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, 2009

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 033-80623

OncoGenex Pharmaceuticals, Inc.
(Exact Name of Registrant as Specified in Its Charter)

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

1522 217 th 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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 1, 2009**
Common Stock, $0.001 par value	6,034,959

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

OncoGenex Pharmaceuticals, Inc.

Consolidated Balance Sheets
(Unaudited)
(a development stage enterprise)
(In thousands of U.S. dollars)

	September 30, 2009	December 31, 2008
	$	$
		Note 1
ASSETS		
Current		
Cash and cash equivalents	10,053	7,618
Short-term investments *[Note 4]*	2,420	4,801
Amounts receivable	31	153
Investment tax credit recoverable	—	1,090
Prepaid expenses	753	587
Other current assets	734	—
Total current assets	**13,991**	**14,249**
Property and equipment, net	84	44
Other assets	509	497
Total assets	**14,584**	**14,790**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	1,851	2,252
Current portion of long-term obligations *[Note 6]*	457	632
Total current liabilities	**2,308**	**2,884**
Long-term obligation, less current portion *[Note 6]*	1,268	1,199
Total liabilities	**3,576**	**4,083**
Commitments and contingencies *[Note 8]*		
Common Shares:		
$0.001 par value 11,019,930 shares authorized and 6,034,959 issued and outstanding at September 30, 2009 and 5,544,114 issued and outstanding at December 31, 2008	6	6
Additional paid-in capital	65,727	56,070
Deficit accumulated during the development stage	(57,367)	(48,009)
Accumulated other comprehensive income	2,642	2,640
Total shareholders' equity	**11,008**	**10,707**
Total liabilities and shareholders' equity	**14,584**	**14,790**

Subsequent Events *[Note 11]*

See accompanying notes.

OncoGenex Pharmaceuticals, Inc.

Consolidated Statements of Operations
(Unaudited)
(In thousands of U.S. dollars, except per share and share amounts)

	Three months Ended September 30,		Nine months Ended September 30,		Period from 26-May-00 (inception) to September 30,
	2009	**2008**	**2009**	**2008**	**2009**
	$	**$**	**$**	**$**	**$**
EXPENSES					
Research and development	1,513	1,639	6,795	3,621	35,403
General and administrative	885	1,024	2,670	2,243	16,092
Total expenses	2,398	2,663	9,465	5,864	51,495
OTHER INCOME (EXPENSE)					
Interest income	5	51	41	142	1,453
Other	24	246	79	(54)	(504)
Total other income (expense)	29	297	120	88	949
Loss for the period before taxes and extraordinary gain	2,369	2,366	9,345	5,776	50,546
Income tax expense (recovery)	16	(2,515)	12	(2,100)	120
Loss (income) before extraordinary gain	2,385	(149)	9,357	3,676	50,666
Extraordinary gain *[Note 2]*	—	4,428	—	4,428	4,428
Net loss (income)	2,385	(4,577)	9,357	(752)	46,238
Redeemable convertible preferred share accretion	—	417	—	1,973	11,129
Loss (income) attributable to common shareholders	2,385	(4,160)	9,357	1,221	57,367
Basic and diluted loss (income) per common share *[Note 5[e]]*	0.40	(2.02)	1.65	1.59	
Weighted average number of common shares *[Note 5[e]]*	5,906,059	2,056,876	5,671,158	769,843	

See accompanying notes.

OncoGenex Pharmaceuticals, Inc.

Consolidated Statements of Cash Flows
(Unaudited)
(In thousands of U.S. dollars)

	Nine months ended September 30,		**Period from 26-May-00 (inception) to September 30,**
	2009	**2008**	**2009**
	$	**$**	**$**
OPERATING ACTIVITIES			
Loss for the period	(9,357)	752	(46,238)
Add items not involving cash			
Extraordinary gain	—	(4,428)	(4,428)
Depreciation and amortization	38	49	465
Stock-based collaboration expense	—	—	1,758
Stock-based compensation *[Note 5[c]]*	290	144	1,025
Accrued interest on convertible debenture	—	319	505
Changes in non-cash working capital items			
Amounts receivable	122	197	249
Investment tax credit recoverable	1,090	521	—
Prepaid expenses	(166)	75	(461)
Other assets	(746)	(734)	(875)
Accounts payable and accrued liabilities	(401)	(1,797)	(1,599)
Lease obligation	(106)	(17)	(359)
Taxes payable on preferred shares	—	(2,487)	—
Cash used in operating activities	**(9,236)**	**(7,406)**	**(49,958)**
FINANCING ACTIVITIES			
Cash paid on fractional shares eliminated on reverse share split	—	(3)	(3)
Proceeds from issuance of common stock under stock option and employee purchase plans	67	6	191
Issuance of preferred shares, net of share issue costs	—	—	26,719
Issuance of common shares, net of share issue costs	9,303	—	9,449
Issuance of convertible debentures net of issue costs	—	—	4,442
Cash provided by financing activities	**9,370**	**3**	**40,798**

	Nine months ended September 30,		Period from 26-May-00 (inception) to September 30,
	2009	2008	2009
	$	$	$
INVESTING ACTIVITIES			
Purchase of investments	(3,933)	(4,343)	(92,953)
Proceeds from sale of investments	6,280	8,473	107,864
Purchase of property and equipment	(15)	(4)	(406)
Cash received on reverse takeover of Sonus	—	5,464	5,464
Transaction fees on reverse takeover of Sonus	—	(807)	(807)
Cash provided by investing activities	**2,332**	**8,783**	**19,162**
Effect of exchange rate changes on cash and cash equivalents	(31)	42	51
Increase (decrease) in cash and cash equivalents during the period	2,435	1,422	10,053
Cash and cash equivalents, beginning of the period	**7,618**	**4,626**	—
Cash and cash equivalents, end of the period	**10,053**	**6,048**	**10,053**
Supplemental cash flow information			
Property and equipment acquired under lease obligation	65	—	65

See accompanying notes.

OncoGenex Pharmaceuticals, Inc.

Notes to Consolidated Financial Statements
(Unaudited)

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 therapies that address unmet needs in the treatment of cancer. 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 a transaction ("the 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 unaudited consolidated 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 consolidated Balance Sheet at December 31, 2008 has been derived from the audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year then ended. The consolidated 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 consolidated financial statements for the preceding fiscal year. Accordingly, these financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto included in the Annual Report on Form 10-K for the year ended December 31, 2008 and filed with the Securities and Exchange Commission ("SEC") on March 11, 2009.

We are a development stage enterprise and we require additional funding to support our planned operations, including our planned phase 3 clinical trials of OGX-011 in patients with castrate resistant prostate cancer ("CRPC"). We are seeking additional funding through executing a partnership or collaboration agreement with a third party that has sufficient resources to fund the development of our product candidates. We may also seek additional funding through the licensing or sale of certain of our product candidates, or through private or public offerings of our equity securities or debt financings.

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 Arrangement 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 the combined company for the three and nine month periods ended September 30, 2009. 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 12, 2008, OncoGenex Technologies' stockholders approved the Arrangement 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. 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 Arrangement 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 final 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 Technologies		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 final purchase price allocation is as follows (in thousands):

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.

The 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 the Company's consolidated financial statements from the date of the completion of the Arrangement 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 nine months ended September 30, 2008**
		$
Revenue	$	—
Net loss applicable to common shareholders	$	(21,241)
Net loss per share-basic and diluted	$	(27.59)
Weighted average shares		769,843

3. ACCOUNTING POLICIES

Recently Adopted Accounting Policies

In November 2007, the Emerging Issues Task Force ("EITF") issued Accounting Standards Codification ("ASC") 808, "Collaborative Arrangements". ASC 808 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, ASC 808 clarified that the determination of whether transactions within a collaborative arrangement are part of a vendor-customer (or analogous) relationship. ASC 808 is effective for fiscal years beginning after December 15, 2008 and was adopted by the Company on January 1, 2009. The adoption of ASC 808 did not 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 ASC 805, "Business Combinations". ASC 805 changed the accounting treatment and disclosure for certain specific items in a business combination. Under ASC 805, an acquiring entity is required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. ASC 805 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 adoption of ASC 805 has not had a material impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2007, the FASB made amendments to ASC 810-10, "Consolidation", which establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. ASC 810-10 is effective for fiscal years beginning on or after December 15, 2008 and was adopted by the Company on January 1, 2009. The adoption of ASC 810-10 has not had a material impact on the Company's consolidated financial position, results of operations or cash flows.

In March 2008, the FASB issued amendments to ASC 815-10, "Derivatives and Hedging". ASC 815-10 amends and expands the disclosure requirements 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 amendments to ASC 815-10-65 to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument and requires an additional disclosure about the current status of the payment/performance risk of a guarantee. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2008 and was adopted by the Company on January 1, 2009. The adoption of these pronouncements has not had a material impact on the Company's consolidated financial position, results of operations or cash flows.

In April 2008, the FASB issued amendments to ASC 350-30, "Intangibles — Goodwill and Other" which amends the factors that should be considered in developing the renewal or extension assumptions used to determine the useful life of a recognized intangible asset under ASC 350, and also requires expanded disclosure regarding the determination of intangible asset useful lives. The amendments to ASC 350-30 are effective for fiscal years beginning after December 15, 2008 and were adopted by the Company on January 1, 2009. The adoption of these amendments has not had a material impact on the Company's consolidated financial position, results of operations or cash flows.

In May 2008, the FASB issued amendments to ASC 470-20, "Debt". The amendments 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. The amendments to ASC 470-20 were adopted by the Company on January 1, 2009. The adoption of amendments to ASC 470-20 have not had a material impact on the Company's consolidated financial position, results of operations, cash flows or earnings per share.

In June 2008, the FASB issued amendments to ASC 260-10, "Earnings Per Share". The amendments to ASC 260-10 address whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in the earnings allocation in computing earnings per share under the two-class method. Under the amendments to ASC 260-10, unvested share-based payment awards that contain non-forfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. The amendments to ASC 260-10 are effective for fiscal years beginning after December 15, 2008 and were adopted by the Company on January 1, 2009. All prior-period earnings per share amounts presented shall be adjusted retrospectively. The adoption of the amendments to ASC 260-10 has not had a material impact on the consolidated financial position, results of operations or cash flows.

