of patients and it is our intent to present additional data from the study in the future.

Our collaborators also presented emerging pre-clinical data looking at individual treatment combinations with REOLYSIN® that included radiotherapy and PD-1 blockade in melanoma, cetuximab in squamous cell head and neck cancer, bortezomib in multiple myeloma and sunitinib in non-small cell lung cancer at conferences in Europe and the US. This work remains important as we look to identify new indications and treatment combinations where patients can derive benefit.

Sponsored Randomized Phase II Program Advancing

In February, we announced that enrollment had been completed in an ongoing colorectal cancer study, the first of four randomized Phase II studies being sponsored by the NCIC Clinical Trials Group based in Kingston, Ontario. The other studies – in non-small cell lung, prostate and breast cancers – continue to enroll, with the first two also nearing completion. In September 2014 we also announced the completion of enrollment in a randomized Phase 2 study in ovarian cancer sponsored by the US National Cancer Institute.

With patient enrollment complete in two studies, we expect patient follow-up to continue. Once the individual study sponsors have completed this follow-up, which could include both progression-free and overall survival endpoints, as well as the collation and analysis of patient data, it will be provided to Oncolytics for review. All of these studies also include a prospective review of individual patient genetic status, which is key to developing our ongoing understanding of the role of biomarkers in cancer, especially with respect to selecting individual patient treatment options.

Strengthening Balance Sheet

In the first part of 2015 we continued to access capital from both our share purchase agreement with Lincoln Park Capital Fund, LLC ("LPC") and our at-the-market ("ATM") equity distribution agreement with Canaccord Genuity. The LPC facility takes into account the prevailing price of our common shares immediately preceding the notice of sale, without any fixed discount and our arrangement with Canaccord Genuity prices in the context of the market. In 2015, we have raised $1.9 million with LPC and $14.6 million under our ATM so far. At March 31, 2015 we reported cash and cash equivalents of $30.6 million, which have grown to $31.5 million as of the time of writing at May 6, 2015. At current activity levels and burn rates, we believe this provides us with cash to fund operations into 2017.

The Year Ahead

We continue to actively focus on developing our go-forward clinical path, which could include one or more registration studies. In addition to actively speaking with key-opinion leaders, regulatory consultants and regulators themselves, we expect to evaluate our growing library of clinical trial data in an effort to identify the most expeditious route to the commercial endpoint.

I look forward to updating you on our progress in subsequent quarters as we advance through 2015.

Yours sincerely,

Brad Thompson, PhD
President and CEO

Interim Consolidated Financial Statements
(unaudited)

Oncolytics Biotech® Inc.
March 31, 2015 and 2014

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

As at	Notes	March 31, 2015	December 31, 2014
Assets			
Current assets			
Cash and cash equivalents	*3*	**28,578,023**	14,152,825
Short-term investments	*3*	**2,060,977**	2,031,685
Accounts receivable		**45,706**	191,751
Prepaid expenses		**264,708**	291,553
Total current assets		**30,949,414**	16,667,814
Non-current assets			
Property and equipment		**495,531**	525,376
Total non-current assets		**495,531**	525,376
Total assets		**31,444,945**	17,193,190
Liabilities And Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued liabilities		**4,274,515**	3,373,997
Total current liabilities		**4,274,515**	3,373,997
Commitments and contingencies	*7*		
Shareholders' equity			
Share capital Authorized: unlimited Issued: March 31, 2015 - 109,708,373 December 31, 2014 - 93,512,494	*4*	**254,219,570**	237,657,056
Contributed surplus	*4, 5*	**25,963,399**	25,848,429
Accumulated other comprehensive income		**505,634**	280,043
Accumulated deficit		**(253,518,173)**	(249,966,335)
Total shareholders' equity		**27,170,430**	13,819,193
Total liabilities and equity		**31,444,945**	17,193,190

See accompanying notes

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

For the three month period ending March 31	Notes	2015 $	2014 $
Expenses			
Research and development	*5, 11, 12*	**2,425,539**	4,178,334
Operating	*5, 11, 12*	**1,182,734**	1,391,254
Operating loss		**(3,608,273)**	(5,569,588)
Interest		**56,435**	87,987
Loss before income taxes		**(3,551,838)**	(5,481,601)
Income tax expense		**—**	(3,850)
Net loss		**(3,551,838)**	(5,485,451)
Other comprehensive income items that may be reclassified to net loss			
Translation adjustment		**225,591**	(18,694)
Net comprehensive loss		**(3,326,247)**	(5,504,145)
Basic and diluted loss per common share	*6*	**(0.04)**	(0.06)
Weighted average number of shares (basic and diluted)	*6*	**99,557,654**	85,148,242

See accompanying notes

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

	Share Capital $	Contributed Surplus $	Warrants $	Accumulated Other Comprehensive Income $	Accumulated Deficit $	Total $
As at December 31, 2013	228,612,564	24,491,212	376,892	79,698	(231,347,000)	22,213,366
Net loss and comprehensive loss	—	—	—	(18,694)	(5,485,451)	(5,504,145)
Issued, pursuant to Share Purchase Agreement	1,188,442	—	—	—	—	1,188,442
Exercise of stock options	—	376,892	(376,892)	—	—	—
Share based compensation	—	304,597	—	—	—	304,597
As at March 31, 2014	229,801,006	25,172,701	—	61,004	(236,832,451)	18,202,260

	Share Capital $	Contributed Surplus $	Warrants $	Accumulated Other Comprehensive Income $	Accumulated Deficit $	Total $
As at December 31, 2014	237,657,056	25,848,429	—	280,043	(249,966,335)	13,819,193
Net loss and comprehensive income	—	—	—	225,591	(3,551,838)	(3,326,247)
Issued, pursuant to Share Purchase Agreement	1,925,596	—	—	—	—	1,925,596
Issued, pursuant to "At the Market" Agreement	14,636,918	—	—	—	—	14,636,918
Share based compensation	—	114,970	—	—	—	114,970
As at March 31, 2015	**254,219,570**	**25,963,399**	**—**	**505,634**	**(253,518,173)**	**27,170,430**

