

November 10, 2010



Oncolytics Biotech® Inc. Announces Third Quarter 2010 Results

CALGARY, Nov. 10 /PRNewswire-FirstCall/ - Oncolytics Biotech Inc. (TSX:ONC, NASDAQ:ONCY) ("Oncolytics" or the "Company") today announced its financial results and operational highlights for the quarter ended September 30, 2010.

"We are excited to be conducting our first Phase 3 study," said Dr. Brad Thompson, President and CEO of Oncolytics. "Moving into the fourth quarter the Company's fundamentals remain strong and we are well positioned to execute on our clinical strategy in 2011 and beyond."

Selected Highlights

Since July 1, 2010 the Company has announced:

Clinical Program

- Receipt of a No Objection Letter from Health Canada to conduct the Company's Phase 3 trial examining REOLYSIN® in combination with paclitaxel and carboplatin in patients with platinum-refractory head and neck cancers at centres in Canada;
- A randomized Phase 2 trial of weekly paclitaxel versus weekly paclitaxel with REOLYSIN in patients with persistent or recurrent ovarian, fallopian tube or primary peritoneal cancer to be conducted by the Gynecologic Oncology Group (GOG). The Cancer Therapy Evaluation Program, Division of Cancer Treatment and Diagnosis, U.S. National Cancer Institute (NCI), which is part of the National Institutes of Health, will sponsor the trial under its Clinical Trials Agreement with Oncolytics;
- A presentation of interim data from a U.K. translational clinical trial investigating intravenous administration of REOLYSIN in patients with metastatic colorectal cancer prior to surgical resection of liver metastases. The researchers concluded that reovirus can be successfully delivered specifically to colorectal liver metastases following intravenous administration as a monotherapy and that pre-operative treatment was safe, suggesting that application of oncolytic viral therapy can be widened to the neoadjuvant setting;

Preclinical Program

- An abstract, entitled REOLYSIN induces endoplasmic reticular stress in multiple myeloma and enhances the activity of bortezomib, indicating that the combination of REOLYSIN and bortezomib significantly reduced tumor burden in both xenograft and syngeneic multiple myeloma mouse models. The authors concluded that REOLYSIN is a promising anticancer agent that displays activity against multiple myeloma alone and in combination with bortezomib and warrants further investigation for the treatment of multiple myeloma and other malignancies;

Intellectual Property

- Grant of U.S. Patent, # 7,803,385 entitled Reoviruses Having Modified Sequences. This is a composition of matter patent that covers the reovirus variant the Company is using in its clinical trial program and expires in 2028; and

Financial

- Completion of a bought deal financing issuing 6,256,000 units of the Company at a price of \$4.60 per Unit for gross proceeds to the Company of approximately \$28.77 million.

Oncolytics Biotech Inc.

INTERIM CONSOLIDATED BALANCE SHEETS

(unaudited)

As at,

	September 30, 2010 \$	December 31, 2009 \$
ASSETS		
Current		
Cash and cash equivalents	16,098,135	32,448,939
Short-term investments	3,609,874	1,679,937
Accounts receivable	30,791	64,787
Prepaid expenses	499,261	507,408
	20,238,061	34,701,071
Property and equipment	215,032	208,320
Long term investment	684,000	684,000
	21,137,093	35,593,391
LIABILITIES AND SHAREHOLDERS EQUITY		
Current		
Accounts payable and accrued liabilities	1,809,914	4,226,933
Shareholders equity		
Share capital		

Authorized: unlimited number of common shares

Issued: 61,573,469 (December 31, 2009 - 61,549,969)	131,992,086	131,908,274
Warrants	2,073,441	4,511,441
Contributed surplus	16,551,859	13,734,743
Deficit	(131,290,207)	(118,788,000)
	19,327,179	31,366,458
	21,137,093	35,593,391

Oncolytics Biotech Inc.