In June 2008, the FASB ratified the amendments to ASC 815-40, “Derivatives and Hedging”. The amendments to ASC 815-40 provide guidance for determining whether an equity-linked financial instrument (or embedded feature) is indexed to an entity’s own stock. ASC 815-40 applies to any freestanding financial instrument or embedded feature that has all of the characteristics of a derivative or freestanding instrument that is potentially settled in an entity’s own stock (with the exception of share-based payment awards within the scope of ASC 718, “Compensation — Stock Compensation”). To meet the definition of “indexed to own stock,” an instrument’s contingent exercise provisions must not be based on (a) an observable market, other than the market for the issuer’s stock (if applicable), or (b) an observable index, other than an index calculated or measured solely by reference to the issuer’s own operations, and the variables that could affect the settlement amount must be inputs to the fair value of a “fixed-for-fixed” forward or option on equity shares. The amendments to ASC 815-40 are effective for fiscal years beginning after December 15, 2008 and were adopted by the Company on January 1, 2009. The adoption of the amendments to ASC 815-40 has not resulted in a material change to the classification or measurement of its financial instruments.

In December 2008, the EITF issued amendments to ASC 350-30, “Intangibles — Goodwill and Other”. This issue clarifies the accounting for defensive assets, which are separately identifiable intangible assets acquired in an acquisition which an entity does not intend to actively use but does intend to prevent others from using. The amendments to ASC 350-30 require an acquirer to account for these assets as a separate unit of accounting, which should be amortized to expense over the period the asset diminishes in value. This issue is effective for intangible assets acquired on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. Accordingly, the Company adopted the amendments to ASC 350-30 on January 1, 2009. The adoption of the amendments to ASC 350-30 has not had a material impact on the consolidated financial position, results of operations or cash flows.

In April 2009, the FASB issued amendments to ASC 805-20, “Business Combinations”. These amendments clarify ASC 805-20 to require that an acquirer recognize at fair value, at the acquisition date, an asset acquired or a liability assumed in a business combination that arises from a contingency if the acquisition-date fair value of that asset or liability can be determined during the measurement period. If the acquisition-date fair value of such an asset acquired or liability assumed cannot be determined, the acquirer should apply the provisions of ASC 450, “Contingencies”, to determine whether the contingency should be recognized at the acquisition date or after it. The amendments to ASC 805-20 are effective for assets or liabilities arising from contingencies in business combinations for which the acquisition date is after the beginning of the first annual reporting period beginning after December 15, 2008. Accordingly, the Company adopted the amendments to ASC 805-20 effective January 1, 2009. The adoption of the amendments to ASC 805-20 has not had a material impact on the consolidated financial position, results of operations or cash flows.

In April 2009, the FASB issued amendments to ASC 320-10, “Investment — Debt and Equity Securities”, which modify the other-than-temporary impairment guidance for debt securities through increased consistency in the timing of impairment recognition and enhanced disclosures related to the credit and noncredit components of impaired debt securities that are not expected to be sold. In addition, increased disclosures are required for both debt and equity securities regarding expected cash flows, credit losses, and an aging of securities with unrealized losses. The amendments to ASC 320-10 become effective for interim and annual reporting periods that end after June 15, 2009, and were adopted in our second quarter of 2009. The adoption of the amendments to ASC 320-10 has not had a material impact on the consolidated financial position, results of operations or cash flows.

In April 2009, the FASB issued amendments to ASC 825-10, “Financial Instruments”, which require fair value disclosures for financial instruments that are not reflected in the consolidated Balance Sheets at fair value. Prior to the issuance these amendments to ASC 825-10, the fair values of those assets and liabilities were disclosed only once each year. With the issuance the amendments to ASC 825-10, we will now be required to disclose this information on a quarterly basis, providing quantitative and qualitative information about fair value estimates for all financial instruments not measured in the consolidated Balance Sheets at fair value. The amendments to ASC 825-10 become effective for interim reporting periods that end after June 15, 2009, and were adopted in our second quarter of 2009. The adoption of the amendments to ASC 825-10 has not had a material impact on the consolidated financial position, results of operations or cash flows.

In April 2009, the FASB issued amendments to ASC 820-10, “Fair Value Measurement and Disclosure”, which clarifies the methodology used to determine fair value when there is no active market or where the price inputs being used represent distressed sales. The amendments to ASC 820-10 also reaffirm the objective of fair value measurement, which is to reflect how much an asset would be sold for in an orderly transaction. They also reaffirm the need to use judgment to determine if a formerly active market has become inactive, as well as to determine fair values when markets have become inactive. The amendments to ASC 820-10 which are applied prospectively, is effective for interim and annual reporting periods ending after June 15, 2009, and was adopted in our second quarter of 2009. The adoption of the amendments to ASC 820-10 has not had a material impact on the consolidated financial position, results of operations or cash flows.

In May 2009, the FASB issued ASC 855, “Subsequent Events”. ASC 855 was issued in order to establish principles and requirements for reviewing and reporting subsequent events and requires disclosure of the date through which subsequent events are evaluated and whether the date corresponds with the time at which the financial statements were available for issue (as defined) or were issued. ASC 855 is effective for interim reporting periods ending after June 15, 2009, and was adopted in our second quarter of 2009. In accordance with ASC 855 it is the Company’s policy to review and report subsequent events up to the day prior to the issuance of the financial statements. The adoption of ASC 855 has not had a material impact on the consolidated financial position, results of operations or cash flows.

In June 2009, the FASB issued ASC 105, “Generally Accepted Accounting Principles”. ASC 105 establishes the FASB Accounting Standards Codification™ (Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The FASB will no longer issue new standards in the form of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts; instead the FASB will issue Accounting Standards Updates. Accounting Standards Updates will not be authoritative in their own right as they will only serve to update the Codification. The issuance of ASC 105 and the Codification does not change GAAP. ASC 105 became effective for the Company for the period ending September 30, 2009. The adoption of ASC 105 has not had a material impact on the consolidated financial position, results of operations or cash flows.

Recent Accounting Pronouncements

In June 2009, the FASB issued amendments to ASC 810-10, “Consolidation” to require an enterprise to perform an analysis to determine whether the enterprise’s variable interest or interests give it a controlling financial interest in a variable interest entity; to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity; to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity; to add an additional reconsideration event for determining whether an entity is a variable interest entity when any changes in facts and circumstances occur such that holders of the equity investment at risk, as a group, lose the power from voting rights or similar rights of those investments to direct the activities of the entity that most significantly impact the entity’s economic performance; and to require enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise’s involvement in a variable interest entity. These amendments to ASC 810-10 become effective for the Company on January 1, 2010. The Company does not expect that the adoption of the amendments to ASC 810-10 to have a material effect on its consolidated financial statements or disclosures.

In June 2009, the FASB issued amendments to ASC 860-10, “Transfers and Servicing”. The amendments to ASC 860-10 remove the concept of a qualifying special-purpose entity and removes the exception from applying ASC 810-10 to variable interest entities that are qualifying special-purpose entities; limits the circumstances in which a transferor derecognizes a portion or component of a financial asset; defines a participating interest; requires a transferor to recognize and initially measure at fair value all assets obtained and liabilities incurred as a result of a transfer accounted for as a sale; and requires enhanced disclosure; among others. The amendments to ASC 860-10 become effective for the Company on January 1, 2010. The Company does not expect that the adoption of the amendments to ASC 860-10 to have a material effect on its consolidated financial statements or disclosures.

4. FAIR VALUE MEASUREMENTS

With the adoption of ASC 820 “Fair Value Measurements and Disclosures”, 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.

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. In accordance with ASC 820, 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.

As quoted prices in active markets are not readily available, the Company obtains estimates for the fair value of financial instruments through independent pricing service providers.

In determining the appropriate levels, the Company performed a detailed analysis of the assets and liabilities that are subject to ASC 820.

The Company invests its excess cash in accordance with investment guidelines that limit the credit exposure to any one financial institution other than securities issued by the U.S. Government. The guidelines also specify that the financial instruments be issued by institutions with strong credit ratings. These securities are generally not collateralized and mature within one year.

A description of the valuation techniques applied to the Company’s marketable securities measured at fair value on a recurring basis follows.

Financial Instruments

Government Debt Securities

U.S. Government Securities U.S. government securities are valued using quoted market prices. Valuation adjustments are not applied. Accordingly, U.S. government securities are categorized in Level 1 of the fair value hierarchy.

U.S. Agency Securities U.S. agency securities are comprised of two main categories consisting of callable and non-callable agency issued debt securities. Non-callable agency issued debt securities are generally valued using quoted market prices. Callable agency issued debt securities are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. Actively traded non-callable agency issued debt securities are categorized in Level 1 of the fair value hierarchy. Callable agency issued debt securities are categorized in Level 2 of the fair value hierarchy.

Corporate and Other Debt

Corporate Bonds and Commercial Paper The fair value of corporate bonds and commercial paper is estimated using recently executed transactions, market price quotations (where observable), bond spreads or credit default swap spreads adjusted for any basis difference between cash and derivative instruments. The spread data used are for the same maturity as the bond. If the spread data does not reference the issuer, then data that reference a comparable issuer are used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond or single name credit default swap spreads and recovery rates based on collateral values as significant inputs. Corporate bonds and Commercial paper are generally categorized in Level 2 of the fair value hierarchy; in instances where prices, spreads or any of the other aforementioned key inputs are unobservable, they are categorized in Level 3 of the hierarchy.

The following table presents information about our assets and liabilities that are measured at fair value on a recurring basis as at September 30, 2009, and indicates the fair value hierarchy of the valuation techniques we utilized to determine such fair value:

(In thousands)	Level 1	Level 2	Level 3
Corporate debt securities	$ —	$ —	$ —
Government debt securities	$ —	$ 3,420	$ —
Corporate bonds and commercial paper	$ —	$ 2,500	$ —
		$ 5,920	

Marketable securities as at September 30, 2009 consist of the following:

(In thousands)	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Fair Value
Corporate debt securities	$ —	$ —	$ —	$ —
Government debt securities	$ 3,418	$ 2	$ —	$ 3,420
Corporate bonds and commercial paper	$ 2,500	$ —	$ —	$ 2,500
	$ 5,918	$ 2	$ —	$ 5,920

$2,500,000 of Commercial paper and $1,000,000 of Government debt securities in the above tables are included in cash equivalents as the securities have maturities of 90 days or less at the time of purchase. The remaining securities all mature within one year of the balance sheet date and are included in short-term investments.

There were no significant realized or unrealized gains or losses on the sales of marketable securities in the nine month periods ended September 30, 2009 or September 30, 2008, and no significant unrealized gains or losses are included in accumulated other comprehensive income as at September 30, 2009. Realized gains and losses are transferred out of accumulated other comprehensive income into interest income using the specific identification method.

5. COMMON SHARES

[a] Authorized

11,019,930 authorized common voting share, par value of $0.001.

