UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2008

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____.

Commission file number **000-21243**

OncoGenex Pharmaceuticals, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**95-4343413**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

1522 217th Place SE, Suite 100, Bothell, Washington 98021
(Address of Principal Executive Offices)

(425) 686-1500
(Registrant's telephone number, including area code)

Indicate by check whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	**Outstanding at November 6, 2008**
Common Stock, $0.001 par value	5,513,643

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

OncoGenex Pharmaceuticals, Inc.
Consolidated Balance Sheets
(Unaudited)
(in thousands)

	September 30, 2008	December 31, 2007
	$ (unaudited)	$ Note 1
ASSETS		
Current		
Cash and cash equivalents	6,048	4,626
Short-term investments *[note 4]*	11,130	505
Amounts receivable	160	77
Investment tax credit recoverable	1,215	1,736
Prepaid expenses	583	295
Other current assets	546	—
Total current assets	19,682	7,239
Property and equipment, net	58	99
Other assets	508	12
Total assets	20,248	7,350
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities *[note 12]*	2,700	1,048
Convertible debentures *[note 5]*	—	4,665
Current portion of long-term obligations	905	—
Total current liabilities	3,605	5,713
Taxes payable	—	2,487
Long-term obligation, less current portion	1,163	—
Total liabilities	4,768	8,200
Commitments and contingencies *[note 10]*		
Class A redeemable convertible preferred shares:		
no par value; unlimited number authorized; nil shares issued and outstanding at September 30, 2008 and 848,805 at December 31, 2007 (aggregate retraction amount of nil at September 30, 2008, and $5,720 at December 31, 2007) *[note 6]*	—	4,329
Class B redeemable convertible preferred shares:		

no par value; unlimited number authorized; nil shares issued and outstanding at September 30, 2008, and 8,945,448 at December 31, 2007 (aggregate retraction amount of nil at September 30, 2008, and $33,432 at December 31, 2007) *[note 6]*	—	33,044
Shareholders' equity (deficiency):		
Common shares: no par value; unlimited number authorized; 118,801 shares issued and outstanding at December 31, 2007 *[note 7]*	—	399
Common Shares: $0.001 par value 11,019,930 shares authorized and 5,513,643 issued and outstanding at September 30, 2008	6	—
Additional paid-in capital	55,920	567
Deficit accumulated during the development stage	(43,054)	(41,832)
Accumulated other comprehensive income	2,608	2,643
Total shareholders' equity (deficiency)	15,480	(38,223)
Total liabilities and shareholders' equity (deficiency)	20,248	7,350

Subsequent events *[note 14]*

See accompanying notes.

OncoGenex Pharmaceuticals, Inc.
Consolidated Statements of Operations
(Unaudited)
(in thousands, except per share and share amounts)

	Three months Ended September 30,		Nine months Ended September 30,		Period from May 26, 2000 (inception) to September 30, 2008
	2008	**2007**	**2008**	**2007**	
	$	**$**	**$**	**$**	**$**
EXPENSES					
Research and development	1,639	1,094	3,621	3,075	24,410
General and administrative	1,024	609	2,243	2,709	12,372
Total expenses	2,663	1,703	5,864	5,784	36,782
OTHER INCOME (EXPENSE)					
Interest income	51	33	142	138	1,343
Other	246	(60)	(54)	(94)	(848)
Total other income (expense)	297	(27)	88	44	495
Loss for the period before taxes	(2,366)	(1,730)	(5,776)	(5,740)	(36,287)
Income tax expense (recovery) *[note 9]*	(2,515)	200	(2,100)	573	66
Operating income (loss) before extraordinary gain	149	(1,930)	(3,676)	(6,313)	(36,353)
Extraordinary gain *[note 2]*	4,428	—	4,428	—	4,428
Net income (loss)	4,577	(1,930)	752	(6,313)	(31,925)
Redeemable convertible preferred share accretion	417	735	1,973	2,156	11,129
(Loss) income attributable to common shareholders	4,160	(2,665)	(1,221)	(8,469)	(43,054)
Basic and diluted income(loss) per common share *[note 7[d]]*	$ 2.02	$ (22.43)	$ (1.59)	$ (71.29)	
Weighted average number of common shares *[notes 7[d]]*	2,056,876	118,801	769,843	118,801	

See accompanying notes.

OncoGenex Pharmaceuticals, Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(in thousands)

	Nine months ended September 30,		Period from May 26, 2000 (inception) to September 30, 2008
	2008	**2007**	
	$	**$**	**$**
OPERATING ACTIVITIES			
Income (loss) for the period	752	(6,313)	(31,925)
Add items not involving cash			
Extraordinary gain	(4,428)	—	(4,428)
Depreciation and amortization	49	65	386
Stock-based collaboration expense	—	—	1,758
Stock-based compensation *[note 7[c]]*	144	174	704
Accrued interest on convertible debenture *[note 5]*	319	22	512
Changes in non-cash working capital items			
Amounts receivable	197	97	119
Investment tax credit recoverable	521	(750)	(1,215)
Prepaid expenses	75	(68)	(220)
Other assets	(734)	(1)	(746)
Accounts payable and accrued liabilities	(1,797)	186	(749)
Lease obligation	(17)	—	(17)
Taxes payable on preferred shares	(2,487)	796	—
Cash used in operating activities	(7,406)	(5,792)	(35,821)
FINANCING ACTIVITIES			
Cash paid on fractional shares eliminated on reverse share split	(3)	—	(3)
Proceeds from issuance of common stock under employee benefit plans	6	—	6
Issuance of preferred shares, net of share issue costs	—	—	26,719
Issuance of common shares, net of share issue costs	—	—	146
Issuance of convertible debentures net of issue costs	—	4,442	4,442
Cash provided by financing activities	3	4,442	31,310
INVESTING ACTIVITIES			
Purchase of investments	(4,343)	(6,146)	(88,520)
Proceeds from sale of investments	8,473	8,351	94,781
Purchase of property and equipment	(4)	(12)	(392)
Cash received on investment in Sonus	5,464	—	5,464
Transaction fees on reverse takeover of Sonus	(807)	—	(807)
Cash provided by investing activities	8,783	2,193	10,526
Effect of exchange rate changes on cash	42	(325)	33
Increase in cash and cash equivalents during the period	1,422	518	6,048
Cash and cash equivalents, beginning of the period	4,626	1,853	—
Cash and cash equivalents, end of the period	6,048	2,371	6,048

See accompanying notes.

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

OncoGenex Pharmaceuticals, Inc. (the "Company" or "OncoGenex") is a development stage enterprise committed to the development and commercialization of new cancer therapies. The Company was incorporated in the state of Delaware and, together with its subsidiaries, has a facility in Bothell, Washington for administrative, clinical and regulatory operations and an office in Vancouver, BC for administrative, pre-clinical and manufacturing-related operations.

On August 21, 2008, Sonus Pharmaceuticals, Inc. ("Sonus") completed an arrangement with OncoGenex Technologies Inc., ("OncoGenex Technologies") whereby Sonus acquired all of the outstanding preferred shares, common shares and convertible debentures of OncoGenex Technologies. Sonus changed its name to OncoGenex Pharmaceuticals, Inc. and was listed on the Nasdaq Capital Market under the ticker symbol OGXI. These consolidated financial statements account for the arrangement between Sonus and OncoGenex Technologies as a reverse acquisition, whereby OncoGenex Technologies is deemed to be the acquiring entity from an accounting perspective.

The unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required to be presented for complete financial statements. The accompanying financial statements reflect all adjustments (consisting only of normal recurring items) which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. The accompanying Balance Sheet at December 31, 2007 has been derived from the audited financial statements of OncoGenex Technologies included in the Company's Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission ("SEC") on July 3, 2008. The financial statements and related disclosures have been prepared with the assumption that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year. Accordingly, these financial statements should be read in conjunction with the audited financial statements of OncoGenex Technologies for the year ended December 31, 2007 and the related notes thereto included in the Company's Proxy Statement as noted above.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, OncoGenex Technologies and OncoGenex, Inc. Inter-company accounts and transactions have been eliminated.

2. REVERSE TAKEOVER

The consolidated financial statements account for the transaction between Sonus and OncoGenex Technologies, whereby Sonus acquired all of the outstanding preferred shares, common shares and convertible debentures of OncoGenex Technologies, as a reverse takeover wherein OncoGenex Technologies is deemed to be the acquiring entity from an accounting perspective. The consolidated results of operations of the Company include the results of operations of OncoGenex Technologies for the full three and nine month periods ended September 30, 2008 and the results of OncoGenex Pharmaceuticals, Inc. following the completion of the transaction on August 21, 2008. The consolidated results of operations for the three and nine month periods ended September 30, 2007 include only the consolidated results of operations of OncoGenex Technologies and do not include historical results of Sonus.

On August 12, 2008, OncoGenex Technologies' stockholders approved the transaction described above and on August 19, 2008, Sonus stockholders approved both the transaction and a one-for-eighteen reverse stock split of its common stock. The reverse stock split occurred immediately prior to the completion of the Arrangement Agreement. Resulting fractional shares were eliminated. All information in this report relating to the number of shares, price per share, and per share amounts of common stock are presented on a post-split basis.

Under the purchase method of accounting, Sonus' outstanding shares of common stock were valued using the average closing price on Nasdaq of $5.04 for the two days prior through to the two days subsequent to the announcement of the transaction on May 27, 2008. There were 2,059,898 shares of common stock outstanding, as adjusted for the reverse stock split, on August 20, 2008, immediately prior to closing. The fair value of the Sonus outstanding stock options were determined using the Black-Scholes option pricing model with the following assumptions: stock price of $4.86, volatility of 57.67% to 89.48%, risk-free interest rate of 1.73% to 3.89%, and expected lives ranging from 0.05 to 4.79 years. The fair value of the Sonus outstanding warrants were determined using the Black-Scholes option pricing model with the following assumptions: stock price of $4.86, volatility of 58.71%, risk-free interest rate 3.89%, and expected lives ranging from 0.99 to 1.08 years.

The preliminary purchase price is summarized as follows (in thousands):

Sonus common stock	10,385
Fair value of options and warrants assumed	71
Transaction costs of OncoGenex	807
Total purchase price	11,263

Under the purchase method of accounting, the total purchase price as shown in the table above is allocated to the Sonus net tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the date of the completion of the transaction. The preliminary purchase price allocation is as follows:

Cash	5,464
Marketable securities	14,808
Accounts receivable	6
Interest receivable	273
Other current assets	175
Furniture and equipment	1,186
Other long term assets	497
Intangible assets	280
Accounts payable	(35)
Accrued expenses excluding severance payable	(652)
Severance payable to employees as part of restructuring	(1,322)
Severance payable to senior executives	(1,440)
Excess facility loss	(2,083)
Negative goodwill	(5,894)
Total purchase price	11,263

In accordance with Statements of Financial Accounting Standards ("SFAS") SFAS 141, "Business Combinations" any excess of fair value of acquired net assets over purchase price (negative goodwill) has been recognized as an extraordinary gain in the period the transaction was completed. The excess has been allocated as a pro rata reduction of the amounts that otherwise would have been assigned to the non-current acquired assets. Prior to allocation of the excess negative goodwill OncoGenex has reassessed whether all acquired assets and assumed liabilities have been identified and recognized and performed remeasurements to verify that the consideration paid, assets acquired, and liabilities assumed have been properly valued. The remaining excess has been recognized as an extraordinary gain. Any subsequent adjustments to the extraordinary gain resulting from the changes to the purchase price allocation shall be recognized as an extraordinary item. The allocation of the purchase price of the net assets acquired is preliminary and may vary based upon finalization of additional valuation procedures.

The preliminary pro rata reduction of non-current and intangible assets acquired is as follows (in thousands):

Negative goodwill	(5,894)
Furniture and equipment	1,186
Intangible assets	280
Excess negative goodwill	(4,428)

Pro Forma Results of Operations

The results of operations of Sonus are included in OncoGenex' consolidated financial statements from the date of the completion of the transaction on August 21, 2008. The following table presents pro forma results of operations and gives effect to the business combination transaction as if the transaction was consummated at the beginning of the period presented. The unaudited pro forma results of operations are not necessarily indicative of what would have occurred had the business combination been completed at the beginning of the retrospective periods or of the results that may occur in the future.

	For the three months ended September 30, 2008	For the nine months ended September 30, 2008	For the three months ended September 30, 2007	For the nine months ended September 30, 2007
(in thousands, except shares and loss per share)	$	$	$	$
Revenue	—	—	4,079	12,401
Net loss applicable to common shareholders	(9,716)	(21,241)	(7,723)	(21,262)
Net loss per share-basic and diluted	(4.72)	(27.59)	(65.01)	(178.97)
Weighted average shares	2,056,876	769,843	118,801	118,801

3. ACCOUNTING POLICIES

The accompanying consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles and are expressed in U.S. dollars unless otherwise noted.

Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and notes thereto. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, which the Company considers as available for sale and are carried at market value with unrealized gains and losses, if any, reported as accumulated other comprehensive income or loss, which is a separate component of shareholders' equity (deficiency).

Short-Term Investments

Short-term investments consist of financial instruments purchased with an original maturity of greater than three months and less than one year. The Company considers its short-term investments as available-for-sale and they are carried at market value with unrealized gains and losses, if any, reported as accumulated other comprehensive income or loss, which is a separate component of shareholders' equity (deficiency). Realized gains and losses on the sale of these securities are recognized in net income or loss. The cost of investments sold is based on the specific identification method.

Property and Equipment

Property and equipment assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the following periods:

Computer equipment	3 years
Computer software	3 years
Furniture and fixtures	5 years
Leasehold improvements	Over the term of the lease

Reporting Currency and Foreign Currency Translation

Effective August 21, 2008, the Company changed its functional currency from the Canadian dollar to the U.S. dollar. With the acquisition of Sonus (Note 2), the Company's primary economic environment has now changed from Canada to the United States. This has resulted in significant changes in economic facts and circumstances that clearly indicate that the functional currency has changed. The Company accounted for the change in functional currency prospectively.

The financial statements of the Company for the year ended December 31, 2007 which is based on the Canadian functional currency, has been translated into the U.S. reporting currency using the current rate method as allowed by SFAS No.52, "Foreign Currency Translation", ("SFAS 52") as follows: assets and liabilities using the rate of exchange prevailing at the balance sheet date; stockholders' deficiency using the applicable historic rate; and revenue and expenses using the monthly average rate of exchange. Translation adjustments have been included as part of the accumulated other comprehensive income.

Income Taxes

Income taxes are accounted for under the liability method. Deferred tax assets and liabilities are recognized for the differences between the carrying values of assets and liabilities and their respective income tax bases and for operating losses and tax credit carry forwards. A valuation allowance is provided for the portion of deferred tax assets that is more likely than not to be unrealized. Deferred tax assets and liabilities are measured using the enacted tax rates and laws.

Scientific Research and Development Tax Credits

The benefits of tax credits for scientific research and development expenditures are recognized in the year the qualifying expenditure is made providing there is reasonable assurance of recoverability. The tax credits recorded are based on management's estimates of amounts expected to be recovered and are subject to audit by taxation authorities. The refundable tax credit reduces the carrying cost of expenditures for research and development expenses to which it relates. The non-refundable tax credit reduces the tax provision.

Research and Development Costs

Research and development costs are expensed as incurred, net of related refundable investment tax credits, with the exception of non-refundable advanced payments for goods or services to be used in future research and development, which are capitalized in accordance with Emerging Issues Task Force ("EITF") issued EITF Issue 07-03, "Accounting for Advance Payments for Goods or Services to Be Used in Future Research and Development" and included within Other Assets.

Clinical trial expenses are a component of research and development costs. These expenses include fees paid to contract research organizations and investigators and other service providers, which conduct certain product development activities on our behalf. The Company uses an accrual basis of accounting, based upon estimates of the amount of service completed. In the event payments differ from the amount of service completed, prepaid expense or accrued liabilities amounts are adjusted on the balance sheet. These expenses are based on estimates of the work performed under service agreements, milestones achieved, patient enrolment and experience with similar contracts. The Company monitors each of these factors to the extent possible and adjusts estimates accordingly.

Stock-Based Compensation

Effective January 1, 2006, the Company adopted the fair value recognition provisions of the Financial Accounting Standards Board ("FASB") Statement No. 123(R) (or SFAS 123(R)), "Share-Based Payment", using the modified prospective method with respect to options granted to employees and directors. Under this transition method, compensation cost is recognized in the financial statements beginning with the effective date for all share-based payments granted after January 1, 2006 and for all awards granted prior to but not yet vested as of January 1, 2006. The expense is amortized on a straight-line basis over the vesting period. Accordingly, prior period amounts have not been restated.

Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net income (loss) and other comprehensive income (loss). Other comprehensive income (loss) consists of translation adjustments from the application of U.S. dollar reporting and unrealized gains and losses on the Company's available-for-sale marketable securities. The Company has reported the components of comprehensive loss in the statement of shareholders' deficiency.

Income (Loss) per Common Share

Basic loss per common share is computed using the weighted average number of common shares outstanding during the period adjusted to reflect the equivalent OncoGenex Pharmaceuticals shares and equity structure, excluding shares held in escrow, if any. Prior to the completion of the transaction on August 21, 2008 the weighted average number of common shares represents OncoGenex Technologies only. Diluted loss per common share is computed in accordance with the treasury stock method which uses the weighted average number of common shares outstanding during the period and includes the dilutive effect of potentially issuable common shares from outstanding stock options and convertible preferred shares and debentures. Diluted loss per common share is equivalent to basic loss per common share for all periods presented as the outstanding stock options and convertible preferred shares and debentures are anti-dilutive.

Recently Adopted Accounting Policies

Effective January 1, 2008, the Company adopted SFAS No. 157 "Fair Value Measurements". In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, "Effective Date of FASB Statement No. 157 , which provides a one year deferral of the effective date of SFAS No. 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed in the financial statements at fair value at least annually. In October 2008, the FASB issued FASB Staff Position No. SFAS 157-3, "Determining the Fair Value of a Financial Asset When the Market for That Asset Is Not Active," which clarifies the application of SFAS 157 for markets that are not active and illustrates key considerations in determining the fair value of a financial asset when the market for that financial asset is not active. The Company adopted the provisions of SFAS No. 157 on a prospective basis for financial assets and liabilities which require that the Company determine the fair value of financial assets and liabilities using the fair value hierarchy established in SFAS No. 157. The adoption of SFAS No. 157 did not have a material impact on the Company's results of operations and financial condition as of and for the three and nine months ended September 30, 2008 however, this change may have an impact on financial condition and the results of operations in future periods.

Effective January 1, 2008 the Company adopted SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." The fair value option established by SFAS 159 permits, but does not require, all entities to choose to measure eligible items at fair value at specified election dates. An entity would report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. The adoption of SFAS 159 effective January 1, 2008 has not impacted the Company's financial position and results of operations.

In June 2007, the Emerging Issues Task Force issued EITF Issue 07-03, "Accounting for Advance Payments for Goods or Services to Be Used in Future Research and Development," or EITF No. 07-03. EITF No. 07-03 addresses the diversity which exists with respect to the accounting for the non-refundable portion of a payment made by a research and development entity for future research and development activities. Under EITF No. 07-03, an entity would defer and capitalize non-refundable advance payments made for research and development activities until the related goods are delivered or the related services are performed. EITF No. 07-03 is effective for fiscal years beginning after December 15, 2007 and interim periods within those years. Adoption of EITF No. 07-03 effective January 1, 2008 on a prospective basis has not resulted in an adjustment to the Company's financial statements.

Recent Accounting Pronouncements

In November 2007, the Emerging Issues Task Force issued EITF Issue 07-01, "Accounting for Collaborative Arrangements," or EITF No. 07-01. EITF No. 07-01 requires collaborators to present the results of activities for which they act as the principal on a gross basis and report any payments received from (made to) other collaborators based on other applicable GAAP or, in the absence of other applicable GAAP, based on analogy to authoritative accounting literature or a reasonable, rational, and consistently applied accounting policy election.

Further, EITF No. 07-01 clarified that the determination of whether transactions within a collaborative arrangement are part of a vendor-customer (or analogous) relationship subject to Issue 01-9, Accounting for Consideration Given by a Vendor to a Customer. EITF No. 07-01 is effective for fiscal years beginning December 15, 2008. The Company has not yet completed its evaluation of EITF 07-01, but does not currently believe that it will have a material impact on the consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations," or SFAS No. 141R. SFAS No. 141R will change the accounting for business combinations. Under SFAS No. 141R, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS No. 141R will change the accounting treatment and disclosure for certain specific items in a business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company has not yet completed its evaluation of the potential impact, if any, of the adoption of SFAS No. 141R but does not currently believe that it will have a material impact on the consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51," or SFAS No. 160. SFAS No. 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008. The Company has not yet completed its evaluation of the potential impact, if any, of the adoption of SFAS No. 160, but does not currently believe that it will have a material impact on the consolidated financial position, results of operations or cash flows.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. It requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. In September 2008, the FASB issued FASB Staff Position ("FSP") FSP FAS 133-1 and FIN 45-4, "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161". This FSP amends FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities", to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. This FSP also amends FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of indebtedness of Others", to require an additional disclosure about the current status of the payment/performance risk of a guarantee. Further, this FSP clarifies the Board's intent about the effective date of FASB Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities". This statement is effective for financial statements issued for fiscal years beginning after November 15, 2008. The Company has not yet completed its evaluation of the impact of this pronouncement, but does not currently believe that it will have a material impact on the consolidated financial position, results of operations or cash flows.

In May 2008, the FASB issued FASB FSB Accounting Principles Board ("APB") Opinion No. 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSB APB 14-1"). The FSP will require cash settled convertible debt to be separated into debt and equity components at issuance and a value to be assigned to each. The value assigned to the debt component will be the estimated fair value, as of the issuance date, of a similar bond without the conversion feature. The difference between the bond cash proceeds and this estimated fair value will be recorded as a debt discount and amortized to interest expense over the life of the bond. FSP APB 14-1 will become effective January 1, 2009. The Company has not yet completed its evaluation of the impact of this pronouncement, but does not currently believe that it will have a material impact on the consolidated financial position, results of operations or cash flows.

In May 2008, the FASB issued SFAS No. 162 "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. SFAS 162 is effective sixty days following the SEC's approval of PCAOB amendments to AU Section 411, "The Meaning of 'Present fairly in conformity with generally accepted accounting principles.' " The Company is currently evaluating the potential impact, if any, of the adoption of SFAS 162 on its consolidated financial statements.

4. FAIR VALUE MEASUREMENTS

With the adoption of SFAS No. 157, beginning January 1, 2008, assets and liabilities recorded at fair value in the balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. For certain of the Company's financial instruments including cash and cash equivalents, amounts receivable, and accounts payable the carrying values approximate fair value due to their short-term nature.

SFAS No. 157 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. In accordance with SFAS No. 157, these inputs are summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical securities;
- Level 2 – Other significant observable inputs that are observable through corroboration with market data (including quoted prices in active markets for similar securities);
- Level 3 – Significant unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability.

In determining the appropriate levels, the Company performed a detailed analysis of the assets and liabilities that are subject to SFAS No. 157. The following table presents information about our assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2008, and indicates the fair value hierarchy of the valuation techniques we utilized to determine such fair value:

	Level 1	Level 2	Level 3
Corporate debt securities	$ —	$ 8,149,253	$ —
Government debt securities	$ —	$ 2,981,091	$ —
Asset-backed securities	$ —	$ —	$ —
	$ —	$ 11,130,344	$ —

5. CONVERTIBLE DEBENTURES

On September 19, 2007, OncoGenex Technologies issued $4,500,000 in convertible debentures to certain existing shareholders bearing interest at an average rate of 14.9% per annum and maturing on March 31, 2008. On March 6, 2008 the maturity date was extended to June 30, 2008 and on June 10, 2008 the maturity date was extended to September 30, 2008. The extensions did not have a material impact on the fair value of the debentures. The convertible debentures were collateralized by a general security agreement on all the assets of OncoGenex Technologies.

As at August 20, 2008, the OncoGenex Technologies convertible debenture outstanding balance of principal and accrued interest was $5,011,706. As part of the reverse takeover transaction (Note 2), Sonus agreed to issue shares of common stock in exchange for the common stock, preferred shares and convertible debentures of OncoGenex Technologies. As a result, all convertible debentures of OncoGenex Technologies are now held by OncoGenex Pharmaceuticals, Inc. and have been eliminated on consolidation.

6. REDEEMABLE CONVERTIBLE PREFERRED SHARES

[a] Authorized

Unlimited number of Class A preferred voting shares, issuable in series, no par value
Unlimited number of Class B preferred voting shares, issuable in series, no par value

[b] Issued and Outstanding Shares

From December 2001 through October 2002, the Company issued 848,805 Class A Series 1 and 2 Redeemable Convertible Preferred Shares for net proceeds of $2,488,000. From September 2003 through August 2005, the Company issued 8,945,448 Class B Series 1 and 2 Redeemable Convertible Preferred Shares for net proceeds of $25,729,000, consisting of cash of $24,231,000 and payment of collaboration expenses of $1,498,000.

The Class A preferred shares, Series 1 and Series 2, are retractable at the option of the holder behind the Class B preferred shares with such right becoming effective after August 10, 2010 and on not less than 120 days notice by holders of not less than 50% of the outstanding respective Class A preferred shares, Series 1 or Series 2, and provided that no Class B preferred shares, Series 1 and Series 2, are then outstanding.

The retraction price for the Class A preferred shares, Series 1 and Series 2, and the Class B preferred shares, Series 1 and Series 2 is equal to the issue price for such shares plus a preferred return adjustment (being an amount required to generate an 8% annual cumulative return for the holder of such shares). In the event that holders of Class A and Class B preferred shares are paid the cumulative preferred return adjustment referred to above, the Company would become liable for payment of taxes under Part VI.1 of the Income Tax Act (Canada) which is calculated at 25% of the amount paid in excess of CAD $500,000. Consequently, OncoGenex recordedan income tax expense to reflect the potential tax liability in the event that a preferred return adjustment is required to be paid out.

As at August 20, 2008, the OncoGenex Technologies Class A balance of principal and accretion was $4,634,319 and the Class B balance of principal and accretion was $34,710,910, while tax payable in relation to the potential Part VI.1 tax was $2,628,384. As part of the arrangement (Note 2), Sonus agreed to issue shares of common stock in exchange for all the outstanding securities of OncoGenex Technologies, including common stock, preferred shares and convertible debentures. On September 19, 2008, all preferred shares of OncoGenex Technologies then held by OncoGenex Pharmaceuticals, Inc. were converted into common shares of OncoGenex Technologies and eliminated on consolidation. As there are no longer any preferred shares outstanding of OncoGenex Technologies, there is no longer a risk that the Company will have to pay Part VI.1 tax; therefore, the payable has been eliminated, resulting in a non-cash income tax expense recovery of $2,628,384.

7. COMMON SHARES

[a] Authorized

Unlimited number of common voting shares, no par value.

[b] Issued and Outstanding Shares

As at August 20, 2008, there were 118,801 common shares of OncoGenex Technologies (on a post-conversion basis) and 2,059,898 shares of common stock of Sonus outstanding. As part of the arrangement (Note 2), Sonus agreed to issue 3,449,393 shares of common stock, before accounting for the elimination of resulting fractional shares, in exchange for all the common shares, preferred shares and convertible debentures. As a result, all common shares of OncoGenex Technologies are now held by OncoGenex Pharmaceuticals, Inc. and have been eliminated on consolidation.

Escrow Shares

As part of the transaction (Note 2), 1,388,875 of the shares of common stock issued to the holders of OncoGenex Technologies securities were placed into escrow at the closing of the transaction and are to be released from escrow upon the achievement of certain agreed-upon milestones relating to OncoGenex product candidates OGX-011, OGX-427 and OGX-225 and the future price of our common stock. The milestone shares were issued and placed into escrow at the closing of the transaction. If the milestone shares are not earned within six (6) years after the closing of the arrangement, they will be returned for cancellation.

On July 24, 2008, the Company announced the completion of a Special Protocol Assessment on the patient population, study design, trial endpoints, statistical analyses and size of a registration clinical trial with OGX-011. The achievement of this milestone resulted in the release of 25% (347,237) of the shares held in escrow.

[c] Stock options

OncoGenex Technologies Inc. Stock Option Plan

In September 2003, the Board of Directors of OncoGenex Technologies approved an amended stock option plan (the "OncoGenex Technologies Plan"), which was an amendment of the stock option plan first established in October 2001. This plan was subsequently approved by shareholders on August 12, 2008. Under this plan, the Company may grant options to purchase common shares in the Company to employees, directors, officers, and consultants of the Company. The exercise price of the options is determined by the Board but generally will be at least equal to the fair value of the shares at the grant date.

The options vest in accordance with terms as determined by the Board, typically over three years for options issued to employees. The expiry date for each option is set by the Board with a maximum expiry date of seven years and a minimum expiry of five years from the date of grant.

On August 21, 2008, under the arrangement (Note 2), each option to purchase shares of OncoGenex Technologies common stock ("OncoGenex Technologies Option") was exchanged for an option to purchase shares of OncoGenex Pharmaceuticals, Inc. common stock. Specifically, each OncoGenex Technologies Option was exchanged for an option to purchase the amount of shares of common stock of OncoGenex Pharmaceuticals, Inc. equal to the product of (a) the share exchange ratio of the arrangement ("Share Exchange Ratio"), as adjusted by the one-for-eighteen reverse stock split, (b) multiplied by the number of OncoGenex Technologies shares of common stock subject to each OncoGenex Technologies Option. The exercise price of each OncoGenex Technologies Option was also adjusted to an amount equal to the product of (x) the exercise price per share of each OncoGenex Technologies Option immediately prior to the effective time of the arrangement, (y) divided by the Share Exchange Ratio, as adjusted by the one-for-eighteen reverse stock split, (z) multiplied by the noon buying rate of exchange for one U.S. dollar in Canadian dollars as published by the Federal Reserve Bank of New York on the date immediately prior to the arrangement.

Sonus Option Plans

Prior to the reverse takeover, Sonus had options outstanding under a number of share option plans that had been approved by shareholders, (a) the Incentive Stock Option, Nonqualified Stock Option and Restricted Stock Purchase Plan – 1991 (''1991 Plan''), (b) the 1999 Nonqualified Stock Incentive Plan (''1999 Plan''), (c) the 2000 Stock Incentive Plan (''2000 Plan''), and (d) the 2007 Performance Incentive Plan ("2007 Plan") (collectively referred to as the ''Sonus Plans'').

As a result of certain change of control provisions in the 1999 Plan and the 2000 Plan, all outstanding options granted under those plans were cancelled immediately prior to the reverse takeover. Similarly, as a result of a change of control provision in the 2007 Plan, vesting of options granted under that plan was accelerated and all outstanding options granted under that plan became fully vested immediately prior to the reverse takeover. No changes were made to the 1991 Plan. All outstanding options issued under the 1991 Plan were fully vested prior to the transaction.

All options to purchase common shares under the Sonus Plans have been adjusted to reflect the one-for-eighteen reverse stock split. Because this modification was designed to equalize the fair value of an award before and after an equity restructuring, no incremental compensation cost is recognized.

Stock Option Summary

As at September 30, 2008 the Company has reserved, pursuant to various plans, 925,124 common shares for issuance of stock options to employees, directors, officers and consultants of the Company of which 524,137 [December 31, 2007 - 90,683] are available for future issuance.

Stock option transactions and the number of share options outstanding, after giving effect to the adjustments made to the OncoGenex Technologies Plan options and Sonus Plans options described above, are summarized below:

	Shares Available for Grant	Number of Optioned Common Shares	Weighted Average Exercise Price
	#	#	$
Balance, December 31, 2007	90,683	324,026	4.63
Additions from Sonus Option Plans	427,906	97,972	27.57
Option exercises	—	(4,352)	1.30
Option cancellations and expirations	5,548	(16,659)	82.33
Balance, September 30, 2008	524,137	400,987	7.04

There were no options granted during the three and nine months ending September 30, 2008.

The results for the periods set forth below included share-based compensation expense in the following expense categories of the consolidated statements of operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008 $	2007 $	2008 $	2007 $
Research and development	19,686	22,207	61,382	79,392
General and administrative	15,216	54,615	82,557	95,884
Total share-based compensation	34,902	76,822	143,939	175,276

As at September 30, 2008 and December 31, 2007 the total unrecognized compensation expense related to stock options granted is $48,700 and $195,000 respectively, which is expected to be recognized into expense over a period of approximately three years.

[d] Loss per Common Share

Weighted average common shares outstanding for prior periods have been restated to reflect the change in capital structure resulting from the transaction with Sonus.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Numerator				
Income (loss) attributable to common shareholders as reported	$ 4,160,000	$ (2,665,000)	$ (1,221,000)	$ (8,469,000)
Denominator				
Weighted average number of common shares outstanding	2,056,876	118,801	769,843	118,801
Basic and diluted income (loss) per common share	**$ 2.02**	**$ (22.43)**	**$ (1.59)**	**$ (71.29)**
Earnings per share associated with $4,428,000 extraordinary gain	$ 2.15	$ —	$ 5.75	$ —
Basic and diluted income (loss) per common share excluding extraordinary gain	**$ (0.13)**	**$ (22.43)**	**$ (7.34)**	**$ (71.29)**

8. SEVERANCE CHARGES AND OTHER RESTRUCTURING ACTIVITIES

As a requirement for the closing of the transaction, Sonus terminated the employment of two senior executives. Severance payable at the date of the transaction was $1,439,319 and has been accounted for in accordance with EITF No. 95-3, *"Recognition of Liabilities in Connection with a Purchase Business Combination"* as part of the purchase price allocation (Note 2). The severance payable was settled following the completion of the transaction and the amount owing at September 30, 2008 was nil.