**INTERIM CONSOLIDATED STATEMENTS OF LOSS
AND COMPREHENSIVE LOSS
(unaudited)**

	Three Month Period Ending September 30, 2010 \$	Three Month Period Ending September 30, 2009 \$	Nine Month Period Ending September 30, 2010 \$	Nine Month Period Ending September 30, 2009 \$	Cumulative from inception on April 2, 1998 to September 30, 2010 \$
Revenue					
Rights revenue	-	-	-	-	310,000
	-	-	-	-	310,000
Expenses					
Research and development	2,500,607	1,954,367	8,901,088	8,006,232	95,039,379
Operating	895,659	736,024	2,978,402	2,703,509	31,597,934
Stock based compensation	397,675	7,982	400,103	28,163	5,593,220
Foreign exchange loss/(gain)	216,859	(16,793)	214,009	42,345	983,152

Amortization - intellectual property	-	-	-	180,750	3,615,000
Amortization - property and equipment	15,981	15,772	45,487	49,612	607,568
	4,026,781	2,697,352	12,539,089	11,010,611	137,436,253
Loss before the following:	4,026,781	2,697,352	12,539,089	11,010,611	137,126,253
Interest income	(17,759)	(3,360)	(36,882)	(24,216)	(6,600,328)
Gain on sale of BCY LifeSciences Inc.	-	-	-	-	(299,403)
Loss on sale of Transition Therapeutics Inc.	-	-	-	-	2,156,685
Loss before income taxes	4,009,022	2,693,992	12,502,207	10,986,395	132,383,207
Future income tax recovery	-	-	-	-	(1,093,000)
Net loss and comprehensive loss for the period	4,009,022	2,693,992	12,502,207	10,986,395	131,290,207
Basic and diluted loss pershare	0.07	0.05	0.20	0.23	
Weighted average numberof shares (basic and diluted)	61,570,046	49,465,849	61,558,859	46,942,128	

Oncolytics Biotech Inc.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

	Three Month Period Ending September 30, 2010 \$	Three Month Period Ending September 30, 2009 \$	Nine Month Period Ending September 30, 2010 \$	Nine Month Period Ending September 30, 2009 \$	Cumulative from inception on April 2, 1998 to September 30, 2009 \$
OPERATING ACTIVITIES					
Net loss for the period	(4,009,022)	(2,693,992)	(12,502,207)	(10,986,395)	(131,290,207)
Deduct non-cash items					
Amortization - intellectual property	-	-	-	180,750	3,615,000
Amortization - property and equipment	15,981	15,772	45,487	49,612	607,568
Stock based compensation	397,675	7,982	400,103	28,163	5,593,220
Other non-cash items	211,990	-	213,369	-	1,707,706
Net changes in non-cash working capital	(1,582,647)	60,253	(2,374,876)	(1,517,967)	1,279,862
	(4,966,023)	(2,609,985)	(14,218,124)	(12,245,837)	(118,486,851)
INVESTING ACTIVITIES					
Capital assets	(8,701)	(1,325)	(52,199)	(4,674)	(875,267)
Purchase of short-term investments	(1,929,937)	-	(1,929,937)	-	(53,026,738)
Redemption of short-term investments	-	-	-	5,846,634	48,998,380
Investment in	-	-	-	-	464,602

BCY
LifeSciences
Inc.

Investment in
Transition
Therapeutics
Inc.

(1,938,638) (1,325) (1,982,136) 5,841,960 (1,906,680)

FINANCING
ACTIVITIES

Proceeds from
exercise of
warrants and
stock options

8,825 342,570 62,825 715,835 30,574,103

Proceeds from
acquisition
of private
company

- - - 1,800,120 1,800,120

Proceeds from
private
placements

- - - - 38,137,385

Proceeds from
public
offerings

- (59,893) - 6,112,746 66,320,777

8,825 282,677 62,825 8,628,701 136,832,385

Increase
(decrease) in
cash and cash
equivalents
during the
period

(6,895,836) (2,328,633) (16,137,435) 2,224,824 16,438,854

Impact of
foreign
exchange on
cash and cash
equivalents

(211,990) - (213,369) - (340,719)

Cash and cash
equivalents,
beginning of
the period

23,205,961 11,983,352 32,448,939 7,429,895 -

Cash and cash
equivalents,
end of the
period

16,098,135 9,654,719 16,098,135 9,654,719 16,098,135