See accompanying notes

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

For the three month period ending March 31	Notes	2015 $	2014 $
Operating Activities			
Net loss for the period		**(3,551,838)**	(5,485,451)
Amortization - property and equipment	*11*	**45,130**	39,657
Share based compensation	*5, 11*	**114,970**	304,597
Impact of unrealized foreign exchange (gains) losses		**(305,156)**	24,070
Net change in non-cash working capital	*10*	**949,705**	(1,046,951)
Cash used in operating activities		**(2,747,189)**	(6,164,078)
Investing Activities			
Acquisition of property and equipment		**(11,940)**	(15,980)
Purchase of short-term investments		**(29,292)**	(30,041)
Cash used in investing activities		**(41,232)**	(46,021)
Financing Activities			
Proceeds from Share Purchase Agreement	*4*	**1,925,596**	1,188,442
Proceeds from "At the Market" equity distribution agreement	*4*	**14,636,918**	—
Cash provided by financing activities		**16,562,514**	1,188,442
Increase in cash		**13,774,093**	(5,021,657)
Cash and cash equivalents, beginning of period		**14,152,825**	25,220,328
Impact of foreign exchange on cash and cash equivalents		**651,105**	(42,764)
Cash and cash equivalents, end of period		**28,578,023**	20,155,907

See accompanying notes

Note 1: Incorporation and Nature of Operations

Oncolytics Biotech Inc. was incorporated on April 2, 1998 under the Business Corporations Act (Alberta) as 779738 Alberta Ltd. On April 8, 1998, we changed our name to Oncolytics Biotech Inc.

Our interim consolidated financial statements for the period ended March 31, 2015, were authorized for issue in accordance with a resolution of the Board of Directors (the "Board") on May 6, 2015. We are a limited company incorporated and domiciled in Canada. Our shares are publicly traded and our registered office is located at 210, 1167 Kensington Crescent NW, Calgary, Alberta, Canada.

We are a development stage biopharmaceutical company that focuses on the discovery and development of pharmaceutical products for the treatment of cancers that have not been successfully treated with conventional therapeutics. Our product being developed may represent a novel treatment for Ras mediated cancers which can be used as an alternative to existing cytotoxic or cytostatic therapies, as an adjuvant therapy to conventional chemotherapy, radiation therapy, or surgical resections, or to treat certain cellular proliferative disorders for which no current therapy exists.

Note 2: Basis of Financial Statement Presentation

Our interim consolidated financial statements include our financial statements and the financial statements of our subsidiaries as at March 31, 2015 and are presented in Canadian dollars, our functional currency.

Our accounts are prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The accounts are prepared on the historical cost basis, except for certain assets and liabilities which are measured at fair value as explained in the notes to these financial statements.

These interim consolidated financial statements have been prepared in compliance with International Accounting Standard 34 *Interim Financial Reporting.* The notes presented in these interim consolidated financial statements include only significant events and transactions occurring since our last fiscal year end and are not fully inclusive of all matters required to be disclosed in our annual audited consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with our most recent annual audited consolidated financial statements, for the year ended December 31, 2014. We have consistently applied the same accounting policies for all periods presented in these interim consolidated financial statements as those used in our audited consolidated financial statements for the year ended December 31, 2014.

Note 3: Cash Equivalents and Short Term Investments

Cash Equivalents

Cash equivalents consist of interest bearing deposits with our bank denominated in Canadian and US dollars totaling $25,166,610 (December 31, 2014 - $7,620,520). The current annual interest rate earned on these deposits is 0.35% (December 31, 2014 – 1.38%).

Short-Term Investments

Short-term investments which consist of guaranteed investment certificates are liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The objectives for holding short-term investments are to invest our excess cash resources in investment vehicles that provide a better rate of return compared to our interest bearing bank account with limited risk to the principal invested. We intend to match the maturities of these short-term investments with the cash requirements of the Company’s activities and treat these as held-to-maturity short-term investments.

	Face Value $	Original Cost $	Accrued Interest $	Carrying Value $	Fair Value $	Effective Interest Rate %
March 31, 2015						
Short-term investments	**2,060,977**	**2,060,977**	**—**	**2,060,977**	**2,060,977**	**1.35%**
December 31, 2014						
Short-term investments	2,031,685	2,031,685	—	2,031,685	2,031,685	1.44%

Fair value is determined by using published market prices provided by our investment advisor.

Note 4: Share Capital

Authorized:
Unlimited number of no par value common shares

Issued:	Shares		Warrants	
	Number	Amount $	Number	Amount $
Balance, December 31, 2013	84,803,818	228,612,564	303,945	376,892
Issued pursuant to Share Purchase Agreement[(a)]	7,037,216	8,861,652	—	—
Issued pursuant to "At the Market" sales agreement[(b)]	1,671,460	1,468,668	—	—
Expiry of warrants	—	—	(303,945)	(376,892)
Share issue costs	—	(1,285,828)	—	—
Balance, December 31, 2014	93,512,494	237,657,056	—	—
Issued pursuant to Share Purchase Agreement[(a)]	2,885,081	1,953,212	—	—
Issued pursuant to "At the Market" equity distribution agreement[(b)]	13,310,798	15,091,987	—	—
Share issue costs	—	(482,685)	—	—
Balance, March 31, 2015	**109,708,373**	**254,219,570**	**—**	**—**

(a) On February 27, 2014, we entered into a share purchase agreement (the "Share Purchase Agreement") with Lincoln Park Capital Fund, LLC ("LPC") to sell up to US$26,000,000 of common stock. Subject to the terms and conditions of the Share Purchase Agreement and at our sole discretion, we may sell up to US$26.0 million worth of common shares to LPC over the 30-month term. The purchase price of the common shares will be based on prevailing market prices of our common shares immediately preceding the notice of a sale without any fixed discount. Subject to the Share Purchase Agreement, we control the timing and amount of any future investment and LPC is obligated to make such purchases, if and when we elect. The Share Purchase Agreement does not impose any upper price limit restrictions, negative covenants or restrictions on our future financing activities. We can terminate the Share Purchase Agreement at any time at our sole discretion without any monetary cost or penalty. Under the Share Purchase Agreement, we issued an initial commitment fee of 292,793 common shares to LPC valued at fair value of US$455,000. An additional 292,793 common shares will be issued on a pro rata basis under the terms of the Share Purchase Agreement as an additional commitment fee.

On October 20, 2014 we announced that we had reached an agreement on amendments to the Share Purchase Agreement. The specific amendments include allowing the Company to sell shares to LPC at the Company's sole option independent of the closing price of the Common Stock, increasing the number of shares that may be sold to LPC at certain price levels and changes to the way the number of Commitment Shares issuable are calculated. In consideration of the amendments

to the Agreement, the Company issued 146,397 shares of Common Stock to LPC. All other terms and conditions of the Agreement remain in force without amendment.

During 2015, under the terms of the Share Purchase Agreement, we issued 2,885,081 common shares (2014 - 7,037,216 common shares) for net proceeds of approximately US$1.6 million (2014 - US$7.1 million). As well in 2015, we issued 35,081 commitment shares (2014 - 536,254 commitment shares) with a fair value of US$20,307 (2014 - US$654,267. The commitment shares have been recorded as additional share issue costs. As at March 31, 2015, there was US$17.1 million still available for sale under the terms of the Share Purchase Agreement.

