October 23, 2007

Oncolytics Biotech Inc. Announces Approval for U.K. Clinical Trial Investigating REOLYSIN(R) in Combination with Cyclophosphamide

CALGARY, Oct. 23 /PRNewswire-FirstCall/ - Oncolytics Biotech Inc. ("Oncolytics") (TSX:ONC, NASDAQ:ONCY) announced today that it has received a letter of approval from the U.K. Medicines and Healthcare products Regulatory Agency (MHRA) for its Clinical Trial Application (CTA) to begin a clinical trial using intravenous administration of REOLYSIN(R) in combination with cyclophosphamide, a chemotherapeutic agent as well as immune modulator, in patients with advanced cancers. The Principal Investigators are Dr. James Spicer of King's College in London, Dr. Johann de Bono and Dr. Kevin Harrington of The Royal Marsden NHS Foundation Trust and The Institute of Cancer Research, London, and Professor Hardev Pandha of the Royal Surrey County Hospital NHS Trust, Surrey and Mount Alvernia Hospitals.

The Company also intends to host a conference call Wednesday, October 24, 2007 to provide an update on its expanding clinical program. The dial-in details appear below.

"We are really looking forward to treating patients in this trial," said Principal Investigator Dr. James Spicer. "The hope is that it will provide valuable information about the relationship between oncolytic viral therapy and the immune response of the patient."

The trial (REO 012) is an open-label, dose-escalating, non-randomized trial of REOLYSIN(R) given intravenously with escalating doses of cyclophosphamide. A standard dose of REOLYSIN(R) is administered intravenously over five consecutive days, while an intravenous dose of cyclophosphamide is administered three days before REOLYSIN(R) treatment and continues through the course of the treatment cycle. The total number of patients studied will depend on the number of dose levels tested, but it is anticipated to be approximately 30 patients.

Eligible patients include those who have been diagnosed with advanced or metastatic solid tumours including pancreatic, lung and ovarian cancers that are refractory (have not responded) to standard therapy or for which no curative standard therapy exists. The primary objectives of the trial include determining the Minimum Effective Immunomodulatory Dose (MED) of cyclophosphamide to obtain successful immune modulation. Secondary objectives include the safety profile of the combination and gathering any evidence of anti-tumour activity.

Conference Call Details

Oncolytics will host a conference call at 2:00 p.m. EST on Wednesday, October 24, 2007, to

provide a general update on its ongoing clinical trial program. To access the conference call by telephone, dial 1-416-644-3414 or 1-800-731-5319. A live audio webcast will be available at: http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=2054580 or through the Company's website at www.oncolyticsbiotech.com. Please connect at least 15 minutes prior to the webcast to ensure adequate time for any software download that may be needed. A replay of the webcast will be available at www.oncolyticsbiotech.com and will also be available by telephone through October 31, 2007. To access the telephone replay, dial 1-416-640-1917 or 1-877-289-8525 and enter reservation number 21251367 followed by the number sign.

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 Phase I and Phase II human trials using REOLYSIN(R), its proprietary formulation of the human reovirus, alone and in combination with radiation or chemotherapy. 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 expectations related to the U.K. combination REOLYSIN(R)/cyclophosphamide clinical trial, and the Company's belief as to the potential of REOLYSIN(R) as a cancer therapeutic, 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(R) as a cancer treatment, the tolerability of REOLYSIN(R) outside a controlled test, the success and timely completion of clinical studies and trials, the Company's ability to successfully commercialize REOLYSIN(R), uncertainties related to the research and development of pharmaceuticals and uncertainties related to the regulatory process. 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.

SOURCE Oncolytics Biotech Inc.