On August 21, 2008, immediately following the completion of the transaction (Note 2), the Company reduced workforce by approximately 49% in order to implement cost-savings measures to preserve cash while focusing on its highest potential product development programs. The Company estimates that all severance liabilities relating to transaction-related workforce reductions will be paid out by February 2009. Severance payable at the date of the restructuring in connection with former employees of Sonus was $1,322,296 and has been accounted for in accordance with EITF No. 95-3, *"Recognition of Liabilities in Connection with a Purchase Business Combination"* as part of the purchase price allocation (Note 2).

Prior to the Arrangement, Sonus entered into a non-cancellable lease arrangement for office space located in Bothell, Washington, which is considered to be in excess of the Company's current requirements. The final plan for this space has not yet been determined by management, but will likely involve a sublease arrangement or exit of lease space. The Company has recognized a restructuring charge of $2,039,156 in relation to the estimated fair value of the liability remaining with respect to excess facilities. The liability is computed as the present value of the difference between the remaining lease payments due less the estimate of net sublease income and expenses and has been accounted for in accordance with EITF No. 95-3, *"Recognition of Liabilities in Connection with a Purchase Business Combination"* as part of the purchase price allocation (Note 2). This represents the Company's best estimate of the fair value of the liability. Subsequent changes in the liability due to accretion, or changes in estimates of sublease assumptions, etc. will be recognized as adjustments to restructuring charges in future periods.

9. INCOME TAXES

The Company accounts for income taxes under the liability method. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

The Company applies FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes " ("FIN 48") in accounting for uncertainty in income taxes recognized in a company's financial statements. FIN 48 prescribes a minimum probability threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods as well as disclosure and transition.

For the three and nine month periods ended September 30, 2008 we recorded an income tax expense (recovery) of $(2.5) million and $(2.1) million compared to an income tax expense (recovery) of $0.2 million and $0.6 million for the three and nine month periods ended September 30, 2007. The income tax recovery for the three and nine months ended September 30, 2008 is due to the reversal of $2.6 million of Part VI.1 taxes.

Under FIN 48, the benefit of an uncertain tax position that is more likely than not of being sustained upon audit by the relevant taxing authority must be recognized at the largest amount that is more likely than not to be sustained. No portion of the benefit of an uncertain tax position may be recognized if the position has less than a 50% likelihood of being sustained.

A reconciliation of the unrecognized tax benefits of uncertain tax positions for the year ended December 31, 2007 is as follows:

	$
Balance as of January 1, 2007	398,000
Additions based on tax positions related to the current year	216,000
Balance as of December 31, 2007	614,000
Reductions based on tax positions concluded in the current year	(270,000)
Balance as of September 30, 2008	344,000

As of December 31, 2007, unrecognized benefits of approximately $614,000, if recognized, would affect the Company's effective tax rate. Subsequent to December 31, 2007, an audit of the eligibility of expenditures claimed for Canadian scientific research and development tax credits for the year ended December 31, 2006 was concluded. As a result, the balance of unrecognized tax benefits for uncertain tax positions decreased by $270,000.

10. COMMITMENTS AND CONTINGENCIES

Bayer HealthCare LLC

On August 7, 2008, Sonus completed an exclusive in-licensing agreement with Bayer HealthCare LLC for development of a family of compounds known as caspase activators presently in preclinical research. Under terms of the agreement, Sonus was granted exclusive rights to develop two core compounds for all prophylactic and therapeutic uses in humans. Additionally, Sonus was granted rights to all other non-core compounds covered under the patents for use in oncology.

Under the terms of the agreement, Bayer received an upfront license fee of $450,000. OncoGenex will make annual payments to Bayer on the anniversary date ("Anniversary Payments"), with an initial payment of $100,000. The payments will increase by $25,000 each year until the initiation of the first Phase 3 clinical trial, at which point the Anniversary Payments reset to $100,000 each year and increase by $25,000 until the Company achieves either the first New Drug Application filing in the United States or the European Union. OncoGenex is obligated to pay royalties ranging from 3.5% to 7.5% of net future product sales and aggregate payments of up to $14,000,000 for clinical development and regulatory milestones. No milestone payments are triggered prior to the initiation of a Phase 3 clinical trial.

Lease Arrangements

The Company has an operating lease agreement for office space in Vancouver, Canada, which expires in September 2009, with an option for the Company to terminate the lease at any point after September 2007, subject to a declining termination fee which is limited to a maximum of $34,000, and with an option to renew through 2014 at the then fair market value.

In addition, the Company has an operating lease agreement for office space in Seattle, Washington, which expires in November 2008, with an option for the Company to renew the lease for an additional three years at the then fair market value.

Future minimum annual lease payments under these are as follows:

	$ (in thousands)
2008 (remainder of year)	32
2009	111
Total	143

Rent expense for the three and nine month periods ended September 30, 2008 was $315,000 and $436,000 respectively. Rent expense for the three and nine month periods ended September 30, 2007 was $60,000 and $174,000 respectively.

In November 2006, prior to the transaction (Note 2), Sonus entered into a non-cancelable operating lease agreement for office space in Bothell, Washington, expiring in 2017 and office equipment under two non-cancelable operating leases which expire in 2009 and 2010. The Company is currently in the process of evaluating opportunities to exit portions of the leased space and has recorded a liability in the excess facilities lease charge of $2,039,156 as at September 30, 2008 (Note 8).

If the Company is unable to exit portions of this leased space, the future minimum annual lease payments are as follows:

	$ (in thousands)
2008 (remainder of year)	482
2009	1,982
2010	1,997
2011	2,055
2012	2,117
2013	2,180
remainder	9,396
Total	20,209

11. RELATED PARTY TRANSACTIONS

The Company incurred consulting fees of $74,000 and $98,000 for the period ended September 30, 2008 and 2007 respectively, payable to a former director. No amounts were included in accounts payable and accrued liabilities as at September 30, 2008. All transactions were recorded at their exchange amounts.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2008	December 31, 2007
	$	$
(in thousands)		
Trade accounts payable	365	309
Employee related accruals	1,136	87
Accrued research and development expenses	512	365
Other	687	287
	2,700	1,048

13. COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008 $	2007 $	2008 $	2007 $
(in thousands)				
Income (loss) attributable to common shareholders	4,160	(2,665)	(1,221)	(8,469)
Unrealized gain (loss) on cash equivalents and marketable securities	(30)	1	(31)	2
Unrealized gain (loss) on foreign exchange	67	143	(3)	496
Comprehensive income (loss)	(4,197)	(2,521)	(1,255)	(7,971)

14. SUBSEQUENT EVENTS

On October 7, 2008 the Company concluded a meeting with the U.S. Food and Drug Administration (FDA), at which the FDA agreed that “durable pain palliation is an acceptable and desirable study endpoint” to support product marketing approval for OGX-011 as a treatment for hormone refractory prostate cancer (HRPC). In addition, OncoGenex reported that the FDA provided guidance on the submitted protocol including recommendations on study endpoints, the appropriate patient population, entry criteria and study conduct.

Based on the results of this meeting, the Board of Directors of OncoGenex Pharmaceuticals has approved the release of 25% (347,207) of the shares held in escrow pursuant to agreements related to Sonus Pharmaceuticals’ merger with OncoGenex Technologies described in its Proxy Statement filed with the SEC on July 3, 2008. The escrow agreements provided for the release of 25% of the shares held in escrow following the occurrence of a meeting with the FDA to confirm that pain palliation is an appropriate primary endpoint to support a product marketing approval in prostate cancer. A total of 694,431 milestone shares remain in escrow.

On October 28, 2008, 17,000 stock options to purchase common shares of the Company were granted to each of the five non-management members of the board of directors for a total grant of 85,000. The options vest quarterly over one year. The total estimated fair value of these awards is $129,753 using the following assumptions:

Risk-free interest rates	2.3%
Expected dividend yield	0%
Expected life	4 years
Expected volatility	75%

The expected life was calculated based on the simplified method as permitted by the SEC's Staff Accounting Bulletin 110,*Share-Based Payment.* The Company considers the use of the simplified method appropriate because of the lack of sufficient historical exercise data following the reverse takeover of Sonus. The computation of expected volatility was based on the historical volatility of comparable companies from a representative peer group selected based on industry and market capitalization. The risk-free interest rate was based on a U.S. Treasury instrument whose term is consistent with the expected life of the stock options. In addition to the assumptions above, as required under SFAS 123R, management made an estimate of expected forfeitures and is recognizing compensation costs only for those equity awards expected to vest.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

INFORMATION REGARDING FORWARD LOOKING STATEMENTS

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks and uncertainties. We caution readers that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. These statements are based on current expectations of future events. Such statements include, but are not limited to, statements about the anticipated benefits of the Arrangement completed on August 21, 2008 between Sonus and OncoGenex Technologies, including future financial and operating results, the combined company's plans, objectives, expectations and intentions, costs and expenses, interest rates, outcome of contingencies, financial condition, results of operations, liquidity, business strategies, cost savings, objectives of management and other statements that are not historical facts. You can find many of these statements by looking for words like "believes," "expects," "anticipates," "estimates," "may," "should," "will," "could," "plan," "intend," or similar expressions in this document or in documents incorporated by reference in this document. We intend that such forward-looking statements be subject to the safe harbors created thereby. Examples of these forward-looking statements include, but are not limited to:

- our anticipated future capital requirements and the terms of any capital financing agreements;
- progress and preliminary and future results of clinical trials;
- anticipated regulatory filings, requirements and future clinical trials;
- timing and amount of future contractual payments, product revenue and operating expenses; and
- market acceptance of our products and the estimated potential size of these markets.

These forward-looking statements are based on the current beliefs and expectations of our management and are subject to significant risks and uncertainties. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results may differ materially from current expectations and projections. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements:

- future capital requirements and uncertainty of obtaining additional funding through corporate partnerships, debt or equity financings;
- dependence on the development and commercialization of products;
- the risk that results in humans may not be indicative of results in future studies;
- the risk that results of research and preclinical studies may not be indicative of results in humans;
- uncertainty relating to the timing and results of clinical trials;
- uncertainties regarding the safety and effectiveness of the Company's products and technologies;
- the timing, expense and uncertainty associated with the development and regulatory approval process for products;
- uncertainties regarding the Company's future operating results, and the risk that the Company's products will not obtain the requisite regulatory approvals to commercialize its products or that the future sales of the Company's products may be less than expected;
- acceptance of our products by the medical community;

- our ability to build out our product candidate pipeline through product in-licensing or acquisition activities;
- the Company's dependence on key employees;
- the uncertainty associated with exiting or subleasing our excess office and laboratory space;
- general competitive conditions within the drug development and pharmaceutical industry;
- the potential inability to integrate and realize benefits from the Arrangement;
- the reliance on third parties who license intellectual property rights to the Company to comply with the terms of such agreements and to enforce, prosecute and defend such intellectual property rights;
- the potential for product liability issues and related litigation;
- the potential for claims arising from the use of hazardous materials in our business;
- proper management of our operations will be critical to the success of the Company;
- the potential inability to successfully protect and enforce our intellectual property rights;
- the impact of current, pending or future legislation, regulations and legal actions in the United States, Canada and elsewhere affecting the pharmaceutical and healthcare industries;
- currency fluctuation in the Company's primary markets;
- volatility in the value of our common stock;
- fluctuations in our operating results;
- history of operating losses and uncertainty of future financial results; and
- general economic conditions.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document or, in the case of documents referred to or incorporated by reference, the date of those documents.

All subsequent written or oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as may be required under applicable U.S. securities law.

MD&A Overview

In Management's Discussion and Analysis of Financial Condition and Results of Operations we explain the general financial condition and the results of operations for our Company, including:

- an overview of our business;
- results of operations and why those results are different from the prior year; and
- capital resources we currently have and possible sources of additional funding for future capital requirements.

Arrangement Agreement

On August 21, 2008, Sonus completed its acquisition (the "Arrangement") of OncoGenex Technologies, a Canadian corporation, as contemplated by the arrangement agreement between Sonus and OncoGenex Technologies dated May 27, 2008. Pursuant to the Arrangement, the Company acquired all of the outstanding preferred shares, common shares and convertible debentures of OncoGenex Technologies, which became a wholly-owned subsidiary of Sonus, which was renamed OncoGenex Pharmaceuticals, Inc. OncoGenex Technologies securityholders now hold more than 50% of the outstanding shares of common stock of the Company. Effective at the market opening on August 21, 2008, the Company commenced trading on the Nasdaq Capital Market under the symbol "OGXI". More information concerning the Arrangement is contained in our Current Report on Form 8-K filed on August 21, 2008 and our Definitive Proxy Statement on Schedule 14A filed on July 3, 2008.

In connection with the Arrangement, the Company appointed new executive officers, as follows: Scott Cormack was appointed Chief Executive Officer and President, Stephen Anderson was appointed Chief Financial Officer and Secretary and Cindy Jacobs, Ph.D, M.D., was appointed Executive Vice President and Chief Medical Officer. As a requirement of the Arrangement, Michael Martino, Sonus' former Chief Executive Officer and President, and Alan Fuhrman, Sonus' former Senior Vice President and Chief Financial Officer, were terminated. The Company made termination payments to Mr. Martino of approximately $1,163,000 and to Mr. Fuhrman of approximately $277,000, which includes accrued vacation payments and executive life and disability premium reimbursement to both former officers. Mr. Martino continues to serve as a director of the Company.

Pursuant to the terms of the arrangement agreement, the Company has filed an application to list its common shares on the Toronto Stock Exchange ("the TSX"). Listing of common shares on the TSX will be subject to the Company fulfilling all applicable listing requirements. Subsequent to a TSX listing, the Company intends to maintain its listing on the Nasdaq Capital Market.

The consolidated financial statements account for the Arrangement as a reverse acquisition, whereby OncoGenex Technologies is deemed to be the acquiring entity from an accounting perspective. The consolidated results of operations of the Company include the results of operations of OncoGenex Technologies for the full three and nine month periods ended September 30, 2008 and the results of OncoGenex Pharmaceuticals, Inc. following the completion of the transaction on August 21, 2008. The consolidated results of operations for the three and nine month periods ended September 30, 2007 include only the consolidated results of operations of OncoGenex Technologies and do not include historical results of Sonus. This treatment and presentation is in accordance with SFAS 141. Proforma results are included in note 2 to the financial statements. Information in this quarterly report relating to the number of shares, price per share and per share amounts of common stock are presented on a post- reverse stock split basis, which reverse stock split in the ratio of one-for-eighteen was effected in connection with the Arrangement.

This Management Discussion and Analysis of Financial Condition and Results of Operations corresponds to the consolidated financial statements. Accordingly, unless otherwise indicated, the discussion herein reflects the condition and results of operations only of OncoGenex Technologies, prior to the Arrangement, and the condition and results of operations of OncoGenex Pharmaceuticals, Inc., subsequent to the Arrangement.

Under the purchase method of accounting, Sonus' outstanding shares of common stock were valued using the average closing price on Nasdaq of $5.04 for the two days prior through to the two days subsequent to the announcement of the transaction on May 27, 2008. There were 2,059,898 shares of common stock outstanding, as adjusted for the reverse stock split, on August 20, 2008, immediately prior to closing. The fair value of the Sonus outstanding stock options were determined using the Black-Scholes option pricing model with the following assumptions: stock price of $4.86, volatility of 57.67% to 89.48%, risk-free interest rate of 1.73% to 3.89%, and expected lives ranging from 0.05 to 4.79 years. The fair value of the Sonus outstanding warrants were determined using the Black-Scholes option pricing model with the following assumptions: stock price of $4.86, volatility of 58.71%, risk-free interest rate 3.89%, and expected lives ranging from 0.99 to 1.08 years.

The preliminary purchase price is summarized as follows (in thousands):

Sonus common stock	10,385
Fair value of options and warrants assumed	71
Transaction costs of OncoGenex	807
Total purchase price	11,263

Under the purchase method of accounting, the total purchase price as shown in the table above is allocated to the Sonus net tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the date of the completion of the transaction. The preliminary purchase price allocation is as follows:

Cash	5,464
Marketable securities	14,808
Accounts receivable	6
Interest receivable	273
Other current assets	175
Furniture and equipment	1,186
Other long term assets	497
Intangible assets	280
Accounts payable	(35)
Accrued expenses excluding severance payable	(652)
Severance payable to employees as part of restructuring	(1,322)
Severance payable to senior executives	(1,440)
Excess facility loss	(2,083)
Negative goodwill	(5,894)
Total purchase price	11,263

In accordance with SFAS 141 "Business Combinations*"* any excess of fair value of acquired net assets over purchase price (negative goodwill) has been recognized as an extraordinary gain in the period the transaction was completed. The excess has been allocated as a pro rata reduction of the amounts that otherwise would have been assigned to the non-current acquired assets. Prior to allocation of the excess negative goodwill OncoGenex has reassessed whether all acquired assets and assumed liabilities have been identified and recognized and performed remeasurements to verify that the consideration paid, assets acquired, and liabilities assumed have been properly valued. The remaining excess has been recognized as an extraordinary gain. Any subsequent adjustments to the extraordinary gain resulting from the changes to the purchase price allocation shall be recognized as an extraordinary item. The allocation of the purchase price of the net assets acquired is preliminary and may vary based upon finalization of additional valuation procedures.

The preliminary pro rata reduction of non-current and intangible assets acquired is as follows (in thousands):

Negative goodwill	(5,894)
Furniture and equipment	1,186
Intangible assets	280
Excess negative goodwill	(4,428)

Pro Forma Results of Operations

The results of operations of Sonus are included in OncoGenex' consolidated financial statements from the date of the completion of the transaction on August 21, 2008. The following table presents pro forma results of operations and gives effect to the business combination transaction as if the transaction was consummated at the beginning of the period presented. The unaudited pro forma results of operations are not necessarily indicative of what would have occurred had the business combination been completed at the beginning of the retrospective periods or of the results that may occur in the future.

(in thousands, except shares and loss per share)	For the three months ended September 30, 2008 $	For the nine months ended September 30, 2008 $	For the three months ended September 30, 2007 $	For the nine months ended September 30, 2007 $
Revenue	—	—	4,079	12,401
Net loss applicable to common shareholders	(9,716)	(21,241)	(7,723)	(21,262)
Net loss per share-basic and diluted	(4.72)	(27.59)	(65.01)	(178.97)
Weighted average shares	2,056,876	769,843	118,801	118,801

Overview of the Company

OncoGenex is a biopharmaceutical company committed to the development and commercialization of new cancer therapies. OncoGenex' product candidates OGX-011, OGX-427 and OGX-225 focus on mechanisms of treatment resistance in cancer patients and address treatment resistance by blocking the production of specific proteins which it believes promote survival of tumor cells and are over-produced in response to a variety of cancer treatments. OncoGenex' aim in targeting these particular proteins is to disable the tumor cell's adaptive defenses and thereby render the tumor cells more susceptible to attack with a variety of cancer therapies, including chemotherapy, which OncoGenex believes will increase survival time and improve the quality of life for cancer patients. Product candidate SN2310 is a novel camptothecin for the treatment of cancer. Camptothecins are potent anticancer agents that belong to the family of drugs called topoisomerase I inhibitors that bind reversibly to the TOPO-I-DNA complex causing breaks in the DNA strands during replication resulting in cell death. Product candidate CSP-9222 is the lead compound from a family of caspase activators that have been in-licensed from Bayer Healthcare LLC. These novel, small molecules have been identified as activators of programmed cell death.

OncoGenex has conducted five Phase 2 clinical trials to evaluate the ability of our lead product candidate, OGX-011, to enhance the effects of therapy in prostate, non-small cell lung and breast cancers. Interim data has been presented for each of these Phase 2 studies. Complete Phase 2 data from all studies are expected in 2008-2009. Based on data collected to date from OncoGenex' Phase 2 clinical trials, we intend to initiate a Phase 3 clinical trial in patients with hormone refractory prostate cancer, or HRPC, subject to obtaining additional funding. OncoGenex has already reached an agreement with the FDA on the design of a Phase 3 registration trial for evaluating a survival benefit for OGX-011 in combination with second-line chemotherapy in men with HRPC. This agreement was achieved under the Special Protocol Assessment (SPA) process. OncoGenex has also received Fast Track designation from the FDA for development of OGX-011 in combination with docetaxel for progressive metastatic prostate cancer. Fast Track designation was granted on the basis that OGX-011 may provide a significant improvement in the treatment for a serious or life-threatening disease. Recently OncoGenex had a meeting with FDA discussing the design of another Phase 3 trial evaluating additional of OGX-011 to second-line chemotherapy in HRPC with a primary endpoint of durable pain palliation. FDA agreed that "durable pain palliation is an acceptable and desirable study endpoint" to support a product marketing approval for OGX-011 as a treatment for HRPC. In addition, the FDA provided detailed guidance on the submitted protocol including recommendations on other study endpoints, the appropriate patient population, entry criteria and study conduct. OncoGenex plans to revise and submit this protocol for an SPA with FDA prior to initiating this registration trial.

Two other product candidates are being evaluated in Phase 1 clinical trials as of September 30, 2008: OGX-427, an inhibitor of heat shock protein 27, and SN2310, a novel camptothecin. The Phase 1 clinical trial for OGX-427 is evaluating safety for OGX-427 administered alone, as well as in combination with docetaxel, in patients with various types of cancer. Enrollment in the OGX-427 Phase 1 clinical trial is ongoing, and dose-limiting toxicity has not yet defined a maximum tolerated dose for OGX-427. The Phase 1 clinical trial for SN2310 is evaluating safety in patients with advanced cancer who have received on average 3 to 5 prior chemotherapy treatments. Enrollment in the SN2310 Phase 1 clinical trial has recently been completed and the dose-limiting toxicity that defined a maximum tolerated dose in this heavily pretreated patient population, as expected, was significant neutropenia.

OncoGenex has two product candidates in pre-clinical development: OGX-225, an inhibitor of insulin growth factor binding proteins 2 and 5, and CSP-9222, a caspase activator. CSP-9222 was in-licensed by Sonus on August 7, 2008 as part of an exclusive agreement with Bayer HealthCare LLC for development of a family of compounds known as caspase activators presently in preclinical research. Under terms of the agreement, Sonus was granted exclusive rights to develop two core compounds for all prophylactic and therapeutic uses in humans. Additionally, Sonus was granted rights to all other non-core compounds covered under the patents for use in oncology.

Sonus was incorporated in October 1991 and OncoGenex Technologies was incorporated in May 2000. OncoGenex has devoted substantially all of its resources to the development of its product candidates. To date, OncoGenex Technologies has funded its operations primarily through the private placements of equity securities, and Sonus has funded its operations primarily through private and public placements of equity securities. Neither company has ever been profitable. The Company incurred a loss for the nine months ended September 30, 2008 of $1.2 million and has a cumulative loss of $43.0 million since OncoGenex Technologies' inception in 2000 through September 30, 2008.

We require additional funding to support our planned operations, including our planned Phase 3 clinical trial of OGX-011 in patients with hormone refractory prostate cancer. We may seek such additional funding through private or public offerings of our equity securities, debt financings, executing a partnership or collaboration agreement with a third party that has sufficient resources to fund the development of our product candidates or the licensing or sale of certain of our product candidates. There can be no assurance that we will be able to obtain additional funding on terms favorable to us, or at all. If we are successful in obtaining additional funding and initiating one or both of our Phase 3 clinical trials, then, unless the costs of development are borne by a third party pursuant to a partnership or collaboration agreement, we anticipate that our losses will rapidly increase, due primarily to the costs associated with Phase 3 clinical trials.

As noted earlier in this section, OncoGenex intends to initiate one of the Phase 3 clinical trials in patients with hormone refractory prostate cancer, or HRPC, subject to obtaining additional funding. Management believes that the Company's existing personnel and facilities are sufficient to carry on existing development activities. OncoGenex is unable to predict when, if ever, it will be able to commence the sale of any of its product candidates.

Revenues

OncoGenex has not generated any revenues from the sale of its products to date, and it does not expect to generate any revenues from licensing or product sales until it executes a partnership or collaboration arrangement or is able to commercialize its product candidates itself.

Research and Development Expenses

Research and development ("R&D") expenses consist primarily of costs for: clinical trials; materials and supplies; facilities; personnel, including salaries and benefits; regulatory activities; pre-clinical studies; licensing and intellectual property; and allocations of other research and development-related costs. External research and development expenses include fees paid to universities, hospitals and other entities that conduct certain research and development activities and that manufacture OncoGenex' product candidates for use in its clinical trials. OncoGenex expects its research and development expenses to increase significantly in the future as it continues to develop its product candidates. Currently, OncoGenex manages its clinical trials through independent medical investigators at their sites and at hospitals.

A majority of OncoGenex' expenditures to date have been related to the development of OGX-011.

Until July 2, 2008, OGX-011 was being co-developed with Isis Pharmaceuticals, Inc., or Isis, and R&D expenses for OGX-011 were shared on the basis of 65% OncoGenex and 35% Isis. On July 2, 2008, OncoGenex and Isis amended their agreement to provide for unilateral development of OGX-011 by OncoGenex.

Several of OncoGenex' clinical trials have been supported by grant funding which was received directly by the hospitals and/or clinical investigators conducting the clinical trials allowing OncoGenex to complete these clinical trials with minimal expense.

Since OncoGenex' drug candidates are in the early stage of development, we cannot estimate completion dates for development activities or when we might receive material net cash inflows from our research and development projects.

General and Administrative Expenses

General and administrative ("G&A") expenses consist primarily of salaries and related costs for OncoGenex' personnel in executive, business development, human resources, external communications, finance and other administrative functions, as well as consulting costs, including market research and business consulting. Other costs include professional fees for legal and accounting services, insurance and facility costs. OncoGenex believes that G&A resources are sufficient to carry on existing development activities. If we are successful in obtaining additional funding and initiating a Phase 3 clinical trial, OncoGenex anticipates that G&A expenses will increase significantly in the future as it continues to expand its operating activities.

Restructuring Activities

As discussed above, the Company terminated the employment of two senior executives as a requirement of the Arrangement. Severance payable at the date of the transaction was $1,439,319 and has been accounted for in accordance with EITF No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination" as part of the purchase price allocation. The severance payable was settled following the completion of the transaction and the amount owing at September 30, 2008 was nil.

On August 21, 2008, immediately following the completion of the Arrangement, the Company reduced its workforce by approximately 49% in order to implement cost-savings measures to preserve cash while focusing on its highest potential product development programs. The Company estimates that all severance liabilities relating to transaction-related workforce reductions will be paid out by February 2009. Severance payable at the date of the restructuring in connection with former non-executive employees of Sonus was $1,322,296 and has been accounted for in accordance with EITF No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination" as part of the purchase price allocation.

Prior to the Arrangement, Sonus entered into a non-cancellable lease arrangement for office space located in Bothell, Washington, which is considered to be in excess of the Company's current requirements. The final plan for this space has not yet been determined by management, but will likely involve a sublease arrangement or exit of lease space. The Company has recognized a restructuring charge of $2,039,156 in relation to the estimated fair value of the liability remaining with respect to excess facilities. The liability is computed as the present value of the difference between the remaining lease payments due less the estimate of net sublease income and expenses and has been accounted for in accordance with EITF No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination" as part of the purchase price allocation. This represents the Company's best estimate of the fair value of the liability. Subsequent changes in the liability due to accretion, or changes in estimates of sublease assumptions and related matters, will be recognized as adjustments to restructuring charges in future periods.

Results of Operations

As discussed above, on August 21, 2008, Sonus completed the Arrangement with OncoGenex Technologies, whereby Sonus acquired all of the outstanding preferred shares, common shares and convertible debentures of OncoGenex Technologies. The consolidated financial statements reflect the Arrangement as a reverse acquisition, whereby OncoGenex Technologies is deemed to be the acquiring entity from an accounting perspective. The consolidated results of operations of the Company include the results of operations of OncoGenex Technologies for the full three and nine month periods ended September 30, 2008 and the results of OncoGenex Pharmaceuticals, Inc. following the completion of the Arrangement on August 21, 2008. The consolidated results of operations for the three and nine month periods ended September 30, 2007 include only the consolidated results of operations of OncoGenex Technologies and do not include historical results of Sonus. This treatment and presentation is in accordance with SFAS 141, "Business Combinations". Proforma results are included in note 2 to the financial statements.

Three Months Ended September 30, 2008 Compared to the Three Months Ended September 30, 2007

R&D expenses for the three months ended September 30, 2008 were $1.6 million compared to $1.1 million for the three months ended September 30, 2007, which reflects an increase of $0.5 million due mainly to costs associated with the development of OGX-427, an increase in employee expenses and higher facility costs resulting from the reverse takeover of Sonus.

G&A expenses for the three months ended September 30, 2008 were $1.0 million compared to $0.6 million for the three months ended September 30, 2007, which reflects an increase of $0.4 million due mainly to higher employee expenses and increased costs associated with operating as a public company.

Interest income for the three months ended September 30, 2008 was $51 thousand compared to $33 thousand for the three months ended September 30, 2007, which reflects an increase of $18 thousand due mainly to an increase in cash equivalents and short term investments.

Other for the three months ended September 30, 2008 was $246 thousand in income compared to $60 thousand in expense for the three months ended September 30, 2007, due to a foreign exchange gain and a reversal of convertible debenture interest in the 2008 period compared to convertible debenture interest expense in the 2007 period.

Nine months Ended September 30, 2008 Compared to Nine months Ended September 30, 2007

R&D expenses for the nine months ended September 30, 2008 were $3.6 million compared to $3.1 million for the nine months ended September 30, 2007, which reflects an increase of $0.5 million due mainly to an increase in employee expenses and higher facility costs resulting from the reverse takeover of Sonus.

G&A expenses for the nine months ended September 30, 2008 were $2.2 million compared to $2.7 million for the nine months ended September 30, 2007. The decrease of $0.5 million is due mainly to higher financing-related costs in the 2007 period related to OncoGenex Technologies' initial public offering efforts that took place prior to the Arrangement, which were partly offset by higher employee expenses and increased costs associated with operating as a public company in the 2008 period.

Interest income for the nine months ended September 30, 2008 was $142 thousand compared to $138 thousand for the nine months ended September 30, 2007, which reflects an increase of $4 thousand as lower investment balances for most of the 2008 period were offset by the investments realized in the Arrangement.

Other income was a net expense amount of $54 thousand for the nine months ended September 30, 2008 compared to a net expense amount of $94 thousand for the nine months ended September 30, 2007. This decrease was due to unrealized foreign exchange gains relating to the Company's preferred shares and taxes payable on preferred shares, partly offset by higher convertible debenture interest as compared to the prior period.

Liquidity and Capital Resources

OncoGenex has incurred cumulative losses of $43 million since the inception of OncoGenex Technologies through September 30, 2008. OncoGenex does not expect to generate revenue from product candidates for several years. Prior to the Arrangement, Sonus funded its operations through private and public offerings of common stock, and OncoGenex Technologies funded its operations primarily through the private placement of its preferred shares. OncoGenex Technologies raised net proceeds of $1.4 million through the sale of its Series A preferred shares in 2001/2002, $1.2 million through the sale of its Series A preferred shares in 2002, $5.7 million through the sale of its Series 1 Class B preferred shares in 2003, $5.8 million through the sale of its Series 1 Class B preferred shares in 2004 and $12.7 million through the sale of its Series 2 Class B preferred shares in August 2005. OncoGenex Technologies raised net proceeds of $4.4 million through the issuance of convertible debentures in September 2007. Cash, cash equivalents and short term investments of $20.3 million were realized in August 2008 as a result of the Arrangement.

As at September 30, 2008, OncoGenex had cash, cash equivalents and short-term investments of $17.2 million in the aggregate as compared to $5.1 million as at December 31, 2007. As at September 30, 2008, OncoGenex does not have any borrowing or credit facilities available to it.

Cash Flows

Cash Used in Operations

For the nine months ended September 30, 2008 and 2007, net cash used in operations was $7.4 million and $5.8 million respectively. This increase in cash used in operations in the nine months ended September 30, 2008 compared to the same period in 2007 was attributable primarily to increased R&D expenses associated with personnel and facilities assumed in the Arrangement, cash used to reduce liabilities assumed in the Arrangement and increased current assets associated with R&D activities. The increase in cash used in operations in the nine months ended September 30, 2008 compared to the same period in 2007 was partly offset by cash provided by income tax credits recoverable recovered in 2008 compared to cash used in 2007 from an increase in that asset. For the nine months ended September 30, 2007 the increase in income tax credits is a use of cash.

Cash Provided by Financing Activities

For the nine months ended September 30, 2008 and 2007, net cash provided by financing activities was $3 thousand and $4.4 million respectively. All net cash provided by financing activities in the nine months ended September 30, 2008 was due the result of proceeds from the issuance of common shares on stock option exercises, offset by cash paid on the elimination of fractional shares following the one-for-eighteen reverse stock split. All net cash provided by financing activities in the nine months ended September 30, 2007 was due to the issuance of convertible debentures.

Cash Used/Provided by Investing Activities

Net cash provided by investing activities for the nine months ended September 30, 2008 and 2007 was $8.8 million and $2.2 million, respectively. Net cash provided by investing activities in the nine months ended September 30, 2008 was due to the reverse takeover of Sonus and transactions involving marketable securities in the normal course of business. All net cash provided by investing activities in the nine months ended September 30, 2007 was due to transactions involving marketable securities in the normal course of business. The related maturities and sales of those investments provide working capital on an as-needed basis.