(b) On October 24, 2014, we entered into an "at-the-market" ("ATM") equity distribution agreement with Canaccord Genuity Inc. acting as sole agent. Under the terms of the distribution agreement, we may, from time to time, sell shares of our common stock having an aggregate offering value of up to US$20 million through Canaccord Genuity Inc. We will determine, at our sole discretion, the timing and number of shares to be sold under this ATM facility. During 2015, we issued 13,310,798 (2014 - 1,671,460 common shares) common shares for net proceeds of approximately US$11.6 million (2014 - US$1.1 million). As at March 31, 2015, there was US$6.7 million still available for sale under the terms of the ATM.

Note 5: Share Based Payments

Stock Option Plan

We have issued stock options to acquire common stock through our stock option plan of which the following are outstanding at March 31:

	2015		2014	
	Stock Options	**Weighted Average Exercise Price $**	**Stock Options**	**Weighted Average Exercise Price $**
Outstanding, beginning of the period	**5,446,394**	**3.19**	5,918,678	3.75
Granted during the period	—	—	200,000	1.69
Expired during the period	—	—	(53,334)	6.61
Outstanding, end of the period	**5,446,394**	**3.19**	6,065,344	3.65
Options exercisable, end of the period	**5,296,394**	**3.23**	4,594,344	4.26

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2015:

Range of Exercise Prices	**Number Outstanding**	**Weighted Average Remaining Contractual Life (years)**	**Weighted Average Exercise Price $**	**Number Exercisable**	**Weighted Average Exercise Price $**
$0.72 - $1.08	200,000	9.70	0.72	200,000	0.72
$1.45 - $2.37	2,431,894	7.60	1.85	2,281,894	1.86
$2.70 - $3.89	1,269,500	5.70	3.59	1,269,500	3.59
$4.00 - $5.92	882,500	7.20	4.23	882,500	4.23
$6.72 - $9.76	662,500	5.70	6.72	662,500	6.72
	5,446,394	6.90	3.19	5,296,394	3.23

Non-exercisable options vest annually over periods ranging from one to three years or upon satisfaction of certain performance conditions. We have reserved 7,382,208 common shares for issuance relating to outstanding stock options.

Compensation expense related to previously granted options to employees and directors was $114,970 for the period ended March 31, 2015 (2014 - $304,597).

The estimated fair value of stock options issued during the period was determined using the Black Scholes Option Pricing Model using the following weighted average assumptions and fair value of options:

	2015	2014
Risk-free interest rate	**N/A**	1.05%
Expected hold period to exercise	**N/A**	3.25
Volatility in the price of the Company's shares	**N/A**	58.62%
Rate of forfeiture	**N/A**	2.5%
Dividend yield	**N/A**	Nil
Weighted average fair value of options	**N/A**	$0.70

We use historical data to estimate the expected dividend yield and expected volatility of our stock in determining the fair value of the stock options. The risk-free interest rate is based on the Government of Canada marketable bond rate in effect at the time of grant and the expected life of the options represents the estimated length of time the options are expected to remain outstanding.

Note 6: Loss Per Common Share

Loss per common share is calculated using net loss for the period and the weighted average number of common shares outstanding for the period ended March 31, 2015 of 99,557,654 (March 31, 2014 of 85,148,242). The effect of any potential exercise of our stock options and warrants outstanding during the period has been excluded from the calculation of diluted loss per common share, as it would be anti-dilutive.

Note 7: Commitments

We are committed to payments totaling $3,910,000 for activities related to our clinical trial, manufacturing and collaboration programs.

We are committed to rental payments (excluding our portion of operating costs and rental taxes) under the terms of our office leases which expire between 2016 and 2017. Annual payments under the terms of this lease are as follows:

	Amount $
Remainder of 2015	139,062
2016	128,583
2017	43,994
	311,639

Under a clinical trial agreement entered into with the Alberta Cancer Board (“ACB”), we have agreed to repay the amount funded under the agreement together with a royalty, to a combined maximum amount of $400,000 plus an overhead repayment of $100,000, upon sales of a specified product. We agreed to repay the ACB in annual installments in an amount equal to the lesser of: (a) 5% of gross sales of a specified product; or (b) $100,000 per annum.

Note 8: Capital Disclosures

Our objective when managing capital is to maintain adequate cash resources to support planned activities which include the clinical trial program, product manufacturing, administrative costs and intellectual property expansion and protection. We include shareholders' equity, cash and cash equivalents and short-term investments in the definition of capital.

	March 31, 2015 $	December 31, 2014 $
Cash and cash equivalents	**28,578,023**	14,152,825
Short-term investments	**2,060,977**	2,031,685
Shareholders' equity	**27,170,430**	13,819,193

We do not have any debt other than trade accounts payable and we have potential contingent obligations relating to the completion of our research and development of REOLYSIN®.

In managing our capital, we estimate our future cash requirements by preparing a budget and a multi-year plan annually for review and approval by our Board . The budget establishes the approved activities for the upcoming year and estimates the costs associated with these activities. The multi-year plan estimates future activity along with the potential cash requirements and is based on our assessment of our current clinical trial progress along with the expected results from the coming year's activity. Budget to actual variances are prepared and reviewed by management and are presented quarterly to the Board.

Historically, funding for our plan is primarily managed through the issuance of additional common shares and common share purchase warrants that upon exercise are converted to common shares. Management regularly monitors the capital markets attempting to balance the timing of issuing additional equity with our progress through our clinical trial program, general market conditions, and the availability of capital. There are no assurances that funds will be made available to us when required.

In 2014, we renewed our short form base shelf prospectus (the "Base Shelf") that qualifies for distribution of up to $150,000,000 of common shares, subscription receipts, warrants, or units (the "Securities"). Under our Base Shelf, we may sell Securities to or through underwriters, dealers, placement agents or other intermediaries and also may sell Securities directly to purchasers or through agents, subject to obtaining any applicable exemption from registration requirements. The distribution of Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying Prospectus Supplement.

Renewing our Base Shelf provides us with additional flexibility when managing our cash resources as, under certain circumstances, it shortens the time period required to close a financing and is expected to increase the number of potential investors that may be prepared to invest in our company. Funds received from a Prospectus Supplement will be used in line with our Board approved budget and multi-year plan. Our renewed Base Shelf expires on September 1, 2016.

Our Base Shelf allowed us to enter into our Share Purchase Agreement and our ATM equity distribution agreement (see Note 4). We use these two equity arrangements to assist us in achieving our capital objective. Each arrangement provides us with the opportunity to regularly raise capital at our sole discretion providing us with the ability to better manage our cash resources.