[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, after accounting for the elimination of resulting fractional shares, in exchange for all the common shares, preferred shares and convertible debentures of OncoGenex Technologies. As a result, all common shares of OncoGenex Technologies are now held by OncoGenex Pharmaceuticals, Inc. and have been eliminated on consolidation.

During the nine month period ended September 30, 2009 the Company issued 15,845 common shares upon exercise of stock options (period ended September 30, 2008 — 4,352). The Company issues new common shares to satisfy stock option exercises.

On July 24, 2009, the Company completed a registered direct offering with certain institutional investors covering the sale of 475,000 shares of common stock at a price of $20 per share under a shelf registration statement on Form S-3 (No. 333-160251) that was declared effective by the SEC on July 17, 2009. The transaction provided net proceeds of approximately $9.3 million after deducting costs associated with the offering.

[c] Stock options

Stock Option Summary

As at September 30, 2009 the Company has reserved, pursuant to various plans, 878,098 common shares for issuance upon exercise of stock options by employees, directors, officers and consultants of the Company of which 138,654 are not currently subject to outstanding grants and are available for future grants.

Stock option transactions and the number of stock options outstanding are summarized below:

	Number of Optioned Common Shares	Weighted Average Exercise Price
	#	$
Balance, December 31, 2008	**723,143**	**4.88**
Option grants	41,300	7.25
Option cancellations	(6,914)	7.60
Option exercises	(15,845)	4.08
Option expirations	(1,240)	3.89
Option forfeitures	(1,000)	3.00
Balance, September 30, 2009	**739,444**	**5.01**

On May 12, 2009, stock options to purchase 8,260 common shares of the Company were granted to each of the five non-executive members of the board of directors for a total grant of stock option to purchase 41,300 common shares of the Company. The options vest quarterly over one year. The total estimated fair value of these awards is $170,000 using the following assumptions:

Risk-free interest rates	1.68%
Expected dividend yield	0%
Expected life	4 years
Expected volatility	76%

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 ASC 718 "Compensation — Stock Compensation", management made an estimate of expected forfeitures and is recognizing compensation costs only for those equity awards expected to vest.

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,	
(In thousands)	2009	2008	2009	2008
	$	$	$	$
Research and development	22	20	67	61
General and administrative	95	15	223	83
Total share-based compensation	117	35	290	144

As at September 30, 2009 and December 31, 2008 the total unrecognized compensation expense related to stock options granted is $618,396 and $740,000 respectively, which is expected to be recognized into expense over a period of approximately four years.

[d] Stock Warrants

At September 30, 2009, there were warrants outstanding to purchase 183,385 shares of common stock at exercise prices ranging from $74.70 to $79.56 per share and expiration dates ranging from August 2010 to October 2010.

[e] 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 Arrangement.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands except shares and per share amounts)	2009	2008	2009	2008
Numerator				
Loss (income) attributable to common shareholders as reported	$ 2,385	$ (4,160)	$ 9,357	$ 1,221
Denominator				
Weighted average number of common shares outstanding	5,906,059	2,056,876	5,671,158	769,843
Basic and diluted loss per common share	$ 0.40	$ 2.02	$ 1.65	$ (1.59)
Earnings per share associated with $4,428,000 extraordinary gain	—	2.15	—	5.75
Basic and diluted income (loss) per common share excluding extraordinary gain	**$ 0.40**	**$ (0.13)**	**$ 1.65**	**$ (7.34)**

As of September 30, 2009 and December 31, 2008 a total of 922,829 and 906,528 options and warrants, respectively, have not been included in the calculation of potential common shares as their effect on diluted per share amounts would have been anti-dilutive.

6. 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 $1,440,000 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, 2009 and December 31, 2008 was nil.

On August 21, 2008, immediately following the completion of the Arrangement (Note 2), the Company reduced its workforce by approximately 49%. Severance payable at the date of the restructuring in connection with former employees of Sonus was $1,322,000 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). During 2008 the Company made payments totalling $1,186,000 and the amount owing at December 31, 2008 was $137,000. The Company expects that all remaining severance liabilities relating to transaction-related workforce reductions will be paid out in November 2009, and the amount owing at September 30, 2009 was $3,000.

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 Company is currently in the process of evaluating opportunities to exit or sublet portions of the leased space and recorded an initial restructuring charge of $2,084,000 on August 21, 2008 as part of the purchase price allocation (Note 2). 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". 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. During 2008, $362,000 was amortized into income, resulting in a remaining liability at December 31, 2008 of $1,722,000.

In June 2009 the Company revised its sublease income assumptions used to estimate the fair value of the excess lease facility liability. This change in estimate resulted in an increase in the fair value of the excess lease liability and a $494,000 research and development expense recorded in June 2009 to reflect this change in estimate. The change in estimate, had a $0.09 impact on loss per common share for the nine month periods ended September 30, 2009. The estimated fair value of the liability remaining at September 30, 2009 with respect to excess facilities is $1,386,000.

(In thousands)	Remaining Liability at 31-Dec-08	Payments made	Amortization of excess lease facility	Additional Liability Recorded	Remaining Liability at September 30, 2009
Employee severance included in accrued liabilities	$ 137	$ 134	$ —	$ —	$ 3
Current portion of excess lease facility	$ 632	$ —	$ (714)	$ 508	$ 426
Long-term portion of excess lease facility	$ 1,090	$ —	(116)	$ (14)	$ 960

7. TAXES

Under ASC 740, "Income Taxes", 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 nine months ended September 30, 2009 is as follows:

(In thousands)	**$**
Balance as of December 31, 2008	1,956
Additions based on tax positions related to the current year	149
Deductions based on tax positions related to the current year	(365)
Balance as of September 30, 2009	**1,740**

As of September 30, 2009 unrecognized benefits of approximately $1,740,000, if recognized, would affect the Company's effective tax rate.

8. COMMITMENTS AND CONTINGENCIES

Isis Pharmaceuticals Inc. and University of British Columbia

Pursuant to license agreements the Company has with the University of British Columbia ("UBC") and Isis Pharmaceuticals Inc. ("Isis"), the Company is obligated to pay royalties on future product sales and milestone payments of up to $9.9 million upon the achievement of specified product development milestones. In addition, the Company is obligated to pay to UBC certain patent costs and annual license maintenance fees for the extent of the patent life of CAD $8,000 per year which is included in research and development expense.

The UBC agreements have effective dates ranging from November 1, 2001 to April 5, 2005 and each agreement expires upon the later of 20 years from its effective date or the expiry of the last patent licensed thereunder, unless otherwise terminated.

Unless otherwise terminated, the Isis agreements for OGX-011 and OGX-427 will continue for each product until the later of 10 years after the date of the first commercial product sale, or the expiration of the last to expire of any patents required to be licensed in order to use or sell the product, unless OncoGenex Technologies abandons either OGX-011 or OGX-427 and Isis does not elect to unilaterally continue development. The Isis agreement for OGX-225 will continue into perpetuity unless OncoGenex Technologies abandons the product and Isis does not elect to unilaterally continue development.

Bayer HealthCare LLC

On August 7, 2008, Sonus completed an exclusive in-licensing agreement with Bayer HealthCare LLC ("Bayer") for the right to develop, commercialize or sublicense 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 paid in June 2009 and included in research and development expense. 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 million for clinical development and regulatory milestones. No milestone payments are triggered prior to the initiation of a phase 3 clinical trial. OncoGenex has the option to terminate this contract upon 60 days written notice to Bayer.

Lease Arrangements

The Company has an operating lease agreement for office space in Vancouver, Canada. The lease was set to expire in September 2009, but was renewed in June 2009 for an additional 18 months. The lease is now set to expire in March 2011.

Future minimum annual lease payments under the Vancouver lease are as follows:

	$ (In thousands)
2009	44
2010	177
2011	44
Total	265

In November 2006, prior to the Arrangement (Note 2), Sonus entered into a non-cancellable operating lease agreement for office space in Bothell, Washington, expiring in 2017 and office equipment under two non-cancellable operating leases which expire in 2009 and 2010. In connection with the new lease, Sonus was required to provide a cash security deposit of approximately $497,000, which is included in Other Long Term Assets. In addition, the lease stipulates the Company must issue a standby letter of credit for approximately $500,000. The Company is currently in the process of evaluating opportunities to exit or sublet portions of the leased space and has recorded a liability in the excess facilities lease charge of $1,386,000 as at September 30, 2009 (Note 6).

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

	$ (In thousands)
2009	485
2010	1,995
2011	2,055
2012	2,117
2013	2,180
remainder	9,395
Total	18,227

Consolidated rent expense for the nine month periods ended September 30, 2009 and 2008 was $1,757,000 and $436,000 respectively.

Other Purchase Commitments

As of September 30, 2009, the Company has entered into purchase commitments totalling $1,390,000 to purchase OGX-011 drug product, which we expect to incur in the fourth quarter of 2009.

Guarantees and Indemnifications

ASC 460 “Guarantees” requires that upon issuance of a guarantee, the guarantor must recognize a liability for the fair value of the obligations it assumes under that guarantee.

OncoGenex indemnifies its officers and directors for certain events or occurrences, subject to certain limits, while the officer or director is or was serving at our request in such capacity. The term of the indemnification period is equal to the officer’s or director’s lifetime.

The maximum amount of potential future indemnification is unlimited; however, we have obtained director and officer insurance that limits our exposure and may enable it to recover a portion of any future amounts paid. We believe that the fair value of these indemnification obligations is minimal. Accordingly, we have not recognized any liabilities relating to these obligations as of September 30, 2009.

We have certain agreements with certain organizations with which we do business that contain indemnification provisions pursuant to which we typically agree to indemnify the party against certain types of third-party claims. We accrue for known indemnification issues when a loss is probable and can be reasonably estimated. There were no accruals for or expenses related to indemnification issues for any period presented.

9. RELATED PARTY TRANSACTIONS

The Company incurred consulting fees of $74,000 for the nine month period ended September 30, 2008 payable to a former director. There were no related party transactions during the period ended September 30, 2009, and no amounts were included in accounts payable and accrued liabilities as at September 30, 2009. All transactions were recorded at their exchange amounts.

10. COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Nine months Ended September 30,	
(In thousands)	2009	2008	2009	2008
	$	$	$	$
Loss (income) attributable to common shareholders	2,385	(4,160)	9,357	1,221
Reclassification of unrealized gain on marketable securities	—	—	—	—
Unrealized gain (loss) on cash equivalents and marketable securities	2	(30)	2	(31)
Unrealized gain (loss) on foreign exchange	—	67	—	(3)
Comprehensive loss (income)	2,383	(4,197)	9,355	1,255

11. SUBSEQUENT EVENTS

The Company has performed an evaluation of subsequent events through November 5, 2009, the date the Company issued these financial statements. Based on our evaluation, no material events have occurred requiring financial statement disclosure.