Operating Capital and Capital Expenditure Requirements

OncoGenex believes that its cash, cash equivalents and short-term investments will be sufficient to fund its currently planned operations through 2009, including:

- completion to final data of its ongoing Phase 2 clinical trials of OGX-011;
- completion of its Phase 1 clinical trial of OGX-427;
- reaching an agreement with the FDA on the design of an additional Phase 3 registration trial of OGX-011 in patients with hormone refractory prostate cancer via the Special Protocol Assessment (SPA) process;
- completion of pharmacology and formulation evaluations of CSP-9222; and
- working capital, capital expenditures and general corporate purposes.

We will need additional funding to support the initiation of our planned Phase 3 clinical trials, development of our other product candidates and other continuing operations. We may seek such additional funding through private or public offerings of our equity securities, debt financings, executing a partnership or collaboration agreement with a third party that has sufficient resources to fund the development of our product candidates or the licensing or sale of certain of our product candidates.

Our future capital requirements depend on many factors including:

- our ability to obtain equity or debt financings, executing a partnership or collaboration agreement with a third party that has sufficient resources to fund the development of our product candidates or the licensing or sale of certain of our product candidates;
- timing and costs of preclinical development, clinical trials and regulatory approvals;
- timing and cost of drug discovery and research and development;
- entering into new collaborative or product license agreements for products in our pipeline; and
- costs related to obtaining, defending and enforcing patents.

There can be no assurance that we will be able to obtain additional funding on terms favorable to us, or at all. If we are unable to obtain sufficient funds to satisfy our cash requirements within the required timeframe on terms favorable to us, we may be forced to curtail development activities and other operations or dispose of assets. Such events would materially and adversely affect our financial position and results of operations. In the event that such steps are not sufficient, or we believe that they will not be sufficient, we may be required to discontinue our operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements at September 30, 2008.

Inflation

We not believe that inflation has had a material impact on our business and operating results during the periods presented.

Contingencies and Commitments

We previously disclosed certain contractual obligations and contingencies and commitments relevant to the Company within the financial statements and Management Discussion and Analysis of Financial Condition and Results of Operations of both OncoGenex Technologies and Sonus in the Company's Proxy Statement on Schedule 14A filed on July 3, 2008. The contingencies and commitments described below are in addition to those contractual obligations and contingencies and commitments previously disclosed, which are incorporated herein by reference.

On August 7, 2008, Sonus completed an exclusive in-licensing agreement with Bayer HealthCare LLC for development of a family of compounds known as caspase activators presently in preclinical research. Under terms of the agreement, Sonus was granted exclusive rights to develop two core compounds for all prophylactic and therapeutic uses in humans. Additionally, Sonus was granted rights to all other non-core compounds covered under the patents for use in oncology.

Under the terms of the agreement, Bayer received an upfront license fee of $450,000. OncoGenex will make annual payments to Bayer on the anniversary date ("Anniversary Payments"), with an initial payment of $100,000. The payments will increase annually by $25,000 until the initiation of the first Phase 3 clinical trial, at which point the Anniversary Payments reset to $100,000 each year and increase by $25,000 until the Company achieves either the first New Drug Application filing in the United States or the European Union. OncoGenex is obligated to pay royalties ranging from 3.5% to 7.5% of net future product sales and aggregate payments of up to $14,000,000 for clinical development and regulatory milestones. No milestone payments can be triggered prior to the initiation of a Phase 3 clinical trial.

Material Changes in Financial Condition

(in thousands)	September 30, 2008	December 31, 2007
	$	$
Total assets	20,248	7,350
Total liabilities	4,768	45,573
Shareholders' equity	15,480	(38,223)

The increase in assets from December 31, 2007 primarily relates to increase in cash, cash equivalents and marketable securities following the Arrangement. The decline in liabilities from December 31, 2007 relates to generally lower accrued liabilities on reduced clinical trial expense, and the extinguishment of the convertible debentures and preferred shares upon completion of the Arrangement, which has resulted in the corresponding increase in equity.

Critical Accounting Policies and Estimates

Recent Accounting Pronouncements

In November 2007, the Emerging Issues Task Force ("EITF") issued EITF Issue 07-01, "Accounting for Collaborative Arrangements," or EITF No. 07-01. EITF No. 07-01 requires collaborators to present the results of activities for which they act as the principal on a gross basis and report any payments received from (made to) other collaborators based on other applicable GAAP or, in the absence of other applicable GAAP, based on analogy to authoritative accounting literature or a reasonable, rational, and consistently applied accounting policy election. Further, EITF No. 07-01 clarified that the determination of whether transactions within a collaborative arrangement are part of a vendor-customer (or analogous) relationship subject to Issue 01-9, Accounting for Consideration Given by a Vendor to a Customer. EITF No. 07-01 is effective for fiscal years beginning December 15, 2008. The Company has not yet completed its evaluation of EITF 07-01, but does not currently believe that it will have a material impact on the consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued SFAS No. 141 (Revised 2007), "Business Combinations," or SFAS No. 141R. SFAS No. 141R will change the accounting for business combinations. Under SFAS No. 141R, an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS No. 141R will change the accounting treatment and disclosure for certain specific items in a business combination. SFAS No. 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company has not yet completed its evaluation of the potential impact, if any, of the adoption of SFAS No. 141R but does not currently believe that it will have a material impact on the consolidated financial position, results of operations or cash flows.

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements -An Amendment of ARB No. 51," or SFAS No. 160. SFAS No. 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008. The Company has not yet completed its evaluation of the potential impact, if any, of the adoption of SFAS No. 160, but does not currently believe that it will have a material impact on the consolidated financial position, results of operations or cash flows.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. It requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. In September 2008, the FASB issued FASB Staff Position ("FSP") FSP FAS 133-1 and FIN 45-4, "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161". This FSP amends FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. This FSP also amends FASB Interpretation No. 45, Guarantor's

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities." SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. It requires qualitative disclosures about objectives and strategies for using derivatives, quantitative disclosures about fair value amounts of gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative agreements. In September 2008, the FASB issued FASB Staff Position ("FSP") FSP FAS 133-1 and FIN 45-4, "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133 and FASB Interpretation No. 45; and Clarification of the Effective Date of FASB Statement No. 161". This FSP amends FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument. This FSP also amends FASB Interpretation No. 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of indebtedness of Others, to require an additional disclosure about the current status of the payment/performance risk of a guarantee. Further, this FSP clarifies the Board's intent about the effective date of FASB Statement No. 161, Disclosures about Derivative Instruments and Hedging Activities. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2008. The Company has not yet completed its evaluation of the impact of this pronouncement, but does not currently believe that it will have a material impact on the consolidated financial position, results of operations or cash flows.

In May 2008, the FASB issued FASB FSB Accounting Principles Board ("APB") Opinion No. 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSB APB 14-1"). The FSP will require cash settled convertible debt to be separated into debt and equity components at issuance and a value to be assigned to each. The value assigned to the debt component will be the estimated fair value, as of the issuance date, of a similar bond without the conversion feature. The difference between the bond cash proceeds and this estimated fair value will be recorded as a debt discount and amortized to interest expense over the life of the bond. FSP APB 14-1 will become effective January 1, 2009. The Company has not yet completed its evaluation of the impact of this pronouncement, but does not currently believe that it will have a material impact on the consolidated financial position , results of operations or cash flows.

In May 2008, the FASB issued SFAS No. 162 "The Hierarchy of Generally Accepted Accounting Principles" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. SFAS 162 is effective sixty days following the SEC's approval of PCAOB amendments to AU Section 411, "The Meaning of 'Present fairly in conformity with generally accepted accounting principles.' " The Company is currently evaluating the potential impact, if any, of the adoption of SFAS 162 on its consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The market risk inherent in our marketable securities portfolio represents the potential loss arising from adverse changes in interest rates. If market rates hypothetically increase immediately and uniformly by 100 basis points from levels at December 31, 2007, the decline in the fair value of the investment portfolio would not be material. Given the short-term nature of our investment portfolio, we do not expect our operating results or cash flows to be affected to any significant degree by a sudden change in market interest rates.

Foreign Currency Exchange Risk

We are exposed to risks associated with foreign currency transactions on certain contracts and payroll expenses related to our Canadian subsidiary, OncoGenex Technologies, denominated in Canadian dollars and we have not hedged these amounts. As our unhedged foreign currency transactions fluctuate, our earnings might be negatively affected. Accordingly, changes in the value of the U.S. dollar relative to the Canadian dollar might have an adverse effect on our reported results of operations and financial condition, and fluctuations in exchange rates might harm our reported results and accounts from period to period. The impact of foreign currency fluctuations related to realized gains and losses during the nine month periods ended September 30, 2008 and 2007, respectively, was not material.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, we evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the "Exchange Act") as of September 30, 2008. On the basis of this review, our management concluded that our disclosure controls and procedures are effective to give reasonable assurance that the information we are required to disclose in reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities Exchange Commission and to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure. Additionally, our Chief Executive Officer and Chief Financial have concluded, as of September 30, 2008, that our disclosure controls and procedures are effective in achieving that level of reasonable assurance.

Changes in Internal Control Over Financial Reporting

As a result of the Arrangement, the Company has inherited two separate systems of internal control over financial reporting, the system adopted by Sonus and the system adopted by OncoGenex Technologies, which differ in certain respects, none of which we believe are material. Since the completion of the Arrangement, the Company has undergone a thorough assessment of each company's internal control over financial reporting. Pending the completion of such assessment, the Company has maintained certain separate procedures and internal controls for each company.

We have not made any changes to our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

Other than the following update, there have been no material changes to the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2007, as filed with the SEC on March 14, 2008. The risk factors disclosed here and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, in addition to the other information set forth in this quarterly report, could materially affect our business, financial condition or results of operations. You should carefully consider such risks in addition to other information contained in this report before engaging in any transaction involving shares of our common stock. Additional risks and uncertainties not currently known to us or that we deem to be immaterial could also materially adversely affect our business, financial condition or results of operations. We undertake no obligation to publicly release the results of any revisions to any forward-looking statements to reflect anticipated or unanticipated events or circumstances occurring after the date of such statements.

The risk factor update is as follows:

Risks Related to the Company

If we fail to obtain additional financing, we may be unable to complete or continue the development and commercialization of OGX-011 and our other product candidates, or continue our research and development programs.

Our operations have consumed substantial amounts of cash since inception. We expect to continue to spend substantial amounts to:

- continue and complete the clinical development of OGX-011, including initiation of our planned Phase 3 registration trial, and development of our other product candidates;
- develop, license or acquire additional product candidates;
- launch and commercialize any product candidates for which we receive regulatory approval; and
- continue our research and development programs.

We will need additional funding to support these planned activities. We may seek such additional funding through private or public offerings of our equity securities, debt financings, executing a partnership or collaboration agreement with a third party that has sufficient resources to fund the development of our product candidates or the licensing or sale of certain of our product candidates.

Many factors will affect our ability to develop our product candidates as anticipated. We may be subject to unanticipated costs or delays that would accelerate our need for additional capital or increase the costs of individual clinical trials.

If we are unable to raise additional capital when required or on acceptable terms, we may have to significantly delay, scale back or discontinue the development and/or commercialization of one or more of our product candidates. We also may be required to: seek collaborators for our product candidates at an earlier stage than otherwise would be desirable and on terms that are less favorable than might otherwise be available; and relinquish or license on unfavorable terms our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves. There can be no assurance that we will be able to obtain additional funding on terms favorable to us, or at all. In the event that such steps are not sufficient, or we believe that they will not be sufficient, we may be required to discontinue our operations.

We are highly dependent on the success of our lead product candidate, OGX-011 (custirsen sodium), and we cannot give any assurance that OGX-011 or any of our other product candidates will receive regulatory approval.

OGX-011 has been evaluated in five Phase 2 clinical trials, and preliminary results for these trials were previously disclosed. The final results ultimately may vary from such preliminary results. If any or all of these clinical trials generate safety concerns or lack of efficacy, or competitive products developed by third parties show significant benefit in the cancer indications in which we are developing our product candidates, any planned supportive or primary registration trials may be delayed, altered or not initiated and OGX-011 may never receive regulatory approval. In order to market OGX-011, we must, among other things, conduct additional clinical trials, including Phase 3 or registration clinical trials, to demonstrate safety and efficacy. We have not initiated any registration clinical trials with any of our product candidates. OGX-427 and SN2310 are currently being evaluated in humans, and therefore, we have very limited safety data and have not yet established efficacy in humans. We have completed enrollment in the Phase 1 clinical trial of SN2310 and the dose limiting toxicity that defined a maximum tolerated dose in this heavily pretreated patient population, as expected, was significant neutropenia. Additional clinical trials will be required to establish the safety and efficacy. Neither OGX-225 nor CSP-9222 have yet been tested in humans. Our pre-clinical testing of these product candidates may not be successful and we may be unable to initiate clinical evaluation of them. Our clinical development programs for our product candidates may not receive regulatory approval either if such product candidates fail to demonstrate that they are safe and effective in clinical trials and consequently fail to obtain necessary approvals from the FDA, or similar non-U.S. regulatory agencies, or if we have inadequate financial or other resources to advance these product candidates through the clinical trial process. Any failure to obtain regulatory approval of OGX-011 or our other product candidates would have a material and adverse impact on our business.

Clinical trials may not demonstrate a clinical benefit of our product candidates.

Positive results from pre-clinical studies and early clinical trials should not be relied upon as evidence that later-stage or large-scale clinical trials will succeed. We will be required to demonstrate with substantial evidence through well-controlled clinical trials that our product candidates are safe and effective for use in a diverse population before we can seek regulatory approvals for their commercial sale. Later-stage clinical trials may fail to demonstrate sufficient safety and efficacy to the satisfaction of the FDA and other non-U.S. regulatory authorities despite having progressed through initial clinical trials.

Even after the completion of Phase 3 or registration clinical trials, the FDA or other non-U.S. regulatory authorities may disagree with our clinical trial design or our interpretation of data, and may require us to conduct additional clinical trials to demonstrate the efficacy of our product candidates.

Our product candidates may cause undesirable and potentially serious side effects during clinical trials that could delay or prevent their regulatory approval or commercialization.

OGX-011 has been administered to patients with various types of cancer. Some of the patients experienced various adverse events, the majority of which are associated with other treatments in the protocol and the disease. The majority of adverse events were mild and the most common adverse events consisted of flu-like symptoms. Since patients in our clinical trials have advanced stages of cancer, we expect that additional adverse events, including serious adverse events, will occur.

SN2310 has been administered to 26 patients with various types of cancer in a Phase 1 clinical trial. Enrollment for this clinical trial has been completed. Some of the patients experienced adverse events, which events were considered unrelated to study drug and attributed to underlying disease. Of the adverse events associated with SN2310, most were mild and the most common events were nausea, diarrhea, vomiting and fatigue. Mild to moderate reactions (back/chest pain, flushing) have been observed during infusions. Significant neutropenia has occurred in some patients and was the dose-limiting toxicity observed, sometimes associated with fever or septicemia.

OGX-427 has been administered to 34 patients with various types of cancer in a Phase 1 clinical trial. This initial evaluation of OGX-427 is ongoing, and the maximum tolerated dose has not yet been defined. All patients experienced adverse events, the majority of which were attributed to underlying disease. The majority of adverse events were mild and the most common adverse events consisted of flu-like symptoms, nausea, vomiting and fatigue. Since patients in this Phase 1 study have advanced stages of cancer, OncoGenex expects additional adverse events, possibly including serious adverse events.

Undesirable side effects caused by any of our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in the denial of regulatory approval by the FDA or non-U.S. regulatory authorities for any or all targeted indications. This, in turn, could prevent us from commercializing our product candidates and generating revenues from their sale. In addition, if our product candidates receive marketing approval and we or others later identify undesirable side effects caused by the product:

- regulatory authorities may withdraw their approval of the product;
- we may be required to recall the product, change the way the product is administered, conduct additional clinical trials or change the labeling of the product;
- a product may become less competitive and product sales may decrease; or
- our reputation may suffer.

Any one or a combination of these events could prevent us from achieving or maintaining market acceptance of the affected product or could substantially increase the costs and expenses of commercializing the product, which in turn could delay or prevent us from generating significant revenues from the sale of the product.

Recent events have raised questions about the safety of marketed drugs and may result in increased cautiousness by the FDA in reviewing new drugs based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals, additional clinical trials being required, or more stringent product labeling requirements. Any delay in obtaining, or inability to obtain, applicable regulatory approvals, would prevent us from commercializing its product candidates.

Our drug development activities could be delayed or stopped.

We do not know whether any of required future clinical trials for OGX-011 (custirsen sodium), OGX-427, SN2310, or pre-clinical studies or clinical trials for our other product candidates, will proceed or be completed on schedule, or at all. The commencement of required future clinical trials could be substantially delayed or prevented by several factors, including:

- delay or failure to obtain required future additional funding through private or public offerings of our equity securities, debt financings, executing a partnership or collaboration agreement with a third party that has sufficient resources to fund the development of our product candidates or the licensing or sale of certain of our product candidates;
- limited number of, and competition for, suitable patients with the particular types of cancer required for enrollment in our clinical trials;
- limited number of, and competition for, suitable sites to conduct our clinical trials;
- delay or failure to obtain the FDA’s or non-U.S. regulatory agencies’ approval or agreement to commence a clinical trial, including our phase 3 or registration clinical trials under a Special Protocol Assessment;

- delay or failure to obtain sufficient supplies of the product candidate for its clinical trials;
- delay or failure to reach agreement on acceptable clinical trial agreement terms or clinical trial protocols with prospective sites or investigators; and
- delay or failure to obtain the approval of the Institutional Review Board ("IRB") to conduct a clinical trial at a prospective site.

The completion of our current clinical trials could also be substantially delayed or prevented by several factors, including:

- slower than expected rates of patient recruitment and enrollment;
- failure of patients to complete the clinical trial;
- unforeseen safety issues;
- lack of efficacy evidenced during clinical trials;
- termination of its clinical trials by one or more clinical trial sites;
- inability or unwillingness of patients or medical investigators to follow its clinical trial protocols;
- inability to monitor patients adequately during or after treatment; and
- introduction of competitive products that may impede its ability to retain patients in its clinical trials.

Our clinical trials may be suspended or terminated at any time by the FDA, other regulatory authorities, the IRB overseeing the clinical trial at issue, any of our clinical trial sites with respect to that site, or by us. Any failure or significant delay in completing clinical trials for our product candidates could materially harm our financial results and the commercial prospects for our product candidates.

If we fail to attract and retain key management and scientific personnel, we may be unable to successfully develop or commercialize our product candidates.

We will need to expand and effectively manage our managerial, operational, financial, development and other resources in order to successfully pursue our research, development and commercialization efforts for our existing and future product candidates. Our success depends on our continued ability to attract, retain and motivate highly qualified management, pre-clinical and clinical personnel, including our executive officers, Scott Cormack, Cindy Jacobs and Stephen Anderson. The loss of the services of any of our senior management could delay or prevent the commercialization of our product candidates. Although we have entered into employment agreements with each of Mr. Cormack, Dr. Jacobs and Mr. Anderson for an indefinite term, such agreements permit the executive to terminate his or her employment with us at any time, subject to providing us with advance written notice. We will need to hire additional personnel as we continue to expand our development activities.

We have scientific and clinical advisors who assist us in formulating our development and clinical strategies. These advisors are not employees of the Company and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. In addition, our advisors may have arrangements with other companies to assist those companies in developing products or technologies that may compete with ours.

We may not be able to attract or retain qualified management and scientific personnel in the future due to the intense competition for qualified personnel among biotechnology, pharmaceutical and other businesses and our current financial position. If we are not able to attract and retain the necessary personnel to accomplish our business objectives, we may experience constraints that will impede significantly the achievement of our development objectives, our ability to raise additional capital and its ability to implement its business strategy. In particular, if we lose any members of our senior management team, we may not be able to find suitable replacements in a timely fashion or at all and our business may be harmed as a result.

We may not be able to negotiate the exit or sublease of excess office and laboratory space currently leased in Bothell Washington on terms acceptable to us or at all.

Prior to the transaction, Sonus entered into a non-cancellable lease arrangement for office and laboratory space located in Bothell, Washington, which is considered to be in excess of the Company's current requirements. We are in the process of seeking the exit or sublease of this excess space. To date, we have not entered into any agreement for the exit or sublease of this space, or identified which transactions or transaction structures would most benefit shareholders. The goal of minimizing future lease expenditures will impact any decisions we make regarding specific deal structures or transactions into which we may enter. We can provide no assurances that we will be able to negotiate the exit or sublease of this space, on terms acceptable to us or at all or on terms which meet our or our shareholders' expectations.

If our competitors develop and market products that are more effective, safer or less expensive than our future product candidates, our clinical trials and commercial opportunities will be negatively impacted.

The life sciences industry is highly competitive, and we face significant competition from many pharmaceutical, biopharmaceutical and biotechnology companies that are researching and marketing products designed to address cancer indications for which we are currently developing products or for which we may develop products in the future. We are aware of several other companies which are developing therapeutics that seek to promote tumor cell death by inhibiting proteins believed to promote cell survival. Any products we may develop in the future are also likely to face competition from other drugs and therapies. Many of our competitors have significantly greater financial, manufacturing, marketing and drug development resources than we do. Large pharmaceutical companies, in particular, have extensive experience in clinical testing and in obtaining regulatory approvals for drugs. These companies also have significantly greater research and marketing capabilities than we do. In addition, many universities and private and public research institutes are, or may become, active in cancer research, the products of which may be in direct competition with ours. If our competitors market products that are more effective, safer or less expensive than our future product candidates, if any, or that reach the market sooner than our future product candidates, if any, we may not achieve commercial success.

If new therapies become broadly used, we may need to conduct clinical trials of our product candidates in combination with these new therapies to demonstrate safety and efficacy of the combination. Additional trials will delay the development of our product candidates and increase our costs. The failure of certain of our product candidates to work in combination with these new therapies would have an adverse effect on our business.

Our intention is to combine certain of ourproduct candidates with therapies that are broadly used by clinicians and considered highly effective. As new therapies are developed, we will need to assess these therapies to determine whether to conduct clinical trials of ourproduct candidates in combination with them to demonstrate safety and efficacy of the combination. If we determine to conduct additional clinical trials of its product candidates in combination with these new therapies, the development of our product candidates will be delayed and its costs will be increased. If these clinical trials generate safety concerns or lack of efficacy, our business would be adversely affected.

If our product candidates become approved in combination with a specific therapy that is broadly used and that therapy becomes displaced by another product, the market for our product candidate may decrease.

If the costs associated with the Arrangement exceed the benefits, OncoGenex may experience adverse financial results, including increased losses.

We incurred significant transaction costs as a result of the Arrangement. In addition, we expect that we will incur additional consolidation and integration expenses, which cannot be fully estimated at this time and may affect our financial condition and operating results negatively. If the benefits of the Arrangement do not exceed the costs associated with it, including any dilution resulting from the issuance of shares in connection with the Arrangement, the Company's financial results could be adversely affected, resulting in, among other things, increased losses, and decreased trading prices for our common stock.

We rely, in part, on third parties to conduct clinical trials for our product candidates and plan to rely on third parties to conduct future clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may be unable to obtain regulatory approval for or commercialize our**current and future product candidates.**

To implement our product development strategies, we rely on third parties, such as contract research organizations, medical institutions, clinical investigators and contract laboratories, to conduct our clinical trials of our product candidates. Although we rely on these third parties to conduct our clinical trials, we are responsible for ensuring that each of our clinical trials is conducted in accordance with our investigational plan and protocol. Moreover, the FDA and non-U.S. regulatory authorities require us to comply with regulations and standards, commonly referred to as Good Clinical Practices, or GCPs, for conducting, monitoring, recording and reporting the results of clinical trials to ensure that the data and results are scientifically credible and accurate and that the clinical trial subjects are adequately informed of the potential risks of participating in clinical trials. Our reliance on third parties does not relieve us of these responsibilities and requirements. If the third parties conducting our clinical trials do not perform their contractual duties or obligations, do not meet expected deadlines or need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to GCPs or for any other reason, we may need to enter into new arrangements with alternative third parties and our clinical trials may be extended, delayed or terminated. In addition, a failure by such third parties to perform their obligations in compliance with GCPs may cause our clinical trials to fail to meet regulatory requirements, which may require us to repeat our clinical trials.

If we were to be successfully sued related to our products or operations, we could face substantial liabilities that may exceed our resources.

We may be held liable if any of our products or operations cause injury or death or are found otherwise unsuitable during product testing, manufacturing, marketing or sale. These risks are inherent in the development of pharmaceutical products. We currently maintain a $10 million general liability policy and a $10 million per occurrence and annual aggregate product liability insurance policy related to our clinical trials consistent with industry standards. When necessary for our products, we intend to obtain additional product liability insurance. Insurance coverage may be prohibitively expensive, may not fully cover potential liabilities or may not be available in the future. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of our products. If we were to be sued for any injury caused by or associated with our products or operations, the litigation could consume substantial time and attention of our management, and the resulting liability could exceed our total assets.

We may encounter difficulties in managing our expected growth and in expanding our operations successfully.

As we advance our product candidates through development and clinical trials, we will need to develop or expand our development, regulatory, manufacturing, marketing and sales capabilities or contract with third parties to provide these capabilities for us. Maintaining additional relationships and managing our future growth will impose significant added responsibilities on members of our management. We must be able to: manage our development efforts effectively; manage our clinical trials effectively; hire, train and integrate additional management, development, administrative and sales and marketing personnel; improve our managerial, development, operational and finance systems; and expand our facilities, all of which may impose a strain on our administrative and operational infrastructure.

Furthermore, we may acquire additional businesses, products or product candidates that complement or augment our existing business. Integrating any newly acquired business, product or product candidate could be expensive and time-consuming. We may not be able to integrate any acquired business, product or product candidate successfully or operate any acquired business profitably. Our future financial performance will depend, in part, on our ability to manage any future growth effectively and our ability to integrate any acquired businesses. We may not be able to accomplish these tasks, and our failure to accomplish any of them could prevent us from successfully growing the Company.

We need to further develop our financial and reporting processes, procedures and controls to support our anticipated growth.

To manage the anticipated growth of our operations and personnel, we may be required to improve existing, or implement new, operational and financial systems, processes and procedures, and to expand, train and manage our employee base. Our current and planned systems, procedures and controls may not be adequate to support our future operations.

The laws and regulations affecting public companies, including the provisions of the Sarbanes-Oxley Act of 2002 and rules adopted or proposed by the SEC, will result in increased costs to us. Additional costs may also be incurred as the Company evaluates the implications of any new rules and responds to their requirements. New rules could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. We cannot predict or estimate the amount of the additional costs we may incur or the timing of such costs to comply with any new rules and regulations, or if compliance can be achieved.

If we fail to acquire and develop products or product candidates at all or on commercially reasonable terms, we may be unable to grow our business.

We currently do not have internal discovery capabilities and are dependent upon pharmaceutical and biotechnology companies and other researchers to sell or license products or product candidates to us. To date, three of our product candidates have been derived from technologies discovered by the Prostate Centre at Vancouver General Hospital, or the Prostate Centre, and licensed to us by the University of British Columbia, or UBC, and one candidate has been in-licensed from Bayer HealthCare LLC. We intend to continue to rely on the Prostate Centre, UBC and other research institutions and other biotechnology or pharmaceutical companies as sources of product candidates. We cannot guarantee that the Prostate Centre or UBC will continue to develop new product candidate opportunities, that we will continue to have access to such opportunities or that we will be able to purchase or license these product candidates on commercially reasonable terms, or at all. If we are unable to purchase or license new product candidates from the Prostate Centre or UBC, we will be required to identify alternative sources of product candidates.

The success of our product pipeline strategy depends upon our ability to identify, select and acquire pharmaceutical product candidates. Proposing, negotiating and implementing an economically viable product acquisition or license is a lengthy and complex process. We compete for partnering arrangements and license agreements with pharmaceutical and biotechnology companies and academic research institutions. Our competitors may have stronger relationships with third parties with whom we are interested in collaborating and/or may have more established histories of developing and commercializing products. As a result, our competitors may have a competitive advantage in entering into partnering arrangements with such third parties. In addition, even if we find promising product candidates, and generate interest in a partnering or strategic arrangement to acquire such product candidates, we may not be able to acquire rights to additional product candidates or approved products on terms that we find acceptable, or at all. If we fail to acquire and develop product candidates from others, we may be unable to grow our business.

We expect that any product candidate to which we acquire rights will require additional development efforts prior to commercial sale, including extensive clinical testing and approval by the FDA and non-U.S. regulatory authorities. All product candidates are subject to the risks of failure inherent in pharmaceutical product development, including the possibility that the product candidate will not be shown to be sufficiently safe and effective for approval by regulatory authorities. Even if the product candidates are approved, we cannot be sure that we would be capable of economically feasible production or commercial success.

If we are unable to develop our sales and marketing and distribution capability on our own or through collaborations with marketing partners, we will not be successful in commercializing our product candidates. We currently do not have a marketing staff nor a sales or distribution organization.

We currently do not have marketing, sales or distribution capabilities. If our product candidates are approved, we may establish a sales and marketing organization with technical expertise and supporting distribution capabilities to commercialize our product candidates, which will be expensive and time consuming. Any failure or delay in the development of internal sales, marketing and distribution capabilities would adversely impact the commercialization of these product candidates. We may choose to collaborate with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. To the extent that we enter into co-promotion or other licensing arrangements, our product revenue is likely to be lower than if we directly marketed or sold our products, when and if we have any. In addition, any revenue we receive will depend in whole or in part upon the efforts of such third parties, which may not be successful and will generally not be within our control. If we are unable to enter into such arrangements on acceptable terms or at all, we may not be able to successfully commercialize our existing and future product candidates. If we re not successful in commercializing our existing and future product candidates, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

Risks Related to Our Intellectual Property

Our proprietary rights may not adequately protect our technologies and product candidates.

Our commercial success will depend on our ability to obtain patents and/or regulatory exclusivity and maintain adequate protection for our technologies and product candidates in the United States and other countries. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary technologies and future product candidates are covered by valid and enforceable patents or are effectively maintained as trade secrets.

We apply for patents covering both our technologies and product candidates, as we deem appropriate. However, we may fail to apply for patents on important technologies or product candidates in a timely fashion, or at all. Our existing patents and any future patents we obtain may not be sufficiently broad to prevent others from practicing our technologies or from developing competing products and technologies. In addition, we do not always control the patent prosecution of subject matter that we license from others. Accordingly, we are sometimes unable to exercise the same degree of control over this intellectual property as we would over our own. Moreover, the patent positions of biopharmaceutical companies are highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. As a result, the validity and enforceability of our patents cannot be predicted with certainty. In addition, we cannot guarantee that:

- we or our licensors were the first to make the inventions covered by each of our issued patents and pending patent applications;
- we or our licensors were the first to file patent applications for these inventions;
- others will not independently develop similar or alternative technologies or duplicate any of our technologies;
- any of our or our licensors' pending patent applications will result in issued patents;
- any of our or our licensors' patents will be valid or enforceable;
- any patents issued to us or our licensors and collaboration partners will provide us with any competitive advantages, or will not be challenged by third parties;
- we will develop additional proprietary technologies that are patentable; or
- the patents of others will not have an adverse effect on our business.

The actual protection afforded by a patent varies on a product-by-product basis, from country to country and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory related extensions, the availability of legal remedies in a particular country and the validity and enforceability of the patents. Our ability to maintain and solidify our proprietary position for our product candidates will depend on our success in obtaining effective claims and enforcing those claims once granted. Our issued patents and those that may issue in the future, or those licensed to us, may be challenged, invalidated or circumvented, and the rights granted under any issued patents may not provide us with proprietary protection or competitive advantages against competitors with similar products. Due to the extensive amount of time required for the development, testing and regulatory review of a potential product, it is possible that, before any of our product candidates can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of the patent.

Protection afforded by U.S. patents may be adversely affected by proposed changes to patent related U.S. statutes and to U.S. Patent and Trademark Office, or U.S.PTO, rules, especially changes to rules concerning the filing of continuation applications. If implemented, the rules may require that second or subsequent continuing application filings be supported by a showing as to why the new amendments or claims, argument or evidence presented could not have been previously submitted. Other rules, if implemented, may limit consideration by the U.S.PTO of up to only ten claims per application. It is common practice to file multiple patent applications with many claims in an effort to maximize patent protection. If the first set of proposed U.S.PTO rules are implemented, they may limit our ability to file continuing applications directed to our product candidates and methods and related competing products and methods. In addition, if the second set of U.S.PTO rules are implemented, they may limit our ability to patent a number of claims sufficient to cover our product candidates and methods and related competing products and methods. Other changes to the patent statutes may adversely affect the protection afforded by U.S. patents and/or open U.S. patents up to third party attack in non-litigation settings.

We also rely on trade secrets to protect some of our technology, especially where we do not believe patent protection is appropriate or obtainable. However, trade secrets are difficult to maintain. While we use reasonable efforts to protect our trade secrets, our or our collaboration partners' employees, consultants, contractors or scientific and other advisors may unintentionally or willfully disclose our proprietary information to competitors. Enforcement of claims that a third party has illegally obtained and is using trade secrets is expensive, time consuming and uncertain. In addition, non-U.S. courts are sometimes less willing than U.S. courts to protect trade secrets. If our competitors independently develop equivalent knowledge, methods and know-how, we would not be able to assert our trade secrets against them and our business could be harmed.

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on all of our product candidates and products, when and if we have any, in every jurisdiction would be prohibitively expensive. Competitors may use our technologies in jurisdictions where we or our licensors have not obtained patent protection to develop their own products. These products may compete with our products, when and if we have any, and may not be covered by any of our or our licensors' patent claims or other intellectual property rights.

