

FOR IMMEDIATE RELEASE

**Oncolytics Biotech Inc. Collaborators Present Positive Combination
 REOLYSIN[®] and Docetaxel Results at iSBTc Annual Meeting**

CALGARY, AB, --- November 3, 2008 –Oncolytics Biotech Inc. (TSX: ONC, NASDAQ: ONCY) announced today that it has achieved positive interim results in its U.K. combination REOLYSIN[®] and docetaxel clinical trial for patients with advanced cancers.

Prof. Hardev Pandha of the Royal Surrey Hospital, U.K., presented the results at the International Society for Biological Therapy of Cancer (iSBTC) annual meeting on November 1, 2008. The meeting was held in San Diego, California from October 31-November 2, 2008.

Fourteen patients have been treated to date in the dose escalation portion of the trial and eleven patients are evaluable for response. The detailed results are summarized in the following table:

Primary Tumour	REOLYSIN Dose TCID ₅₀	Cycles	Best Response
Breast	1x10 ¹⁰	8	PR CR in liver
Gastric	3x10 ¹⁰	8*	PR 32% reduction in lymph nodes
Mesothelioma	1x10 ¹⁰	6	Minor response 23% reduction in lymph nodes
Prostate	3x10 ⁹	6	SD on scans 30% reduction in PSA
Squamous Cell Carcinoma Head and Neck	3x10 ⁹	3	Minor response 26% reduction in lymph node
Unknown	3x10 ⁹	6	SD
Pancreas	3x10 ¹⁰	6*	SD
Prostate	3x10 ¹⁰	5*	SD
Prostate	3x10 ¹⁰	5	SD
Melanoma	1x10 ¹⁰	4	SD
Pancreas	3x10 ¹⁰	2	SD, but progressed clinically

*patients still on study. CR=complete response, PR=partial response, SD=stable disease

“These are extraordinary results for a Phase I trial,” said Dr. Brad Thompson, President and CEO of Oncolytics. “To see tumour stabilization or better in this patient population is highly unusual.”

The trial (REO 010) has two components. The first is an open-label, dose-escalating, non-randomized study of REOLYSIN[®] given intravenously with docetaxel every three weeks. In this portion of the trial, which was completed in August 2008, standard dosages of docetaxel were delivered to patients with escalating dosages of REOLYSIN[®] intravenously. The second component of the trial includes the enrolment of a further nine patients at the top dose of

REOLYSIN[®] in combination with a standard dosage of docetaxel. Patients may receive up to eight cycles of treatment in this study.

Eligible patients include those who have been diagnosed with advanced or metastatic solid tumours including bladder, lung, prostate or upper gastro-intestinal cancers that are refractory (have not responded) to standard therapy or for which no curative standard therapy exists. The primary objective of the trial is to determine the Maximum Tolerated Dose (MTD), Dose-Limiting Toxicity (DLT), recommended dose and dosing schedule and safety profile of REOLYSIN[®] when administered in combination with docetaxel. Secondary objectives include the evaluation of immune response to the drug combination, the body's response to the drug combination compared to chemotherapy alone and any evidence of anti-tumour activity.

The poster will be available today on the Oncolytics website at www.oncolyticsbiotech.com.

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/II and Phase II human trials using REOLYSIN[®], 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 implication of the materials presented at this meeting with respect to REOLYSIN[®], the Company's expectations related to the results of trials investigating delivery of REOLYSIN[®], the Company's analysis of the results of the Phase I trial, and the Company's belief as to the potential of REOLYSIN[®] 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[®] 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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