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:

- timing and details of any corporate partnership agreements with a third party in regards to our product candidates;
- 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 on terms acceptable to us;
- a corporate partner may change the development plan or we may change the development plan depending on availability of funding;
- dependence on the development and commercialization of our product candidates;
- the risk that previous clinical trial results 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 our products and technologies;
- the timing, expense and uncertainty associated with the development and regulatory approval process for products;
- uncertainties regarding our future operating results, and the risk that the our product candidates will not obtain the requisite regulatory approvals to commercialize or that the future sales of our product candidates 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;
- our 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 us 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 our 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. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

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 comparative period in the prior year; and
- our current capital resources, our need for additional capital and possible sources of additional funding for future capital requirements.

Arrangement Agreement

As discussed in the notes to the financial statements above, during 2008, the Company completed the Arrangement with OncoGenex Technologies and, in connection therewith, effected a one-for-eighteen reverse stock split. 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-reverse stock split basis. For more information concerning the Arrangement, see the discussion of the Arrangement in Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2008 Annual Report on Form 10-K filed with the SEC on March 11, 2009 and note 2 to the financial statements included in this 10-Q, both of which are incorporated by reference herein.

Overview of the Company

OncoGenex is a biopharmaceutical company committed to the development and commercialization of new therapies that address unmet needs in the treatment of cancer. The Company has five product candidates in its pipeline, namely, OGX-011, OGX-427, OGX-225, SN2310 and CSP-9222, with each product candidate having a distinct mechanism of action and representing a unique opportunity for cancer drug development.

OncoGenex' product candidates OGX-011, OGX-427 and OGX-225 focus on mechanisms of treatment resistance in cancer patients and are designed to address treatment resistance by blocking the production of specific proteins that OncoGenex 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 compounds demonstrating activation of programmed cell death in pre-clinical models that have been in-licensed from Bayer HealthCare LLC.

Product Candidate OGX-011

We have designed two phase 3 clinical trials to evaluate the clinical benefit of OGX- 011 in metastatic castrate resistant prostate cancer ("CRPC"). OncoGenex believes that two phase 3 trials will be required for initial product marketing approval. The two clinical trial designs are:

- Evaluating a survival benefit for OGX-011 in combination with first-line docetaxel treatment in approximately 800 men with CRPC; and

- Evaluating a durable pain palliation benefit for OGX-011 in combination with docetaxel as second-line chemotherapy in approximately 300 men with CRPC.

OncoGenex intends to conduct the above phase 3 trials with OGX-011 in metastatic CRPC, subject to:

i) The availability and receipt of additional funding from partnering, equity or debt; and

ii) Any partner's concurrence with this development plan.

OGX-011 has received Fast Track designations from the U.S. Food & Drug Administration ("FDA") for the treatment of progressive metastatic prostate cancer in combination with docetaxel for both first and second-line docetaxel treatment. The FDA has agreed on the design of two phase 3 registration trials, each in CRPC, via the Special Protocol Assessment ("SPA") process. One trial design investigates overall survival as the primary endpoint for OGX-011 in combination with first-line chemotherapy, whereas the other trial design investigates pain palliation as the primary endpoint for OGX-011 in combination with second-line chemotherapy.

Final results of a randomized phase 2 trial evaluating the benefit of combining OGX-011 with first-line docetaxel chemotherapy were presented during an oral presentation at the American Society of Clinical Oncology ("ASCO") 2009 Annual Meeting. Analyses indicating a survival benefit in patients treated with OGX-011 in combination with first-line docetaxel compared to docetaxel alone, the latter of which being the current standard care for patients with advanced, progressive metastatic prostate cancer, are described below:

- The median overall survival in patients with advanced metastatic prostate cancer who were treated with OGX-011 plus docetaxel in a randomized phase 2 trial was 23.8 months compared to 16.9 months for patients treated with docetaxel alone, indicating a 6.9 month survival advantage in the OGX-011 arm;

- The unadjusted hazard ratio ("HR"), a measure used to compare the death rates between treatment groups, was 0.61, representing a 39% lower rate of death for patients treated with OGX-011; and

- A prospectively defined multivariate analysis indicated that the significant predictors of overall survival were treatment arm, performance status and presence of metastases other than in bone or lymph nodes. In the multivariate analysis, patients treated with OGX-011 had a rate of death of 51% lower than patients treated with docetaxel alone (HR=0.49; p=0.012). Additional exploratory analyses found that the lower rate of death was associated with the effect of OGX-011 treatment even when varying amounts of chemotherapy were administered (i.e. OGX-011 treatment resulted in a lower rate of death when compared to the control arm for patients receiving 6 or less cycles of chemotherapy as well as for patients receiving 10 cycles of chemotherapy).

OGX-011 treatment was well tolerated in combination with docetaxel. There was an increase in incidence of mild fever, chills and creatinine levels (a laboratory measure for reduced kidney function) and a moderate to significant decrease in circulating lymphocytes in the blood (another laboratory measure) without any increase in infection rate compared to the docetaxel arm. Due to the final results of this randomized phase 2 trial, the phase 3 registration trial will evaluate the overall survival benefit of OGX-011 in patients treated with first-line chemotherapy.

Durable pain palliation defined as pain palliation of 12 weeks or greater has been observed in another phase 2 trial evaluating patients with metastatic CRPC who progressed while receiving, or within 6 months of completing, first-line docetaxel treatment. In this trial, 44% of patients who were retreated with docetaxel as second-line treatment in combination with OGX-011 had durable pain palliation. This is favorable even when compared to the 35% pain responses of 3 weeks or greater observed in the phase 3 study which supported the registration of docetaxel as first-line chemotherapy in patients with CRPC. Due to the results of our phase 2 trial, our other phase 3 registration trial will evaluate the durable pain palliation benefit of OGX-011 in patients treated with second-line chemotherapy.

Product Candidate OGX-427

A phase 1 trial has evaluated 47 patients with a variety of cancers, with enrollment ongoing. OGX-427 was first evaluated as a single agent in a dose escalation manner up to 1000mg OGX-427. A maximum tolerated dose was not identified up to and including the 1000mg dose of OGX-427 monotherapy. Subsequently, as defined by the protocol, an 800mg dose of OGX-427 in combination with docetaxel was evaluated, followed by a 1000mg OGX-427 plus docetaxel. OGX-427 is administered as three loading doses within the first nine days and then continued weekly, with three weeks defined as a treatment cycle, until disease progression or toxicity. In those groups receiving OGX-427 in combination with docetaxel, 75mg/M2 docetaxel was administered on day 1 of every 3-week cycle starting after completion of the OGX-427 loading doses.

Preliminary results of this phase 1 trial were presented during an oral presentation at the ASCO 2009 Annual Meeting. Patients enrolled had a diagnosis of breast, ovarian, prostate or non-small cell lung cancer and most had failed multiple prior chemotherapy treatments. A median of two cycles (range of one to eight cycles) was administered.

OGX-427 treatment was well tolerated as a monotherapy. No evidence of altered cardiac activity was observed. A majority of adverse events were mild and mainly occurred during the loading doses. Adverse events consisted of chills, itching and fatigue in over one-third of patients. There was a trend for increasing incidence of some mild adverse events with escalating OGX-427 doses. For example, 33% of patients at the 200mg dose compared to 67% of patients at the 1000mg dose had mild adverse events during the loading doses. The half-life of OGX-427 in the blood remained constant, although there appeared to be an increase in maximum blood levels and a corresponding decease in blood clearance of OGX-427 as doses were escalated.

The combination of OGX-427 with docetaxel at both dose levels was also well tolerated. This data is subject to further analysis.

Circulating tumor cells (“CTCs”), an emerging metric to assess treatment effect, were evaluated at baseline before treatment and during OGX-427 treatment as a monotherapy. Both total and Hsp27-positive CTCs were evaluated. Declines of 50% or greater in both total and Hsp27-positive CTCs were observed in over one-half of the patients in each cohort and in each type of cancer. Declines in Hsp27 CTCs to 5 or less cells occurred in 27% of patients who had greater than 5 CTCs at baseline. Reduction in tumor markers defined as declines of prostate specific antigen, or PSA, levels in prostate cancer or CA-125 levels in ovarian cancer were also observed. A reduction in PSA level was observed in 7 of 20 patients (35%) with prostate cancer and a reduction in CA-125 levels was observed in 3 of 5 patients (60%) with ovarian cancer.

A second investigator-sponsored phase 1 clinical trial evaluating OGX-427 when administered directly into the bladder in patients with bladder cancer was initiated in August 2009. The study, which will enroll up to 30 patients with bladder cancer, is designed to determine the safety and potential benefit of OGX-427 administered directly into the bladder using a catheter, which is known as intravesical instillation. In addition, the study will measure the direct effect of OGX-427 on expression of Hsp27 in bladder tumor cells as well as determine the pharmacokinetics and pharmacodynamics of OGX-427 when delivered by intravesical instillation. This investigator-sponsored study is funded by the National Cancer Institute of Canada ("NCIC").

Product Candidates OGX-225, SN2310 and CSP-9222

SN2310 was evaluated in a phase 1 clinical trial to evaluate safety in patients with advanced cancer who have received on average three to five prior chemotherapy treatments. SN2310 has been administered to 26 patients with various types of cancer in a phase 1 clinical trial. The phase 1 clinical trial has been completed and the dose-limiting toxicity that defined a maximum tolerated dose in this heavily pretreated patient population has been determined. No additional trials for SN2310 will be initiated prior to attaining additional funding through, among other things, executing a partnership or collaboration agreement with a third party to fund the development of OGX-011 or the licensing or sale of certain of our product candidates.

OGX-225, an inhibitor of insulin growth factor binding proteins 2 and 5, and CSP-9222 are in pre-clinical development.

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 unless and 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 the Company's expenditures to date have been related to the development of OGX-011.

Until July 2, 2008, OGX-011 was being co-developed with 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 the Company's 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 the Company's 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 auditing 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 in the notes to the financial statements, in connection with the closing of the Arrangement, Sonus terminated the employment of two senior executives and reduced its workforce. The severance payable to the terminated executives was settled following the completion of the transaction and the amount owing at September 30, 2009 was nil. The Company expects that all severance liabilities relating to transaction-related workforce reductions will be paid out by November 2009, and the amount owing at September 30, 2009 was $3,000.