The laws of some non-U.S. countries do not protect intellectual property rights to the same extent as the laws of the United States, and many companies have encountered significant problems in protecting and defending such rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents and other intellectual property protection, particularly those relating to biotechnology and/or pharmaceuticals, which could make it difficult for us to stop the infringement of our patents. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

The intellectual property protection for our product candidates is dependent on third parties.

With respect to OGX-011, OGX-427 and OGX-225, we have exclusively licensed from UBC certain issued patents and pending patent applications covering the respective antisense sequences underlying these product candidates and their commercialization and use and we have licensed from Isis certain issued patents and pending patent applications directed to chemical modification of our product candidates for commercialization, use and the manufacturing thereof, as well as some alternative antisense sequences. We have also received a sublicense from Isis under certain third party patent portfolios directed to such modifications. We have entered into an exclusive in-licensing agreement with Bayer for development of caspase activators that are presently being evaluated in preclinical studies.

The patents and pending patent applications underlying our licenses do not cover all potential product candidates, modifications and uses. In the case of patents and patent applications licensed from Isis and Bayer, we do not have and have not had any control over the filing, prosecution or enforcement of these patents or patent applications. We cannot be certain that such prosecution efforts have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patents. We also cannot be assured that our licensors or their respective licensors will agree to enforce any such patent rights at our request or devote sufficient efforts to attain a desirable result. Any failure by our licensors or any of their respective licensing partners to properly protect the intellectual property rights relating to our product candidates could have a material adverse effect on our financial condition and results of operation.

The patent protection for our product candidates or products may expire before we are able to maximize their commercial value which may subject us to increased competition and reduce or eliminate our opportunity to generate product revenue.

The patents for our product candidates have varying expiration dates and, when these patents expire, we may be subject to increased competition and we may not be able to recover our development costs. For example, the first granted U.S. patent directed to OGX-011 and licensed from UBC is due to expire in 2021. Generally, we anticipate that the patents we license from Isis will expire prior to the patents we license from UBC. In some of the larger economic territories, such as the United States and Europe, patent term extension/restoration may be available to compensate for time taken during aspects of the product candidate's regulatory review. However, we cannot be certain that an extension will be granted, or if granted, what the applicable time period or the scope of patent protection afforded during any extended period will be. In addition, even though some regulatory agencies may provide some other exclusivity for a product candidate under its own laws and regulations, we may not be able to qualify the product candidate or obtain the exclusive time period.

If we are unable to obtain patent term extension/restoration or some other exclusivity, we could be subject to increased competition and our opportunity to establish or maintain product revenue could be substantially reduced or eliminated. Furthermore, we may not have sufficient time to recover our development costs prior to the expiration of our U.S. and non-U.S. patents.

We may incur substantial costs as a result of litigation or other proceedings relating to patent and other intellectual property rights and we may be unable to protect our rights to, or use of, our technology.

If we choose to go to court to stop someone else from using the inventions claimed in our patents or our licensed patents, that individual or company has the right to ask the court to rule that these patents are invalid and/or should not be enforced against that third party. These lawsuits are expensive and would consume time and other resources even if we were successful in stopping the infringement of these patents. In addition, there is a risk that the court will decide that these patents are invalid or unenforceable and that we do not have the right to stop the other party from using the inventions. There is also the risk that, even if the validity of these patents is upheld, the court will refuse to stop the other party on the ground that such other party's activities do not infringe our rights.

If we wish to use the technology or compound claimed in issued and unexpired patents owned by others, we will need to obtain a license from the owner, enter into litigation to challenge the validity or enforceability of the patents or incur the risk of litigation in the event that the owner asserts that we infringed its patents. The failure to obtain a license to technology or the failure to challenge an issued patent that we may require to discover, develop or commercialize our product candidates may have a material adverse impact on us.

If a third party asserts that we infringed its patents or other proprietary rights, we could face a number of risks that could seriously harm our results of operations, financial condition and competitive position, including:

- patent infringement and other intellectual property claims, which would be costly and time consuming to defend, whether or not the claims have merit, and which could delay the regulatory approval process and divert management's attention from our business;
- substantial damages for past infringement, which we may have to pay if a court determines that our product candidates or technologies infringe a competitor's patent or other proprietary rights;
- a court prohibiting us from selling or licensing our technologies or future drugs unless the third party licenses its patents or other proprietary rights to us on commercially reasonable terms, which it is not required to do; and
- if a license is available from a third party, we may have to pay substantial royalties or lump sum payments or grant cross licenses to our patents or other proprietary rights to obtain that license.

The biotechnology industry has produced a proliferation of patents, and it is not always clear to industry participants, including us, which patents cover various types of products or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform. If we are sued for patent infringement, we would need to demonstrate that our product candidates or methods of use either do not infringe the patent claims of the relevant patent and/or that the patent claims are invalid, and we may not be able to do this. Proving invalidity, in particular, is difficult since it requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents.

U.S. patent laws as well as the laws of some foreign jurisdictions provide for provisional rights in published patent applications beginning on the date of publication, including the right to obtain reasonable royalties, if a patent subsequently issues and certain other conditions are met.

Because some patent applications in the United States may be maintained in secrecy until the patents are issued, because patent applications in the United States and many foreign jurisdictions are typically not published until 18 months after filing, and because publications in the scientific literature often lag behind actual discoveries, we cannot be certain that others have not filed patent applications for technology covered by our licensors' issued patents or our pending applications or our licensors' pending applications, or that we or our licensors were the first to invent the technology.

Patent applications filed by third parties that cover technology similar to ours may have priority over our or our licensors' patent applications and could further require us to obtain rights to issued patents covering such technologies. If another party files a United States patent application on an invention similar to ours, we may elect to participate in or be drawn into an interference proceeding declared by the U.S.PTO to determine priority of invention in the United States. The costs of these proceedings could be substantial, and it is possible that such efforts would be unsuccessful, resulting in a loss of our United States patent position with respect to such inventions.

Some of our competitors may be able to sustain the costs of complex patent litigation more effectively than we can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on our ability to raise the funds necessary to continue our operations. We cannot predict whether third parties will assert these claims against us or against the licensors of technology licensed to us, or whether those claims will harm our business. If we are forced to defend against these claims, whether they are with or without any merit, whether they are resolved in favor of or against us or our licensors, we may face costly litigation and diversion of management's attention and resources. As a result of these disputes, we may have to develop costly non-infringing technology, or enter into licensing agreements. These agreements, if necessary, may be unavailable on terms acceptable to us, if at all, which could seriously harm our business or financial condition.

If we breach any of the agreements under which we license rights to our product candidates or technology from third parties, we could lose license rights that are important to our business. Certain of our license agreements may not provide an adequate remedy for their breach by the licensor.

We license the development and commercialization rights for most of our product candidates, including OGX-011, OGX-427, OGX-225 and CSP-9222, and we expect to enter into similar licenses in the future. Under such licenses, we are subject to various obligations such as royalty and milestone payments, annual maintenance fees, limits on sublicensing, insurance obligations and the obligation to use commercially reasonable best efforts to develop and exploit the licensed technology. If we fail to comply with any of these obligations or otherwise breach these agreements, our licensors may have the right to terminate the license in whole or in part or to terminate the exclusive nature of the license. Loss of any of these licenses or the exclusivity rights provided therein could harm our financial condition and operating results. In addition, certain of our license agreements with UBC eliminate our ability to obtain money damages in respect of certain claims against UBC.

We may be subject to damages resulting from claims that we, or our employees or consultants, have wrongfully used or disclosed alleged trade secrets of third parties.

Many of our employees were previously employed, and certain of our consultants are currently employed, at universities or biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we have not received any claim to date, we may be subject to claims that these employees or consultants or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of these current or former employers. Litigation may be necessary to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. We may be subject to claims that employees of our partners or licensors of technology licensed by us have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. We may become involved in litigation to defend against these claims. If we fail in defending such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel.

Risks Related to our Common Stock

If we raise additional financing, the terms of such transactions may cause dilution to existing shareholders or contain terms that are not favorable to us.

We may seek to raise future financing through private placements or public offerings of our equity or debt securities, or partnering with other pharmaceutical or biotechnology companies. We cannot be certain that additional funding will be available on acceptable terms, or at all. To the extent that we raise additional funds by issuing equity securities, our shareholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants, such as limitations on our ability to incur additional indebtedness, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business.

We have never paid cash dividends and do not intend to do so.

We have never declared or paid cash dividends on our common stock. We currently intend to retain any earnings to finance the growth of our business rather than to pay cash dividends. Payments of any cash dividends in the future will depend on our financial condition, results of operations and capital requirements, as well as other factors deemed relevant by our board of directors.

Risks Related to Our Industry

Failure to obtain regulatory approval outside the United States would prevent us from marketing our product candidates abroad.

We intend to market certain of our existing and future product candidates in non-North American markets. In order to market our existing and future product candidates in the European Union and many other non-North American jurisdictions, we must obtain separate regulatory approvals. We have had no interactions with non-North American regulatory authorities, and the approval procedures vary among countries and can involve additional testing, and the time required to obtain approval may differ from that required to obtain FDA approval. Approval by the FDA or other regulatory authorities does not ensure approval by regulatory authorities in other countries, and approval by one or more non-North American regulatory authorities does not ensure approval by regulatory authorities in other countries or by the FDA. The non-North American regulatory approval process may include all of the risks associated with obtaining FDA approval. We may not obtain non-North American regulatory approvals on a timely basis, if at all. We may not be able to file for non-North American regulatory approvals and may not receive necessary approvals to commercialize our existing and future product candidates in any market.

Even if we obtain regulatory approvals for our product candidates, the terms of approvals and ongoing regulation of our product candidates may limit how we manufacture and market our product candidates, which could materially impair our ability to generate revenue.

Once regulatory approval has been granted, the approved product and its manufacturer are subject to continual review. Any regulatory approval that we receive for a product candidate is likely to be subject to limitations on the indicated uses for which the end product may be marketed, or include requirements for potentially costly post-approval follow-up clinical trials. In addition, if the FDA and/or non-U.S. regulatory authorities approve any of our product candidates, the labeling, packaging, adverse event reporting, storage, advertising and promotion for the end product will be subject to extensive regulatory requirements. We and the manufacturers of our products, when and if we have any, will also be required to comply with current Good Manufacturing Practice ("cGMP") regulations, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation. Further, regulatory agencies must approve these manufacturing facilities before they can be used to manufacture our products, when and if we have any, and these facilities are subject to ongoing regulatory inspection. If we fail to comply with the regulatory requirements of the FDA and other non-U.S. regulatory authorities, or if previously unknown problems with our products, when and if we have any, manufacturers or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions, including:

- restrictions on the products, manufacturers or manufacturing process;
- warning letters;
- civil or criminal penalties or fines;
- injunctions;
- product seizures, detentions or import bans;
- voluntary or mandatory product recalls and publicity requirements;
- suspension or withdrawal of regulatory approvals;
- total or partial suspension of production;
- imposition of restrictions on operations, including costly new manufacturing requirements; and
- refusal to approve pending New Drug Applications ("NDAs") or supplements to approved NDAs.

In addition, the FDA and non-U.S. regulatory authorities may change their policies and additional regulations may be enacted that could prevent or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States, Canada or abroad. If we are not able to maintain regulatory compliance, we would likely not be permitted to market our future product candidates and we may not achieve or sustain profitability.

Item 4. Submission of Matters to a Vote of Security Holders

The Company held an Annual and Special Meeting of the Stockholders on August 19, 2008. The items voted upon by the Stockholders and the results of voting are set forth below.

The Stockholders voted to approve the issuance of common stock in connection with the Arrangement. The results of such vote are as follows:

For: 12,708,836 Against: 616,248 Abstain: 442,978 Broker Non-votes: 15,786,976

The Stockholders elected the nominees for director set forth below. The "For" column represents the number of affirmative votes, and the "Withheld" column represents the number of abstentions and broker non-votes by holders of common stock represented by either proxy or in person at the meeting.

Name	For	Withhold
Michael A. Martino	28,253,435	1,301,603
Michelle G. Burris	28,416,387	1,138,651
George W. Dunbar, Jr.	28,408,051	1,146,987
Robert E. Ivy	28,414,721	1,140,317
Dwight Winstead	28,420,470	1,134,568

The Stockholders voted to approve an amendment to our Amended and Restated Certificate of Incorporation ("Certificate") to change our name to "OncoGenex Pharmaceuticals, Inc.". The results of such vote are as follows:

For: 28,778,411 Against: 726,497 Abstain: 50,130 Broker Non-votes: 0

The Stockholders voted to approve of an amendment of our Certificate to (1) effect a reverse stock split of the outstanding shares of Sonus' common stock within the range of 1-for-10 and 1-for-20 and (2) reduce the number of authorized shares of common stock from 75 million shares to the number of shares which is equal to two times the number of shares of the Company's common stock outstanding immediately following the closing of the Arrangement and the reverse stock split. The results of such vote are as follows:

For: 28,138,687 Against: 1,381,654 Abstain: 34,697 Broker Non-votes: 0

The Stockholders ratified the appointment of Ernst & Young LLP as our Independent Registered Public Accounting Firm for the fiscal year ending December 31, 2008. The results of such vote are as follows:

For: 29,328,741 Against: 169,859 Abstain: 56,438 Broker Non-votes: 0

The Stockholders approved an adjournment or postponement of the meeting to solicit additional proxies. The results of such vote are as follows:

For: 25,692,491	Against: 2,600,827	Abstain: 1,261,720	Broker Non-votes: 0

Item 6. Exhibits

Exhibit Number	Description
2.1(1)	Arrangement Agreement between the Company and OncoGenex Technologies Inc. dated May 27, 2008†
2.2	First Amendment to Arrangement Agreement between the Company and OncoGenex Technologies Inc. dated August 11, 2008
2.3	Second Amendment to Arrangement Agreement between the Company and OncoGenex Technologies Inc. dated August 15, 2008
3.1(2)	Amended and Restated Certificate of Incorporation of Sonus Pharmaceuticals, Inc. (As Amended Through May 5, 2004)
3.2	Certificate of Amendment to Certificate of Incorporation of Sonus Pharmaceuticals, Inc., effective August 20, 2008
3.3(3)	Third Amended and Restated Bylaws of Oncogenex Pharmaceuticals, Inc.
4.1	Specimen Certificate of Common Stock
4.2(4)	Amended and Restated Rights Agreement dated as of July 24, 2002 between the Company and U.S. Stock Transfer Corporation
4.3(5)	First Amendment to Amended and Restated Rights Agreement dated as of October 17, 2005 between the Company and U.S. Stock Transfer Corporation
4.4(6)	Second Amendment to Amended and Restated Rights Agreement dated as of August 10, 2006 between the Company and U.S. Stock Transfer Corporation
4.5(7)	Third Amendment to Amended and Restated Rights Agreement dated May 27, 2008 between the Company and Computershare Trust Company, N.A.
4.6(1)	Form of Escrow Agreement between the Company, Computershare Trust Company of Canada and former shareholders and debentureholders of OncoGenex Technologies Inc.
4.7(1)	Form of OncoGenex Voting Agreement
4.8(1)	Form of Sonus Voting Agreement
10.1(8)	Sonus Pharmaceuticals, Inc. Incentive Stock Option, Nonqualified Stock Option and Restricted Stock Purchase Plan – 1991 (the "1991 Plan"), as amended
10.2(8)	Form of Incentive Option Agreement (pertaining to the 1991 Plan)
10.3(8)	Form of Sonus Pharmaceuticals, Inc. Nonqualified Stock Option Agreement under the 1991 Plan
10.4(9)	Sonus Pharmaceuticals, Inc. 1999 Nonqualified Stock Incentive Plan (the "1999 Plan")
10.5(9)	Form of Sonus Pharmaceuticals, Inc. Nonqualified Stock Option Agreement under the 1999 Plan
10.6(9)	Form of Sonus Pharmaceuticals, Inc. Restricted Stock Purchase Agreement under the 1999 Plan
10.7(10)	Sonus Pharmaceuticals, Inc. 2000 Stock Incentive Plan (the "2000 Plan")
10.8(11)	First Amendment to Sonus Pharmaceuticals, Inc. 2000 Plan
10.9(10)	Form of Sonus Pharmaceuticals, Inc. Stock Option Agreement (pertaining to the 2000 Plan)
10.10(12)	Sonus Pharmaceuticals, Inc. 2007 Performance Incentive Plan (the "2007 Plan")
10.11(13)	Form of Sonus Pharmaceuticals, Inc. Stock Option Agreement (pertaining to the 2007 Plan)
10.12(13)	Form of Sonus Pharmaceuticals, Inc. Restricted Stock Purchase Agreement under the 2007 Plan
10.13(14)	OncoGenex Technologies Inc. Amended and Restated Stock Option Plan
10.14(15)	Stock Option Assumption, Amending and Confirmation Agreement dated as of August 21, 2008 between the Company and OncoGenex Technologies Inc.

Exhibit Number	Description
10.15(16)	Sonus Pharmaceuticals, Inc. 2006 Employee Stock Purchase Plan
10.16(17)	Sonus Pharmaceuticals, Inc. Compensation Policy
10.17(17)	Sonus Pharmaceuticals, Inc. Executive Compensation Program
10.18(8)	Form of Indemnification Agreement for Officers and Directors of the Company
10.19(14)	Form of Indemnification Agreement between OncoGenex Technologies Inc. and each of Scott Cormack, Stephen Anderson and Cindy Jacobs
10.20(14)	Form of Indemnification Agreement between OncoGenex Technologies Inc. and Neil Clendeninn
10.21(18)	Severance/Change in Control Agreement dated January 11, 2008 between the Company and Michael Martino
10.22	Executive Termination Agreement and General Release dated August 21, 2008 between the Company and Michael Martino
10.23(18)	Severance/Change in Control Agreement dated January 11, 2008 between the Company and Alan Fuhrman
10.24	Executive Termination Agreement and General Release dated August 21, 2008 between the Company and Alan Fuhrman
10.25(14)	Employment Agreement between OncoGenex Technologies Inc. and Scott Cormack dated as of December 21, 2001, and Employment Amending Agreement dated as of August 10, 2005
10.26(19)	Employment Agreement between OncoGenex Technologies Inc. and Stephen Anderson dated as of January 9, 2006*
10.27	Employment Amending Agreement dated June 28, 2007 between OncoGenex Technologies Inc. and Stephen Anderson
10.28(19)	Employment Agreement between OncoGenex, Inc. and Cindy Jacobs dated as of September 12, 2005*
10.29(20)	Securities Purchase Agreement dated as of August 15, 2005 by and among the Company and the investors named therein, together with their permitted transferees ("Securities Purchase Agreement")
10.30(20)	Form of Purchase Warrant related to the Securities Purchase Agreement
10.31(20)	Registration Rights Agreement dated as of August 15, 2005 by and among the Company and the investors named therein
10.32(21)	Lease by and between BMR-217th Place LLC and the Company dated as of November 21, 2006
10.33(22)	First Amendment to Lease by and between BMR-217th Place LLC and the Company dated as of August 17, 2007
10.34(23)	Second Amendment to Lease by and between BMR-217th Place LLC and the Company dated as of January 28, 2008
10.35	Amended and Restated License Agreement effective as of July 2, 2008 by and between OncoGenex Technologies Inc. and Isis Pharmaceuticals, Inc. (OGX-011)*
10.36(19)	License Agreement between OncoGenex Technologies Inc. and the University of British Columbia effective as of November 1, 2001, and Amending Agreement dated as of August 30, 2006 (OGX-011)*
10.37	Second Amending Agreement and Consent as of August 7, 2008 between The University of British Columbia and OncoGenex Technologies Inc. (OGX-011)
10.38(19)	Collaboration and License Agreement between OncoGenex Technologies Inc. and Isis Pharmaceuticals, Inc. effective as of January 5, 2005 (OGX-427)*

Exhibit Number	Description
10.39(19)	License Agreement between OncoGenex Technologies Inc. and the University of British Columbia effective as of April 5, 2005, and Amending Agreement dated as of August 30, 2006 (OGX-427)*
10.40	Second Amending Agreement as of August 7, 2008 between The University of British Columbia and OncoGenex Technologies Inc. (OGX-427)
31.1	Certification of President and Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of President and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

† Schedules and similar attachments to the Arrangement Agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Registrant will furnish supplementally a copy of any omitted schedule or similar attachment to the SEC upon request.

* Confidential portions of this exhibit have been omitted and filed separately with the Commission pursuant to an application for Confidential Treatment under Rule 24b-2 promulgated under the Securities Exchange Act of 1934, as amended.

(1) Incorporated by reference to the Company's proxy statement on Schedule 14A filed on July 3, 2008.
(2) Incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2004.
(3) Incorporated by reference to the Company's current report on Form 8-K filed on October 30, 2008.
(4) Incorporated by reference to the Company's amended Form 8-A filed on July 25, 2002.
(5) Incorporated by reference to the Company's amended Form 8-A filed on October 18, 2005.
(6) Incorporated by reference to the Company's amended Form 8-A filed on August 14, 2006.
(7) Incorporated by reference to the Company's current report on Form 8-K filed on May 30, 2008.
(8) Incorporated by reference to the Company's registration statement on Form S-1, Reg. No. 33-96112.
(9) Incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 1999.
(10) Incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2000.
(11) Incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2006.
(12) Incorporated by reference to the Company's proxy statement on Schedule 14A filed on April 3, 2007.
(13) Incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2007.
(14) Incorporated by reference to the OncoGenex Technologies Inc. registration statement on Form F-1 filed on December 13, 2006.
(15) Incorporated by reference to the Company's registration statement on Form S-8 filed on August 26, 2008.
(16) Incorporated by reference to the Company's proxy statement on Schedule 14A filed on March 24, 2006.
(17) Incorporated by reference to the Company's current report on Form 8-K filed on December 15, 2006.
(18) Incorporated by reference to the Company's current report on Form 8-K filed on January 17, 2008.
(19) Incorporated by reference to the OncoGenex Technologies Inc. registration statement on Form F-1, Amendment No. 1, filed on January 29, 2007.
(20) Incorporated by reference to the Company's current report on Form 8-K filed on August 18, 2005.
(21) Incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2006.
(22) Incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2007.
(23) Incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ONCOGENEX PHARMACEUTICALS, INC.

Date: November 10, 2008

By: /s/ Stephen Anderson
Stephen Anderson
Chief Financial Officer and Secretary
(Principal Financial and Accounting Officer)

EXHIBIT 2.2

FIRST AMENDMENT TO
ARRANGEMENT AGREEMENT

This First Amendment to Arrangement Agreement (this "**Amendment**") is made and entered into as of August 11, 2008, by and between Sonus Pharmaceuticals, Inc. a Delaware corporation ("**Sonus**"), and OncoGenex Technologies Inc., a corporation organized pursuant to the Canada Business Corporations Act ("**OncoGenex**"). Sonus and OncoGenex are sometimes referred to herein as the "**Parties**."

RECITALS

A. The Parties entered into an Arrangement Agreement dated as of May 27, 2008 (the "**Agreement**").

B. Pursuant to Section 7.1 of the Agreement, the Agreement may be amended from time to time by mutual written agreement of the Parties.

C. The parties have decided to amend the Agreement by amending certain provisions of the Agreement as set forth in this Amendment.

D. OncoGenex has obtained the requisite consent of its securityholders to authorize OncoGenex to enter into this Amendment.

AGREEMENT

Now, therefore, in consideration of these premises and the mutual and dependent promises hereinafter set forth, the parties hereto agree as follows:

1. **Waiver**. Effective upon Sonus being designated as a reporting issuer under Section 3.2 of the *Securities Act* (British Columbia) pursuant to BC Policy 12-601 – Designation as a Reporting Issuer (Extraprovincial Issuers) and provided such designation occurs by August 18, 2008 ("**Reporting Issuer Designation**"), OncoGenex waives compliance by Sonus with the covenants in Section 2.6(a) and (b) and Section 5.3(b)(iv) of the Agreement.

2. **Amendments**.

(a) Section 2.6(f) of the Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

"Sonus shall use its best commercial efforts to cause Sonus Common Shares to be listed for trading on the Toronto Stock Exchange by September 22, 2008 and in the event such listing is not obtained by that date, Sonus will continue to use its best commercial efforts to obtain such listing until such listing is obtained or, acting reasonably, Sonus' Board of Directors determines that such listing cannot be obtained."

(b) Effective upon Reporting Issuer Designation, the Agreement is deemed to be amended by adding the following at the end of Section 2.6 as Section 2.6(g):

"(g) Sonus shall use its best commercial efforts to remain a reporting issuer under the *Securities Act* (British Columbia)."

(c) Effective upon Reporting Issuer Designation, Section 2.7(a)(ii) of the Agreement is deemed to be amended by adding the following words immediately after the reference to Section 2.6(b) therein:

"or in connection with Sonus being designated as a reporting issuer under the *Securities Act* (British Columbia) or having Sonus Common Shares listed on the Toronto Stock Exchange."

(d) Effective upon Reporting Issuer Designation, Section 3.2.47(c) of the Agreement is deemed to be amended by deleting it in its entirety and replacing it with the following:

"The issuance of Sonus Common Shares and Assumed Options on the Effective Date pursuant to this Agreement and the Plan of Arrangement will be exempt from the prospectus and dealer registration requirements under the applicable securities laws of the Canadian Jurisdictions. The issuance of Sonus Common Shares upon the exercise of Assumed Options from time to time in accordance with their terms, will be exempt from the prospectus and dealer registration requirements under the applicable securities laws of the Canadian Jurisdictions. In the event that Sonus is designated as a reporting issuer under the *Securities Act* (British Columbia) prior to the Effective Date, the first trade of Sonus Common Shares (i) issued pursuant to the Arrangement; or (ii) issued upon exercise of Assumed Options from time to time in accordance with their terms (collectively, in this section, the "**Transaction Securities**"), from time to time will not be or deemed to be a "distribution" (within the meaning of applicable securities laws of the Canadian Jurisdictions) provided that:

(i) Sonus is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;

(ii) the trade is not a "control distribution" as defined in National Instrument 45-102 – Resale of Securities;

(iii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade;

(iv) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and

(v) if the selling security holder is an insider or officer of Sonus, the selling security holder has no reasonable grounds to believe that Sonus is in default of securities legislation.

The foregoing representation is based on Laws in effect or as proposed as of the date hereof and assuming that such Laws are not amended prior to the date of any particular trade referred to above and is also based on the

qualification that no "cease-trade" or similar order restricting trades in any of the Transaction Securities is in effect at such time."

(e) Effective upon Reporting Issuer Designation, Section 6.3(e) of the Agreement in deemed to be amended by deleting it in its entirety and replacing it with the following:

"Sonus shall be a reporting issuer under the *Securities Act* (British Columbia)";

(f) Section 1.1 of the Plan of Arrangement is hereby amended by:

(i) deleting the reference to "March 27, 2008" in the definition of "Arrangement Agreement" and replacing it with "May 27, 2008";

(ii) deleting the definition of "Letter of Transmittal" in its entirety and replacing it with the following:

"Letter of Transmittal" means the Letters of Transmittal for use by the holders of OncoGenex Shares and/or OncoGenex Debentures in the form provided by Sonus or OncoGenex to the holders of OncoGenex Shares and/or OncoGenex Debentures;"; and

(iii) deleting the definition of "Depositary" in its entirety and replacing it with the following:

"Depositary" means Computershare Investor Services Inc., at such offices as will be set out in the Letter of Transmittal;"

3. Miscellaneous

(a) **Effect of Amendment**. The provisions of this Amendment are hereby incorporated into and made part of the Agreement. Except as amended by this Amendment, all of the provisions of the Agreement shall continue in full force and effect.

(b) **Definitions**. Unless otherwise defined in this Amendment, capitalized terms have the meanings given in the Agreement.

(c) **Entire Agreement**. The Agreement (including the documents and the instruments referred to therein) and this Amendment constitute the entire agreement among the parties and supersede all prior agreements, understandings and representations by or among the parties, written and oral, with respect to the subject matter hereof and thereof.

(d) **Counterparts**. This Amendment may be executed in counterparts, which shall constitute one and the same instrument. The parties may execute more than one copy of this Amendment, each of which shall constitute an original.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Arrangement Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SONUS PHARMACEUTICALS, INC.

/s/ Michael A. Martino
By: Michael A. Martino
Its: President and CEO

ONCOGENEX TECHNOLOGIES INC.

/s/ Scott Cormack
By: Scott Cormack
Its: President and CEO

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EXHIBIT 2.3

SECOND AMENDMENT TO
ARRANGEMENT AGREEMENT

This Second Amendment to Arrangement Agreement (this "**Amendment**") is made and entered into as of August 15, 2008, by and between Sonus Pharmaceuticals, Inc. a Delaware corporation ("**Sonus**"), and OncoGenex Technologies Inc., a corporation organized pursuant to the Canada Business Corporations Act ("**OncoGenex**"). Sonus and OncoGenex are sometimes referred to herein as the "**Parties**."

RECITALS

A. The Parties entered into an Arrangement Agreement dated as of May 27, 2008 (the "**Original Agreement**").

B. Pursuant to Section 7.1 of the Original Agreement, the Original Agreement may be amended from time to time by mutual written agreement of the Parties.

C. The Parties entered into a First Amendment to Arrangement Agreement made as of August 11, 2008 (the "**First Amendment**") amending the Original Agreement (the Original Agreement as amended by the First Amendment is hereinafter referred to as the "**Agreement**").

D. The Parties have decided to further amend the Original Agreement by amending certain provisions of the Agreement as set forth in this Amendment.

E. OncoGenex has obtained the requisite consent of its securityholders to authorize OncoGenex to enter into this Amendment.

AGREEMENT

Now, therefore, in consideration of these premises and the mutual and dependent promises hereinafter set forth, the parties hereto agree as follows:

1. Section 1.1 of the Plan of Arrangement is hereby amended by:

(i) deleting the reference to "US$165,519" in the definition of "BC Advantage Debenture" and replacing it with "US$161,519";

(ii) deleting the reference to "4,334,481" in the definition of "Other Debenture Exchange Ratio" and replacing it with "4,338,481"; and

(iii) deleting the reference to "US$4,334,481" in the definition of "Other Debentures" and replacing it with "US$4,338,481".

2. Miscellaneous

(a) **Effect of Amendment**. The provisions of this Amendment are hereby incorporated into and made part of the Agreement. Except as amended by this Amendment, all of the provisions of the Agreement shall continue in full force and effect.

(b) **Definitions**. Unless otherwise defined in this Amendment, capitalized terms have the meanings given in the Agreement.

(c) **Entire Agreement**. The Agreement (including the documents and the instruments referred to therein) and this Amendment constitute the entire agreement among the parties and supersede all prior agreements, understandings and representations by or among the parties, written and oral, with respect to the subject matter hereof and thereof.

(d) **Counterparts**. This Amendment may be executed in counterparts, which shall constitute one and the same instrument. The parties may execute more than one copy of this Amendment, each of which shall constitute an original.

[*Remainder of Page Intentionally Left Blank; Signature Page Follows*]

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IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to Arrangement Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

SONUS PHARMACEUTICALS, INC.

/s/ Alan Fuhrman
By: Alan Fuhrman
Its: CFO

ONCOGENEX TECHNOLOGIES INC.

/s/ Scott Cormack
By: Scott Cormack
Its: President and CEO

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EXHIBIT 3.2

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

SONUS PHARMACEUTICALS, INC.

a Delaware Corporation

(pursuant to Section 242 of the Delaware General Corporation Law)

SONUS PHARMACEUTICALS, INC., a corporation organized and existing under and by the virtue of the Delaware General Corporation Law (the "Corporation"), through its duly authorized officers and by authority of its Board of Directors does hereby certify:

FIRST: That in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation duly adopted resolutions setting forth proposed amendments to the Amended and Restated Certificate of Incorporation of the Corporation, declaring said amendments to be advisable and directing that said amendments be submitted to the stockholders of the Corporation for consideration thereof. The resolutions setting forth the proposed amendments are as follows:

RESOLVED, that Article I of the Corporation's Amended and Restated Certificate be amended to read as follows:

"The name of this Corporation is OncoGenex Pharmaceuticals, Inc."

RESOLVED FURTHER, that the first two sentences of the text of Article IV of the Corporation's Amended and Restated Certificate of Incorporation be deleted and replaced with the following text:

"This Corporation is authorized to issue two classes of stock to be designated respectively, "Common Stock" and "Preferred Stock." Upon the effectiveness of this Certificate of Amendment of Certificate of Incorporation, every eighteen (18) shares of the Corporation's issued and outstanding Common Stock shall, automatically and without any action on the part of the holder thereof, be reclassified and changed into one (1) share of the Corporation's Common Stock, par value $0.001 per share (the "Reverse Stock Split"). After giving effect to the Reverse Stock Split, the total number of shares of all classes of stock which the Corporation shall have authority to issue is 16,019,930, of which (i) 11,019,930 shares shall be designated Common Stock and shall have a par value of $.001 per share; and (ii) 5,000,000 shares shall be designated Preferred Stock and shall have a par value of $.001 per share."

SECOND: That thereafter, pursuant to a resolution of its Board of Directors, in accordance with Section 242 of the General Corporation Law of the State of Delaware, the Corporation's stockholders approved and authorized the foregoing Certificate of Amendment.

THIRD: That the foregoing Certificate of Amendment was duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law.

FOURTH: That this Certificate of Amendment shall be made effective as of 4:01 p.m. Eastern Standard Time on August 20, 2008.

IN WITNESS WHEREOF, this Corporation has caused this Certificate of Amendment to be signed by Michael A. Martino, its duly authorized President and Chief Executive Officer this 19th day of August, 2008.

