

PRESS RELEASE

NOVEMBER 2, 2006  
ONCOLYS BIOPHARMA INC.

**Oncolys BioPharma, Inc. Raises \$23.8 Million (JPY 2.6 Billion) In Equity Private Placements**

Tokyo, Japan, October 31, 2006 --- Oncolys BioPharma, Inc. (Tokyo, Japan, President & CEO, Yasuo Urata), a privately held biopharmaceutical company developing innovative therapeutic agents in the fields of oncology and infectious diseases, announced today that the company has completed Series C financing. While this financing round amounted to \$10.3 million (JPY1.1 billion) in total, Oncolys already completed Series B financing amounted to JPY1.5 billion (\$13.5 million) early this year. Combined with the new equity placements, Oncolys has raised as much as \$23.8 million (JPY2.6 billion) from 20-plus major Japanese venture capital funds in 2006.

"We are gratified by our investors' recognition of the value in our pipeline and the potential for our expertise in the oncolytic viruses like Telomelysin<sup>®</sup> and Telomelyscan<sup>®</sup> and anti-HIV compound, 4'-Ed4T (4'-ethynyl d4T), a novel nucleoside reversetranscriptase inhibitor (NRTI), which is effective to NRTI- and NNRTI-resistant HIV" said Yasuo Urata, President and CEO of the company. "This financing provides the capital for Oncolys to pursue our aggressive development strategy in the world."

**About Oncolys BioPharma Inc.**

<http://www.oncolys.com>

The company was founded in March 18, 2004.

One of the major business objectives is to develop and commercialize a newly discovered oncolytic virus "Telomelysin<sup>®</sup>" invented by Professor Noriaki Tanaka, Associate Professor Toshiyoshi Fujiwara of Okayama University and their colleague. Telomelysin<sup>®</sup> is currently studied in Phase I in the United States.

The company has added 'infectious disease' this year as its strategic franchise and concluded an exclusive license agreement with Yale University on behalf of Professor Masanori Baba of Kagoshima University and Professor Hiromichi Tanaka of Showa University in Japan, and Professor Yung-Chi Cheng of Yale University School of

Medicine, for 4'-Ed4T, a novel anti-HIV candidate therapeutic agent. The agreement grants Oncolys's global exclusive rights of clinical development and commercialization.

President and CEO: Yasuo Urata

Headquarters: 3-16-33 Roppongi, Minato-ku, Tokyo 106-0032, Japan

Capital: ¥1,607.6 million

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