We are not subject to externally imposed capital requirements and there have been no changes in how we define or manage our capital in 2015.

Note 9: Financial Instruments

Our financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable. As at March 31, 2015, there are no significant differences between the carrying values of these amounts and their estimated market values.

Credit risk
Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. We are exposed to credit risk on our cash and cash equivalents and short-term investments in the event of non-performance by counterparties, but we do not anticipate such non-performance. Our maximum exposure to credit risk at the end of the period is the carrying value of our cash and cash equivalents and short-term investments.

We mitigate our exposure to credit risk by maintaining our primary operating and investment bank accounts with Schedule I banks in Canada. For our foreign domiciled bank accounts, we use referrals or recommendations from our Canadian banks to open foreign bank accounts and these accounts are used solely for the purpose of settling accounts payable or payroll.

We also mitigate our exposure to credit risk by restricting our portfolio to investment grade securities with short-term maturities and by monitoring the credit risk and credit standing of counterparties. Currently, 100% of our short-term investments are in guaranteed investment certificates.

Interest rate risk
Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk through our cash and cash equivalents and our portfolio of short-term investments. We mitigate this risk through our investment policy that only allows investment of excess cash resources in investment grade vehicles while matching maturities with our operational requirements.

Fluctuations in market rates of interest do not have a significant impact on our results of operations due to the short term to maturity of the investments held.

Currency risk
Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We are exposed to currency risk from the purchase of goods and services primarily in the U.S. and the U.K. and to the extent cash is held in foreign currencies. The impact of a $0.01 increase in the value of the U.S. dollar against the Canadian dollar would have decreased our net loss in 2015 by approximately $159,705. The impact of a $0.10 increase in the value of the British pound against the Canadian dollar would have increased our net loss in 2015 by approximately $13,692. The impact of a $0.10 increase in the value of the Euro against the Canadian dollar would have increased our net loss in 2015 by approximately $17,352 .

We mitigate our foreign exchange risk through the purchase of foreign currencies in sufficient amounts to settle our foreign accounts payable.

Balances in foreign currencies at March 31, 2015 are as follows:

	U.S. dollars $	**British pounds** £	**Euro** €
Cash and cash equivalents	17,782,951	75,447	14,829
Accounts payable	(725,366)	(42,479)	(17,249)
	17,057,585	32,968	(2,420)

Liquidity risk
Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities. We manage liquidity risk through the management of our capital structure as outlined in Note 8. Accounts payable are all due within the current operating period.

Note 10: Additional Cash Flow Disclosures

Net Change In Non-Cash Working Capital

	2015 $	2014 $
Change in:		
Accounts receivable	**146,045**	62,346
Prepaid expenses	**26,845**	65,941
Accounts payable and accrued liabilities	**900,518**	(1,175,238)
Non-cash impact of foreign exchange	**(123,703)**	—
Change in non-cash working capital related to operating activities	**949,705**	(1,046,951)

Other Cash Flow Disclosures

	2015 $	2014 $
Cash interest received	**56,435**	87,987
Cash taxes paid	**—**	3,850

Note 11: Other Expenses and Adjustments

We present our expenses based on the function of each expense and therefore include realized foreign exchange gains and losses, unrealized non-cash foreign exchange gains and losses, and non-cash stock based compensation associated with research and development activity as a component of research and development expenses and amortization of property and equipment and stock based compensation associated with operating activities as a component of operating expenses.

	2015 $	2014 $
Included in research and development expenses:		
Realized foreign exchange loss (gain)	**228,180**	256,028
Unrealized non-cash foreign exchange (gain)	**(527,402)**	(24,070)
Non-cash share based compensation	**75,970**	207,770
Included in operating expenses:		
Amortization of property and equipment	**45,130**	39,657
Non-cash share based compensation	**39,000**	96,827
Office minimum lease payments	**46,354**	23,722

Note 12: Related Party Transactions

Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling our activities as a whole. We have determined that key management personnel consists of the members of the Board of Directors along with certain officers of the Company.

	2015 $	**2014 $**
Short-term employee benefits	**654,536**	627,407
Share-based payments	**104,837**	210,962
	759,373	838,369

MANAGEMENT DISCUSSION & ANALYSIS

March 31, 2015

May 6, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion and analysis should be read in conjunction with the unaudited consolidated interim financial statements of Oncolytics Biotech Inc. as at and for the three months ended March 31, 2015 and 2014, and should also be read in conjunction with the audited consolidated financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") contained in our annual report for the year ended December 31, 2014. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

FORWARD-LOOKING STATEMENTS

The following discussion contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements, including our belief as to the potential of REOLYSIN®, a therapeutic reovirus, as a cancer therapeutic and our expectations as to the success of our research and development and manufacturing programs in 2015 and beyond, future financial position, business strategy and plans for future operations, and statements that are not historical facts, 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 need for, and availability of, funds and resources to pursue research and development projects, the efficacy of REOLYSIN as a cancer treatment, the tolerability of REOLYSIN outside a controlled test, the success and timely completion of clinical studies and trials, the Company's ability to successfully commercialize REOLYSIN, uncertainties related to the research, development and manufacturing of pharmaceuticals, changes in technology, general changes to the economic environment and uncertainties related to the regulatory process.

With respect to the forward-looking statements made within this MD&A, we have made numerous assumptions regarding among other things: our ability to obtain financing to fund our development program, our ability to receive regulatory approval to commence enrollment in our clinical trial program, the final results of our co-therapy clinical trials, our ability to maintain our supply of REOLYSIN and future expense levels being within our current expectations.

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 should consider statements that include the words "believes", "expects", "anticipates", "intends", "estimates", "plans", "projects", "should", or other expressions that are based on assumptions, projections, estimates or expectations of management at the time to be uncertain and forward-looking. 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.

REOLYSIN Development Update For 2015

Oncolytics Biotech Inc. is a Development Stage Company

Since our inception in April of 1998, Oncolytics Biotech® Inc. has been a development stage company and we have focused our research and development efforts on the development of REOLYSIN, our potential cancer therapeutic. We have not been profitable since our inception and expect to continue to incur substantial losses as we continue research and development efforts. We do not expect to generate significant revenues until, if and when, our cancer product becomes commercially viable.

Our goal each year is to advance REOLYSIN through the various steps and stages of development required for potential pharmaceutical products. In order to achieve this goal, we believe that we have to actively manage the development of our clinical trial program, our pre-clinical and collaborative programs, our manufacturing process and REOLYSIN supply, and our intellectual property.