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 the combined Company for the full three and nine month periods ended September 30, 2009. The consolidated results of operations for the three and nine month periods ended September 30, 2008 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. 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, 2009 Compared to the Three Months Ended September 30, 2008

R&D expenses for the three months ended September 30, 2009 decreased to $1.5 million from $1.6 million for the three months ended September 30, 2008, due mainly to lower costs associated with the development of OGX-427 in 2009.

G&A expenses for the three months ended September 30, 2009 decreased to $0.9 million from $1.0 million for the three months ended September 30, 2008, due mainly to lower corporate expenses as compared to the prior period, which included additional transition expenses resulting from the reverse takeover of Sonus.

Interest income for the three months ended September 30, 2009 decreased to $5 thousand from $51 thousand for the three months ended September 30, 2008 due mainly to lower cash equivalents and short-term investments.

Other for the three months ended September 30, 2009 decreased to $24 thousand in income from $246 thousand in income for the three months ended September 30, 2008. The income earned in 2009 was due to the gains on sales of equipment and foreign exchange gains, as compared to foreign exchange gains and a reversal of convertible debenture interest in the 2008 period.

Nine months Ended September 30, 2009 Compared to the Nine months Ended September 30, 2008

R&D expenses for the nine months ended September 30, 2009 increased to $6.8 million from $3.6 million for the nine months ended September 30, 2008, due mainly to OGX-011 and OGX-427 development costs, an increase in employee expenses and higher facility costs resulting from the reverse takeover of Sonus. Also included in the nine months ended September 30, 2008 was a SRED claim of $0.6 million which offset R&D expenses in the period. Since OncoGenex Technologies became an affiliate of a public company as a result of the Arrangement, SRED claims can now only be applied against taxes payable. The SRED program is a Canadian federal tax incentive program that encourages Canadian businesses to conduct research and development in Canada.

G&A expenses for the nine months ended September 30, 2009 increased to $2.7 million from $2.2 million for the nine months ended September 30, 2008, due mainly to higher employee expenses and increased costs associated with operating as a public company.

Interest income for the nine months ended September 30, 2009 decreased to $41 thousand from $142 thousand for the nine months ended September 30, 2008. Of the $142 thousand in interest for the 2008 period, $60 thousand related to interest received from the Canada Revenue Agency in relation to the Company’s 2006 Scientific Research and Development claim, while the 2009 amount includes only interest earned on cash and cash equivalents and marketable securities.

Other for the nine months ended September 30, 2009 increased to $79 thousand in income from $54 thousand in expense for the nine months ended September 30, 2008. The income earned in 2009 was due to the gains on sales of equipment and foreign exchange gains, as compared to foreign exchange losses and convertible debenture interest in the 2008 period.

Liquidity and Capital Resources

OncoGenex has incurred cumulative losses attributable to common shareholders of $57 million since the inception of OncoGenex Technologies through September 30, 2009. OncoGenex does not expect to generate any revenues from licensing or product sales unless and until it executes a partnership or collaboration arrangement or is able to commercialize its product candidates itself.

As at September 30, 2009, OncoGenex had cash, cash equivalents, and short-term investments of $12.5 million in the aggregate as compared to cash, cash equivalents and short-term investments of $12.4 million as at December 31, 2008. As at September 30, 2009, 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, 2009 and 2008, net cash used in operations was $9.2 million and $7.4 million, respectively. This increase in cash used in operations in the nine months ended September 30, 2009 compared to the same period in 2008 was attributable primarily to increased R&D expenses associated with personnel and facilities assumed in the reverse takeover of Sonus, and the purchase of OGX-011 and OGX-427 drug compound.

Cash Provided by Financing Activities

For the nine months ended September 30, 2009 and 2008, net cash provided by financing activities was $9.4 million and $3 thousand, respectively. Net cash provided by financing activities in the nine months ended September 30, 2009 was attributable to the net proceeds we received from the issuance of common shares through a registered direct offering, and the proceeds from the issuance of common shares on stock option exercises. Net cash provided by financing activities in the nine months ended September 30, 2008 was attributable to the proceeds received 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 effected in connection with the Arrangement.

Cash Used/Provided by Investing Activities

Net cash provided by investing activities for the nine months ended September 30, 2009 and 2008 was $2.3 million and $8.8 million, respectively. Net cash provided by investing activities in the nine months ended September 30, 2009 was due to transactions involving marketable securities in the normal course of business. 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. The related maturities and sales of those investments provide working capital on an as-needed basis.

Operating Capital and Capital Expenditure Requirements

We believe that our cash, cash equivalents and short-term investments will be sufficient to fund our currently planned operations into the fourth quarter of 2010, including:

- completing partnering discussions related to OGX-011;
- completing follow-up monitoring visits related to its completed phase 2 clinical trials of OGX-011;
- completing follow-up monitoring visits related to the Phase 1 clinical trial evaluating OGX-427 as a monotherapy in patients with solid tumors and continuing evaluation of OGX-427 in combination with docetaxel in patients with solid tumors;
- continuing an investigator-sponsored phase 1 clinical trial evaluating OGX-427 treatment in patient with bladder cancer;
- continuing critical path initiatives including manufacturing and clinical trial readiness activities in anticipation of OGX-011 Phase 3 clinical trials; and
- meeting working capital needs, capital expenditures and general corporate purposes.

We are a development stage enterprise and we require additional funding to support our planned operations, including our planned phase 3 clinical trials of OGX-011 in patients with castrate resistant prostate cancer ("CRPC"). We are seeking additional funding through executing a partnership or collaboration agreement with a third party that has sufficient resources to fund the development of our product candidates. We may also seek additional funding through the licensing or sale of certain of our product candidates, or through private or public offerings of our equity securities or debt financings.

Our future capital requirements depend on many factors, including:

- our ability to obtain additional funding through 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, or through private or public offerings of our equity securities or debt financings;
- timing and costs of clinical trials, preclinical development 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.

As we are presently drafting definitive agreements, we believe that we are on track to secure a partnership for OGX-011. 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 all or part of our operations.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet financing arrangements at September 30, 2009.

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 in our Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC on March 11, 2009. There have been no significant changes to our "Contractual Obligations" table in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our 2008 Form 10-K. For more information regarding our current contingencies and commitments, see Note 8 to the financial statements included above, which is incorporated by reference herein.

Material Changes in Financial Condition

(In thousands)	September 30, 2009	December 31, 2008
	$	$
Total assets	14,584	14,790
Total liabilities	3,576	4,083
Shareholders' equity	11,008	10,707

The decrease in assets from December 31, 2008 primarily relates to decreased cash, cash equivalents and marketable securities as these assets have been used to fund operations, offset by proceeds from the issuance of common shares through a registered direct offering. The decrease in liabilities from December 31, 2008 relates predominantly to the payment in 2009 of manufacturing costs included in Accounts Payable at year end.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. We have discussed those estimates that we believe are critical and require the use of complex judgment in their application in our 2008 Form 10-K. Since the date of our 2008 Form 10-K, there have been no material changes to our critical accounting policies or the methodologies or assumptions we apply under them.

New Accounting Standards

See Note 3, "Accounting Policies," of the consolidated financial statements for information related to the adoption of new accounting standards in 2009, none of which had a material impact on our financial statements, and the future adoption of recently issued accounting standards, which we do not expect to have a material impact on our financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We invest our cash in a variety of financial instruments, primarily in short-term bank deposits, money market funds, and domestic and foreign commercial paper and government securities. These investments are denominated in U.S. dollars and are subject to interest rate risk, and could decline in value if interest rates fluctuate. Our investment portfolio includes only marketable securities with active secondary or resale markets to help ensure portfolio liquidity. Due to the conservative nature of these instruments, we do not believe that we have a material exposure to interest rate risk. For example, if market rates hypothetically increase immediately and uniformly by 100 basis points from levels at September 30, 2009, the decline in the fair value of our investment portfolio would not be material.

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.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that material information required to be disclosed in the Company's periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The Company's disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports the Company files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

During the quarter ended September 30, 2009 the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the chief executive officer and the chief financial officer, of the effectiveness of the design and operation of the disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, the Company's chief executive officer and chief financial officer concluded that the Company's disclosure controls and procedures were effective, as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

The Company has not made any changes to its internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A. Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2008, as filed with the SEC on March 11, 2009, which could materially affect our business, financial condition or future results. There have been no material changes to the risk factors described in that report.

Item 5. Other Information

Employment Agreements

The Company and OncoGenex Technologies have entered into employment agreements with Scott Cormack, the Company's President and Chief Executive Officer, effective November 4, 2009 (the "Cormack Agreement") and Stephen Anderson, the Company's Chief Financial Officer, effective November 4, 2009 (the "Anderson Agreement"). The Company has also entered into an employment agreement with Cindy Jacobs, the Company's Executive Vice President and Chief Medical Officer, effective November 3, 2009 (the "Jacobs Agreement"). The Cormack Agreement, Anderson Agreement and Jacobs Agreement, which supersede the prior employment agreements with Mr. Cormack, Mr. Anderson and Dr. Jacobs, respectively, are intended to provide a general update of terms and to conform to public company practices. Certain key terms of the Cormack Agreement, Anderson Agreement and Jacobs Agreement are described below. Each description is qualified in its entirety by reference to the full text of the applicable employment agreement. Copies of the Cormack Agreement, Anderson Agreement and Jacobs Agreement are attached hereto as Exhibits 10.25, 10.26 and 10.27, respectively, and incorporated herein by reference.

Cormack Agreement

Under the Cormack Agreement, OncoGenex Technologies is obligated to pay Mr. Cormack an annual base salary of not less than Cdn.$345,000. Mr. Cormack is also eligible to receive a discretionary annual incentive bonus constituting up to 40% of Mr. Cormack's base salary. Such percentage may be modified by the board of directors or compensation committee of the Company from time to time.

The Cormack Agreement provides Mr. Cormack with termination benefits in the event Mr. Cormack is terminated without "cause" or for "disability" (each as defined in the Cormack Agreement), or if Mr. Cormack resigns for "good reason", which is defined in the Cormack Agreement to mean any of the following without Mr. Cormack's prior written consent: (i) the relocation of Mr. Cormack's primary work location by more than 40 miles from the current location of OncoGenex Technologies' Canadian office in Vancouver, British Columbia; (ii) a material reduction of Mr. Cormack's base salary or employee benefits; (iii) any material reduction or diminution of Mr. Cormack's authority or responsibilities; (iv) a fundamental breach of the Cormack Agreement; or (v) the failure of any successor of the Company to expressly in writing assume OncoGenex Technologies' and the Company's obligations under the Cormack Agreement, in each case, provided that Mr. Cormack has provided OncoGenex Technologies with two months advance written notice and an opportunity to cure such breach during such two-month period (each termination without "cause" or for "disability" of Mr. Cormack's employment, or Mr. Cormack's resignation for "good reason", an "Involuntary Termination").