SONUS PHARMACEUTICALS, INC.
a Delaware Corporation

By: /s/ Michael A. Martino
Michael A. Martino
President and Chief Executive Officer

OncoGenex Pharmaceuticals, Inc.

PO BOX 43004, Providence, RI 02940-3004

MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4

CUSIP
Holder ID
Insurance Value
Number of Shares
DTC

Certificate Numbers

Num	No.	Denom.	Total
1	1	1	1
2	2	2	2
3	3	3	3
4	4	4	4
5	5	5	5
6	6	6	6
Total Transaction			7

016570| 003590|127C|RESTRICTED|4|057-423

COMMON STOCK

PAR VALUE $0.001

COMMON STOCK

THIS CERTIFICATE IS TRANSFERABLE IN CANTON, MA, JERSEY CITY, NJ AND GOLDEN, CO

Certificate Number
ZQ 000000

Shares
600620****
****600620*****
****600620*****
*****600620****
******600620**

ONCOGENEX PHARMACEUTICALS, INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

THIS CERTIFIES THAT

MR. SAMPLE & MRS. SAMPLE &
MR. SAMPLE & MRS. SAMPLE

CUSIP 68230A 10 6

SEE REVERSE FOR CERTAIN DEFINITIONS

is the owner of

*** SIX HUNDRED THOUSAND
SIX HUNDRED AND TWENTY***

FULLY-PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF

OncoGenex Pharmaceuticals, Inc. (hereinafter called the "Company"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Articles of Incorporation, as amended, and the By-Laws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

President & CEO

CFO & Secretary

ONCOGENEX PHARMACEUTICALS, INC. SEAL 1998 DELAWARE

DATED <<Month Day, Year>>

COUNTERSIGNED AND REGISTERED:
COMPUTERSHARE TRUST COMPANY, N.A.
TRANSFER AGENT AND REGISTRAR,

By _____
AUTHORIZED SIGNATURE

1234567

ONCOGENEX PHARMACEUTICALS, INC.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE ARTICLES OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT- ....Custodian ....
(Cust) (Minor)
under Uniform Gifts to Minors Act ....
(State)

UNIF TRF MIN ACT ....Custodian (until age ...) ....
(Cust) (Minor)
under Uniform Transfers to Minors Act..........
(State)

Additional abbreviations may also be used though not in the above list.

For value received, ______________________ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE
[ ]

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

____ Shares

of the common stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

____ Attorney

to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated: ______________________ 20 __________

Signature: ______________________________

Signature: ______________________________

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15.

SECURITY INSTRUCTIONS

1234567

EXHIBIT 10.22

EXECUTIVE TERMINATION AGREEMENT AND GENERAL RELEASE

This EXECUTIVE TERMINATION AGREEMENT AND GENERAL RELEASE ("Executive Termination Agreement" or "Agreement") is entered into between Michael A. Martino ("Executive") and Sonus Pharmaceuticals, Inc. (to be renamed "OncoGenex Pharmaceuticals, Inc.") ("Sonus" or "Employer").

WHEREAS, both parties to this Agreement wish to clearly set forth the terms of Executive's termination for "Good Reason" from employment with Employer.

Now, THEREFORE, in exchange for the severance pay and other benefits described in this Agreement, Executive and Employer agree as follows:

1. As a result of the restructuring of Employer's operations, Executive's employment with Employer shall terminate effective as of the date set out in the written notice from Sonus to Executive ("Termination Date"), which notice is attached hereto as Exhibit A, and be deemed a termination for "Good Reason."

2. Executive represents and agrees that, with the exception of the compensation and benefits to be provided to Executive pursuant to the terms of the January 4, 2008 Letter Agreement signed by Executive and Sonus, a copy of which is attached hereto as Exhibit B ("January 2008 Severance Agreement"), he has received all compensation owed to him by Employer through his Termination Date, including any and all wages, bonuses, commissions, earned but unused vacation, reimbursable business expenses, incentives, stock options, and any other payments, benefits, or other compensation of any kind to which he was entitled from Employer.

3. In reliance on Executive's promises, representations, and releases in this Agreement, after Employer's receipt of this executed Executive Termination Agreement and provided that Executive does not revoke this Agreement pursuant to Paragraph 7, Employer will provide to Executive all compensation and benefits set out in the January 2008 Severance Agreement. A severance payout of $1,125,376.20, plus accrued vacation and executive life and disability premium reimbursement, will be made on August 29, 2008.

4. In exchange for the consideration provided to Executive as set forth above, Executive agrees to waive and release all claims, known and unknown, which he has or might otherwise have had against Employer, on behalf of itself and all of its past or present parent, subsidiaries, and related entities, employer-sponsored employee benefit and/or welfare plans, and all of their past and present officers, directors, shareholders, executives, managers, supervisors, agents, employees, trustees, representatives, affiliates and successors (hereinafter collectively referred to as "the Released Parties"), arising prior to the date he/she signs this Agreement, including without limitation, any and all claims regarding any aspect of his/her employment, compensation, or the termination of his/her employment with Employer, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, 42 U.S.C. section 1981, the Fair Labor Standards Acts, the WARN Act, all Washington anti-discrimination statutes and labor laws, the Employee Retirement Income Security Act, 29 U.S.C. section 1001, et seq., all as amended, any other federal, state or local law, regulation or ordinance or public policy, contract, tort or property law theory, or any other cause of action whatsoever that arose on or before the date Executive signs this Agreement.

5. It is further understood and agreed that as a condition of this Agreement, all claims against the Released Parties, known and unknown, are expressly waived by Executive. Thus, for the purpose of implementing a full and complete release and discharge of the Released Parties, Executive expressly acknowledges that this Agreement is intended to include and does include in its effect, without limitation, all claims which Executive does not know or suspect to exist in his favor against the Released Parties at the time of execution hereof, and that this Agreement expressly contemplates the extinguishment of all such claims.

6. Executive agrees to withdraw with prejudice all complaints or charges, if any, he has filed against any of the Released Parties with any agency or court. Executive agrees that hereafter he will never file any lawsuit, complaint, or charge against any Released Party based on the claims released in this Executive Termination Agreement.

7. The release in this Agreement includes, but is not limited to, claims arising under federal, state or local law for age, race, sex or other forms of employment discrimination and retaliation. In accordance with the Older Workers Benefit Protection Act, Executive acknowledges and agrees that:

(a) Executive has read and understands this Agreement in its entirety;

(b) Executive has been advised by this writing to consult with an attorney concerning this Agreement before signing it;

(c) Executive has forty-five (45) calendar days after receipt of this Agreement to consider its terms before signing it;

(d) Executive has the right to revoke this Agreement in full within seven (7) calendar days of signing it by notifying Employer in writing of such revocation, and none of the terms and provisions of this Agreement shall become effective or be enforceable until such revocation period has expired;

(e) Employer has provided Executive with information in writing (see Exhibit "D" attached hereto) describing (1) the eligibility factors for receipt of benefits, (2) the group of executives, including the job title and age of each, eligible to receive benefits, (3) the ages of all individuals in the same job classification or organizational unit who are not eligible to receive benefits, and (4) any time limit applicable to the availability of such benefits;

(f) Nothing contained in this Agreement waives any claim that may arise after the date of its execution; and

(g) Executive executes this Agreement knowingly and voluntarily, without duress or reservation of any kind, and after having given the matter full and careful consideration.

8. Executive, Employer and the Releasing Parties agree that they will not disparage or talk negatively about each other to anyone.

9. Executive understands and acknowledges the significance and consequences of this Agreement. Executive acknowledges that it is voluntary and he has not signed it as a result of any coercion. Executive acknowledges that he/she was given sufficient time to consider this Agreement, and that he has signed it only after giving careful consideration to its terms.

10. Executive further acknowledges that during his employment, he has executed Insider Trading and Confidentiality Agreements attached hereto as Exhibit C. Executive understands and agrees that these agreements shall remain in full force and effect after Executive's termination. Executive further acknowledges, understands and agrees that Executive has continuing obligations to the Company under these Insider Trading and Confidentiality Agreements, and that the severance consideration outlined in this Executive Termination Agreement would not have been provided to Executive without his/her express agreement to continue to comply with the terms and conditions of all such Insider Trading and Confidentiality Agreements.

11. Executive has returned or will return to Employer prior to the payment of severance pursuant to this Agreement, all of the Company's property and documents in his possession or under his control, including, without limitation, all keys and card key badges to company buildings or property, all company owned equipment, and all reports, documents, software, manuals, controls, equipment, files, materials, data, trade secrets, confidential or proprietary information, passwords, employee information, any other Company information in his/her possession and any and all copies thereof in whatever form, whether hard copies, electronic or otherwise.

12. This Executive Termination Agreement shall not be construed against any party merely because that party drafted or revised the provision in question, and it shall not be construed as an admission by any of the Released Parties of any improper, wrongful, or unlawful actions, or any other wrongdoing against Executive, and the Released Parties specifically disclaim any liability to or wrongful acts against Executive.

13. Executive acknowledges that the Released Parties have made no promises to him/her other than those set forth in the January 2008 Severance Agreement, and this Executive Termination Agreement. Executive further acknowledges and agrees that he/she is not entitled to receive, and will not claim, any right, benefit, compensation, or relief other than what is expressly set forth herein in this Executive Termination Agreement. This Agreement may be modified only by written agreement signed by both parties.

14. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein. It supersedes any other such promises or representations, other than the January 2008 Severance Agreement and the Insider Trading Agreements and Confidentiality Agreements executed by Executive during his/her employment which agreements remain in full force and effect. This Agreement shall bind the heirs, personal representatives, successors and assigns of both Executive and Employer. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question shall be modified by the court so as to be rendered enforceable. This Agreement shall be deemed to have been entered into and shall be construed and enforced in accordance with the laws of the State of Washington as any action for breach of this Agreement may only be filed in federal or state courts applicable to King County, Washington.

15. This Executive Termination Agreement, the January 2008 Severance Agreement and all previously executed Insider Trading Agreements and Confidentiality Agreements, which are incorporated herein by this reference and remain in full force and effect, contain the entire agreement between the parties regarding the subject matter hereof, and supersede any and all prior and

contemporaneous oral and written agreements.

EXECUTIVE

Dated: August 21, 2008

/s/ Michael A. Martino
Executive Signature

Michael A. Martino
Executive

SONUS PHARMACEUTICALS

Dated: August 19, 2008

/s/ Robert E. Ivy
Robert Ivy
Chairman of the Board of Directors

DOCSOC/1249949v4/019324-007
1249949.4

EXHIBIT A

Notice of Termination

DOCSOC/1298181v2/019324-0071

SONUS PHARMACEUTICALS, INC.
22026 20TH Avenue, Suite 201
Bothell, Washington, 98021

August 19,2008

Mr. Michael A. Martino
c/o SONUSPharmaceuticals, Inc.
220226 20th Avenue, Suite 201
Bothell, Washington 98021

Please be advised that pursuant to Section 1 of your Severance/Change in Control Agreement dated January 4, 2008 (the "Agreement"), the Board of Directors has determined that your employment with Sonus Pharmaceuticals, Inc. will terminate effective immediately prior to the Effective Time of the Arrangement, as such terms are defined in the Arrangement Agreement, dated May 27,2008, between Sonus Pharmaceuticals, Inc. and OncoGenex Technologies, Inc.

We thank you for your sustained and dedicated service to the Company over the past several years and wish you the best in your future endeavors.

Sincerely,

SONUS PHARMACEUTICALS, INC.

/s/ Robert E. Ivy
Robert E. Ivy
Chairman of the Board

DOCSOC/1298224v1/019324-007

EXHIBIT B

Severance Agreement

EXHIBIT C

Insider Trading and Confidentiality Agreements

SONUS
Pharmaceuticals

Employee Agreement Regarding Confidential Information And Intellectual Property

In consideration of my employment, compensation and benefits with SONUS Pharmaceuticals, Inc. (SONUS) and for other valuable consideration, I agree as follows:

1. I will not, without SONUS's prior written permission, disclose to anyone outside of SONUS, or use in any other than SONUS's business, either during or after my employment, any confidential information or material of SONUS, or any information or material of SONUS, or any information or material received in confidence from third parties by SONUS. If I leave the employ of SONUS, I will return all property of SONUS in my possession, including but not limited to, all office equipment, and the original and copies of all files, records, or other documents (whether stored on paper or electronically) as well as all confidential information or material in any forms.

2. I will not, without SONUS's prior written permission, either during or after my employment, solicit, recruit or induce SONUS employees or consultants to leave the company to accept employment or consultancy with another organization.

3. Confidential Information or material of SONUS is any information or material:

   (a) generated or collected by, or utilized in the operations of SONUS that relate to the actual or anticipated business or research and development of SONUS; or

   (b) suggested by or resulting from any task assigned to me, or work performed by me for or on behalf of SONUS, and which has not been made available generally to the public.

   (c) Confidential Information shall include, but not be limited to, SONUS information encompassed in all drawings, designs, drugs, medical devices, formulations, test data or results, original writings, soflware in various stages of development (source code, object code, documentation, diagrams and flow charts), plans, proposals, marketing and sales plans, financial information, cost or pricing information, and customer lists.

4. I will not disclose to SONUS, use in its business, bring on to SONUS premises or cause SONUS to use, any information or material which is confidential to others.

5. I will comply, and do all things necessary for SONUS to comply with, the laws and regulations of all governments under which SONUS does business, and with provisions of contracts between any such government or its contractors and SONUS that relate to the intellectual property or to the safeguarding of information.

6. I agree that the fruits of my labor as an employee shall belong solely to SONUS. To the full extent provided by law, any inventions or original works of authorship I conceive or create in the course of my employment shall be considered "works for hire" and shall belong solely and exclusively to SONUS. In addition, I will communicate to SONUS promptly and fully, and hereby assign to SONUS, my entire right, title and interest in any idea, invention, discovery, concept, including, but not limited to, drugs, medical devices, hardware and apparatuses, processes and methods, formulas, computer programs and techniques, and any other work of authorship (all hereinafter called "Developments"), and patent applications filed and patents granted thereon, including those in foreign countries, which are hereafter made or conceived solely or jointly by me, or created wholly or in part by me, whether or not such Developments are patentable, copyrightable, or susceptible to other forms of protection, provided that the Developments:

   (a) relate to the actual or anticipated business or research or development of SONUS; or

   (b) are suggested by or result from any task assigned to me or work performed by me for or on behalf of SONUS.

   The foregoing paragraph does not apply to any invention for which no equipment, supplies, facilities, or trade secrets of SONUS were used and which was developed entirely on my own time, unless the invention relates directly to the business of SONUS or results from any work performed by me for SONUS. However, I agree to disclose inventions being developed for the purposes of determining employer or employee rights in accordance with paragraph 7 below and Washington Statute §14.05.

7. In connection with any of the Developments assigned by paragraph 6:

   (a) I will promptly communicate and disclose them to SONUS; and

   (b) I will, on SONUS's request, promptly execute any documents necessary to effectuate the assignment of all rights to SONUS, and do anything else reasonably necessary to enable SONUS to secure a patent, mask work right, copyright or other form of protection therefor in the United States and in any other foreign country.

8. SONUS and its licensees (direct or indirect) are not required to designate me as the author or inventor of any development assigned in paragraph 6 when distributed publicly or otherwise, nor to make any distribution. I waive and release to the extent permitted by law all of my rights to the foregoing.

9. I have identified on Schedule 1 hereof all Developments not assigned by paragraph 6 in which I have any right, title or interest, and which were previously made or conceived solely or jointly by me, or written wholly or in part by me; and which relate to the actual or anticipated business or research or development of SONUS, but neither published nor filed in any patent office. If I do not have any to identify, I have written "none" on this line: None.

10. For purposes of enforcing this Agreement, I hereby consent to jurisdiction in the Superior Court of Washington for the County of King.

11. If any legal action is necessary to enforce this Agreement, the prevailing party shall be entitled to recover attorneys' fees.

12. This Agreement does not guarantee me any term of employment, or limit SONUS's right to terminate my employment at any time with or without cause.

13. This Agreement represents the full and complete understanding between me and SONUS with respect to the matters set forth herein and supersedes all prior representations and understandings, whether oral or written. My obligations under this Agreement shall be binding upon my heirs, executors, administrators or other legal representatives or assigns, and this Agreement shall inure to the benefit of SONUS, its successors and assigns. This Agreement may not be modified, released or terminated, in whole or in part, except by an instrument signed in writing by an officer of Sonus.

Signed: /s/ Michael A. Martino Dated: May 6, 1999

SONUS PHARMACEUTICALS, INC.

Signed: /s/ Steven D. Quay, M.D., Ph.D. Dated: May 21, 1999

Its: Chairman and CEO

c:\work\Inteprop.doc revised April 30, 1999

SCHEDULE 1
Excluded Prior Developments Which Relate
To the Actual or Anticipated Business or
Research or Development of SONUS

RECEIPT AND ACKNOWLEDGMENT

I, Michael A. Martino, hereby acknowledge that I have received and read a copy of the ***"Procedures and Guidelines Governing Insider Trading and Tipping"*** and agree to comply with its terms. I understand that violation of insider trading or tipping laws or regulations may subject me to severe civil and/or criminal penalties, and that violation of the terms of the above-titled policy may subject me to discipline by the Company up to and including termination for cause.

/s/ Michael A. Martino
Signature

1/27/00
Date

Print Name Michael A. Martino

EXHIBIT D

Supplemental Older Workers Benefit Protection Act Notice

The following supplemental information is provided to employees age 40 or older pursuant to the federal Older Workers Benefit Protection Act:

A. The employees affected/covered by this termination consists of the following: current CEO and current CFO.

B. The eligibility factors for this termination are: The Company has considered all appropriate facts and circumstances in making the decision to reorganize, reduce its workforce, and eliminate job positions, including the Company's current and anticipated financial condition, business plans, operational needs, and personnel levels needed to perform necessary current and reasonably anticipated future work, and the skills, versatility and work record of its employees.

C. The time limits for this reduction in force are: The termination is expected to be carried out on August 20, 2008.

D. The job titles and ages for all employees selected for layoff are as follows:

Title	Age
Chief Executive Officer	52
Chief Financial Officer	52

E. The ages of the employees in your same job classification or organizational unit who were not selected for layoff are as follows: None.

EXECUTIVE TERMINATION AGREEMENT AND GENERAL RELEASE

This EXECUTIVE TERMINATION AGREEMENT AND GENERAL RELEASE ("Executive Termination Agreement" or "Agreement") is entered into between Alan Fuhrman ("Executive") and Sonus Pharmaceuticals, Inc. (to be renamed "OncoGenex Pharmaceuticals, Inc.") (referred to herein as "Sonus" or "Employer").

WHEREAS, both parties to this Agreement wish to clearly set forth the terms of Executive's termination for "Good Reason" from employment with Employer.

Now, THEREFORE, in exchange for the severance pay and other benefits described in this Agreement, Executive and Employer agree as follows:

1. As a result of the restructuring of Employer's operations, Executive's employment with Employer shall terminate effective as of the date set out in the written notice from Sonus to Executive ("Termination Date"), which notice is attached hereto as Exhibit A, and be deemed a termination for "Good Reason."

2. Executive represents and agrees that, with the exception of the compensation and benefits to be provided to Executive pursuant to the terms of the January 11, 2008 Letter Agreement signed by Executive and Sonus, a copy of which is attached hereto as Exhibit B ("January 2008 Severance Agreement"), he has received all compensation owed to him by Employer through his Termination Date, including any and all wages, bonuses, commissions, earned but unused vacation, reimbursable business expenses, incentives, stock options, and any other payments, benefits, or other compensation of any kind to which he was entitled from Employer.

3. In reliance on Executive's promises, representations, and releases in this Agreement, after Employer's receipt of this executed Executive Termination Agreement and provided that Executive does not revoke this Agreement pursuant to Paragraph 7, Employer will provide to Executive all compensation and benefits set out in the January 2008 Severance Agreement. A severance payout of $255,900.00, plus accrued vacation and executive life and disability premium reimbursement, will be made on August 29, 2008.

4. In exchange for the consideration provided to Executive as set forth above, Executive agrees to waive and release all claims, known and unknown, which he has or might otherwise have had against Employer, on behalf of itself and all of its past or present parent, subsidiaries, and related entities, employer-sponsored employee benefit and/or welfare plans, and all of their past and present officers, directors, shareholders, executives, managers, supervisors, agents, employees, trustees, representatives, affiliates and successors (hereinafter collectively referred to as "the Released Parties"), arising prior to the date he/she signs this Agreement, including without limitation, any and all claims regarding any aspect of his/her employment, compensation, or the termination of his/her employment with Employer, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, 42 U.S.C. section 1981, the Fair Labor Standards Acts, the WARN Act, all Washington anti-discrimination statutes and labor laws, the Employee Retirement Income Security Act, 29 U.S.C. section 1001, et seq., all as amended, any other federal, state or local law, regulation or ordinance or public policy, contract, tort or property law theory, or any other cause of action whatsoever that arose on or before the date Executive signs this Agreement.

5. It is further understood and agreed that as a condition of this Agreement, all claims against the Released Parties, known and unknown, are expressly waived by Executive. Thus, for the purpose of implementing a full and complete release and discharge of the Released Parties, Executive expressly acknowledges that this Agreement is intended to include and does include in its effect, without limitation, all claims which Executive does not know or suspect to exist in his favor against the Released Parties at the time of execution hereof, and that this Agreement expressly contemplates the extinguishment of all such claims.

6. Executive agrees to withdraw with prejudice all complaints or charges, if any, he has filed against any of the Released Parties with any agency or court. Executive agrees that hereafter he will never file any lawsuit, complaint, or charge against any Released Party based on the claims released in this Executive Termination Agreement.

7. The release in this Agreement includes, but is not limited to, claims arising under federal, state or local law for age, race, sex or other forms of employment discrimination and retaliation. In accordance with the Older Workers Benefit Protection Act, Executive acknowledges and agrees that:

(a) Executive has read and understands this Agreement in its entirety;

(b) Executive has been advised by this writing to consult with an attorney concerning this Agreement before signing it;

(c) Executive has forty-five (45) calendar days after receipt of this Agreement to consider its terms before signing it;

(d) Executive has the right to revoke this Agreement in full within seven (7) calendar days of signing it by notifying Employer in writing of such revocation, and none of the terms and provisions of this Agreement shall become effective or be enforceable until such revocation period has expired;

(e) Employer has provided Executive with information in writing (see Exhibit "D" attached hereto) describing (1) the eligibility factors for receipt of benefits, (2) the group of executives, including the job title and age of each, eligible to receive benefits, (3) the ages of all individuals in the same job classification or organizational unit who are not eligible to receive benefits, and (4) any time limit applicable to the availability of such benefits;

(f) Nothing contained in this Agreement waives any claim that may arise after the date of its execution; and

(g) Executive executes this Agreement knowingly and voluntarily, without duress or reservation of any kind, and after having given the matter full and careful consideration.

8. Executive, Employer and the Releasing Parties agree that they will not disparage or talk negatively about each other to anyone.

9. Executive understands and acknowledges the significance and consequences of this Agreement. Executive acknowledges that it is voluntary and he has not signed it as a result of any coercion. Executive acknowledges that he/she was given sufficient time to consider this Agreement, and that he has signed it only after giving careful consideration to its terms.

10. Executive further acknowledges that during his employment, he has executed Insider Trading and Confidentiality Agreements attached hereto as Exhibit C. Executive understands and agrees that these agreements shall remain in full force and effect after Executive's termination. Executive further acknowledges, understands and agrees that Executive has continuing obligations to the Company under these Insider Trading and Confidentiality Agreements, and that the severance consideration outlined in this Executive Termination Agreement would not have been provided to Executive without his/her express agreement to continue to comply with the terms and conditions of all such Insider Trading and Confidentiality Agreements.

11. Executive has returned or will return to Employer prior to the payment of severance pursuant to this Agreement, all of the Company's property and documents in his possession or under his control, including, without limitation, all keys and card key badges to company buildings or property, all company owned equipment, and all reports, documents, software, manuals, controls, equipment, files, materials, data, trade secrets, confidential or proprietary information, passwords, employee information, any other Company information in his/her possession and any and all copies thereof in whatever form, whether hard copies, electronic or otherwise.

12. This Executive Termination Agreement shall not be construed against any party merely because that party drafted or revised the provision in question, and it shall not be construed as an admission by any of the Released Parties of any improper, wrongful, or unlawful actions, or any other wrongdoing against Executive, and the Released Parties specifically disclaim any liability to or wrongful acts against Executive.

13. Executive acknowledges that the Released Parties have made no promises to him/her other than those set forth in the January 2008 Severance Agreement, and this Executive Termination Agreement. Executive further acknowledges and agrees that he/she is not entitled to receive, and will not claim, any right, benefit, compensation, or relief other than what is expressly set forth herein in this Executive Termination Agreement. This Agreement may be modified only by written agreement signed by both parties.

14. This Agreement is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein. It supersedes any other such promises or representations, other than the January 2008 Severance Agreement and the Insider Trading Agreements and Confidentiality Agreements executed by Executive during his/her employment which agreements remain in full force and effect. This Agreement shall bind the heirs, personal representatives, successors and assigns of both Executive and Employer. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question shall be modified by the court so as to be rendered enforceable. This Agreement shall be deemed to have been entered into and shall be construed and enforced in accordance with the laws of the State of Washington as any action for breach of this Agreement may only be filed in federal or state courts applicable to King County, Washington.

15. This Executive Termination Agreement, the January 2008 Severance Agreement and all previously executed Insider Trading Agreements and Confidentiality Agreements, which are incorporated herein by this reference and remain in full force and effect, contain the entire agreement between the parties regarding the subject matter hereof, and supersede any and all prior and

contemporaneous oral and written agreements.

EXECUTIVE

Dated: 21-Aug-08

/s/ Alan Fuhrman
Executive Signature

Alan Fuhrman
Executive

SONUS PHARMACEUTICALS

Dated: 18 Aug 08

/s/ Michael A. Martino
Michael A. Martino
President/CEO

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1249949.4

EXHIBIT A

Notice of Termination

DOCSOC/1249949v4/019324-0007
1249949.4

SONUS PHARMACEUTICALS, INC.
22026 20TH Avenue, Suite 201
Bothell, Washington, 98021

August 19,2008

Mr. Alan Fuhrman
c/o SONUS Pharmaceuticals, Inc.
220226 20th Avenue, Suite 201
Bothell, Washington 98021

Please be advised that pursuant to Section 1 of your Severance/Change in Control Agreement dated January 11, 2008 (the "Agreement"), the Board of Directors has determined that your employment with Sonus Pharmaceuticals, Inc. will terminate effective immediately prior to the Effective Time of the Arrangement, as such terms are defined in the Arrangement Agreement, dated May 27,2008, between Sonus Pharmaceuticals, Inc. and OncoGenex Technologies, Inc.

We thank you for your sustained and dedicated service to the Company over the past several years and wish you the best in your future endeavors.

Sincerely,

SONUS PHARMACEUTICALS, INC.

/s/ Robert E. Ivy
Robert E. Ivy
Chairman of the Board

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EXHIBIT B

Severance Agreement

DOCSOC/1249949v4/019324-0007
1249949.4

EXHIBIT C

Insider Trading and Confidentiality Agreements

DOCSOC/1249949v4/019324-0007
1249949.4

SONUS pharmaceuticals

Employee Agreement Regarding Confidential Information and Intellectual Property

In consideration of my employment, compensation and benefits with Sonus Pharmaceuticals, Inc. (Sonus) and for other valuable consideration, I agree as follows:

1. I will not, without the prior written permission of Sonus, disclose to anyone outside of Sonus, or use in any manner, other than in connection with the business of Sonus, either during or after my employment, any Confidential Information or Material of Sonus (as defined by provision 4 below), or any information or material received in confidence from third parties by Sonus. If I reveal or threaten to reveal Confidential Information, Sonus shall be entitled to an injunction restraining me from disclosing such Confidential Information, or from rendering any services to any entity to whom such Confidential Information has been or is threatened to be disclosed. The right to secure an injunction is not exclusive and Sonus may pursue any other remedies it has against me for threatened breach of this condition, including recovery of damages from me.

2. If I leave the employ of Sonus, I will return all property of Sonus in my possession, including but not limited to, all office equipment, and the original and copies of all files, records, or other documents (whether stored on paper or electronically) as well as all Confidential information or Material in any form.

3. While employed at Sonus and for the period of 2 years after the date of termination of my employment at Sonus (the "Restricted Period"), I will not, directly or indirectly, without the written permission of Sonus, whether for my account or for the account of any other Person (excluding Sonus), intentionally (i) solicit, endeavor to entice or induce any employee or consultant of Sonus to terminate his employment or relationship with Sonus or accept employment or a consultant relationship with anyone else, (ii) solicit, endeavor to entice or induce any customers, clients or potential customers or clients of Sonus to terminate their relationship with Sonus or (iii) interfere in a similar manner with the business of Sonus. In the event that this provision relating to the Restricted Period shall be declared by a court of competent jurisdiction to exceed the maximum time period such court deems reasonable and enforceable, the Restricted Period deemed reasonable and enforceable by the court shall become and thereafter be the maximum time period. While employed at Sonus, I will not engage in any other employment, consulting or other activity relating to the business in which Sonus is now or may hereafter become engaged or which would otherwise conflict with my obligations to Sonus.

4. Confidential Information or Material of Sonus is any information or material, whether written, oral, visual or electronic:

   (a) generated or collected by, or utilized in the operations of Sonus that relate to the actual or anticipated business or research and development of Sonus; or

(b) suggested by or resulting from any task assigned to me, or work performed by me for or on behalf of Sonus.

(c) Confidential Information or Material of Sonus shall include, but not be limited to, Sonus information encompassed in all drawings, designs, drugs, medical devices, formulations, test data or results, original writings, software in various stages of development (source code, object code, documentation, diagrams and flow charts), plans, proposals, marketing and sales plans, financial information, cost or pricing information, customer lists, trade secrets, ideas, suppliers and other information that has value to Sonus, its customers or business partners.

5. I will not disclose to Sonus, use in its business, bring on to Sonus premises or cause Sonus to use, any information or material which is confidential to others.

6. I will comply, and do all things necessary for Sonus to comply with, the laws and regulations of all governments under which Sonus does business, and with provisions of contracts between any such government or its contractors and Sonus that relate to the intellectual property or to the safeguarding of information.

7. I agree that the fruits of my labor as an employee shall belong solely to Sonus. To the full extent provided by law, any and all inventions, products, designs, discoveries, and work product of any nature (collectively, the "Work Product"), whether or not patentable, copyrightable or trademarked, which I have conceived and/or made, in whole or in part, during my employment by Sonus, and which have any applicability to any aspect of the business or anticipated research or development of Sonus, or the business or anticipated research or development of any of the subsidiaries of Sonus, as determined by Sonus, shall be the sole and exclusive property of Sonus, and by the execution hereof, I hereby irrevocably assign, transfer and convey to Sonus all of my right, title and interest in and to all Work Product which may be developed during my employment by Sonus. To the full extent provided by law, any inventions or original works of authorship I conceive or create in the course of my employment shall be considered "works for hire" and shall belong solely and exclusively to Sonus.

This provision does not apply to any Work Product for which no equipment, supplies, facilities, or trade secret information of Sonus was used and which was developed entirely on my own time, unless (a) the invention related directly to the business or anticipated research or development of Sonus, or (b) the invention results from any work performed by me for Sonus. However, I agree to disclose inventions being developed for the purposes of determining employer or employee rights in accordance with provision 10 below and Washington Statute §14.05 and RCW 49.44.140 and 150.

8. In connection with any Work Product assigned by provision 7:

(a) I will promptly communicate and disclose them to Sonus after such Work Product has been conceived and/or made in the detail necessary to permit Sonus to understand same and practice them without the exercise of further inventive skill; and

(b) I will, on the request of Sonus, promptly execute any documents necessary to effectuate the assignment of all rights to Sonus, and do anything else reasonably necessary to enable Sonus to secure a patent, mask work right, copyright or other form of protection therefor in the United States and in any other foreign country. However, my failure to so execute any such documents shall in no way be deemed to affect the assignment, transfer and conveyance of such Work Product to Sonus. Notwithstanding anything to the contrary in this provision, if I believe that a specific idea or basis of a Work Product would not have any applicability to any aspect of the business or anticipated research or development of Sonus, or the business or anticipated research or development of any subsidiary of Sonus, I may propose such idea or basis for Work Product in writing to Sonus and request consent from Sonus that such Work Product will not be subject to the provisions hereof.

9. Sonus and its licensees (direct or indirect) are not required to designate me as the author or inventor of any development assigned in provision 7 when distributed publicly or otherwise, nor to make any distribution. I waive and release to the extent permitted by law all of my rights to the foregoing.

10. Solely for the purpose of determining my rights or the rights of Sonus, I have identified on Schedule 1 hereof all inventions, original works of authorship, developments, improvements and trade secrets that were made by me prior to my engagement by Sonus or that I am currently developing. Such inventions include those which are not assigned by paragraph 7 in which I have any right, title or interest, and which were previously made or conceived solely or jointly by me, or written wholly or in part by me, and which relate to the actual or anticipated business or research or development of Sonus, but neither published nor filed in any patent office. If I do not have any to identify, I have written "none on this line: NONE.

11. For purposes of enforcing this Agreement, I hereby consent to jurisdiction in the Superior Court of Washington for the County of King.

12. If any legal action is necessary to enforce this Agreement, the prevailing party shall be entitled to recover attorneys' fees.

13. This Agreement does not guarantee me any term of employment, or limit the right of Sonus to terminate my employment at any time with or without cause.