Clinical Trial Program

Our clinical trial program is made up of six randomized Phase II clinical trials (our "Randomized Program") and nine other investigative clinical trials for a total of 15 clinical trials. During the first quarter of 2015, we completed enrollment in our Phase II colorectal cancer study which is part of our Randomized Program, received orphan drug designations for four orphan indications from the US Food and Drug Administration ("FDA") and received orphan drug status from the European Medicines Agency ("EMA") for ovarian cancer.

Randomized Phase II Clinical Program

We are progressing through our Randomized Program that includes six randomized Phase II clinical trials investigating lung, ovarian, colorectal, pancreatic, prostate, and breast cancers and is currently in varying stages of enrollment. The objective of our Randomized Program is to examine the potential efficacy of REOLYSIN over multiple indications in a randomized setting to determine which indication may be most susceptible to REOLYSIN therapy, which predictive biomarkers can possibly be used, and the registration path for product approval. The randomized clinical trials included in our Randomized Program do not pre-screen patient tumors for certain biomarkers, but are considered "all comer" trials with respect to the histology of the patients' tumors. The primary objective for each of the randomized clinical trials within our Randomized Program is an analysis of progression free survival along with an analysis of overall survival as a secondary endpoint comparing the control and test arms within each trial. As well, each randomized clinical trial includes other multiple secondary endpoints dependent on the particular cancer indication, but in all cases includes an analysis of molecular factors that may be predictive of response (biomarker analysis). The National Cancer Institute of Canada ("NCIC") Clinical Trials Group sponsor our randomized Phase II colorectal, lung, prostate, and breast cancer trials. The US National Cancer Institute sponsor our randomized Phase II ovarian and pancreatic cancer trials.

We believe that as we progress through our Randomized Program we will develop a scientific understanding of REOLYSIN that will include which cancer indications should be pursued in a Phase III setting, if progression fee survival is a reasonable proxy for overall survival and which predictive biomarkers should be used for screening patients.

Randomized Program - Completion of Enrollment

During the first quarter of 2015, we completed enrollment in our randomized Phase II study of REOLYSIN in patients with advanced or metastatic colorectal cancer sponsored and conducted by the NCIC. This study is an open-label, randomized, non-blinded, phase II clinical study of REOLYSIN as first-line palliative treatment for patients with advanced or metastatic colorectal cancer. A total of 103 patients were enrolled after completion of a six-patient safety run in. Patients were randomized to receive either FOLFOX-6 and bevacizumab alone (control arm) or FOLFOX-6 and bevacizumab plus REOLYSIN (test arm). Patients in both arms received standard doses of FOLFOX-6 and bevacizumab on a bi-weekly basis. Patients in the test arm also received intravenous REOLYSIN at a dose of $3x10^{10}TCID_{50}$ on days one through five of the first, second, fourth, sixth and eighth 14-day cycles, and alternate cycles thereafter.

The primary objective of the trial is to evaluate the effect of REOLYSIN in combination with standard FOLFOX-6 and bevacizumab therapy on the progression-free survival of patients with advanced or metastatic colorectal cancer. The secondary objectives are to determine the tolerability and toxicity of the therapeutic combination; to investigate additional potential measures of efficacy, including change in CEA levels, objective response rate and overall survival; to explore potential molecular factors predictive of response, including KRAS status, by assessment of archival tumour tissue; and to assess quality of life, as measured by the EORTC QLQC30. Although enrollment is complete, patient follow up continues until disease progression and overall survival is determined.

Other Third Party Clinical Trials

In addition to sponsoring our Randomized Program, third party sponsored clinical trials ("Third Party Trials") have become a significant part of our overall clinical program. Third Party Trials have allowed us to expand our clinical program to include randomized and non-randomized clinical trials in additional cancer indications (pancreatic, ovarian, colorectal, prostate, breast, squamous cell carcinoma, lung cancer and multiple myeloma) while allowing us to remain focused on our company sponsored trials. Our Third Party Trials require that we supply enough REOLYSIN for the enrollment requirements of each trial, sufficient intellectual capital to support the principal investigators and in some cases cost sharing of patient enrollment activities. The institutions involved provide the rest of the required activities to operate the clinical trial. These activities include patient screening and enrollment, treatment, monitoring and overall clinical trial management and reporting. The result is a larger clinical program investigating more cancer indications at a significantly reduced financial cost to Oncolytics. Our Third Party Trials are sponsored by the US National Cancer Institute (“NCI”), the National Cancer Institute of Canada Clinical Trials Group ("NCIC"), the Cancer

Therapy & Research Center at The University of Texas Health Center in San Antonio ("CTRC"), and the University of Leeds ("Leeds").

Orphan Designation Applications

We submitted applications for Orphan Designation to the FDA and EMA for REOLYSIN for the treatment of pancreatic and ovarian cancers. In the US, Orphan Drug Designation provides the sponsor certain benefits and incentives, including a period of marketing exclusivity if regulatory approval is ultimately received for the designated indication, potential tax credits for certain activities, eligibility for orphan drug grants, and the waiver of certain administrative fees. In the EU, Orphan Drug Status allows for access to a number of incentives including protocol assistance, market exclusivity for a ten-year period following approval and potential fee reductions. The receipt of Orphan Drug Designation status does not change the regulatory requirements or process for obtaining marketing approval in either jurisdiction. During the first quarter of 2015, we applied to the FDA for a fifth Orphan Drug Designation for high grade gliomas in pediatric patients.

Orphan Drug Designations

During the first quarter of 2015, the FDA granted us Orphan Drug Designation for pancreatic and divided our ovarian cancer application into multiple indications granting Orphan Drug Designation for ovarian, fallopian tube, and primary peritoneal cancers separately. As well in the first quarter of 2015, the EMA granted us Orphan Drug Status for ovarian cancer.

Clinical Trial - Biomarker Studies and Immune Checkpoint Inhibitor Data

Immune Checkpoint Inhibitor Data
During the first quarter of 2015, we made a presentation titled "REOLYSIN® and Immune Checkpoint Inhibitors: Rationale for Combination Therapy" at the 2015 Immune Checkpoint Inhibitors held in Boston, MA. The presentation included clinical data from our single arm clinical studies in patients with primary glioblastomas or brain metastases and advanced pancreatic cancer, as well as preclinical data and included:

1. that REOLYSIN induced the up-regulation of PD-1 and PD-L1 in target tissues in patients with primary glioblastomas or brain metastases, and that this up-regulation is strongly associated with productive reoviral infection;
2. the combination of REOLYSIN and gemcitabine induced PD-L1 expression in tumour samples from pancreatic cancer patients; and
3. the combination of REOLYSIN, GM-CSF, anti-PD-1 and anti-CTLA-4 improved survival in immune competent mice versus REOLYSIN and GM-CSF alone and REOLYSIN and GM-CSF plus either one of the checkpoint inhibitors alone.