The Cormack Agreement provides that if there is an Involuntary Termination, OncoGenex Technologies will be obligated to pay Mr. Cormack a lump sum equal to 18 months of his then-current base salary. In addition, Mr. Cormack will receive continued entitlement under OncoGenex Technologies' group medical, dental and insurance plans, excluding short and long term disability plans and pension plans, to which Mr. Cormack and his family are entitled at Mr. Cormack's termination date, to the extent such benefit plans permit, for 18 months (the "Cormack Benefit Plan Severance Period") or until Mr. Cormack becomes employed elsewhere wherein comparable benefits are provided, whichever date comes first. To the extent continuance of a benefit plan, excluding short and long term disability plans and pension plans, is not permitted, OncoGenex Technologies will be obligated to pay Mr. Cormack an amount equal to the sum Mr. Cormack would be required to pay to receive comparable benefits for the Cormack Benefit Plan Severance Period. Notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection therewith, if there is an Involuntary Termination, then the time-based vesting restrictions (if any) will immediately lapse on an additional number of shares under all of Mr. Cormack's outstanding compensatory equity in the Company (which includes any outstanding stock options granted to Mr. Cormack under the Company's equity compensation plans) that would have time-vested if Mr. Cormack had continued in employment for 18 months following his Involuntary Termination.

The Cormack Agreement provides for additional termination benefits if there is an Involuntary Termination during the period beginning three months before and ending 12 months after a "change in control" of the Company (as defined in the Cormack Agreement) or if such Involuntary Termination is required by the merger agreement, purchase agreement or other instrument relating to such change in control or such Involuntary Termination is made at the express request of the other party (or parties) to the transaction constituting such change in control (each, a "Change in Control Termination"). Upon a Change in Control Termination, OncoGenex Technologies will be obligated to pay Mr. Cormack 24 months of his then-current base salary, plus a sum equal to 12 months of his average monthly bonus earnings, where such average is calculated over the 24 month period immediately preceding Mr. Cormack's termination date and based on Mr. Cormack's bonuses paid in such 24 month period. In addition, Mr. Cormack will receive continued entitlement under OncoGenex Technologies' benefit plans as described above (or an amount equal to the sum Mr. Cormack would be required to pay to receive comparable benefits if such continued entitlement is not permitted as described above), except that the Cormack Benefit Plan Severance Period will be 24 months instead of 18 months. Notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection therewith, upon a Change in Control Termination, all vesting restrictions (if any) will immediately lapse on all of Mr. Cormack's compensatory equity in the Company effective as of his termination date.

All termination benefits in the event of an Involuntary Termination or Change in Control Termination are subject to Mr. Cormack's execution, delivery and non-revocation of a general release of all litigation and other claims against OncoGenex Technologies, and the Company and all affiliates.

The Cormack Agreement also includes certain indemnification, non-solicitation, non-compete, non-disparagement and confidentiality provisions. The indemnification agreements in effect between the Company and Mr. Cormack and between OncoGenex Technologies and Mr. Cormack will remain in effect.

Anderson Agreement

Under the Anderson Agreement, OncoGenex Technologies is obligated to pay Mr. Anderson an annual base salary of not less than Cdn.$210,000. Mr. Anderson is also eligible to receive a discretionary annual incentive bonus constituting up to 25% of Mr. Anderson's base salary. Such percentage may be modified by the board of directors or compensation committee of the Company from time to time.

The Anderson Agreement provides Mr. Anderson with termination benefits in the event Mr. Anderson is terminated without "cause" or for "disability" (each as defined in the Anderson Agreement), or if Mr. Anderson resigns for "good reason", which is defined in the Anderson Agreement to mean any of the following without Mr. Anderson's prior written consent: (i) the relocation of Mr. Anderson's primary work location by more than 40 miles from the current location of OncoGenex Technologies' Canadian office in Vancouver, British Columbia; (ii) a material reduction of Mr. Anderson's base salary or employee benefits; (iii) any material reduction or diminution of Mr. Anderson's authority or responsibilities; (iv) a fundamental breach of the Anderson Agreement; or (v) the failure of any successor of the Company to expressly in writing assume OncoGenex Technologies' and the Company's obligations under the Anderson Agreement, in each case, provided that Mr. Anderson has provided OncoGenex Technologies with one month advance written notice and an opportunity to cure such breach during such one-month period (each termination without "cause" or for "disability" of Mr. Anderson's employment, or Mr. Anderson's resignation for "good reason", an "Involuntary Termination").

The Anderson Agreement provides that if there is an Involuntary Termination, OncoGenex Technologies will be obligated to pay Mr. Anderson a lump sum equal to nine months of his then-current base salary. In addition, Mr. Anderson will receive continued entitlement under OncoGenex Technologies' group medical, dental and insurance plans, excluding short and long term disability plans and pension plans, to which Mr. Anderson and his family are entitled at Mr. Anderson's termination date, to the extent such benefit plans permit, for nine months (the "Anderson Benefit Plan Severance Period") or until Mr. Anderson becomes employed elsewhere wherein comparable benefits are provided, whichever date comes first. To the extent continuance of a benefit plan, excluding short and long term disability plans and pension plans, is not permitted, OncoGenex Technologies will be obligated to pay Mr. Anderson an amount equal to the sum Mr. Anderson would be required to pay to receive comparable benefits for the Anderson Benefit Plan Severance Period. Notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection therewith, if there is an Involuntary Termination, the time-based vesting restrictions (if any) will immediately lapse on an additional number of shares under all of Mr. Anderson's outstanding compensatory equity in the Company (which includes any outstanding stock options granted to Mr. Anderson under the Company's equity compensation plans) that would have time-vested if Mr. Anderson had continued in employment for nine months following his Involuntary Termination.

The Anderson Agreement provides for additional termination benefits if there is an Involuntary Termination during the period beginning three months before and ending 12 months after a "change in control" of the Company (as defined in the Anderson Agreement) or if such Involuntary Termination is required by the merger agreement, purchase agreement or other instrument relating to such change in control or such Involuntary Termination is made at the express request of the other party (or parties) to the transaction constituting such change in control (each, a "Change in Control Termination"). Upon a Change in Control Termination, OncoGenex Technologies will be obligated to pay Mr. Anderson 12 months of his then-current base salary, plus a sum equal to 12 months of his average monthly bonus earnings, where such average is calculated over the 24 month period immediately preceding Mr. Anderson's termination date and based on Mr. Anderson's bonuses paid in such 24 month period. In addition, Mr. Anderson will receive continued entitlement under OncoGenex Technologies' benefit plans as described above (or an amount equal to the sum Mr. Anderson would be required to pay to receive comparable benefits if such continued entitlement is not permitted as described above), except that the Anderson Benefit Plan Severance Period will be 12 months instead of nine months. Notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection therewith, upon a Change in Control Termination, all vesting restrictions (if any) will immediately lapse on all of Mr. Anderson's compensatory equity in the Company effective as of his termination date.

All termination benefits in the event of an Involuntary Termination or Change in Control Termination are subject to Mr. Anderson's execution, delivery and non-revocation of a general release of all litigation and other claims against OncoGenex Technologies, and the Company and all affiliates.

The Anderson Agreement also includes certain indemnification, non-solicitation, non-compete, non-disparagement and confidentiality provisions. The indemnification agreements in effect between the Company and Mr. Anderson and between OncoGenex Technologies and Mr. Anderson will remain in effect.

Jacobs Agreement

Under the Jacobs Agreement, the Company is obligated to pay Dr. Jacobs an annual base salary of not less than $360,000. Dr. Jacobs is also eligible to receive a discretionary annual incentive bonus constituting up to 30% of Dr. Jacobs' base salary. Such percentage may be modified by the board of directors or compensation committee of the Company from time to time.

The Jacobs Agreement provides Dr. Jacobs with termination benefits in the event Dr. Jacobs is terminated without "cause" or for "disability" (each as defined in the Jacobs Agreement), or if Dr. Jacobs resigns for "good reason", which is defined in the Jacobs Agreement to mean any of the following without Dr. Jacobs' prior written consent: (i) the relocation of Dr. Jacobs' primary work location by more than 40 miles from the Company's current location in Bothell, Washington; (ii) a material reduction of Dr. Jacobs' base salary or employee benefits; (iii) any material reduction or diminution of Dr. Jacobs' authority or responsibilities; (iv) a material breach of the Jacobs Agreement; or (v) the failure of any successor of the Company to expressly in writing assume the Company's obligations under the Jacobs Agreement, in each case, provided that Dr. Jacobs has provided the Company with 30 days advance written notice and an opportunity to cure such breach during such 30-day period (each termination without "cause" or for "disability" of Dr. Jacobs' employment, or Dr. Jacobs' resignation for "good reason", an "Involuntary Termination").

The Jacobs Agreement provides that if there is an Involuntary Termination, the Company will be obligated to pay Dr. Jacobs a lump sum equal to 12 months of her then-current base salary. In addition, if Dr. Jacobs elects to continue her (and her dependents') health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Company must pay up to 12 months of Dr. Jacobs' monthly premium under COBRA, provided that the Company's obligation to pay the monthly premium will cease when Dr. Jacobs becomes eligible to receive substantially equivalent health coverage in connection with new employment. Notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection therewith, if there is an Involuntary Termination, then the time-based vesting restrictions (if any) will immediately lapse on an additional number of shares under all of Dr. Jacobs' outstanding compensatory equity in the Company (which includes outstanding stock options granted to Dr. Jacobs under the Company's equity compensation plans) that would have time-vested if Dr. Jacobs had continued in employment for 12 months following her Involuntary Termination.

The Jacobs Agreement provides for additional termination benefits if there is an Involuntary Termination during the period beginning three months before and ending 12 months after a "change in control" of the Company (as defined in the Jacobs Agreement) or if such Involuntary Termination is required by the merger agreement, purchase agreement or other instrument relating to such change in control or such Involuntary Termination is made at the express request of the other party (or parties) to the transaction constituting such change in control (each, a "Change in Control Termination"). Upon a Change in Control Termination, the Company will be obligated to pay Dr. Jacobs 15 months of her then-current base salary, plus a sum equal to 12 months of her average monthly bonus earnings, where such average is calculated over the 24 month period immediately preceding Dr. Jacobs' separation from services and based on Dr. Jacobs' bonuses paid in such 24 month period. In addition, the Company's payment of monthly COBRA premiums as described above will be for up to 15 months instead of up to 12 months. Notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection therewith, upon a Change in Control Termination, all vesting restrictions (if any) will immediately lapse on all of Dr. Jacobs' compensatory equity in the Company effective as of her separation from service.