14. lf, for any reason, any provision of this Agreement is held invalid, such provision and all other provisions of this Agreement shall remain in effect to the fullest extent permitted by law. If this Agreement is held invalid or cannot be enforced, then to the full extent permitted by law any prior

agreement between Sonus (or any predecessor thereof) and you shall be deemed reinstated as if this Agreement had not been executed.

15. This Agreement represents the full and complete understanding between me and Sonus with respect to the matters set forth herein and supersedes all prior representations and understandings, whether oral or written, My obligations under this Agreement shall be binding upon my heirs, executors, administrators or other legal representatives or assigns, and this Agreement shall inure to the benefit of Sonus, its successors and assigns. This Agreement may not be modified, released or terminated, in whole or in part, except by an instrument signed in writing by an officer of Sonus.

Signed: /s/ Alan Fuhrman Dated: 9/22/04

SONUS PHARMACEUTICALS Dated: 9/22/04

Signed: /s/ Heather Stanley
Title: HR Rep

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SCHEDULE I

Excluded Prior Developments Which Relate To the Actual or Anticipated Business or Research or Development of SONUS

RCW 49.44.140
Requiring assignment of employee's rights to inventions -Conditions.

(1) A provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this state and is to that extent void and unenforceable.

(2) An employer shall not require a provision made void and unenforceable by subsection (1) of this section as a condition of employment or continuing employment.

(3) If an employment agreement entered into after September 1, 1979, contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work preformed [performed] by the employee for the employer.

[1979 ex.s. c 177 § 2.]

RCW 49.44.150
Requiring assignment of employee's rights to inventions -- Disclosure of inventions by employee.

Even though the employee meets the burden of proving the conditions specified in RCW 49.44.140, the employee shall, at the time of employment or thereafter, disclose all inventions being developed by the employee, for the purpose of determining employer or employee rights. The employer or the employee may disclose such inventions to the department of employment security, and the department shall maintain a record of such disclosures for a minimum period of five years.

[1979 ex.s. c 177 § 3.)

RECEIPT AND ACKNOWLEDGMENT

I, E. Alan Fuhrman, hereby acknowledge that I have received and read a copy of the "**Procedures and Guidelines Governing Insider Trading and Tipping**" and agree to comply with its terms. I understand that violation of insider trading or tipping laws or regulations may subject me to severe civil and/or criminal penalties, and that violation of the terms of the above-titled policy may subject me to discipline by the Company up to and including termination for cause.

/s/ E. Alan Fuhrman
Signature

09-17-04
Date

Print Name Alan Fuhrman

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EXHIBIT D

Supplemental Older Workers Benefit Protection Act Notice

The following supplemental information is provided to employees age 40 or older pursuant to the federal Older Workers Benefit Protection Act:

A. The employees affected/covered by this termination consists of the following: current CEO and current CFO.

B. The eligibility factors for this termination are: The Company has considered all appropriate facts and circumstances in making the decision to reorganize, reduce its workforce, and eliminate job positions, including the Company's current and anticipated financial condition, business plans, operational needs, and personnel levels needed to perform necessary current and reasonably anticipated future work, and the skills, versatility and work record of its employees.

C. The time limits for this reduction in force are: The termination is expected to be carried out on August 20, 2008.

D. The job titles and ages for all employees selected for layoff are as follows:

Title	Age
Chief Executive Officer	52
Chief Financial Officer	52

E. The ages of the employees in your same job classification or organizational unit who were not selected for layoff are as follows: None.

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EXHIBIT 10.27

EMPLOYMENT AMENDING AGREEMENT

THIS AGREEMENT, made as of the 28th day of June, 2007.

BETWEEN:

ONCOGENEX TECHNOLOGIES INC. a corporation incorporated under the laws of Canada and having an office at Vancouver, British Columbia

(together with any subsidiaries hereinafter referred to as the "Company").

OF THE FIRST PART

AND:

STEPHEN ANDERSON, an individual residing in West Vancouver, British Columbia

(hereinafter referred to as the "Employee")

OF THE SECOND PART

WHEREAS the Company and the Employee entered into an employment agreement dated January 9, 2006 (the "Employment Agreement") relating to the employment of the Employee;

AND WHEREAS the Company and the Employee wish to amend the terms of the Employment Agreement as provided herein;

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties agree as follows:

1. CONSTRUCTION

Terms having a capitalized first letter and not otherwise defined herein shall have the meaning ascribed to them in the Employment Agreement.

2. AMENDMENT

Article 6.5(a) of the Employment Agreement is hereby deleted and replaced with the following:

"(a) four (4) weeks notice plus an additional two weeks for each full year of the Employee's employment at the date such notice is given (the "**Severance Period**"), to a maximum of twenty-six (26) weeks, or pay in lieu of notice (" **Severance**") of an amount determined by multiplying the Employee's average weekly earnings ((inclusive of Base Salary and Bonus) where such average is calculated over the 104 week period (or such lesser period if the Employee is terminated in accordance with this Article 6.5 less than 2 years from the Effective Date) immediately preceding the Severance Period) by the number of weeks in

the Severance Period; or in the event of a "Change in Control" whereunder, in the event the Company undergoes a change of control resulting from a merger or acquisition with another entity, and the Employee is terminated, Severance amount equal to 12 months. The Severance may be paid to the Employee either in a lump sum or by equal weekly, semi-monthly or monthly installments for the duration of the Severance Period, at the Company's sole discretion.".

3. GENERAL

The Employment Agreement as amended by this Agreement comprises the entire agreement between the Parties with respect to the Employee's provision of services to the Company and replaces and supersedes any and all previous verbal or written agreements that may have been entered into. For clarity, except as provided in Article 2 herein, the Employment Agreement remains unamended and in full force and effect between the parties to this Agreement. This Agreement may not be amended or modified except by written amendment signed between the Parties hereto.

This Agreement may be executed by the parties in separate counterparts and by facsimile, each of which such counterparts when so executed and delivered shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

ONCOGENEX TECHNOLOGIES INC.

Per: /s/ Scott Cormack
(Authorized Signatory)

/s/ Sandra Thomson
Witness

/s/ Stephen Anderson
STEPHEN ANDERSON

EXECUTION VERSION

AMENDED AND RESTATED LICENSE AGREEMENT

THIS AMENDED AND RESTATED LICENSE AGREEMENT ("Agreement") is made and entered into effective as of July 2, 2008 (the "Amendment Effective Date"), by and between ONCOGENEX TECHNOLOGIES INC., having offices at #400 - 1001 West Broadway, Vancouver, B.C. V6H 4B1 ("OncoGenex") and ISIS PHARMACEUTICALS, INC., having principal offices at 1896 Rutherford Road, Carlsbad CA 92008-7208 ("Isis"). OncoGenex and Isis each may be referred to herein individually as a "Party," or collectively as the "Parties."

WHEREAS, the Parties entered into a Collaboration and Co-Development Agreement dated November 16, 2001 (the "Original Collaboration Agreement") which collaboration resulted in the development of OGX-011, a second generation antisense inhibitor of Clusterin;

AND WHEREAS, the Parties now wish for OncoGenex to proceed with unilateral development of OGX-011 and Products and in this connection wish to enter into this Agreement to amend and restate the Original Collaboration Agreement, as provided herein.

NOW, THEREFORE, the Parties do hereby agree as follows:

ARTICLE 1
DEFINITIONS

Capitalized terms used in this Agreement and not otherwise defined herein have the meanings set forth in Appendix A.

ARTICLE 2
TERMINATION OF COLLABORATION

Section 2.1 **Previous Collaboration.** Pursuant to the Original Collaboration Agreement, commencing November 16, 2001 the Parties collaborated to jointly develop OGX-011 and the Products to the present stage of development (the Collaboration"). As of the Amendment Effective Date, the Collaboration is terminated.

ARTICLE 3
CESSATION OF OPERATION OF COLLABORATION

Section 3.1 **Dissolution of Operating Committee.** Pursuant to Article 3 of the Original Collaboration Agreement, the Parties established an "Operating Committee" to oversee the Collaboration. As of the Amendment Effective Date, the Operating Committee is hereby dissolved and the Operating Committee will have no further responsibility, authority or function.

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*Certain information in this exhibit has been omitted as confidential, as indicated by [***]. This information has been filed separately with the Commission.

ARTICLE 4
LICENSE GRANT, TECHNOLOGY TRANSFER, DILIGENCE

Section 4.1 **License Grant.**

4.1.1 Nonexclusive License. Subject to the terms and conditions of this Agreement, Isis hereby grants to OncoGenex a worldwide, nonexclusive license, with the right to grant sublicenses as set forth in Section 4.1.2 below, under the Isis Core Technology, Isis Core Technology Patents, Isis Manufacturing Technology and Isis Manufacturing Patents to research, develop, make, have made, use, gain regulatory approval, commercialize, sell, offer for sale, have sold, export and import OGX-011 and Products for all uses.

4.1.2 Sublicenses. The licenses granted to OncoGenex under this Article 4 are sublicensable only in connection with a license of OGX-011 or a Product to any Affiliate of OncoGenex or to any Third Party, in each case for the continued Development and Commercialization of OGX-011 or such Product in accordance with the terms of this Agreement, *provided* that (i) such Affiliate or Third Party will agree in writing to be bound by and subject to all applicable terms and conditions of this Agreement in the same manner and to the same extent as OncoGenex, and (ii) OncoGenex will remain responsible for the performance of this Agreement and will cause such Affiliate or Third Party to comply with the applicable terms and conditions of this Agreement. In addition to the requirements and limitations set forth above, with respect to the Isis Manufacturing Technology, OncoGenex will (a) name Isis as a third party beneficiary with the right to directly enforce Article 7 (Confidentiality) of this Agreement against such Affiliate or Third Party, (b) promptly notify Isis in writing specifically identifying the Isis Manufacturing Technology to be disclosed to such Third Party and identifying by name such Third Party and (c) use appropriate precautions and include provisions in such sublicense to protect the Isis Manufacturing Technology such that the sublicensee will not use any Isis Manufacturing Technology to manufacture any other ASOs for Third Parties and in any event OncoGenex will not provide to any Third Party manufacturer any batch record transferred by Isis to OncoGenex under this Agreement.

4.1.3 Follow On/Back-up Compounds. At OncoGenex' request, Isis and OncoGenex will negotiate in good faith a reasonable research plan and corresponding budget, at the same FTE rate as set forth in the Original Collaboration Agreement, to identify exclusively for OncoGenex additional MOE Gapmers that modulate Clusterin ("Follow-on Compounds"). In such event and after OncoGenex has paid Isis pursuant to such research plan, the definition of "Product" under this Agreement shall include the Follow-on Compounds.

4.1.4 Improvements. To the extent that Isis has the right to license an Improvement, the Parties will negotiate in good faith regarding the use of any such Improvement to research, develop, make, have made, use, gain regulatory approval, commercialize, sell, offer for sale, have sold, export and import OGX-011 and Products for all uses. If OncoGenex gives to Isis written notice of its desire to obtain a license to an Improvement, the Parties shall negotiate in good faith and attempt to reach mutual agreement upon a commercially reasonable agreement under which OncoGenex obtains a license under such Improvement, and all patent and other intellectual property rights therein and thereto, to research, develop, make, have made, use, sell, offer for sale, have sold and import Products. The license will be sublicensable in accordance

with Section 4.1.2. If requested by OncoGenex, Isis will give to OncoGenex a written description of such Improvement in reasonably specific detail, together with such data and information as reasonably requested by OncoGenex.

4.1.5 Exclusivity. Subject to Section 12.2.2, neither Isis nor any of its Affiliates will (a) engage, on behalf of itself or for any other party, in the research, development, manufacture, production, release or commercialization of ASOs that act predominantly by [***] Clusterin [***] or that are [***] Clusterin [***] or products containing such ASOs, or (b) grant to any other party any license, immunity or other right, in each case other than a Permitted License or as otherwise set forth on Appendix F, to do any of the foregoing. Isis represents and warrants that all Permitted Licenses as of the Amendment Effective Date are listed on Appendix F.

4.1.6 [***] **and** [***] **Patents.** Without limiting OncoGenex' obligations under Section 6.2.4, Isis will timely pay in full all amounts required to be paid by Isis, and timely perform in full all obligations required to be performed by Isis, under the [***] Agreement and the [***] Agreement. Without the prior express written consent of OncoGenex (such consent not to be unreasonably withheld, conditioned or delayed), Isis will not (and will take no action or make no omission to) modify or waive any material provision of the [***] Agreement or the [***] Agreement that could impair the value of the sublicenses granted to OncoGenex under the [***] Agreement or the [***] Agreement, or to terminate or have terminated the [***] Agreement or the [***] Agreement.

Section 4.2 **Assignment, Technology Transfer.**

4.2.1 Assignment. Isis previously has assigned and transferred, or will assign and transfer, and hereby does assign and transfer, to OncoGenex or its designee, all rights, title, and interests in and to the Product-Specific Technology and the Product-Specific Technology Patents. Simultaneously with the execution of this Agreement, Isis will execute and deliver a confirmatory assignment relating to all Product-Specific Technology Patents listed on Appendix G.

4.2.2 Isis Transfer of Technology. Subject to the terms and conditions of this Agreement, Isis will transfer to OncoGenex, or a Third Party designate selected solely by OncoGenex, (a) all know-how required to use and interpret the Release Methods, (b) all software necessary for the conduct of the Release Methods, (c) the Supply Chain Network necessary for the manufacture of the Product, (d) any Isis Core Technology, (e) any Product-Specific Technology and (f) the Isis Manufacturing Technology, in each case Controlled by Isis on the Amendment Effective Date.Isis will use Commercially Reasonable Efforts to complete such transfer pursuant to this Section 4.2.1 within 120 days following the Amendment Effective Date. If (i) such transfer requires more than [***] (ii) such transfer is made to a Third Party manufacturer, or (iii) OncoGenex reasonably requests further technical assistance with respect thereto, then, in each case, OncoGenex will pay to Isis the standard Isis FTE rate for the time to complete such transfer or to provide such assistance. Any transfer made under this Section 4.2.1 is subject to Section 4.1.2 and Article 7.

4.2.3 Transfer of Records. Isis will provide to OncoGenex promptly following OncoGenex' written request, (a) all batch records related to any Product, including but not

limited to corresponding release data, (b) toxicity and pharmacokinetic data and reports related to such Product, (c) pharmacology data and reports related to such Product, (d) Product and OGX-011 characterization data, (e) Product and OGX-011 stability data, (f) any other records, including, but not limited to, raw data or interim or final reports, related to such Product or OGX-011, and (g) all Regulatory Documents, in each case that are in the possession of Isis or its Affiliates, or any third party engaged by Isis or any of its Affiliates. OncoGenex will promptly share with Isis a summary of the data and results related to each clinical trial conducted by OncoGenex that was completed or commenced prior to the Amendment Effective Date in substantially the form, and with substantially the content, of OncoGenex' regular reports provided to its board of directors regarding such clinical trial, but in any event by the later of (i) 60 days following the Amendment Effective Date and (ii) the date OncoGenex comes into possession of such information.

Section 4.3 Supply of Existing OGX-011. Isis will supply OncoGenex, and OncoGenex will purchase from Isis, the [***] grams of OGX-011 API in Isis' possession as of the Amendment Effective Date for a purchase price of [***] in accordance with the terms and conditions of Purchase Order No. 184, dated February 14, 2006, issued by OncoGenex to Isis (including without limitation the specifications, warranties and other obligations set forth in the Terms and Conditions of Purchase attached thereto, other than the purchase price and payment terms), with the same effect, and to the same extent, as if such supply and purchase had been made pursuant to such Purchase Order. In connection therewith, Isis shall deliver to OncoGenex an updated Certificate of Analysis dated not more than ninety (90) days prior to the date of delivery to OncoGenex. OncoGenex acknowledges and agrees that in order to perform the testing necessary to provide the updated certificate of analyses, Isis will need to use approximately [***] grams of such API. Within ninety (90) days following the receipt by OncoGenex of such API and such Certificate of Analysis, each provided in accordance herewith, OncoGenex shall pay to Isis the purchase price set forth in this Section 4.3 and take delivery of the API purchased by OncoGenex hereunder plus approximately [***] grams of API previously purchased by OncoGenex.

Section 4.4 **Diligence.** OncoGenex will use Commercially Reasonable Efforts to develop and commercialize OGX-011 and Products.

ARTICLE 5
DEVELOPMENT & COMMERCIALIZATION

Section 5.1 **Development, Commercialization and Regulatory Responsibilities.** OncoGenex will have sole responsibility, including without limitation sole responsibility for all funding, resourcing and decision making, for all further development and commercialization with respect to OGX-011 and Products. OncoGenex hereby assumes all regulatory responsibilities in connection with OGX-011 and Products, including sole responsibility for all Regulatory Documents and for obtaining all regulatory approvals. OncoGenex will comply with all Applicable Laws in connection with the development and commercialization of OGX-011 and Products. All INDs, NDAs, MAAs and other regulatory filings for OGX-011 and Products will be owned by OncoGenex.

Section 5.2 **Reports by OncoGenex.** At Isis' request, after the first anniversary of the Amendment Effective Date, OncoGenex will provide an annual report to Isis summarizing

OncoGenex' development and commercialization activities over the past year regarding the Product in substantially the form, and with substantially the content, of OncoGenex' regular reports provided to its board of directors regarding the Product. In addition, OncoGenex will promptly respond to any reasonable follow-up questions Isis may have regarding such reports solely to the extent necessary to determine whether OncoGenex is in compliance with its obligations to use Commercially Reasonable Efforts under Section 4.4. Isis shall have the right to use such reports solely to reasonably determine whether OncoGenex is in compliance with its obligations to use Commercially Reasonable Efforts under Section 4.4.

Section 5.3 **Safety Database.** Isis maintains a database that includes information regarding the safety and tolerability of its drug compounds, individually and as a class, including information discovered during pre-clinical and clinical development (the "Isis Database").

5.3.1 To the extent OncoGenex and its Affiliates have collected data and information specifically regarding Products, and subject to Applicable Law, including, without limitation, all applicable privacy laws, rules and regulations (such as the Health Insurance Portability Accountability Act), any applicable informed consents, and any obligations or restrictions imposed by Third Party clinical sites relating to dissemination or use of such data and information, in an effort to maximize understanding of the safety profile and pharmacokinetics of Isis compounds, OncoGenex will provide Isis with the following: (a) copies of [***] and [***] summary reports, and [***] final reports, in each case specifically regarding Products, and (b) in connection with any reported [***] (including any follow-up or amended reports) specifically regarding a Product, the following [***] regarding the applicable Product: (i) [***]; (ii) [***] usage; (iii) particulars of [***]; (iv) [***] history [***]; and (v) [***]. All such data and information disclosed by OncoGenex to Isis in connection with this Section 5.3, together with any data and information related to the [***] of each Product and any [***], will be OncoGenex' Confidential Information. Isis shall use such Confidential Information solely for the purpose of populating the Isis Database, and for no other purpose. Isis shall not disclose any such Confidential Information to any Third Party; *provided, however*, that Isis may conduct analyses to keep Isis and its partners informed regarding class generic safety and pharmacokinetic properties of ASOs so long as Isis does not disclose to such Third Parties the identity of the applicable Product, Clusterin as the target, OncoGenex or its Affiliates (or any information that would foreseeably reveal the identity of the applicable Product, Clusterin as the gene target, OncoGenex or its Affiliates) or any patient identifying information.

5.3.2 To the extent that [***] OncoGenex under this Agreement collects safety and tolerability data or information specifically regarding a Product, OncoGenex shall use commercially reasonable efforts to obtain from such sublicensee (a) the right to provide to Isis (whether through OncoGenex or its Affiliate, or directly from such sublicensee) the [***] described in [***] and (b) the right of Isis to [***] for the purposes described in [***]. Only sublicensees that agree to provide such [***] and grant Isis the right to use such [***] as set forth herein, will have the right to access the results of any queries requested by OncoGenex. If and when Isis identifies safety, pharmacokinetic or other related issues that may be relevant to a Product [***] Isis will promptly inform OncoGenex of such issues, and if requested, provide the data and information supporting Isis' conclusions regarding such issues. In addition, at OncoGenex' reasonable request and at no cost to OncoGenex, Isis will [***] the Isis Database to provide OncoGenex information regarding [***] or other related issues.

5.3.3 To the extent OncoGenex or its Affiliate obtains safety and tolerability data or information specifically regarding a Product, and such data or information is subject to any restrictions or obligations imposed by a Third Party clinical site, OncoGenex shall use commercially reasonable efforts to obtain from such Third Party clinical site (a) the right to provide to Isis the data and information described in this Section 5.3, and (b) the right of Isis to use such data and information for the purposes described in this Section 5.3.

ARTICLE 6
FINANCIAL PROVISIONS

Section 6.1 **Initial Payment by OncoGenex.** The Parties acknowledge and agree that OncoGenex paid to Isis $500,000 (U.S.) under section 5.1 of the Original Collaboration Agreement.

Section 6.2 **Royalty Payments by OncoGenex; Royalty Term.**

6.2.1 **Royalty Rate.** In consideration of Isis' collaborative efforts under the Original Collaboration Agreement and the licenses and assignments granted hereunder, OncoGenex will pay Isis a base royalty of [***]% of the Net Sales of a Product. In addition, OncoGenex will pay Isis [***]% of Royalty Revenue in excess of [***]% of Net Sales of Third Parties to a maximum additional royalty payable to Isis of [***]% of Net Sales of Third Parties.

6.2.2 [***] **.** Notwithstanding anything to the contrary in this Agreement, if (i) OncoGenex has an agreement with a Third Party for the further development or commercialization of a Product pursuant to which such Third Party is selling the Product (a "Commercialization Agreement"), (ii) under such Commercialization Agreement the [***] by such Third Party to OncoGenex [***] of such Product under such Commercialization Agreement [***] and (iii) a [***] in any country would not be infringed by the making, using or selling of a Product in such country by an unauthorized party, then with respect to such Product in such country, (a) the applicable [***]% base royalty rate, and the [***]% threshold for and [***]% cap on the additional royalty, under Section 6.2.1 above shall be [***] as such [***] and (b) the aggregate royalty owing to Isis shall not exceed [***] of the Royalty Revenue retained by OncoGenex.

6.2.3 [***]**.**

(a) Notwithstanding anything to the contrary in this Agreement, subject to Section 6.2.3(c), if (i) OncoGenex has a Commercialization Agreement, and (ii) under such Commercialization Agreement the [***] to OncoGenex on the [***] under such agreement because [***] then with respect to such Product, the applicable [***]% royalty rate, and the [***]% threshold and the [***] on the additional royalty under Section 6.2.1 above shall be reduced in the same manner and in the same proportion as such [***].

(b) Notwithstanding anything to the contrary in this Agreement, subject to Section 6.2.3(c) if (i) OncoGenex does not have a Commercialization Agreement, and (ii) in any quarter, there are one or more [***] OncoGenex may [***] above on a country-by-country and Product-by-Product basis by [***] represents of the [***] in such country as reported by IMS plus (b) [***] in such country, in each case in such quarter. By way of example, if in any quarter

the [***] in a country represents 50% of the [***] of the Product plus all [***] OncoGenex may reduce the royalties due to Isis under Section 6.2.1 by [***] in such country. Nothing in this Section 6.2.3 shall modify the obligations of OncoGenex under [***] required pursuant to the [***] Agreement and the [***] Agreement.

(c) This Section will not apply to [***] by Isis or a Third Party in a country under a license granted by Isis pursuant to Section 12.2.2, unless a Valid Claim within the Product-Specific Technology Patents, Isis Core Technology Patents, Isis Manufacturing Patents or Joint Patents in such country would not be infringed by the making, using or selling of such Product in such country by an unauthorized party.

6.2.4 Third Party Payments. In addition to the royalty set forth in Section 6.2.1, OncoGenex will pay to Isis (i) a royalty of [***]% of Net Sales of such Product to the extent required pursuant to the [***] Agreement; and (ii) a royalty of [***]% of Net Sales of such Product to the extent required pursuant to the [***] Agreement. In the event that Isis negotiates a reduction or elimination of the royalties with [***] or [***] following the Amendment Effective Date, the royalties due under the referenced license agreements will still be paid to Isis.

6.2.5 Noncumulative Relief. If the conditions described in Sections 6.2.2 and 6.2.3 have been met such that, under both provisions, OncoGenex would be entitled to [***] OncoGenex may [***] by applying the greater of the [***] such that under no circumstances will Sections 6.2.2 and 6.2.3 work together to cumulatively [***].

Section 6.3 **Royalty Term.** Royalties payable under Section 6.2 will be payable for each Product on a country-by-country basis from the first commercial sale of a Product in such country until the date that is the later of (i) [***] after the first commercial sale of a Product in such country or (ii) the expiration of the last to expire Valid Claim within the Product-Specific Technology Patents, Isis Core Technology Patents, Isis Manufacturing Technology or Joint Patents which would be infringed by the making, using or selling of the applicable Product in the applicable country by an unauthorized party.

Section 6.4 **Timing of Royalty Payments; Preliminary Report.**

6.4.1 The royalties calculated in Sections 6.2 or 6.3 will become due and payable within 40 days after each respective Royalty Due Date and will be calculated in respect of the Net Sales in the calendar quarter period ending with the applicable Royalty Due Date; *provided, however*, that if the royalties are adjusted in accordance with Section 6.2.3, then such royalties will become due and payable within the later of (a) forty (40) days after each respective Royalty Due Date, and (b) fifteen (15) days after the applicable IMS data is available for the applicable quarter as necessary to fully calculate the royalty reduction under Section 6.2.3. Furthermore, OncoGenex agrees to supply Isis the information Isis reasonably requires to comply with any third party payments under Section 6.3. In the event the applicable IMS data is no longer available, the Parties agree to negotiate in good faith a reasonable, mutually-acceptable data source to be used in place of IMS data for purposes of calculating the royalty reduction under Section 6.2.3. In the event the applicable IMS data (or other reasonable, mutually-acceptable data described above) is only available on a date that is significantly later than forty (40) days after the respective Royalty Due Date, the Parties agree to negotiate in good faith a reasonable,

mutually-acceptable mechanism providing for the payment by OncoGenex, within forty (40) days after the respective Royalty Due Date, of the estimated royalty payment for a quarter based on commercially reasonable assumptions, and the prompt true-up (in the form of an additional payment, repayment or credit, as applicable) of such estimated payment once the actual royalty payment for such quarter may be calculated.

6.4.2 In addition, during the Term following the first commercial sale of any Product, within 10 Business Days after the Royalty Due Date, OncoGenex will provide Isis a preliminary non-binding quarterly royalty report estimating the total Net Sales of Product and royalty payable for such calendar quarter. Unless required by applicable law or OncoGenex has already publicly disclosed such information, Isis shall not directly or indirectly in any manner whatsoever, publicly disclose the information contained in the preliminary royalty report estimate without first confirming such information against the payment made by OncoGenex under Section 6.4.1 above for the applicable period, and without expressly acknowledging that such information is a preliminary non-binding estimate only. Notwithstanding anything to the contrary in this Agreement, (a) any breach by Isis of its obligations under Section 6.4.2 shall constitute a material breach under this Agreement, and (b) OncoGenex will not be liable to Isis for any Loss Isis may suffer as a result of Isis publicly disclosing information contained in such a preliminary non-binding quarterly royalty report estimate.

Section 6.5 **Non-Royalty Revenue Payments by OncoGenex.** Non-Royalty Revenue will be allocated between the Parties based on the timing of when OncoGenex signs a sublicensing agreement with a Third Party for the Product as follows:

Timing of signing a sublicensing agreement	Isis share of Non-Royalty Revenue	OncoGenex share of Non-Royalty Revenue
(a) Prior to the initiation (i.e. first patient dosed) of a first Registration Clinical Trial for a Product	[***]%	[***]%
(b) After (a) but prior to enrolling 20% of the planned patients in the first Registration Clinical Trial for a Product	[***]%	[***]%
(c) After (b) but prior to obtaining marketing approval from a Regulatory Authority	[***]%	[***]%
(d) After (c)	[***]%	[***]%

6.5.1 Third Party Payments on Non-Royalty Revenue. Isis will be solely responsible for passing through the Third Party Payments owing to [***] and [***] on Non-Royalty Revenue, if any.

Section 6.6 **Timing of Non-Royalty Revenue Payments.** Isis share of Non-Royalty Revenue calculated in Section 6.5 will become due and payable within twenty-one (21) days after receipt of the applicable Non-Royalty Revenue by OncoGenex.

Section 6.7 **Payment Method.** Any amounts due to Isis pursuant to this Agreement will be paid in U.S. dollars by wire transfer in immediately available funds to an account designated by Isis. Any payments or portions thereof due hereunder which are not paid on the date such payments are due under this Agreement will bear interest at a rate equal to the lesser of the prime rate as published in *The Wall Street Journal*, Eastern Edition, on the first day of each calendar quarter in which such payments are overdue, plus two percent (2%), or the maximum rate permitted by law, whichever is lower, calculated on the number of days such payment is delinquent, compounded monthly.

Section 6.8 **Currency; Foreign Payments.** If any currency conversion will be required in connection with any payment hereunder, such conversion will be made by using the daily noon buying rates as published by the Federal Reserve Bank of New York on the last business day of the calendar quarter to which such payments relate. If at any time legal restrictions prevent the prompt remittance of any payments in any jurisdiction, OncoGenex may notify Isis and make such payments by depositing the amount thereof in local currency in a bank account or other

depository in such country in the name of Isis or its designee, and OncoGenex will have no further obligations under this Agreement with respect thereto.

Section 6.9 **Taxes.** OncoGenex may deduct from any amounts it is required to pay to Isis pursuant to this Agreement an amount equal to that withheld for or due on account of any taxes (other than taxes imposed on or measured by net income) or similar governmental charge imposed on Isis by a jurisdiction of OncoGenex ("Withholding Taxes"). OncoGenex will provide Isis a certificate evidencing payment of any Withholding Taxes hereunder within 30 days of such payment. OncoGenex will notify Isis as soon as practicable once OncoGenex has determined it will deduct the amount of any Withholding Taxes from its payments to Isis under this Section 6.9. Each Party agrees to cooperate with the other Party in claiming refunds or exemptions from such deductions or withholdings under any relevant agreement or treaty which is in effect. The Parties shall discuss applicable mechanisms for minimizing such taxes to extent possible in compliance with Applicable Law. In addition, the Parties shall cooperate in accordance with Applicable Law to minimize indirect taxes (such as value added tax, sales tax, consumption tax and other similar taxes) in connection with this Agreement.

Section 6.10 **Records Retention; Audit.**

6.10.1 Regulatory Records. With respect to the subject matter of this Agreement, OncoGenex will maintain, or cause to be maintained, records of its research, development, manufacturing and commercialization activities, including all Regulatory Documentation, pursuant to its standard operating procedures. All Regulatory Documentation will be retained for a period at least as may be required by Applicable Law.

6.10.2 Record Retention. OncoGenexwill maintain (and will ensure that its sublicensees will maintain) complete and accurate books, records and accounts that fairly reflect Revenue and the royalties payable to Isis under this Agreement (including the calculation of Net Sales and any adjustments under Section 6.2) with respect to the Product in sufficient detail to confirm the accuracy of any payments required hereunder and in accordance with GAAP, which books, records and accounts will be retained until the later of (i) 3 years after the end of the period to which such books, records and accounts pertain, and (ii) the expiration of the applicable tax statute of limitations (or any extensions thereof), or for such longer period as may be required by Applicable Law.

6.10.3 Audit. Isis will have the right to have an independent certified public accounting firm of nationally recognized standing, reasonably acceptable to OncoGenex, have access during normal business hours, and upon reasonable prior written notice, to such of the records of OncoGenex as may be reasonably necessary to verify the accuracy of Revenues for any calendar quarter or calendar year ending not more than 24 months prior to the date of such request; *provided, however*, that Isis will not have the right to conduct more than one such audit in any Calendar Year except as provided below. Isis will bear the cost of such audit unless the audit reveals a variance of more than 5% from the reported results, in which case OncoGenex will bear the cost of the audit. Isis will have the right to audit previous years, if such years have not been previously audited, if the audit reveals a variance of more than 5% from the reported results. Isis will bear the cost of such previous year audits unless such audits reveal a variance of more than

5%. The results of such accounting firm will be final and binding upon each of Isis and OncoGenex, absent manifest error.

6.10.4 Payment of Additional Amounts. If, based on the results of such audit, additional payments are owed by OncoGenex under this Agreement, OncoGenex will make such additional payments, with interest from the date originally due at the rate of 1% per month, within 60 days after the date on which such accounting firm's written report is delivered to OncoGenex.

6.10.5 Confidentiality. Isis will treat all information subject to review under this Section 6.10 as OncoGenex' Confidential Information in accordance with the confidentiality provisions of Article 7 and will cause its accounting firm to enter into a reasonably acceptable confidentiality agreement with OncoGenex obligating such firm to maintain all such financial information in confidence pursuant to such confidentiality agreement. The accounting firm will disclose to Isis only whether the reports are correct or not and the amount of any discrepancy. No other information will be shared.

ARTICLE 7
CONFIDENTIALITY

Section 7.1 **Disclosure and Use Restriction.** Except as expressly provided herein, the Parties agree that, for the Term and for five (5) years thereafter, each Party will keep completely confidential and will not publish, submit for publication or otherwise disclose, and will not use for any purpose except for the purposes contemplated by this Agreement, any Confidential Information received from the other Party.