We believe the discovery that PD-1 and PD-L1 are up-regulated or increased in tumours in patients treated with REOLYSIN, combined with our animal model data findings to this point, may indicate that REOLYSIN is a potentiator for the entire anti-PD-1/PD-L1 drug class. We intend to immediately incorporate these findings into our clinical program.

Biomarker Studies
During the first quarter of 2015, we continued to advance our biomarker research program. Our four randomized Phase II clinical studies sponsored by the NCIC include full biomarker examinations. As well, we have added additional biomarker studies including a retrospective examination of our NCI sponsored randomized Phase II pancreatic cancer. Our objective with these biomarker studies is to determine if there are predictive biomarkers that will allow us to better target REOLYSIN as a cancer therapy in a number of indications.

Manufacturing and Process Development

During the first quarter of 2015, we filled and labeled sufficient product from our existing supply of REOLYSIN in order to supply our clinical trial program. As well, we continued our validation activities designed to demonstrate that our manufacturing process for the commercial production of REOLYSIN is robust and reproducible as part of a process validation master plan. Process validation is required to ensure that the resulting product meets required specifications and quality standards and will form part of the Company's submission to regulators, including the FDA, for product approval.

Intellectual Property

At the end of the first quarter of 2015, we had been issued over 400 patents including 58 U.S. and 20 Canadian patents as well as issuances in other jurisdictions. We have an extensive patent portfolio covering the oncolytic reovirus that we use in our clinical trial program including a composition of matter patent that expires in 2028. Our patent portfolio also includes methods for treating proliferative disorders using modified adenovirus, HSV, parapoxvirus and vaccinia virus.

Financing Activity

US Share Purchase Agreement
During the first quarter of 2015, we issued 2,885,081 common shares under our 2014 share purchase agreement with Lincoln Park Capital, LLC for net cash proceeds of US$1,557,720.

"At the Market" Equity Distribution Agreement
During the first quarter of 2015, we issued 13,310,798 common shares under our "At the Market" equity distribution agreement with Canaccord Genuity Inc. for net cash proceeds of US$11,620,723.

Financial Impact

We estimated at the beginning of 2015 that our cash requirements to fund our operations would be approximately $16.0 million. Our cash usage for the first quarter of 2015 was $2,747,189 from operating activities and $11,940 for the acquisition of property and equipment. Our net loss for the period was $3,551,838.

Cash Resources

We exited the first quarter of 2015 with cash and short-term investments totaling $30,639,000 (see *"Liquidity and Capital Resources")*.

REOLYSIN Development For 2015

Our planned development activity for REOLYSIN in 2015 is made up of clinical, manufacturing, and intellectual property programs. Our 2015 clinical program includes the anticipated release of clinical data from our randomized NCIC Phase II colorectal clinical trial and our randomized US Phase II ovarian cancer trial. As well, we expect to complete patient enrollment in at least two of our randomized Phase II studies sponsored by the NCIC. We also expect to use our clinical data to assist in the determination of our regulatory path and the next steps for our clinical program.

Our 2015 manufacturing program includes continued production of 100-litre cGMP production runs along with the related fill, labeling, packaging and shipping of REOLYSIN to our various clinical sites. We also plan to continue progressing through our process validation master plan and related conformity testing in 2015. Finally, our intellectual property program includes filings for additional patents along with monitoring activities required to protect our patent portfolio.

We currently estimate the cash requirements to fund our operations for 2015 will be approximately $16 million, but will depend on our ultimate clinical program. (see *"Liquidity and Capital Resources"*).

Recent Development - Subsequent to the First Quarter of 2015

Orphan Drug Designations
Subsequent to the end of the first quarter of 2015, the FDA granted our Orphan Drug Designation application for malignant gliomas and the EMA granted our application for Orphan Drug status for pancreatic cancer. As well, we applied for and received from the FDA, Orphan Drug Designation for gastric cancer.

Clinical Data Presentation
On April 15, 2015, we made a presentation titled "REOLYSIN® and Immune Therapy: Rationale for Combination Therapy" at the Royal Society of Medicine's Immuno-oncology: Using the Body's Own Weapons conference, held in London, UK. Our presentation included data from our single arm clinical study examining the use of REOLYSIN in combination with gemcitabine

in patients with advanced pancreatic cancer, PD-1 and PD-L1 up regulation data from a single arm clinical study examining the use of REOLYSIN in patients with primary glioblastomas or brain metastases, as well as preclinical data.
The new clinical data showed:

1. Clinical evidence that REOLYSIN treatment results in immunological changes to both the tumor cells and the tumor microenvironment that is conducive to novel immune targeting interventions; and
2. Updated results from our single arm pancreatic study in which pancreatic cancer patients received combination therapy with REOLYSIN and gemcitabine demonstrated a median overall survival of 10.2 months, and one- and two-year survival rates of 45% and 24%, respectively.

Results of Operations

Net loss for the three month period ending March 31, 2015 was $3,551,838 compared to $5,485,451 for the three month period ending March 31, 2014.

Research and Development Expenses ("R&D")

	2015 $	2014 $
Clinical trial expenses	**539,167**	1,294,272
Manufacturing and related process development expenses	**588,591**	830,769
Intellectual property expenditures	**370,851**	347,293
Research collaboration expenses	**192,915**	277,251
Other R&D expenses	**957,267**	989,021
Foreign exchange loss	**(299,222)**	231,958
Share based payments	**75,970**	207,770
Research and development expenses	**2,425,539**	4,178,334

Clinical Trial Program

	2015 $	2014 $
Direct patient expenses	539,167	1,294,272
Clinical trial expenses	539,167	1,294,272

Our clinical trial expenses for the first quarter of 2015 were $539,167 compared to $1,294,272 for the first quarter of 2014. During the first quarter of 2015, our clinical trial program activities declined as we continued to complete enrollment and close out fully enrolled clinical trials. During the first quarter of 2014, we incurred direct clinical trial expenses associated with our Randomized Program along with our other Third Party Trials. As well, during the first quarter of 2014, we incurred costs associated with the monitoring, collection and analysis of the clinical data from stage 1 of our Phase III head and neck trial and the re-treatment of patients enrolled in our other sponsored clinical trials.