All termination benefits in the event of an Involuntary Termination or Change in Control Termination are subject to Dr. Jacobs' execution, delivery and non-revocation of a general release of all litigation and other claims against the Company and all affiliates.

The Jacobs Agreement also includes certain indemnification, non-solicitation, non-compete, non-disparagement and confidentiality provisions. The indemnification agreements in effect between the Company and Dr. Jacobs and between OncoGenex Technologies and Dr. Jacobs will remain in effect.

Item 6. Exhibits

Exhibit Number	Description
2.1(1)	Arrangement Agreement between the Company and OncoGenex Technologies Inc. dated May 27, 2008†
2.2(2)	First Amendment to Arrangement Agreement between the Company and OncoGenex Technologies Inc. dated August 11, 2008
2.3(2)	Second Amendment to Arrangement Agreement between the Company and OncoGenex Technologies Inc. dated August 15, 2008
3.1(3)	Amended and Restated Certificate of Incorporation (As Amended Through October 17, 1995)
3.2(4)	Certificate of Amendment to Certificate of Incorporation filed on May 6, 1999
3.3(5)	Certificate of Correction filed on March 9, 2009 to Certificate of Amendment filed on May 6, 1999
3.4(6)	Certificate of Amendment to Certificate of Incorporation filed on May 7, 2004
3.5(5)	Certificate of Correction filed on March 9, 2009 to Certificate of Amendment filed on May 7, 2004
3.6(2)	Certificate of Amendment to Certificate of Incorporation filed on August 20, 2008
3.7(7)	Third Amended and Restated Bylaws of Oncogenex Pharmaceuticals, Inc.
4.1(2)	Specimen Certificate of Common Stock
4.2(8)	Amended and Restated Rights Agreement dated as of July 24, 2002 between the Company and U.S. Stock Transfer Corporation
4.3(9)	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(10)	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(11)	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(12)	Sonus Pharmaceuticals, Inc. Incentive Stock Option, Nonqualified Stock Option and Restricted Stock Purchase Plan — 1991 (the “1991 Plan”), as amended

Exhibit Number	Description
10.2(12)	Form of Incentive Option Agreement (pertaining to the 1991 Plan)
10.3(12)	Form of Sonus Pharmaceuticals, Inc. Nonqualified Stock Option Agreement under the 1991 Plan
10.4(13)	Sonus Pharmaceuticals, Inc. 1999 Nonqualified Stock Incentive Plan (the “1999 Plan”)
10.5(13)	Form of Sonus Pharmaceuticals, Inc. Nonqualified Stock Option Agreement under the 1999 Plan
10.6(13)	Form of Sonus Pharmaceuticals, Inc. Restricted Stock Purchase Agreement under the 1999 Plan
10.7(14)	Sonus Pharmaceuticals, Inc. 2000 Stock Incentive Plan (the “2000 Plan”)
10.8(15)	First Amendment to Sonus Pharmaceuticals, Inc. 2000 Plan
10.9(14)	Form of Sonus Pharmaceuticals, Inc. Stock Option Agreement (pertaining to the 2000 Plan)
10.10(16)	Sonus Pharmaceuticals, Inc. 2007 Performance Incentive Plan (the “2007 Plan”)
10.11(17)	Form of Sonus Pharmaceuticals, Inc. Stock Option Agreement (pertaining to the 2007 Plan)
10.12(17)	Form of Sonus Pharmaceuticals, Inc. Restricted Stock Purchase Agreement under the 2007 Plan
10.13(18)	OncoGenex Technologies Inc. Amended and Restated Stock Option Plan
10.14(19)	Stock Option Assumption, Amending and Confirmation Agreement dated as of August 21, 2008 between the Company and OncoGenex Technologies Inc.
10.15(20)	OncoGenex Pharmaceuticals, Inc. Short Term Incentive Awards Program
10.16(20)	Agreement and Consent Form (related to the Short Term Incentive Awards Program)
10.17(20)	Director Compensation Policy
10.18(12)	Form of Indemnification Agreement for Officers and Directors of the Company
10.19(18)	Form of Indemnification Agreement between OncoGenex Technologies Inc. and each of Scott Cormack, Stephen Anderson and Cindy Jacobs
10.20(18)	Form of Indemnification Agreement between OncoGenex Technologies Inc. and Neil Clendeninn
10.21(21)	Severance/Change in Control Agreement dated January 11, 2008 between the Company and Michael Martino
10.22(2)	Executive Termination Agreement and General Release dated August 21, 2008 between the Company and Michael Martino
10.23(21)	Severance/Change in Control Agreement dated January 11, 2008 between the Company and Alan Fuhrman
10.24(2)	Executive Termination Agreement and General Release dated August 21, 2008 between the Company and Alan Fuhrman
10.25	Employment Agreement between OncoGenex Technologies Inc. and the Company and Scott Cormack dated as of November 4, 2009
10.26	Employment Agreement between OncoGenex Technologies Inc. and the Company and Stephen Anderson dated as of November 4, 2009
10.27	Employment Agreement between the Company and Cindy Jacobs dated as of November 3, 2009
10.28(22)	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”)

Exhibit Number	Description
10.29(22)	Form of Purchase Warrant related to the Securities Purchase Agreement
10.30(23)	Form of Purchase Warrant issued to Schering AG
10.31(22)	Registration Rights Agreement dated as of August 15, 2005 by and among the Company and the investors named therein
10.32(24)	Lease by and between BMR-217th Place LLC and the Company dated as of November 21, 2006
10.33(25)	First Amendment to Lease by and between BMR-217th Place LLC and the Company dated as of August 17, 2007
10.34(26)	Second Amendment to Lease by and between BMR-217th Place LLC and the Company dated as of January 28, 2008
10.35(6)	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(27)	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(2)	Second Amending Agreement and Consent as of August 7, 2008 between The University of British Columbia and OncoGenex Technologies Inc. (OGX-011)
10.38(27)	Collaboration and License Agreement between OncoGenex Technologies Inc. and Isis Pharmaceuticals, Inc. effective as of January 5, 2005 (OGX-427)*
10.39(27)	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(2)	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 September 30, 2008.

(3) Incorporated by reference to the Company's Registration Statement on Form S-1, Reg. No. 33-96112.

(4) Incorporated by reference to Company's quarterly report on Form 10-Q for the quarter ended March 31, 1999.

(5) Incorporated by reference to the Company's current report on Form 8-K filed on March 11, 2009.

(6) Incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2008.

(7) Incorporated by reference to the Company's current report on Form 8-Kfiled on October 30, 2008.

(8) Incorporated by reference to the Company's amended Form 8-A filed on July 25, 2002.

(9) Incorporated by reference to the Company's amended Form 8-A filed on October 18, 2005.

(10) Incorporated by reference to the Company's amended Form 8-A filed on August 14, 2006.

(11) Incorporated by reference to the Company's current report on Form 8-K filed on May 30, 2008.

(12) Incorporated by reference to the Company's registration statement on Form S-1, Reg. No. 33-96112.

(13) Incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 1999.

(14) Incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2000.

(15) Incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2006.

(16) Incorporated by reference to the Company's proxy statement on Schedule 14A filed on April 3, 2007.

(17) Incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended September 30, 2007.

(18) Incorporated by reference to the OncoGenex Technologies Inc. registration statement on Form F-1 filed on December 13, 2006.

(19) Incorporated by reference to the Company's registration statement on Form S-8 filed on August 26, 2008.

(20) Incorporated by reference to the Company's current report on Form 8-K filed on April 2, 2009.

(21) Incorporated by reference to the Company's current report on Form 8-K filed on January 17, 2008.

(22) Incorporated by reference to the Company's current report on Form 8-K filed on August 18, 2005.

(23) Incorporated by reference to the Schedule 13D filed by Schering Berlin Venture Corporation on October 31, 2005.

(24) Incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2006.

(25) Incorporated by reference to the Company's annual report on Form 10-K for the year ended December 31, 2007.

(26) Incorporated by reference to the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2008.

(27) Incorporated by reference to the OncoGenex Technologies Inc. registration statement on Form F-1, Amendment No. 1, filed on January 29, 2007.

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 5, 2009

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

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Exhibit 10.25

Employment Agreement

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into by and between Scott Cormack (the "Executive") and OncoGenex Technologies Inc., a Canadian corporation (the "Employer") and OncoGenex Pharmaceuticals, Inc., a Washington corporation (the "Company") as of **November 4, 2009** (the "Effective Date"). This Agreement supercedes the Executive's Employment Agreement with the Employer, dated December 21, 2001, the Employment Amending Agreement with the Employer, dated August 10, 2005, and any other prior employment-related agreements (the "Prior Agreements").

1. Duties and Scope of Employment.

For the term of this Agreement ("Employment"), the Employer agrees to employ the Executive in the position of President and Chief Executive Officer and the Company agrees to appoint the Executive in the position of President and Chief Executive Officer of the Company. The Executive shall report directly to the Board of Directors of the Company (the "Board"). The Executive shall have such duties, authority and responsibilities that are commensurate with his being a senior executive officer of the Company and the Employer. During his employment, Executive will perform his duties faithfully and to the best of his ability and will, except as provided below, devote his full business efforts and time to the Employer and the Company. For the duration of the Executive's Employment term, Executive agrees not to actively engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior written approval of the Board, such approval not to be unreasonably withheld. It is understood and agreed that Executive will not be precluded from serving on boards of directors and advisory boards, provided that such activities do not materially adversely affect Executive's ability to perform and discharge his duties to the Company and the Employer. The Executive's primary work place shall be at the Company's Canadian office in Vancouver, British Columbia.

2. Cash and Incentive Compensation.

(a) **Salary**. The Employer shall pay the Executive as compensation for his services a base salary at a gross annual rate of not less than Cdn.$345,000. Such salary shall be payable in accordance with the Employer's standard payroll procedures. The annual compensation specified in this Section 2(a), together with any increases in such compensation that the Employer may grant from time to time, is referred to in this Agreement as "Base Compensation."