7.1.1 Authorized Disclosure. Each Party may disclose Confidential Information of the other Party to the extent that such disclosure is:

(a) made in response to a valid order of a court of competent jurisdiction; *provided, however*, that such Party will first have given notice to such other Party and given such other Party a reasonable opportunity to quash such order and to obtain a protective order requiring that the Confidential Information and documents that are the subject of such order be held in confidence by such court or agency or, if disclosed, be used only for the purposes for which the order was issued; and provided further that if a disclosure order is not quashed or a protective order is not obtained, the Confidential Information disclosed in response to such court or governmental order will be limited to that information which is legally required to be disclosed in response to such court or governmental order;

(b) otherwise required by law; *provided, however*, that the disclosing Party will provide such other Party with notice of such disclosure in advance thereof to the extent practicable;

(c) made by such Party to the Regulatory Authorities as required in connection with any filing, application or request for Regulatory Approval; *provided, however*, that reasonable measures will be taken to assure confidential treatment of such information;

(d) made by such Party, in connection with the performance of this Agreement, to permitted sublicensees, licensors, directors, officers, employees, consultants, representatives or agents, each of whom prior to disclosure must be bound by obligations of confidentiality and non-use at least equivalent in scope to those set forth in this Article 7; or

(e) made by such Party to existing or potential acquirers; existing or potential pharmaceutical collaborators (to the extent contemplated hereunder); investment bankers; existing or potential investors, merger candidates, partners, venture capital firms or other financial institutions or investors for purposes of obtaining financing; or, bona fide strategic potential partners; each of whom prior to disclosure must be bound by obligations of confidentiality and non-use at least equivalent in scope to those set forth in this Article 7.

Section 7.2 **Publicity.**

7.2.1 Press Releases Regarding Agreement. Upon execution of this Agreement, the Parties shall issue a joint press release announcing the existence of this Agreement in a form and substance agreed to in writing by the Parties. Each Party agrees not to issue any other press release or other public statement disclosing other information relating to this Agreement or the transactions contemplated hereby without the prior written consent of the other Party, except for those communications required by Applicable Law or court order, disclosures of information for which consent has previously been obtained, and information of a similar nature to that which has been previously disclosed publicly with respect to this Agreement, each of which will not require advance approval, but will be provided to the other Party as soon as practicable after the release or communication thereof.

7.2.2 Press Releases Regarding Products.

(a) OncoGenex may publish, present or otherwise disclose results regarding OGX-011 or Product to the public at its sole discretion; *however*, any press release or other similar public communication by either Party related to a Product's efficacy or safety data and/or results, will be submitted to the other Party for review at least 4 Business Days in advance of such proposed public disclosure. Notwithstanding the foregoing, if the Party is making a disclosure that is reasonably required by applicable law, regulation or court order and cannot practically submit the disclosure to the other Party within the 4 Business Day advance notice period above, the disclosing Party may provide the other Party the disclosure [***] advance notice as is practical under the circumstances, but in any event at least [***] written notice. OncoGenex may satisfy its notice obligation under this Section 7.2.2(a) by emailing and telephoning either Isis' Chief Executive Officer or Chief Operating Officer, and Isis may satisfy its notice obligation under this Section Section 7.2.2(a) by emailing and telephoning OncoGenex' Chief Executive Officer.

(b) In addition, each Party will immediately notify (and provide as much advance notice as possible to) the other of any event materially related to Product (including any regulatory approval) so that the Parties may analyze the need to or desirability of publicly disclosing or reporting such event.

ARTICLE 8
TECHNOLOGY AND PATENTS

Section 8.1 **Ownership.**

8.1.1 Ownership of Technology and Patents.

(a) As between OncoGenex and Isis, Isis will solely own all right, title and interest to the Isis Core Technology, Isis Core Technology Patents, Isis Manufacturing Technology and Isis Manufacturing Patents.

(b) As between OncoGenex and Isis, OncoGenex will solely own all right, title and interest to the OncoGenex Technology and OncoGenex Technology Patents.

(c) Except as otherwise set forth in clauses (a) and (b) above, and in Section 4.2.1, as between OncoGenex and Isis, (i) OncoGenex will solely own all right, title and interest in all discovery, invention, data, information, trade secret, know-how or other technology (the "Technology") conceived or reduced to practice solely by employees or agents of OncoGenex, together with all patents and other intellectual property rights therein and thereto; (ii) Isis will solely own all right, title and interest in and to all Technology conceived or reduced to practice solely by employees or agents of Isis, together with all patents and other intellectual property rights therein and thereto; and (iii) OncoGenex and Isis will jointly own all right, title and interest in all Joint Technology, together with all patents and other intellectual property rights therein and thereto. Each party will have the right, subject to the provisions of this Agreement, to freely exploit, transfer, license or encumber its rights in any Joint Patents without the consent of, or payment or accounting to, the other party.

8.1.2 Ownership of Regulatory Documentation. All Regulatory Documentation with respect to the Product will be owned by OncoGenex.

Section 8.2 **Prosecution of Patents.**

8.2.1 Isis Rights. Isis will have the sole right, at its cost and expense and at its sole discretion, to obtain, prosecute and maintain throughout the world the Isis Patent Rights, including, but not limited to the Isis Core Technology Patents and the Isis Manufacturing Patents, but excluding the Product-Specific Technology Patents and the Joint Patents. Isis will keep OncoGenex informed of the status of all Isis Core Technology Patents and Isis Manufacturing Patents by way of an annual listing and reasonably detailed written status report.

8.2.2 OncoGenex Rights. OncoGenex will have the sole right, at its cost and expense and at its sole discretion, to file, obtain, prosecute and maintain throughout the world any OncoGenex Technology Patents, Product-Specific Technology Patents and the Joint Patents.

8.2.3 Cooperation. Each Party will cooperate in the preparation, filing, prosecution, and maintenance of the other Party's Patents, the Product-Specific Technology Patents and the Joint Patents, as required. Such cooperation includes promptly executing all papers and instruments and requiring employees to execute such papers and instruments as reasonable and

appropriate so as to enable such other Party, to file, prosecute, and maintain its Patents in any country.

Section 8.3 **Enforcement of Patents.**

8.3.1 Rights and Procedures. If Isis or OncoGenex determines that any Isis Patent Rights or OncoGenex Patent Rights are being infringed by a Third Party's activities and that such infringement could affect the exercise by OncoGenex of its rights under this Agreement, it will promptly notify the other Party in writing and provide such other Party with any evidence of such infringement that is reasonably available.

(a) Isis Core Technology Patents and Isis Manufacturing Patents. Subject to 8.3.1(e) Isis will have the sole right, but not the obligation, at its own expense, to remove infringement of Isis Core Technology Patents and Isis Manufacturing Patents using commercially appropriate steps, including the filing of an infringement suit or taking other similar action, and OncoGenex or a Third Party licensee of the Product will have the right, at its own expense, to be represented in any such action; *provided, however*, that (i) if Isis fails to bring an action or proceeding within ninety (90) days following notice of such infringement, or earlier notifies OncoGenex or a Third Party licensee of the Product in writing of its intent not to take such steps, and (ii) the infringement is likely to have a material adverse effect on OncoGenex' or a sub-licensee' development, manufacture, production, release or commercialization of the Product, then OncoGenex and/or the Third Party licensee of the Product will meet with Isis to determine whether to defend against such infringement, and if the Parties mutually agree in writing to proceed in defending such infringement, Isis will remove the infringement using commercially appropriate steps, and OncoGenex or the Third Party will share in the reasonable costs incurred relating to the removal of any such infringement on an equal basis. If however, (i) the Parties cannot mutually agree in writing to proceed in removing such infringement, (ii) the product in question is a Competing Product, and (iii) OncoGenex requests in writing that Isis remove such infringement (an "OncoGenex Mandate"), then Isis (at OncoGenex' sole expense) will remove the infringement using commercially appropriate steps. In either case, Isis may not settle, or otherwise consent to an adverse judgment in, such infringement that diminishes the rights or interests of OncoGenex without the prior express written consent of OncoGenex.

(b) In the event of an (i) OncoGenex Mandate (ii) Isis refuses to remove the infringement in a country using commercially appropriate steps (as determined, if necessary, in accordance with the dispute resolution provisions in Section 13.15) and (iii) such Competing Product is actually being sold in such country, then the [***].

(c) OncoGenex Technology Patents. Subject to 8.3.1(e) OncoGenex will have the sole right, but not the obligation, at its own expense, to remove infringement of OncoGenex Technology Patents using commercially appropriate steps, including the filing of an infringement suit or taking other similar action, and Isis will have the right, at its own expense, to be represented in any such action.

(d) Product-Specific Technology Patents and Joint Patents. Subject to 8.3.1(e) OncoGenex will have the sole right, but not the obligation, at its own expense, to

remove infringement of Product-Specific Technology Patents and Joint Patents using commercially appropriate steps, including the filing of an infringement suit or taking other similar action, and Isis will have the right, at its own expense, to be represented in any such action; *provided, however*, that if the Product has not been sublicensed to a Third Party and OncoGenex fails to bring an action or proceeding within ninety (90) days following notice of such infringement, or earlier notifies Isis in writing of its intent not to take such steps, Isis will have the right to do so at its expense, and OncoGenex will have the right, at its own expense, to be represented in any such action. Notwithstanding the foregoing, if the infringement is likely to have a material adverse effect on Isis' economic interest in the Product's development or commercialization, Isis and OncoGenex will meet to determine whether to defend against such infringement, and if the Parties mutually agree to proceed in defending such infringement, OncoGenex will remove the infringement using commercially appropriate steps, and Isis and OncoGenex will share in the reasonable costs incurred relating to the removal of any such infringement on an equal basis.

(e) Cooperation. The Party not enforcing the applicable Patent will provide reasonable assistance to the other Party, including, but not limited to, providing access to relevant documents and other evidence, making its employees available at reasonable business hours, and joining the action to the extent necessary to allow the enforcing Party to maintain the action.

8.3.2 Recovery. Any amounts recovered by either or both Parties, including Third Party licensees in connection with or as a result of any action contemplated by Section 8.3.1, whether by settlement or judgment, will be used to reimburse the Parties, including Third Party licensees for their reasonable costs and expenses in making such recovery (which amounts will be allocated pro rata if insufficient to cover the totality of such expenses). Furthermore, if Isis is enforcing Party under Section 8.3.1(a) or OncoGenex is the enforcing party, after reimbursing the Parties in accordance with the preceding sentence, OncoGenex will retain any remainder of the recovery as Net Sales and royalties will be payable by OncoGenex to Isis with respect to such Net Sales in accordance with this Agreement. If Isis is the enforcing party other than as set forth in Section 8.3.1(a), after reimbursing the Parties in accordance with the first sentence of this Section, any remainder will be kept by Isis.

Section 8.4 **Third Party Litigation.** In the event that a Third Party institutes a patent infringement suit (including any suit alleging the invalidity or unenforceability of the Patents of a Party) against either Party or Third Party licensees during the Term of this Agreement, alleging that any of the activities hereunder infringes one or more patent or other intellectual property rights held by such Third Party (an "Infringement Suit"), the Parties will cooperate with one another in defending such suit. Isis will have the sole right to control any defense of any such claim involving alleged infringement of Third Party rights by Isis' activities at its own expense and by counsel of its own choice, and OncoGenex will have the right, at its own expense, to be represented in any such action by counsel of its own choice. OncoGenex will have the sole right to control any defense of any such claim involving alleged infringement of Third Party rights by OncoGenex' activities, or that relates to the development, manufacture, production, release and commercialization of the Product, at its own expense and by counsel of its own choice, and Isis will have the right, at its own expense, to be represented in any such action by additional counsel of its own choice at its own expense.

Section 8.5 **No Challenge.** During the term of this Agreement, OncoGenex, its Affiliates and sublicensees will not, directly or indirectly, and will not collaborate with, or otherwise authorize any Third Party to challenge any Isis Patent Rights licensed by Isis to OncoGenex under this Agreement, including through opposition, re-examination, nullity or revocation proceeding, or other available administrative mechanism; provided, however, that, notwithstanding the foregoing, OncoGenex, its Affiliates and sublicensees shall have the right to comply with a subpoena duly issued in good faith by a Third Party, court or administrative order, or similar legal process for testimony or the production of documents.

ARTICLE 9
TERM AND TERMINATION

Section 9.1 **Term.** The term of this Agreement (the "Term") will continue in effect until such time as any Product is no longer being developed, manufactured, produced, released or commercialized hereunder, or unless terminated at an earlier date in accordance with the terms and conditions set forth in this Article 9. Isis will have the right to terminate this Agreement and/or any license granted by it hereunder solely in accordance with Article 12.

Section 9.2 **Rights in Bankruptcy.** All rights and licenses granted under or pursuant to this Agreement by Isis to OncoGenex are, and will otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101 of the United States Bankruptcy Code. The Parties agree that OncoGenex, as a licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the United States Bankruptcy Code. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against Isis under the United States Bankruptcy Code, OncoGenex will be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, which, if not already in OncoGenex' possession, will be promptly delivered to it (a) upon any such commencement of a bankruptcy proceeding upon OncoGenex' written request therefor, unless Isis elects to continue to perform all of its obligations under this Agreement or (b) if not delivered under clause (a) above, following the rejection of this Agreement by or on behalf of Isis upon written request therefor by OncoGenex.

Section 9.3 **Consequences of Expiration or Termination.**

9.3.1 **Licenses.** Upon expiration of the Term of this Agreement in accordance with Section Section 9.1 and payment of all amounts owed pursuant to this Agreement, the licenses granted by Isis to OncoGenex hereunder will terminate.

9.3.2 **Return of Information and Materials.** Upon expiration of this Agreement pursuant to Section Section 9.1 or upon termination of this Agreement in its entirety by either Party pursuant to this Article 9, each Party, at the request of the other Party, will return all data, files, records and other materials in its possession or control relating to such other Party's Technology, or containing or comprising such other Party's Information and Inventions or other Confidential Information and, in each case, to which the returning Party does not retain rights hereunder (except one copy of which may be retained for archival purposes). Notwithstanding

the foregoing, each Party may retain one (1) copy of the other Party's Confidential Information for its legal archives.

Section 9.4 **Accrued Rights; Surviving Obligations.**

9.4.1 Accrued Rights. Termination or expiration of this Agreement for any reason will be without prejudice to any rights or financial compensation that will have accrued to the benefit of a Party prior to such termination or expiration. Such termination or expiration will not relieve a Party from obligations that are expressly indicated to survive the termination or expiration of this Agreement.

9.4.2 Survival. Articles 7, 10, 12 and 13 of this Agreement, and Sections 4.2.1, 6.10, 8.1, 9.3, 9.4 and 11.4 will survive expiration or termination of this Agreement for any reason.

ARTICLE 10
INDEMNIFICATION AND INSURANCE

Section 10.1 **Indemnification of Isis.** OncoGenex will indemnify Isis, and their respective directors, officers, employees and agents, and defend and hold each of them harmless, from and against any and all losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) but only to the extent arising from or occurring as a result of any and all liability suits, investigations, claims, demands or actions by a Third Party (collectively, "Losses" and each a "Loss") to the extent arising from or occurring as a result of (a) whether or not negligence is found, the development, manufacture, use, handling, storage, sale or other commercialization or disposition of OGX-011 or any Product by OncoGenex or its Affiliates or licensees, (b) any material breach by OncoGenex of this Agreement, or (c) the gross negligence or willful misconduct on the part of OncoGenex or its licensees or sublicensees in performing any activity contemplated by this Agreement, except for those Losses for which Isis has an obligation to indemnify OncoGenex pursuant to Section 10.2, as to which Losses each Party will indemnify the other to the extent of their respective liability for the Losses.

Section 10.2 **Indemnification of OncoGenex.** Isis will indemnify OncoGenex, and their respective directors, officers, employees and agents, and defend and save each of them harmless, from and against any and all Losses to the extent arising from or occurring as a result of (a) any material breach by Isis of this Agreement, or (b) the gross negligence or willful misconduct on the part of Isis or its licensees or sublicensees in performing any activity contemplated by this Agreement, except for those Losses for which OncoGenex has an obligation to indemnify Isis pursuant to Section 9.1, as to which Losses each Party will indemnify the other to the extent of their respective liability for the Losses.

Section 10.3 **Indemnification Procedure.**

10.3.1 Notice of Claim. The indemnified Party will give the indemnifying Party prompt written notice (an "Indemnification Claim Notice") of any Loss upon which such indemnified Party intends to base a request for indemnification under Section 10.1 or Section 10.2, but in no event will the indemnifying Party be liable for any Losses that result from any delay in providing such notice. Each Indemnification Claim Notice must contain a description of the Loss and the nature and amount of such Loss (to the extent that the nature and amount of such Loss are known

at such time). The indemnified Party will furnish promptly to the indemnifying Party copies of all papers and official documents received in respect of such Loss. All indemnification claims in respect of a Party, its Affiliates or their respective directors, officers, employees and agents (collectively, the "Indemnitees" and each an "Indemnitee") will be made solely by such Party to this Agreement (the "Indemnified Party").

10.3.2 Third Party Claims. The obligations of an indemnifying Party under this Article 10 with respect to Losses arising from claims of any Third Party that are subject to indemnification as provided for in Section 10.1 or 10.2 (a "Third Party Claim") will be governed by and be contingent upon the following additional terms and conditions:

(a) Control of Defense. At its option, the indemnifying Party may assume the defense of any Third Party Claim by giving written notice to the Indemnified Party within 30 days after the indemnifying Party's receipt of an Indemnification Claim Notice. The assumption of the defense of a Third Party Claim by the indemnifying Party will not be construed as an acknowledgment that the indemnifying Party is liable to indemnify any Indemnitee in respect of the Third Party Claim, nor will it constitute a waiver by the indemnifying Party of any defenses it may assert against any Indemnitee's claim for indemnification. Upon assuming the defense of a Third Party Claim, the indemnifying Party may appoint as lead counsel in the defense of the Third Party Claim any legal counsel selected by the indemnifying Party. In the event the indemnifying Party assumes the defense of a Third Party Claim, the Indemnified Party will immediately deliver to the indemnifying Party all original notices and documents (including court papers) received by any Indemnitee in connection with the Third Party Claim. Should the indemnifying Party assume the defense of a Third Party Claim, the indemnifying Party will not be liable to the Indemnified Party or any other Indemnitee for any legal expenses subsequently incurred by such Indemnified Party or other Indemnitee in connection with the analysis, defense or settlement of the Third Party Claim. In the event that it is ultimately determined that the indemnifying Party is not obligated to indemnify, defend or hold harmless an Indemnitee from and against the Third Party Claim, the Indemnified Party will reimburse the indemnifying Party for any and all costs and expenses (including attorneys' fees and costs of suit) and any Losses incurred by the indemnifying Party in its defense of the Third Party Claim with respect to such Indemnitee.

(b) Right to Participate in Defense. Without limiting Section 10.3.2(a), any Indemnitee will be entitled to participate in, but not control, the defense of such Third Party Claim and to employ counsel of its choice for such purpose; *provided, however*, that such employment will be at the Indemnitee's own expense unless (i) the employment thereof has been specifically authorized by the indemnifying Party in writing, or (ii) the indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 10.3.2(a) (in which case the Indemnified Party will control the defense).

(c) Settlement. With respect to any Losses relating solely to the payment of money damages in connection with a Third Party Claim and that will not result in the Indemnitee's becoming subject to injunctive or other relief or otherwise adversely affect the business of the Indemnitee in any manner, and as to which the indemnifying Party will have acknowledged in writing the obligation to indemnify the Indemnitee hereunder, the indemnifying Party will have the sole right to consent to the entry of any judgment, enter into any settlement or

otherwise dispose of such Loss, on such terms as the indemnifying Party, in its sole discretion, will deem appropriate. With respect to all other Losses in connection with Third Party Claims, where the indemnifying Party has assumed the defense of the Third Party Claim in accordance with Section 9.3.2(a), the indemnifying Party will have authority to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss provided it obtains the prior written consent of the Indemnified Party (which consent will not be unreasonably withheld or delayed). The indemnifying Party will not be liable for any settlement or other disposition of a Loss by an Indemnitee that is reached without the written consent of the indemnifying Party. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, no Indemnitee will admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without the prior written consent of the indemnifying Party.

(d) Cooperation. Regardless of whether the indemnifying Party chooses to defend or prosecute any Third Party Claim, the Indemnified Party will, and will cause each other Indemnitee to, cooperate in the defense or prosecution thereof and will furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation will include access during normal business hours afforded to the indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Third Party Claim, and making Indemnitees and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the indemnifying Party will reimburse the Indemnified Party for all its reasonable out-of-pocket expenses in connection therewith.

(e) Expenses. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any claim will be reimbursed on a calendar quarter basis by the indemnifying Party, without prejudice to the indemnifying Party's right to contest the Indemnified Party's right to indemnification and subject to refund in the event the indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

Section 10.4 **Insurance.** OncoGenex shall maintain product liability insurance with respect to the development, manufacture and sale of Products hereunder by OncoGenex in such amount as OncoGenex customarily maintains with respect to the development, manufacture and sale of its similar products, but at a minimum an amount that is customarily maintained by similar companies in the life sciences industry with respect to the development, manufacture and sale of similar products. OncoGenex shall maintain such insurance for so long as it continues to develop, manufacture or sell any Product, and thereafter for so long as OncoGenex customarily maintains insurance covering the development, manufacture or sale of its similar products. Upon Isis' request, OncoGenex will provide Isis with a certificate of insurance evidencing such insurance.

ARTICLE 11
REPRESENTATIONS AND WARRANTIES

Section 11.1 **Representations, Warranties and Covenants.** Each Party hereby represents, warrants and covenants to the other Party as of the Amendment Effective Date as follows:

11.1.1 Corporate Authority. Such Party (a) has the power and authority and the legal right to enter into this Agreement and perform its obligations hereunder, and (b) has taken all necessary action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement has been duly executed and delivered on behalf of such Party and constitutes a legal, valid and binding obligation of such Party and is enforceable against it in accordance with its terms subject to the effects of bankruptcy, insolvency or other laws of general application affecting the enforcement of creditor rights and judicial principles affecting the availability of specific performance and general principles of equity, whether enforceability is considered a proceeding at law or equity.

11.1.2 Litigation. Such Party is not aware of any pending or threatened litigation (and has not received any communication) that alleges that such Party's activities related to this Agreement have violated, or that by conducting the activities as contemplated herein such Party would violate, any of the intellectual property rights of any other party.

11.1.3 Consents, Approvals, etc. All necessary consents, approvals and authorizations of all Regulatory Authorities and other parties required to be obtained by such Party in connection with the execution and delivery of this Agreement and the performance of its obligations hereunder have been obtained.

11.1.4 Conflicts. The execution and delivery of this Agreement and the performance of such Party's obligations hereunder (a) do not conflict with or violate any requirement of Applicable Law or any provision of the articles of incorporation, bylaws or any similar instrument of such Party, as applicable, in any material way, and (b) do not conflict with, violate, or breach or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

11.1.5 No Default. Such Party is not aware of any breach by it of any representation, warranty, or covenant in the Original Collaboration Agreement.

Section 11.2 **Additional Representations and Warranties of Isis.**

11.2.1 Isis represents and warrants to OncoGenex that Isis is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as it is contemplated to be conducted by this Agreement.

11.2.2 Isis represents and warrants to OncoGenex that the rights granted by Isis to OncoGenex as set forth in Article 4 include all necessary rights of Isis' technology, whether or not patented or patentable, which are owned or Controlled by Isis on the Amendment Effective Date and which are necessary or reasonably required for OncoGenex to research develop, make,

have made, use, sell, offer for sale, have sold and import the Product. Further, Isis represents and warrants to OncoGenex that Isis has not knowingly [***] whether or not patented or patentable, to develop, make or use OGX-011 under the Original Collaboration Agreement, that Isis could not [***] of this Agreement or that (in the case of broadly commercially available reagents, equipment and software) is not otherwise available on commercially reasonable terms along with the purchase or lease of such reagents, equipment and software.

11.2.3 Isis represents and warrants to OncoGenex that (i) Section 9.6 of the [***] Agreement states that the sublicense granted by Isis to OncoGenex under the [***] Agreement will survive termination of the [***] Agreement, and (ii) Section 4.3(b) of the [***] Agreement provides that if the [***] Agreement is terminated for any reason, then [***] will promptly negotiate in good faith a direct license of the sublicensed rights, on terms substantially similar to those contained in this Agreement, with OncoGenex, unless the actions or omissions of OncoGenex were a cause for termination of the [***] Agreement.

Section 11.3 **Additional Representations and Warranties of OncoGenex.** OncoGenex represents and warrants to Isis that OncoGenex is a corporation duly organized, validly existing and in good standing under the laws of Canada, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as it is contemplated to be conducted by this Agreement.

Section 11.4 **DISCLAIMER OF WARRANTY.** EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH IN SECTIONS 11.1, 11.2 AND 11.3, ONCOGENEX AND ISIS MAKE NO REPRESENTATIONS AND GRANT NO WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, AND ONCOGENEX AND ISIS EACH SPECIFICALLY DISCLAIM ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR ANY WARRANTY AS TO THE VALIDITY OF ANY PATENTS OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

ARTICLE 12
BREACH

Section 12.1 **Material Breach by Isis.** Failure by Isis to comply with any of its material obligations contained herein (including, without limitation, its technology transfer obligations under Section 4.2) will entitle OncoGenex to give Isis notice specifying the nature of the material breach, requiring Isis to make good or otherwise cure such default, and stating its intention to trigger the provisions of this Article 12 if such default is not cured. If such default is not cured within ninety (90) days after the receipt of such notice (or, if such default cannot be cured within such ninety (90) day period, if Isis does not commence actions to cure such default within such period and thereafter diligently continue such actions or if such default is not otherwise cured within ninety (90) days after the receipt of such notice), then OncoGenex will be entitled to appeal to the Courts to enforce specific performance upon Isis without prejudice to any of its other rights conferred on it by this Agreement, and in addition to any other remedies available to

the Courts as remedy for the breach and to continue to develop or commercialize the Product independently of Isis in accordance with this Agreement.

Section 12.2 **Breach by OncoGenex.**

12.2.1 Failure to Pay. If OncoGenex is in material breach of OncoGenex' obligation to make a payment to Isis under Article 6, then Isis may deliver written notice of such breach to OncoGenex. OncoGenex will have thirty (30) days following such notice to cure such breach. If OncoGenex receives written notice of such breach and fails to cure such breach within the 30 day period, Isis may declare a breach hereunder upon thirty (30) days advance written notice to OncoGenex and such notice will effectively terminate this Agreement upon expiration of such thirty (30) day period.

12.2.2 Discontinued Development. In the event of a Discontinuance or if OncoGenex materially breaches its diligence obligations under Section 4.4 which material breach is not cured by OncoGenex within ninety (90) days after receipt of written notice from Isis describing such material breach in reasonably specific detail, then in any such case, as Isis' sole and exclusive remedy therefor, Isis will have the right to terminate the [***] under [***] upon thirty (30) days prior written notice to OncoGenex and in such case OncoGenex will grant to Isis a worldwide license or sublicense, as the case may be, to the OncoGenex Product-Specific Technology, OncoGenex Patents, OncoGenex Technology and any Product-Specific Technology Patents assigned to OncoGenex under Section 4.2.1 (in the case of OncoGenex Patents and OncoGenex Technology that are the subject of one or more Third Party agreements, such license or sublicense shall be subject to all restrictions and obligations (including financial obligations) under such Third Party agreements) existing as of such date solely to develop, make, have made, use, sell, offer for sale, have sold and import Nonexclusive Clusterin ASOs (and any products containing such Nonexclusive Clusterin ASOs). For purposes of this Section 12.2.2, "Nonexclusive Clusterin ASOs" means ASOs that act predominantly by [***] Clusterin [***] or that are [***] to Clusterin [***] *provided, however* that Nonexclusive Clusterin ASOs will not include any ASO that (a) acts to modulate [***] Clusterin and (b) either (i) has the same [***] as OGX-011 or (ii) at the time of such Discontinuance or breach OncoGenex, its Affiliates or sublicensees had [***] (each, an "Exclusive ASO"). Within ninety (90) days following the effectiveness of any termination by Isis, pursuant to this Section 12.2.2, of the [***] OncoGenex shall provide Isis with a list describing the [***].

ARTICLE 13
MISCELLANEOUS

Section 13.1 **Force Majeure.** Except for any failure to make any payment required under Article 6, neither Party will be held liable or responsible to the other Party or be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement when such failure or delay is caused by or results from events beyond the reasonable control of the non-performing Party, including fires, floods, embargoes, shortages, epidemics, quarantines, war, acts of war (whether war be declared or not), insurrections, riots, civil commotion, strikes, lockouts or other labor disturbances, acts of God or acts, omissions or delays in acting by any governmental authority. The non-performing Party will notify the other Party of such force majeure within ten (10) days after such occurrence by giving written notice to

the other Party stating the nature of the event, its anticipated duration, and any action being taken to avoid or minimize its effect. The suspension of performance will be of no greater scope and no longer duration than is necessary and the non-performing Party will use Commercially Reasonable Efforts to remedy its inability to perform; *provided, however*, that in the event the suspension of performance continues for one-hundred and eighty (180) days after the date of the occurrence, the Parties will meet to discuss in good faith how to proceed in order to accomplish the development and commercialization of the Product as set forth in this Agreement.

Section 13.2 **Assignment.** Without the prior written consent of the other Party hereto, neither Party will sell, transfer, assign, delegate, pledge or otherwise dispose of, whether voluntarily, involuntarily, by operation of law or otherwise, this Agreement or any of its rights or duties hereunder; *provided, however*, that (i) either Party hereto may assign or transfer this Agreement or any of its rights or obligations hereunder without the consent of the other Party to any Third Party with which it has merged or consolidated, or to which it has transferred all or substantially all of its assets to which this Agreement relates if in any such event the Third Party assignee or surviving entity assumes in writing all of the assigning Party's obligations under this Agreement or (ii) Isis may assign or transfer its rights under Article 6 (but no liabilities) to a Third Party in connection with a royalty (or payment) factoring transaction. Any purported assignment or transfer in violation of this Section will be void *ab initio* and of no force or effect.

Section 13.3 **Severability.** If any provision of this Agreement is held to be illegal, invalid or unenforceable by a court of competent jurisdiction, such adjudication will not affect or impair, in whole or in part, the validity, enforceability, or legality of any remaining portions of this Agreement. All remaining portions will remain in full force and effect as if the original Agreement had been executed without the invalidated, unenforceable or illegal part.

Section 13.4 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia without reference to any rules of conflicts of laws.

Section 13.5 **Notices.** All notices or other communications that are required or permitted hereunder will be in writing and delivered personally with acknowledgement of receipt, sent by facsimile (and promptly confirmed by personal delivery, registered or certified mail or overnight courier as provided herein), sent by nationally-recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to OncoGenex, to:

OncoGenex Technologies Inc.
#400 - 1001 West Broadway
Vancouver, BC V6H 4B1
Attention: President
Facsimile: (604) 736-3687

with a copy to:

Doug Seppala
DuMoulin Black LLP
10th Floor, 595 Howe Street
Vancouver, British Columbia V6C 2T5
Facsimile: (604) 687-3635

If to Isis, to:

Isis Pharmaceuticals, Inc.
1896 Rutherford Road
Carlsbad, California 92008-7208
Attention: Executive Vice President
Facsimile: (760) 268-4922

with a copy to:

Attention: General Counsel
Facsimile: (760) 603-2707

or to such other address as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith. Any such communication will be deemed to have been given (i) when delivered, if personally delivered or sent by facsimile on a Business Day, (ii) on the Business Day after dispatch, if sent by nationally-recognized overnight courier, and (iii) on the third business day following the date of mailing, if sent by mail. It is understood and agreed that this Section 13.6 is not intended to govern the day-to-day business communications necessary between the Parties in performing their duties, in due course, under the terms of this Agreement.

Section 13.6 **Entire Agreement; Modifications.** This Agreement sets forth and constitutes the entire agreement and understanding between the Parties with respect to the subject matter hereof and all prior agreements, understanding, promises and representations, whether written or oral, with respect thereto are superseded hereby, including without limitation the Original Collaboration Agreement. For clarity, the Parties acknowledge and agree that the Original Collaboration Agreement remains in effect in accordance with its terms with respect to the period between the Start Date and the Amendment Effective Date. Each Party confirms that it is not relying on any representations or warranties of the other Party except as specifically set forth herein. No amendment, modification, release or discharge will be binding upon the Parties unless in writing and duly executed by authorized representatives of both Parties.

Section 13.7 **Relationship of the Parties.** It is expressly agreed that the Parties will be independent contractors of one another and that the relationship between the Parties will not constitute a partnership, joint venture or agency. Neither Party will have the authority to make any statements, representations or commitments of any kind, or to take any action, which will be binding on the other, without the prior written consent of the other to do so. All persons employed by a Party will be employees of such Party and not of the other Party and all costs and

obligations incurred by reason of any such employment will be for the account and expense of such Party.

Section 13.8 **Cooperation.** Isis will provide reasonable assistance to OncoGenex in respect of partnering discussions, financing activities and regulatory filings to support the development and commercialization of the Product. Notwithstanding the foregoing, Isis will not be required to modify or waive any provision of this Agreement in connection with partnering discussions or financing activities to support the development and commercialization of the Product.

Section 13.9 **Waiver.** Any term or condition of this Agreement may be waived at any time by the Party that is entitled to the benefit thereof, but no such waiver will be effective unless set forth in a written instrument duly executed by or on behalf of the Party waiving such term or condition. The waiver by either Party hereto of any right hereunder or of the failure to perform or of a breach by the other Party will not be deemed a waiver of any other right hereunder or of any other breach or failure by said other Party whether of a similar nature or otherwise.