We still expect our clinical trial expenses to continue to decrease in 2015 compared to 2014 until we select our regulatory path and define the next steps in our clinical program. Though we do not control the clinical operations of our Third Party Trials, we expect to continue to incur expenses associated with patient enrollment as well as related support costs. These expenses are expected to be less than the typical costs associated with directly funding similar clinical trials. We also expect to incur regulatory consulting activities and associated costs in order to support our decisions pertaining to our regulatory path and the next steps for our clinical program. Finally, we expect to continue to incur patient enrollment costs for the two clinical trials that we are directly funding.

Manufacturing & Related Process Development ("M&P")

	2015 $	2014 $
Product manufacturing expenses	397,080	545,226
Process development expenses	191,511	285,543
Manufacturing and related process development expenses	588,591	830,769

Our M&P expenses for the first quarter of 2015 were $588,591 compared to $830,769 for the first quarter of 2014. During the first quarters of 2015 and 2014, our product manufacturing costs mainly related to the fill and labeling of product to be used in our clinical trial program along with related shipping and storage activities.

Our process development expenses for the first quarter of 2015 were $191,511 compared to $285,543 for the first quarter of 2014. During the first quarters of 2015 and 2014, our process development activities focused on our validation master plan. These activities included optimization, validation and stability studies.

We still expect our M&P expenses for 2015 to increase compared to 2014. In 2015, we expect to fill, label and store sufficient product in preparation for a registration study. We also expect to continue to perform conformity testing related to our process validation master plan.

Intellectual Property Expenses

	2015 $	2014 $
Intellectual property expenses	370,851	347,293

Our intellectual property expenses for the first quarter of 2015 were $370,851 compared to $347,293 for the first quarter of 2014. The change in intellectual property expenditures reflects the timing of filing costs associated with our expanded patent base. At the end of the first quarter of 2015, we had been issued over 400 patents including 58 U.S. and 20 Canadian patents, as well as issuances in other jurisdictions. We still expect that our intellectual property expenses will remain consistent in 2015 compared to 2014.

Research Collaborations

	2015 $	2014 $
Research collaborations	192,915	277,251

Our research collaboration expenses for the first quarter of 2015 were $192,915 compared to $277,251 for the first quarter of 2014. Our research collaborations during the first quarters of 2015 and 2014 included biomarker studies along with studies investigating the interaction of the immune system and the reovirus and the use of the reovirus as a co-therapy with existing chemotherapeutics and radiation.

We still expect that our research collaborations in 2015 will remain consistent with 2014. We expect to complete our ongoing collaborative program carried over from 2014 and will continue to be selective in the types of new collaborations we enter into in 2015.

Other Research and Development Expenses

	2015 $	2014 $
R&D consulting fees	52,115	75,573
R&D salaries and benefits	775,240	798,947
Other R&D expenses	129,912	114,501
Other research and development expenses	957,267	989,021

Our Other Research and Development expenses for the first quarter of 2015 were $957,267 compared to $989,021 for the first quarter of 2014. During the first quarters of 2015 and 2014, our Other Research and Development activities focused on supporting our clinical trial program. With our shift to Third Party Trials, the support required has been relatively consistent over these two periods.

We still expect that our Other R&D expenses in 2015 will remain consistent compared to 2014.

Operating Expenses

	2015 $	2014 $
Public company related expenses	654,537	830,291
Office expenses	444,067	424,479
Amortization of property and equipment	45,130	39,657
Share based payments	39,000	96,827
Operating expenses	1,182,734	1,391,254

Public company related expenses include costs associated with investor relations, business development and financial advisory activities, legal and accounting fees, corporate insurance, director fees and transfer agent and other fees relating to our U.S. and Canadian stock listings. During the first quarter of 2015, our public company related expenses were $654,537 compared to $830,291 for the first quarter of 2014. During the first quarters of 2015 and 2014, the activities associated with our public company expenses remained relatively consistent except there was a decrease in our professional fees in the first quarter of 2015.

Office expenses include compensation costs (excluding share based payments), office rent, travel, and other office related costs. During the first quarter of 2015, we incurred office expenses of $444,067 compared to $424,479 during the first quarter of 2014. During the first quarters of 2015 and 2014, the activities associated with our office expenses remained relatively consistent.

During the first quarter of 2015, our non-cash share based payment expenses were $39,000 compared to $96,827 for the first quarter of 2014. We incurred stock based compensation associated with the vesting of previously granted stock options in the first quarters of 2015 and 2014.

We still expect our operating expenses in 2015 to remain consistent with 2014.

Commitments

As at March 31, 2015, we are committed to payments totaling approximately $3,910,000 during the remainder of 2015 for activities related to clinical trial activity, manufacturing and collaborations. All of these committed payments are considered to be part of our normal course of business.

Summary of Quarterly Results

	2015	2014			2013			
	March	Dec.	Sept	June	March	Dec.	Sept	June
Revenue	—	—	—	—	—	—	—	—
Net loss[2]	3,552	3.779	4,637	4,718	5,485	5,792	6,114	5,020
Basic and diluted loss per common share[2]	$0.04	$0.04	$0.05	$0.05	$0.06	$0.07	$0.07	$0.06
Total assets[3]	31,445	17,193	18,079	20,047	23,036	28,222	32,549	39,267
Total cash[1], [3]	30,639	16,185	17,045	18,912	22,188	27,222	31,474	38,155
Total long-term debt	—	—	—	—	—	—	—	—
Cash dividends declared[4]	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

(1) Included in total cash are cash and cash equivalents plus short-term investments.
(2) Included in net loss and loss per common share between March 2015 and April 2013 are quarterly stock based compensation expenses (recovery) of $114,970, $109,902, $199,821, $366,005, $304,597, 233,028, (59,497), and $129,997, respectively.
(3) We issued 16,195,879 common shares for net cash proceeds of $16.6 million in 2015 (2014 - 8,708,676 common shares for net cash proceeds of $9.0 million; 2013 - 8,093,533 common shares for net cash proceeds of $30.4 million).
(4) We have not declared or paid any dividends since incorporation.

Liquidity and Capital Resources

2015 Financing Activities

US Share Purchase Agreement

During the first quarter of 2015, we issued 2,885,081 common shares under our 2014 share purchase agreement with Lincoln Park Capital, LLC for net cash proceeds of US$1,557,720.

"At the Market" Equity Distribution Agreement

During the first quarter of 2015, we issued 13,310,798 common shares under our "At the Market" equity distribution agreement with Canaccord Genuity Inc. for net cash proceeds of US$11,620,723.

2014 Financing Activities

U.S. Share Purchase Agreement

On February 27, 2014, we entered into a common share purchase agreement (the "Share Purchase Agreement") with Lincoln Park Capital Fund, LLC ("LPC") that provided us with an initial investment in Oncolytics of US$1.0 million and makes available additional periodic investments of up to US$25.0 million over a 30-month term.

