

May 8, 2014



## Oncolytics Biotech® Inc. Announces First Quarter 2014 Results

CALGARY, May 8, 2014 /PRNewswire/ - Oncolytics Biotech Inc. (TSX:ONC, NASDAQ:ONCY) ("Oncolytics" or the "Company") today announced its financial results and operational highlights for the first quarter ended March 31, 2014.

"During the quarter we reported additional data from our head and neck study which will help us with the design of our proposed registration study for discussion with regulators," said Dr. Brad Thompson, President and CEO of Oncolytics. "We also took steps to improve our access to capital in order to support our clinical program, which continues to move ahead."

### Selected Highlights

Since January 1, 2014, specific highlights announced by the Company include:

#### **Clinical and Preclinical Data**

- Final data from the Company's randomized, double-blinded clinical study examining REOLYSIN® in combination with carboplatin and paclitaxel in patients with second-line, platinum-refractory, taxane-naïve head and neck cancers;
- A series of presentations by research collaborators at the 8<sup>th</sup> Annual International Conference on Oncolytic Virus Therapeutics held in Oxford, UK covering:
  - early clinical research showing that intravenously delivered REOLYSIN® can cross the blood brain barrier to access tumours in the brains of humans;
  - preclinical research examining the synergies associated with treatment in animal models with GM-CSF prior to administering REOLYSIN®;
  - preclinical research focused on identifying biomarkers predictive of sensitivity/resistance to reovirus in head and neck cancer cell lines; and
  - preclinical research into the treatment of hepatocellular carcinoma associated with infection by Hepatitis B and Hepatitis C.

#### **Financial**

- At March 31, 2014 the Company reported \$22.2 million in cash, cash equivalents and short-term investments; and
- Entry into a share purchase agreement with Lincoln Park Capital Fund, LLC that will provide an initial investment in Oncolytics of US\$1.0 million and make available additional periodic investments of up to US\$25.0 million over a 30-month term.

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

	March 31, 2014	December 31, 2013
As at		
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	<b>20,155,907</b>	25,220,328
Short-term investments	<b>2,031,685</b>	2,001,644
Accounts receivable	<b>43,507</b>	105,853
Prepaid expenses	<b>295,802</b>	361,743
<b>Total current assets</b>	<b>22,526,901</b>	27,689,568

<b>Non-current assets</b>		
Property and equipment	508,782	532,459
<b>Total non-current assets</b>	<b>508,782</b>	532,459
<b>Total assets</b>	<b>23,035,683</b>	28,222,027
<b>Liabilities And Shareholders' Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	4,833,423	6,008,661
<b>Total current liabilities</b>	<b>4,833,423</b>	6,008,661
<b>Shareholders' equity</b>		
Share capital		
Authorized: unlimited Issued:		
March 31, 2014 - 85,810,718		
December 31, 2013 - 84,803,818	229,801,006	228,612,564
Warrants	—	376,892
Contributed surplus	25,172,701	24,491,212
Accumulated other comprehensive loss	61,004	79,698
Accumulated deficit	(236,832,451)	(231,347,000)
<b>Total shareholders' equity</b>	<b>18,202,260</b>	22,213,366
<b>Total liabilities and equity</b>	<b>23,035,683</b>	28,222,027

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

	2014	2013
	\$	\$
For the three month period ending March 31		
<b>Expenses</b>		
Research and development	4,178,334	5,117,044
Operating	1,391,254	1,564,751
<b>Operating loss</b>	<b>(5,569,588)</b>	(6,681,795)
Interest	87,987	74,959
<b>Loss before income taxes</b>	<b>(5,481,601)</b>	(6,606,836)
Income tax expense	(3,850)	—
<b>Net loss</b>	<b>(5,485,451)</b>	(6,606,836)
<b>Other comprehensive income items that may be reclassified to net loss</b>		
Translation adjustment	(18,694)	34,188
<b>Net comprehensive loss</b>	<b>(5,504,145)</b>	(6,572,648)
<b>Basic and diluted loss per common share</b>	<b>(0.06)</b>	(0.08)
<b>Weighted average number of shares (basic and diluted)</b>	<b>85,148,242</b>	79,766,258

**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, 2012	198,155,091	24,126,265	376,892	(57,115)	(207,814,353)	14,786,780
Net loss and comprehensive loss	—	—	—	34,188	(6,606,836)	(6,572,648)
Issued, pursuant to a public offering	30,207,062	—	—	—	—	30,207,062
Exercise of stock options	139,676	(34,687)	—	—	—	104,989
Share based compensation	—	120,856	—	—	—	120,856
As at March 31, 2013	228,501,829	24,212,434	376,892	(22,927)	(214,421,189)	38,647,039

	Share Capital \$	Contributed Surplus \$	Warrants \$	Accumulated Other Comprehensive Loss \$	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
Expired warrants	—	376,892	(376,892)	—	—	—
Share based compensation	—	304,597	—	—	—	304,597
<b>As at March 31, 2014</b>	<b>229,801,006</b>	<b>25,172,701</b>	<b>—</b>	<b>61,004</b>	<b>(236,832,451)</b>	<b>18,202,260</b>

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

	2014 \$	2013 \$
For the three month period ending March 31		
<b>Operating Activities</b>		
Net loss for the period	(5,485,451)	(6,606,836)
Amortization - property and equipment	39,657	24,581
Share based compensation	304,597	120,856
Unrealized foreign exchange loss	24,070	(307,653)
Net change in non-cash working capital	(1,046,951)	(1,641,170)
<b>Cash used in operating activities</b>	<b>(6,164,078)</b>	<b>(8,410,222)</b>
<b>Investing Activities</b>		
Acquisition of property and equipment	(15,980)	(15,138)
Purchase of short-term investments	(30,041)	(32,416)
<b>Cash used in investing activities</b>	<b>(46,021)</b>	<b>(47,554)</b>
<b>Financing Activities</b>		
Proceeds from Share Purchase Agreement	1,188,442	—
Proceeds from exercise of stock options and warrants	—	104,989
Proceeds from public offering	—	30,207,062
<b>Cash provided by financing activities</b>	<b>1,188,442</b>	<b>30,312,051</b>
<b>Increase in cash</b>	<b>(5,021,657)</b>	<b>21,854,275</b>

Cash and cash equivalents, beginning of period	<b>25,220,328</b>	19,323,541
Impact of foreign exchange on cash and cash equivalents	<b>(42,764)</b>	341,841
<b>Cash and cash equivalents, end of period</b>	<b>20,155,907</b>	41,519,657

To view the Company's First Quarter 2014 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/for-investors/financials](http://www.oncolyticsbiotech.com/for-investors/financials).

#### **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 2014 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.*

SOURCE Oncolytics Biotech Inc.