Section 13.10 **Counterparts.** This Agreement may be executed in two (2) or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

Section 13.11 **No Benefit to Third Parties.** The representations, warranties, covenants and agreements set forth in this Agreement are for the sole benefit of the Parties hereto and their successors and permitted assigns, and they will not be construed as conferring any rights on any other parties.

Section 13.12 **Further Assurance.** Each Party will duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

Section 13.13 **References.** Unless otherwise specified, (a) references in this Agreement to any Article, Section, Schedule or Exhibit will mean references to such Article, Section, Schedule or Exhibit of this Agreement, (b) references in any section to any clause are references to such clause of such section, and (c) references to any agreement, instrument or other document in this Agreement refer to such agreement, instrument or other document as originally executed or, if subsequently varied, replaced or supplemented from time to time, as so varied, replaced or supplemented and in effect at the relevant time of reference thereto.

Section 13.14 **Construction.** Except where the context otherwise requires, wherever used, the singular will include the plural, the plural the singular, the use of any gender will be applicable to all genders and the word "or" is used in the inclusive sense (and/or). The captions of this Agreement are for convenience of reference only and in no way define, describe, extend or limit the scope or intent of this Agreement or the intent of any provision contained in this Agreement. The term "including" as used herein will mean including, without limiting the generality of any description preceding such term. The language of this Agreement will be deemed to be the

language mutually chosen by the Parties and no rule of strict construction will be applied against either Party hereto. Appendices to this Agreement, or added hereto according to the terms of this Agreement, are made part of this Agreement.

Section 13.15 **Dispute Resolution Regarding Diligence.**

13.15.1 General. The Parties will negotiate in good faith and use reasonable efforts to settle any dispute, controversy or claim arising regarding whether (i) OncoGenex has satisfied its diligence obligations under Section 4.4 of this Agreement or (ii) in the event of an OncoGenex Mandate, Isis has refused to remove the applicable infringement using commercially appropriate steps, by first referring such dispute to the Chief Executive Officers of each of the Parties (or their respective designees) who will use their good faith efforts to mutually agree upon the resolution of the dispute. If any dispute is not resolved by the Chief Executive Officers of the Parties (or their designees) within 30 days after such dispute is referred to them, and a Party wishes to pursue the matter, each such dispute, controversy or claim will be finally resolved by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA"), and judgment on the arbitration award may be entered in any court having jurisdiction thereof. The arbitration will be conducted by a panel of three persons experienced in the pharmaceutical business: within 30 days after initiation of arbitration, each party will select one person to act as arbitrator and the two party-selected arbitrators will select a third arbitrator within 30 days of their appointment. If the arbitrators selected by the parties are unable or fail to agree upon the third arbitrator, the third arbitrator will be appointed by the AAA. No individual shall be appointed to arbitrate a dispute pursuant to this Agreement unless he or she agrees in writing to be bound by the provisions of this Section 13.15. The place of arbitration will be Seattle, Washington. Either Party may apply to the arbitrators for interim injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved.

13.15.2 Expenses. Except as expressly provided herein, each Party will bear its own costs and expenses and attorneys' fees and an equal share of the arbitrators' and any administrative fees of arbitration. The arbitrators shall have the authority to grant specific performance and to allocate between the Parties the costs of arbitration in such equitable manner as they determine. Notwithstanding the foregoing, if a Party has been found to be in material breach of this Agreement, the defaulting Party will be responsible for both Parties' costs and expenses (including the costs of the arbitrators and any administrative fees of arbitration) and the reasonable attorneys' fees of the non-defaulting Party.

13.15.3 Procedure. Except to the extent necessary to confirm an award or as may be required by law, neither a Party nor an arbitrator may disclose the existence, content, or results of an arbitration without the prior written consent of both Parties. In no event will an arbitration be initiated after the date when commencement of a legal or equitable proceeding based on the dispute, controversy or claim would be barred by the applicable Province of British Columbia statute of limitations.

13.15.4 Speedy Resolution. The Parties intend, and shall take all reasonable action as is necessary or desirable to ensure, that there be a speedy resolution to any dispute which becomes the subject of arbitration, and the arbitrators shall conduct the arbitration so as to resolve the dispute as expeditiously as possible.

13.15.5 Awards. All awards shall be in writing and shall state reasons. Executed copies of all awards shall be delivered by the arbitrators to the Parties as soon as is reasonably possible. All awards of the arbitrators shall be final and binding on the Parties, and there shall be no appeal of any such award whatsoever. The Parties undertake to satisfy any award without delay.

13.15.6 Except as otherwise specified in the first sentence of Section 13.15.1, no other disputes, controversies or claims shall be subject to this Section 13.15.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

ONCOGENEX TECHNOLOGIES INC.	**ISIS PHARMACEUTICALS, INC.**
Per:/s/ Scott Cormack	Per:/s/ B. Lynne Parshall
Scott D. Cormack, President & CEO	B. Lynne Parshall COO and CFO

APPENDIX A

Definitions

"Affiliate" of a party means any other party that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such first party. For purposes of this definition only, "control" and, with correlative meanings, the terms "controlled by" and "under common control with" will mean (a) the possession, directly or indirectly, of the power to direct the management or policies of a party, whether through the ownership of voting securities or by contract relating to voting rights or corporate governance, and (b) the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities or other ownership interest of a party; provided that, if local law restricts foreign ownership, control will be established by direct or indirect ownership of the maximum ownership percentage that may, under such local law, be owned by foreign interests. In addition, Regulus Therapeutics, LLC will not be considered an Affiliate of Isis.

"Applicable Law" means the applicable laws, rules, and regulations, including any rules, regulations, guidelines, or other requirements of the Regulatory Authorities, that may be in effect from time to time.

"ASO" means an antisense oligonucleotide compound (reverse of the sense strand messenger RNA), or analog, mimic or mimetic thereof, having a sequence that is at least 6 bases long and that modulates expression of a gene target via the binding, partially or wholly, of such compound to a mRNA or pre-mRNA of such gene target.

"Business Day" means any day, other than Saturday, Sunday or any statutory holiday in the Province of British Columbia or the United States.

"Calendar Year" means each successive period of 12 months commencing on January 1 and ending on December 31.

"Clusterin" means the gene target, official symbol CLU, which is also referred to as Testosterone Repressed Prostatic Message -2 (TRPM-2), and Sulphated Glycoprotein-2 (SGP-2).

"Commercialization Agreement" has the meaning set forth in 6.2.2.

"Commercially Reasonable Efforts" means, with respect to the research, development, manufacture, release or commercialization of the Product, efforts and resources commonly used in the biotechnology industry for products of similar commercial potential at a similar stage in its lifecycle, taking into consideration their safety and efficacy, cost to develop, priority in relation to other products under development by the other Party, the competitiveness of alternative products, proprietary position, the likelihood of regulatory approval, profitability, and all other relevant factors.

"Competing Product" means a product containing an ASO that (i) acts predominantly by [***] Clusterin [***] or that is [***] Clusterin [***] (ii) [***] covered by a Valid Claim within the Product-Specific Technology Patents in the relevant country, but for the expiration, invalidity, revocation or unenforceability of such Product-Specific Technology Patents (such invalidity, revocation or unenforceability as determined by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed), and (iii) [***] by a Valid Claim within the Isis Core Technology Patents in the relevant country.

"Confidential Information" means all information and know-how and any tangible embodiments thereof provided by or on behalf of one Party to the other Party either in connection with the discussions and negotiations pertaining to this Agreement or in the course of performing this Agreement, including data; knowledge; practices; processes; ideas; research plans; engineering designs and drawings; research data; manufacturing processes and techniques; scientific, manufacturing, marketing and business plans; and financial and personnel matters relating to the disclosing Party or to its present or future products, sales, suppliers, customers, employees, investors or business. For purposes of this Agreement, notwithstanding the Party that disclosed such information or know-how, all information or know-how of OncoGenex will be Confidential Information of OncoGenex, and all information and know-how of Isis will be Confidential Information of Isis.

Notwithstanding the foregoing, information or know-how of a Party will not be deemed Confidential Information for purposes of this Agreement if such information or know-how:

(a) was already known to the receiving Party, other than under an obligation of confidentiality or non-use, at the time of disclosure to such receiving Party;

(b) was generally available or known to parties reasonably skilled in the field to which such information or know-how pertains, or was otherwise part of the public domain, at the time of its disclosure to, or, with respect to know-how, discovery or development by, such receiving Party;

(c) became generally available or known to parties reasonably skilled in the field to which such information or know-how pertains, or otherwise became part of the public domain, after its disclosure to such receiving Party through no fault of the receiving Party;

(d) was disclosed to such receiving Party, other than under an obligation of confidentiality or non-use, by a Third Party who had no obligation to the Party that Controls such information and know-how not to disclose such information or know-how to others; or

(e) was independently discovered or developed prior to disclosure by such receiving Party, as evidenced by their written records, without the use of Confidential Information belonging to the Party that Controls such information and know-how.

Specific aspects or details of Confidential Information will not be deemed to be within the public domain or in the possession of a Party merely because the Confidential Information is embraced by more general information in the public domain or in the possession of such Party. Further, any combination of Confidential Information will not be considered to be in the public domain or in the possession of a Party merely because individual elements of such Confidential Information are in the public domain or in the possession of such Party unless the combination and its principles are in the public domain or in the possession of such Party.

"Control" means, with respect to any Patent or other intellectual property right, possession of the right (whether by ownership, license or otherwise), to assign, transfer, or grant a license, sublicense or other right to or under, such Patent or right as provided for herein without violating the terms of any agreement or other arrangement with any Third Party.

"Discontinuance" means OncoGenex voluntarily elects to abandon [***] developing OGX-011 and/or Products, as evidenced by a written communication from an authorized officer of OncoGenex to Isis.

"FDA" means the United States Food and Drug Administration and any successor agency thereto.

"FTE" means the equivalent of the work of one employee full time for one year (consisting of at least a total of 45.5 weeks or 1,820 hours per year (excluding vacations and holidays) of work on or directly related to the Agreement), carried out by an Isis employee. The FTE rate will be (i) [***] (U.S.) per FTE for any of the following activities: drug substance manufacturing; analytical chemistry; process chemistry; formulation; raw material ordering and handling; quality control; or manufacturing technology transfer; and (ii) [***] (U.S.) per FTE for any of the following activities: toxicology; pharmacokinetics/metabolism; regulatory; clinical development; or data management. These FTE rates will be adjusted upward on a Calendar Year basis commencing January 1, 2009 (and on January 1 of each year thereafter during the Term of this Agreement) by a factor which reflects [***] for [***] during the Term of the Agreement when compared to the [***] in the preceding year.

"GAAP" means generally accepted accounting principles of the United States consistently applied.

"Generic Product(s)" means a product or products containing an active ingredient having the same or substantially the same chemical structure as the applicable ASO targeting Clusterin that is the active ingredient contained in the applicable Product, whether approved under an NDA, ANDA, an application under 505(b)(2), or any equivalent thereof, or otherwise by a Regulatory Authority within the applicable country.

[***] means [***], a biotech company with head office in [***].

[***]

[***] means those patents listed in Appendix B.

"Improvements" means any enhancement or improvement (in each case, whether or not patented or patentable) to the Isis Core Technology or the Isis Manufacturing Technology.

"Isis Core Technology" means any discovery, invention, composition, method, process, procedure, data, information, know-how or other technology (in each case, whether or not patented or patentable) that is Controlled by Isis as of the Amendment Effective Date and that either (i) was not conceived, discovered, developed or otherwise made under or in connection with the Original Collaboration Agreement, and the application of which has utility only with respect to Products, or (ii) is necessary or useful for the development or commercialization of Products, and the application of which has utility both with respect to Products and other compositions. Isis Core Technology excludes the Isis Manufacturing Technology and Product-Specific Technology.

"Isis Core Technology Patents" means Patents Controlled by Isis that claim the Isis Core Technology on the Amendment Effective Date; *provided however* that Isis Core Technology Patents excludes the Isis Manufacturing Patents and Product-Specific Technology Patents. The Isis Core Technology Patents include, but are not limited to, the patents listed on Appendix D attached hereto.

"Isis Manufacturing Patents" means Patents Controlled by Isis that claim the manufacturing production and release processes (a) that were used to manufacture MOE Gapmers on the Amendment Effective Date and embodied in the [***], or (b) that are Controlled by Isis on or after the Amended Effective Date and otherwise are necessary, or are required by a Regulatory Authority, to be used in the manufacture of a Product. The Isis Manufacturing Patents are listed on Appendix E attached hereto. Manufacturing for this purpose includes synthesis, purification and analysis.

"Isis Manufacturing Technology" means (a) the Isis Manufacturing Patents, (b) the Release Method, and (c) all other trade secret, know-how or other information or technology (i) that is Controlled by Isis as of the Amendment Effective Date and is applicable to the manufacture, production or release processes for the Product and embodied in the [***] or (ii) that is Controlled by Isis after the Amendment Effective Date and otherwise is necessary, or is required by a Regulatory Authority, to be used in the manufacture of a Product.

"Isis Patent Rights" means Isis Core Technology Patents and Isis Manufacturing Patents.

"Joint Patents" means all Patents that claim, cover or disclose the Joint Technology.

"Joint Technology" means any discovery, invention, composition, method, process, procedure, data, information, trade secret, know-how or other technology (in each case, whether or not patented or patentable) which is conceived, discovered, developed or otherwise made jointly by Isis and OncoGenex (as determined in

accordance with U.S. patent law). Joint Technology excludes the Product-Specific Technology.

"MOE Gapmer" means "2' MOE Gapmers" or an antisense phosphorothioate oligonucleotide of 15-30 nucleotides wherein all of the backbone linkages are modified by adding a sulfur at the non-bridging oxygen (phosphorothioate) and a stretch of at least 10 consecutive nucleotides remain unmodified (deoxy sugars) and the remaining nucleotides contain an O'-methyl O'-ethyl substitution at the 2' position (MOE).

"Net Sales" means the gross invoice price of the Product sold by OncoGenex and sublicensees to a Third Party which is not a sublicensee of the selling party (unless such sublicensee is the end user of the Product, in which case the amount billed therefor will be deemed to be the amount that would be billed to a Third Party in an arm's-length transaction) for sales of such Product to such end users less the following items, as allocable to such Product (if not previously deducted from the amount invoiced): (i) cash, quantity and trade discounts, credits, allowances or other price reductions for such Product given to such end user, (ii) credits, discounts, rebates, chargebacks or allowances additionally granted (A) upon returns, rejections or recalls (except where any such recall arises out of the Party or its sublicensee's gross negligence, willful misconduct or fraud) or (B) for nonconforming, damaged, out-dated and returned Product, (iii) freight, shipping and insurance charges, (iv) taxes, duties, tariffs, surcharges or other governmental charges (other than income taxes), (v) government mandated rebates, and (vi) a reasonable allowance for uncollectible or bad debts determined in accordance with generally accepted accounting principles consistently applied.

"Nonexclusive Clusterin ASO" has the meaning set forth in Section 12.2.2.

"Non-Royalty Revenue" means all Revenue received by OncoGenex with the exception of Royalty Revenue and OncoGenex Direct Sales.

[***]

[***]

[***]

"OGX-011" means an antisense inhibitor of Clusterin having the sequence [***] where underlined residues are 2'-methoxyethylnucleosides (MOE) and phosphorothioate linkages throughout, also referred to as OGX-011 or ISIS 112989.

"OncoGenex Direct Sales" means Net Sales made by OncoGenex to a Third Party which is not a sublicensee of OncoGenex.

"OncoGenex Patent Rights" means any Patents Controlled by OncoGenex.

"OncoGenex Technology" means any discovery, invention, composition, method, process, procedure, data, information, trade secret, know-how or other technology (in each case, whether or not patented or patentable) that is Controlled by

OncoGenex and that is or relates to an ASO targeting Clusterin or a method of using an antisense inhibitor of Clusterin, or otherwise is necessary or useful for the development, manufacture, production or commercialization of Products. OncoGenex Technology excludes Product-Specific Technology.

"OncoGenex Technology Patents" means all Patents that claim, cover or disclose the OncoGenex Technology.

"Patents" will include (i) all U.S. patents and patent applications, (ii) any substitutions, divisions, continuations, continuations-in-part, reissues, renewals, registrations, confirmations, re-examinations, extensions, supplementary protection certificates and the like, and any provisional applications, of any such patents or patent applications, and (iii) any foreign or international equivalent of any of the foregoing.

"Permitted License" means a license under the Isis Core Technology Patents or the Isis Manufacturing Patents (but not under the Product-Specific Technology Patents) (i) granted by Isis to a Third Party to use ASOs solely to conduct such Third Party's own internal Research, or (ii) granted by Isis to a Third Party (provided that such Third Party is [***] and neither such Third Party nor any of its Affiliates is [***] to manufacture ASOs solely for unaffiliated third parties; *provided, however*, in each case, any such ASOs are not specified in such license or a related document to be ASOs (a) that act predominantly by [***] Clusterin [***] or (b) that are [***] Clusterin [***] or products containing such ASOs. For purposes of clarification, a Permitted License shall not permit Isis or its Affiliates to supply to a Third Party ASOs that act predominantly by [***] Clusterin [***] or that are [***] Clusterin [***] or products containing such ASOs.

"Product" means any pharmaceutical preparation (in intravenous, subcutaneous, oral or any other formulation) containing as the sole active pharmaceutical ingredient either (a) OGX-011, or (b) any other ASO targeting Clusterin that either (i) was identified under the Original Collaboration Agreement or (ii) is identified under Section 4.1.3.For clarity, the Product may be used in association with other products such as chemotherapy, hormone ablation therapy and radiation therapyand the immediately preceding sentence does not limit such intended use.

"Product-Specific Technology" means any discovery, invention, composition, method, process, procedure, data, information, trade secret, know-how or other technology (in each case, whether or not patented or patentable) which is conceived, discovered, developed or otherwise made solely by Isis or OncoGenex, or jointly by Isis and OncoGenex, under or in connection with the Original Collaboration Agreement or this Agreement, and the application of which has utility only with respect to Products. For purposes of clarification Product-Specific Technology excludes the Isis Manufacturing Technology and Isis Core Technology.

"Product-Specific Technology Patents" means all Patents that claim, cover or disclose Product-Specific Technology. Product-Specific Technology Patents include, but are not limited to the patents listed on Appendix G attached hereto. For purposes of clarification, any Product-Specific Technology Patents assigned to OncoGenex as set

forth in Section 4.2.1 or 8.2.2 will still be considered Product-Specific Technology Patents for determining the royalty term and applicable royalty rates under Article 6.

"**Qualified Partner**" means a corporation or other entity (a) whose primary business is the commercialization of pharmaceutical products, (b) which, on its own or in connection with a Third Party, does not operate a contract oligonucleotide manufacturing business and (c) is approved as Qualified Partner by Isis at the request of OncoGenex (or its Affiliate), such approval not to be unreasonably withheld.

"Registration Clinical Trial" means a clinical study (whether or not denominated as a "Phase III" clinical study under applicable regulations) in human patients that is of size and design appropriate to establish that the Product is safe and effective for its intended use, to define warnings, precautions and adverse reactions that are associated with the Product in the dosage range to be prescribed, and to support approval from the applicable Regulatory Authority sufficient for the manufacture, distribution, use and sale of the Product in such jurisdiction in accordance with Applicable Laws.

"Regulatory Authority" means any applicable government entities regulating or otherwise exercising authority with respect to the development and commercialization of the Product.

"Regulatory Documentation" means all applications, registrations, licenses, authorizations and approvals (including all regulatory approvals), all correspondence submitted to or received from Regulatory Authorities (including minutes and official contact reports relating to any communications with any Regulatory Authority), all supporting documents and all clinical studies and tests, including the manufacturing batch records, relating to the Product, and all data contained in any of the foregoing, including all regulatory drug lists, advertising and promotion documents, adverse event files and complaint files.

"Release Method" means the methods used by Isis as at the Amendment Effective Date for the release of OGX-011 utilizing liquid chromatography - mass spectrometry and specified in Specification outlined in [***].

"Research" means *in vitro* or *in vivo* research, excluding any and all uses in humans.

"Revenue" means all revenues, receipts, monies, and the fair market value of all other consideration directly or indirectly collected or received whether by way of cash or credit or any barter, benefit, advantage, or concession received OncoGenex relating to the sale, license or any other commercial transaction involving the Product, with the exception of the following: (i) any consideration received for the reimbursement for research and development activities and (ii) any consideration received for the fair market portion of any sale of equity or quasi-equity securities including, without limitation, common shares and preferred shares.

"Royalty Due Date" means March 31, June 30, September 30 and December 31 of each year during the term of this Agreement.

"Royalty Revenue" means, with respect to a Product in a country, all Revenue received by OncoGenex that is based on a percentage of Net Sales of such Product by a Third Party sublicensed to sell such Product in such country.

"**Start Date**" means November 16, 2001.

"**Supply Chain Network**" will include the names, contact information, and supply description of all providers, whether currently used or alternative preferred suppliers as of the Amendment Effective Date, and who supply modified and unmodified nucleotides, solid support and other reagents and raw materials specified in the Isis Manufacturing Technology.

"Third Party" means any party other than Isis or OncoGenex.

"Third Party Payments" means royalties, milestones, and other payments owing to Third Parties, including payments as set forth in Section 6.3 and Section 6.5

"Valid Claim" means either (a) a claim of an issued and unexpired patent included within the Isis Patent Rights, which has not been held permanently revoked, unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and which has not been admitted to be invalid or unenforceable through reissue or disclaimer or otherwise or (b) a claim of a pending patent application included within the Isis Patent Rights, which was filed in good faith and has not been abandoned, finally rejected or expired without the possibility of appeal or refiling, provided however, that Valid Claim will exclude any such pending claim in an application that has not been granted within (x) [***] years following the earliest filing date for such application in the United States (unless and until such claim is granted), and (y) [***] years following the earliest filing date for such application outside of the United States (unless and until such claim is granted).

APPENDIX B

[***]

	Docket #	**Country/Treaty**	**Patent/ Application #**	**Title**	**Issue Date**
[***]					
	[***]	[***]	[***]	[***]	[***]

APPENDIX C

[***]

Assignee	**Docket #**	**Country/Treaty**	**Patent/ Application #**	**Title**	**Issue Date**
[***]					
	[***]	[***]	[***]	[***]	[***]

sd-384731 v21

APPENDIX D

ISIS CORE TECHNOLOGY PATENTS

Assignee	**Docket #**	**Country/Treaty**	**Patent/ Application #**	**Title**	**Issue Date**
ISIS					
	[***]	[***]	[***]	[***]	[***]

APPENDIX E

ISIS MANUFACTURING PATENTS

Technology	**Docket #**	**Country/Treaty**	**Patent/ Application #**	**Title**	**Filing Date**
[***]	[***]	[***]	[***]	[***]	[***]

APPENDIX F

[***]

APPENDIX G

PRODUCT-SPECIFIC TECHNOLOGY PATENTS

Docket No.	Country	Patent/ Applicaion #	Filing Date	Issue Date	Title
[***]	[***]	[***]	[***]	[***]	[***]

sd-384731 v21

EXHIBIT 10.37

SECOND AMENDING AGREEMENT AND CONSENT

This Second Amending Agreement is made as of August 7, 2008 (the " **Effective Date**").

Between:

THE UNIVERSITY OF BRITISH COLUMBIA, a corporation continued under the *University Act* of British Columbia and having its Industry Liaison offices at #103 – 6190 Agronomy Road, Vancouver, British Columbia, V6T 1Z3

(the "**University**")

- and -

ONCOGENEX TECHNOLOGIES INC. a corporation incorporated under the laws of Canada, and having offices at Suite 400, 1001 West Broadway, Vancouver, British Columbia, V6H 4B1

(the "**Licensee**")

WHEREAS:

A. The University and the Licensee entered into a license agreement with a Commencement Date of November 1, 2001 with respect to TRPM-2 (the "**Original Clusterin License Agreement**") pursuant to which the University granted the Licensee an exclusive worldwide license to the Technology, as defined in the Original Clusterin License Agreement;

B. The University and the Licensee entered into an amending agreement effective as of August 30, 2006 with respect to the Original Clusterin License Agreement (the "**Amending Agreement**");

C. The University and the Licensee now wish to further amend the Original Clusterin License Agreement as set out below (the Original Clusterin License Agreement as amended by the Amending Agreement and the Amending Agreement is hereinafter referred to as the " **Clusterin License Agreement**");

D. Pursuant to subsections 18.3(d), (e) and (f) of the Clusterin License Agreement, the University has the option to terminate the Clusterin License Agreement if any of the following events occur without the prior written consent of the University:

(i) controlling interest in the Licensee passes to any person or persons other than those having a controlling interest at the Date of Commencement (as defined in the Clusterin License Agreement), whether by reason of purchase of shares or otherwise;
(ii) the composition of the Board of Directors of the Licensee is changed;
(iii) the Licensee undergoes a reorganization or any part of its business relating to the Clusterin License Agreement is transferred to a subsidiary or associated company;

E. On May 27, 2008, the Licensee entered into an arrangement agreement (the " **Arrangement Agreement**") with Sonus Pharmaceuticals, Inc. ("**Sonus**") pursuant to which the Licensee and Sonus propose to effect an arrangement under Section 192 of the *Canada Business Corporations Act* on the terms and conditions set forth in the Arrangement Agreement (the " **Arrangement**"); and

F. If the Arrangement becomes effective, the events contemplated by Subsections 18.3(d), (e) and (f) of the Clusterin License Agreement will occur (the "**Event**").

Now therefore, in consideration of the premises and the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree with each other as follows:

1. Article 6.5 of the Clusterin License Agreement is hereby amended by deleting the preamble of Article 6.5 and replacing it with the following:

"Until the Arrangement becomes effective or the Licensee becomes a reporting issuer for equity securities under the *Securities Act* of British Columbia, or under the applicable securities legislation in any other jurisdiction which has jurisdiction over the issuance of securities of the Licensee, the Licensee shall provide to the University:"

2. Article 6.6 of the Clusterin License Agreement is hereby amended by deleting the amendment in the Amending Agreement and replacing it with the following:

"The University consents to the termination of any shareholders agreements to which the University and the Licensee may be party, upon the earlier of (i) the Licensee becoming a reporting issuer under the Securities Act of British Columbia; and (ii) the Arrangement becoming effective."

3. The Clusterin License Agreement is hereby amended by deleting Article 6.7 and replacing it with the following:

"Until the Arrangement becomes effective or the Licensee becomes a reporting issuer for equity securities under the *Securities Act* of British Columbia, or under the applicable securities legislation in any other jurisdiction which has jurisdiction over the issuance of securities by the Licensee, the University shall have the right to appoint a representative to hold observer status at all meetings of the board of directors of the Licensee. Such observer shall not have the right to vote at any such directors meeting, but shall be entitled to receive notice of, and attend such meetings."

4. The following is added as Article 10.9 of the Clusterin License Agreement:

"10.9 Notwithstanding anything contained in this Article, the parties acknowledge and agree that the Licensee may disclose Confidential Information to the extent that may be required by applicable securities laws in connection

with a public company acquiring control of the Licensee and thereafter to comply with such public company's disclosure obligations. If required to make such disclosure by any applicable securities laws, the Licensee shall inform the University in writing by giving notice and will consider any reasonable comments the University may have. Such notice shall be generally not less than 48 hours prior to public disclosure unless a delay of 48 hours would violate applicable securities laws, in which case notice shall be as soon as practicable."

5. The University hereby consents to the Event and the parties hereby agree that effective immediately prior to the Arrangement becoming effective, Subsections 18.3(d), (e) and (f) of the Clusterin License Agreement shall be deemed to be deleted.

6. Except as modified herein, the University and the Licensee confirm that the Clusterin License Agreement remains unmodified and in full force and effect.

7. The Clusterin License Agreement as modified by this Agreement constitutes the entire agreement between the parties relating to the subject matter hereof.

This Agreement may be executed by the parties in separate counterparts and by facsimile, each of which such counterparts when so executed and delivered shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

SIGNED FOR AND ON BEHALF OF
THE UNIVERSITY OF BRITISH COLUMBIA
by its duly authorized officers:

/s/ J. P. Heale
Authorized Signatory

J. P. Heale, PhD, MBA
Associate Director
University-Industry Liaison Office

_____
Authorized Signatory

SIGNED FOR AND ON BEHALF OF
ONCOGENEX TECHNOLOGIES INC.
By its duly authorized officer:

/s/ Scott Cormack
Authorized Signatory

EXHIBIT 10.40

SECOND AMENDING AGREEMENT

This Second Amending Agreement is made as of August 7, 2008 (the " **Effective Date**").

Between:

THE UNIVERSITY OF BRITISH COLUMBIA, a corporation continued under the *University Act* of British Columbia and having its Industry Liaison offices at #103 – 6190 Agronomy Road, Vancouver, British Columbia, V6T 1Z3

(the "**University**")

- and -

ONCOGENEX TECHNOLOGIES INC. a corporation incorporated under the laws of Canada, and having offices at Suite 400, 1001 West Broadway, Vancouver, British Columbia, V6H 4B1

(the "**Licensee**")

WHEREAS:

A. The University and the Licensee entered into a license agreement with an effective date of April 5, 2005 with respect to Hsp27 (the " **Original Hsp27 License Agreement**") pursuant to which the University granted the Licensee an exclusive worldwide license to the Technology, as defined in the Original Hsp27 License Agreement;

B. The University and the Licensee entered into an amending agreement effective as of August 30, 2006 with respect to the Original Hsp27License Agreement (the "**Amending Agreement**");

C. The University and the Licensee now wish to further amend the Original Hsp27 License Agreement as set out below (the Original Hsp27 License Agreement as amended by the Amending Agreement is hereinafter referred to as the "**Hsp27License Agreement**"); and

D. On May 27, 2008, the Licensee entered into an arrangement agreement (the " **Arrangement Agreement**") with Sonus Pharmaceuticals, Inc. ("**Sonus**") pursuant to which the Licensee and Sonus propose to effect an arrangement under Section 192 of the *Canada Business Corporations Act* on the terms and conditions set forth in the Arrangement Agreement (the " **Arrangement**").

Now therefore, in consideration of the premises and the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto covenant and agree with each other as follows:

1. Article 6.5 of the Hsp27 License Agreement is hereby amended by deleting the preamble of Article 6.5 and replacing it with the following:

"Until the Arrangement becomes effective or the Licensee becomes a reporting issuer for equity securities under the *Securities Act* of British Columbia, or under the applicable securities legislation in any other jurisdiction which has jurisdiction over the issuance of securities of the Licensee, the Licensee shall provide to UBC:"

2. Article 6.6 of the Hsp27 License Agreement is hereby amended by deleting the amendment in the Amending Agreement and replacing it with the following:

"UBC consents to the termination of any shareholders agreements to which UBC and the Licensee may be party, upon the earlier of (i) the Licensee becoming a reporting issuer under the Securities Act of British Columbia; and (ii) the Arrangement becoming effective."

3. The following is added as Article 10.7 of the Hsp27 License Agreement:

"10.7 Notwithstanding anything contained in this Article, the parties acknowledge and agree that the Licensee may disclose Confidential Information to the extent that may be required by applicable securities laws in connection with a public company acquiring control of the Licensee and thereafter to comply with such public company's disclosure obligations. If required to make such disclosure by any applicable securities laws, the Licensee shall inform UBC in writing by giving notice and will consider any reasonable comments UBC may have. Such notice shall be generally not less than 48 hours prior to public disclosure unless a delay of 48 hours would violate applicable securities laws, in which case notice shall be as soon as practicable."

4. Except as modified herein, the University and the Licensee confirm that the Hsp27 License Agreement remains unmodified and in full force and effect.

5. The Hsp27 License Agreement as modified by this Agreement constitutes the entire agreement between the parties relating to the subject matter hereof.

This Agreement may be executed by the parties in separate counterparts and by facsimile, each of which such counterparts when so executed and delivered shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

SIGNED FOR AND ON BEHALF OF
THE UNIVERSITY OF BRITISH COLUMBIA
by its duly authorized officers:

J. P. Heale, PhD, MBA

/s/ J. P. Heale
Authorized Signatory

Associate Director
University-Industry Liaison Office

JDS\349901\STORM\7734-BP-5

_____
Authorized Signatory

SIGNED FOR AND ON BEHALF OF
ONCOGENEX TECHNOLOGIES INC.
By its duly authorized officer:

/s/ Scott Cormack
Authorized Signatory

JDS\349901\STORM\7734-BP-5

EXHIBIT 31.1

Certification of President and Chief Executive Officer
pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Scott Cormack, certify that:

1. I have reviewed this quarterly report on Form 10-Q of OncoGenex Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2008

/s/ Scott Cormack
Scott Cormack
President and Chief Executive Officer

EXHIBIT 31.2

Certification of Chief Financial Officer
pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934,
as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Stephen Anderson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of OncoGenex Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2008

/s/ Stephen Anderson

Stephen Anderson
Chief Financial Officer and Secretary

EXHIBIT 32.1

Certification of President and Chief Executive Officer
pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Scott Cormack, President and Chief Executive Officer of OncoGenex Pharmaceuticals, Inc. (the "Company"), certify, pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2008 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2008

/s/ Scott Cormack
Scott Cormack
President and Chief Executive Officer

EXHIBIT 32.2

Certification of Chief Financial Officer
pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

I, Stephen Anderson, Secretary and Chief Financial Officer of OncoGenex Pharmaceuticals, Inc. (the "Company"), certify, pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended September 30, 2008 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 10, 2008

/s/ Stephen Anderson
Stephen Anderson
Chief Financial Officer and Secretary