During the three month period ending March 31, 2014, we issued 700,962 common shares and 13,145 additional commitment fee common shares for proceeds of US$1,167,332.

Liquidity

As at March 31, 2015, we had cash and cash equivalents, short-term investments and working capital positions as follows:

	March 31, 2015 $	December 31, 2014 $
Cash and cash equivalents	**28,578,023**	14,152,825
Short-term investments	**2,060,977**	2,031,685
Shareholders' equity	**27,170,430**	13,819,193

We do not have any debt other than trade accounts payable and we have potential contingent obligations relating to the completion of our research and development of REOLYSIN®.

We desire to maintain adequate cash and short-term investment reserves to support our planned activities which include our clinical trial program, product manufacturing, administrative costs, and our intellectual property expansion and protection. To date, we have funded our operations mainly through the issue of additional capital via public and private offerings and through the exercise of warrants and stock options. During the first quarter of 2015, we were able to raise funds through our Share Purchase Agreement with LPC and our "At the Market" equity distribution agreement with Canaccord Genuity Inc. (our "Financing Arrangements").

We have no assurances that we will be able to raise additional funds through the sale of our common shares, consequently, we will continue to evaluate all types of financing arrangements. In an effort to be able to evaluate all types of financing arrangements, we maintain a current short form base shelf prospectus (the "Base Shelf") that qualifies for distribution of up to $150,000,000 of common shares, subscription receipts, warrants, or units (the "Securities"). Under our Base Shelf, we may sell Securities to or through underwriters, dealers, placement agents or other intermediaries and also may sell Securities directly to purchasers or through agents, subject to obtaining any applicable exemption from registration requirements. The distribution of Securities may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, or at prices related to such prevailing market prices to be negotiated with purchasers and as set forth in an accompanying Prospectus Supplement. Our Base Shelf expires on September 1, 2016.

Maintaining our Base Shelf provides us with additional flexibility when managing our cash resources as, under certain circumstances, it shortens the time period required to close a financing and is expected to increase the number of potential investors that may be prepared to invest in our company. By utilizing our Base Shelf, we were able to enter into our Financing Arrangements.

The combination of our Financing Arrangements provide us with access, subject to the terms and conditions of each arrangement, to US$46 million of which we have raised approximately a total of US$22.2 million. We expect to continue to access our Financing Arrangements to help support our current clinical trial, manufacturing, intellectual property and collaboration programs. We anticipate that the expected cash usage from our operations in 2015 will be approximately $16 million. Despite the anticipated change in our cash requirements compared to 2014, we continue to manage our research and development plan with the objective of ensuring optimal use of our existing resources. Additional activities continue to be subject to adequate resources and we believe we will have sufficient cash resources and access to additional cash resources through our Financing Arrangements to fund our presently planned operations towards the end of 2016. Factors that will affect our anticipated cash usage in 2015 and 2016, and for which additional funding might be required include, but are not limited to, expansion of our clinical trial program, the timing of patient enrollment in our approved clinical trials, the actual costs incurred to support each clinical trial, the number of treatments each patient will receive, the timing of R&D activity with our clinical trial research collaborations, the number, timing and costs of manufacturing runs required to conclude the validation process and supply product to our clinical trial program, and the level of collaborative activity undertaken.

We are not subject to externally imposed capital requirements and there have been no changes in how we define or manage our capital in 2015.

Investing Activities

Under our Investment Policy, we are permitted to invest in short-term instruments with a rating no less than R-1 (DBRS) with terms less than two years. Our portfolio consists of guaranteed investment certificates. As of March 31, 2015, we had $2.1 million invested under this policy, currently earning interest at an effective rate of 1.35%.

Financial Instruments and Other Instruments

Our financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable and accounts payable. As at March 31, 2015, there are no significant differences between the carrying values of these amounts and their estimated market values. These financial instruments expose us to the following risks:

Credit risk

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. We are exposed to credit risk on our cash and cash equivalents and short-term investments in the event of non-performance by counterparties, but we do not anticipate such non-performance. Our maximum exposure to credit risk at the end of the period is the carrying value of our cash and cash equivalents and short-term investments.

We mitigate our exposure to credit risk by maintaining our primary operating and investment bank accounts with Schedule I banks in Canada. For our foreign domiciled bank accounts, we use referrals or recommendations from our Canadian banks to open foreign bank accounts and these accounts are used solely for the purpose of settling accounts payable or payroll.

We also mitigate our exposure to credit risk by restricting our portfolio to investment grade securities with short-term maturities and by monitoring the credit risk and credit standing of counterparties. Currently, 100% of our short-term investments are in guaranteed investment certificates.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. We are exposed to interest rate risk through our cash and cash equivalents and our portfolio of short-term investments. We mitigate this risk through our investment policy that only allows investment of excess cash resources in investment grade vehicles while matching maturities with our operational requirements.

Fluctuations in market rates of interest do not have a significant impact on our results of operations due to the short term to maturity of the investments held.

Currency risk

Currency risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. We are exposed to currency risk from the purchase of goods and services primarily in the U.S. and the U.K. and to the extent cash is held in foreign currencies. The impact of a $0.01 increase in the value of the U.S. dollar against the Canadian dollar would have decreased our net loss in 2015 by approximately $159,705. The impact of a $0.10 increase in the value of the British pound against the Canadian dollar would have increased our net loss in 2015 by approximately $13,692. The impact of a $0.10 increase in the value of the Euro against the Canadian dollar would have increased our net loss in 2015 by approximately $17,352.

We mitigate our foreign exchange risk through the purchase of foreign currencies in sufficient amounts to settle our foreign accounts payable.

Balances in foreign currencies at March 31, 2015 are as follows:

	U.S. dollars $	British pounds £	Euro €
Cash and cash equivalents	17,782,951	75,447	14,829
Accounts payable	(725,366)	(42,479)	(17,249)
	17,057,585	32,968	(2,420)

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting obligations associated with financial liabilities. We manage liquidity risk through the management of our capital structure as outlined in Note 8 of our interim financial statements. Accounts payable are all due within the current operating period.

Other MD&A Requirements

We have 114,123,936 common shares outstanding at May 6, 2015. If all of our options (5,446,394) were exercised we would have 119,570,330 common shares outstanding.

Our 2014 Annual Information Form on Form 20-F is available on www.sedar.com.

Disclosure Controls and Procedures

There were no changes in our internal controls over financial reporting during the quarter ended March 31, 2015 that materially affected or are reasonably likely to materially affect, internal controls over financial reporting.

Shareholder Information

For public company filings please go to www.sedar.com or contact us at:

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Chief Safety Officer
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