(b) **Incentive Bonuses**. The Executive shall be eligible to receive a discretionary annual fiscal year incentive bonus ("Bonus") that the Board or Compensation Committee of the Board (the "Committee") shall determine and award (through the Employer) in its sole discretion. Initially, the Executive shall be eligible to receive a Bonus constituting up to 40% of the Executive's Base Compensation. Such percentage may be modified by the Board or the Committee in its discretion from time to time. The Bonus will be based upon the achievement of specific milestones that will be determined by the Board and /or the Committee and confirmed to the Executive no later than ninety (90) days after the start of each fiscal year. Payment for each year's Bonus, if awarded, shall be made to the Executive no later than the date on which Bonuses are paid to the other senior executive officers of the Company. The Board or the Committee may, in its sole discretion, determine not to award a Bonus or to award a Bonus at less than maximum eligibility. The Executive acknowledges that a Bonus is neither required nor guaranteed by this Agreement.

(c) **Equity Terms**. During the Executive's Employment, at the discretion of the Committee, the Executive shall be entitled to participate in the Company's equity compensation plans, as in effect from time to time, and the Executive shall be eligible to receive grants of Company equity ("Compensatory Equity"), as determined by the Committee, in its discretion from time to time.

(d) **Employee Benefits**. During the Executive's Employment, the Executive will be entitled to participate in the employee benefit plans of general applicability to other employees of the Employer, as in effect from time to time, including, without limitation, the Employer's group medical, dental, vision, disability, life insurance, director and officer liability insurance and flexible-spending account plans. The Employer reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time; provided that the Employer agrees to maintain benefit plans and programs that are no less beneficial in the aggregate than the benefit plans and programs of general applicability to employees of the Company, as in effect from time to time.

(e) **"Service" Definition**. For purposes of Section 3(b) of this Agreement, "Service" shall mean service by the Executive as an employee and/or consultant of the Employer (or any subsidiary or parent or affiliated entity of the Employer) and service by the Executive as an officer of the Company.

3. **Vacation and Indemnification.**

(a) **Vacation**. The Executive will be eligible for paid vacation in accordance with the Employer's vacation policy. Under the Employer's current vacation policy, the Executive is eligible for twenty (20) days per year of paid vacation. Unused vacation may not be carried over for more then twelve months after the completion of each fiscal year.

(b) **Indemnification**. The Company and the Employer shall indemnify the Executive to the maximum extent permitted by applicable law and the Company's certificate of incorporation and bylaws with respect to the Executive's Service. During the Executive's Employment, the Company shall maintain officers' liability insurance for the Executive's benefit on terms and conditions no less favorable than the terms and conditions generally applicable to the Company's other senior executive officers. The Employer's and the Company's obligations under this Section 3(b) shall survive termination of the Executive's Service and also termination or expiration of this Agreement.

4. **Business Expenses.**

During his Employment, the Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. The Employer shall promptly reimburse the Executive for such expenses upon presentation of appropriate supporting documentation, all in accordance with the Company's generally applicable policies.

5. **Term of Employment.**

(a) **Termination of Employment**. Subject to the terms and conditions described below, the Employer may terminate the Executive's Employment with or without Cause (as defined below), by giving the Executive two (2) months advance notice in writing. The Executive may terminate his Employment by giving the Employer two (2) months advance notice in writing. The Executive's Employment shall terminate automatically in the event of his death.

(b) **Rights Upon Termination**. Upon the termination of the Executive's Employment for any reason (including death or Disability (as defined below)), the Executive shall be entitled to the compensation, benefits and reimbursements described in this Agreement through the effective date of the termination (the "Termination Date"), and the Employer shall make the following payments to the Executive (or his beneficiary) within 10 business days following the Termination Date: (i) all unpaid salary and unpaid vacation accrued through the Termination Date, (ii) any accrued, unpaid bonuses (provided that any such bonus has been awarded by the Board or the Committee, in accordance with the terms of any applicable plan, has been earned by the Executive and is not subject to any vesting or other similar requirement) for any fiscal year of the Company ended prior to the Termination Date and (iii) any unreimbursed business expenses. The Executive may also be eligible for other post-Employment payments and benefits as provided in this Agreement or pursuant to other agreements (other than the Prior Agreements) or plans with the Employer or the Company. Upon the Termination Date, the Executive shall have no further rights to receive compensation or benefits from the Employer or the Company except as set forth in Section 6 and pursuant to the terms of any benefit plans (including without limitation any equity compensation plans) of the Employer or the Company in which the Executive is a participant.

6. **Termination Benefits.**

(a) **Severance Pay**. If there is an Involuntary Termination (as defined below) of the Executive's Employment, then, subject to the Executive's execution, delivery and non-revocation of a Release (defined below) within the time period described below, following the Executive's Termination Date, the Employer shall pay the Executive a single lump sum of cash in an amount equal to the sum of eighteen (18) months (the "Severance Period") of the Executive's then annual Base Compensation (not giving effect to any reduction in Base Compensation made in connection with such Involuntary Termination or giving rise to Good Reason). The cash lump sum amount payable under this Section 6(a) shall be made to the Executive on the first payroll date in the month following the month containing the Release Deadline. The Executive shall also receive the benefits provided in Sections 6(b) and 6(c), and all such payments and benefits shall not be subject to mitigation or offset (except as specified in Section 6(b)). In order to be entitled to receive the severance described in this Section 6(a) (including the benefits provided in Sections 6(b), 6(c) and, if applicable, 6(d)), the Executive must execute, deliver and not revoke the Release within forty-five (45) calendar days following the Executive's Termination Date (the date that is forty-five (45) calendar days following the Executive's Termination Date is the "Release Deadline"). The Employer shall furnish the Release to the Executive on the date of his Involuntary Termination. The "Release" shall be a general release of all litigation and other claims against the Employer, and Company and all affiliates by the Executive and on Executive's behalf in a form satisfactory to the Employer.

(b) **Health Insurance**. If the Executive is entitled to receive the severance payment in Section 6(a), then, to the extent that such benefit plans permit, the Executive shall receive continued entitlement under all of the Employer's group medical, dental and insurance plans, excluding short and long term disability plans and pension plans, to which the Executive and his family are entitled at the Termination Date; such continuation of benefit entitlement shall be for a period equal to the Severance Period or until the date the Executive becomes employed elsewhere wherein comparable benefits are provided, whichever date comes first. To the extent the continuance of a benefit plan, excluding short and long term disability plans and pension plans, is not permitted, the Employer shall pay to the Executive, no later than thirty (30) days after the Termination Date, an amount equal to the sum the Executive would be required to pay to receive comparable benefits for a period equal to the Severance Period (upon timely receipt of invoices reflecting the cost of premiums for such comparable benefits).

(c) **Equity Vesting**. Notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection with a grant of Compensatory Equity, if the Executive is entitled to receive the payments in Section 6(a), then the time-based vesting restrictions (if any) shall immediately lapse on an additional number of shares of Company common stock under all of the Executive's outstanding Compensatory Equity that is equal to the number of shares that would have time-vested if the Executive had continued in employment for the number of additional months following the Termination Date that is equal to the number of months in the Severance Period. The Executive shall be entitled to exercise any of his Compensatory Equity to the extent vested pursuant to this Section 6(c) or otherwise for such period as set forth in the terms of that Compensatory Equity.

(d) **Effect of Change in Control**. If the Company is subject to a Change in Control (as defined below) and there is an Involuntary Termination of the Executive's Employment within the period beginning three (3) months before and ending twelve (12) months after a Change in Control (or more than three (3) months prior to a Change in Control but in connection with a Change in Control), then following the Executive's Termination Date, the Executive will be entitled to all benefits described in Sections 6(a), 6(b) and 6(c) of this Agreement subject to the same terms and conditions and payment dates described above, except that (x) the cash payment amount under Section 6(a) shall be an amount equal to the sum of twenty-four (24) months of the Executive's then annual Base Compensation (not giving effect to any reduction in Base Compensation made in connection with such Involuntary Termination or giving rise to Good Reason), plus an amount equal to the sum of twelve (12) months of the Executive's average monthly Bonus earnings, where such average is calculated over the twenty-four (24) month period immediately preceding the Executive's Termination Date and based on the Executive's Bonus paid in such 24 month period, (y) the Executive's Severance Period under Section 6(b) shall equal twenty-four (24) months and (z) notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection with a grant of Compensatory Equity, all vesting restrictions (if any) shall immediately lapse on all of the Executive's Compensatory Equity effective as of the Termination Date. For purposes of the preceding sentence, an Involuntary Termination shall be deemed to be in connection with a Change in Control if such termination (i) is required by the merger agreement, purchase agreement or other instrument relating to such Change in Control or (ii) is made at the express request of the other party (or parties) to the transaction constituting such Change in Control.

(e) “**Change in Control” Definition**. For purposes of this Agreement, “Change in Control” shall mean the occurrence of any of the following events:

(i) the consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if the Company’s stockholders immediately prior to such merger, consolidation or reorganization cease to directly or indirectly own immediately after such merger, consolidation or reorganization at least a majority of the combined voting power of the continuing or surviving entity’s securities (or, if the continuing or surviving entity is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the ultimate parent corporation of such surviving or resulting corporation) outstanding immediately after such merger, consolidation or other reorganization;

(ii) the consummation of the sale, transfer or other disposition of all or substantially all of the Company’s assets (other than (1) to a corporation or other entity of which at least a majority of its combined voting power is owned directly or indirectly by the Company, (2) to a corporation or other entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company or (3) to a continuing or surviving entity described in subsection (i) in connection with a merger, consolidation or corporate reorganization which does not result in a Change in Control under subsection (i));

(iii) a change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either (1) had been directors of the Company on the date twenty-four (24) months prior to the date of the event that may constitute a Change in Control (the “original directors”) or (2) were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the aggregate of the original directors who were still in office at the time of the election or nomination and the directors whose election or nomination was previously so approved;

(iv) the consummation of any transaction as a result of which any person becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), directly or indirectly, of securities of the Company representing at least thirty-five percent (35%) of the total voting power represented by the Company's then outstanding voting securities. For purposes of this subsection, the term "person" shall have the same meaning as when used in sections 13(d) and 14(d) of the Exchange Act but shall exclude:

(1) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or an affiliate of the Company;

(2) a corporation or other entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company;

(3) the Company; and

(4) a corporation or other entity of which at least a majority of its combined voting power is owned directly or indirectly by the Company; or

(v) a complete winding up, liquidation or dissolution of the Company.

For purposes of this Section 6(e), a transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transactions.

(f) **"Cause" Definition**. For all purposes under this Agreement, "Cause" shall have the meaning of cause under the common law of British Columbia, including any of the following committed by the Executive:

(i) serious misconduct;

(ii) habitual neglect of duty;

(iii) incompetence;

(iv) conduct incompatible with the Executive's duties or prejudicial to the Company's or Employer's business; or

(v) willful disobedience to the Employer's orders in a matter of substance.

With respect to an intended dismissal for Cause, the Board shall provide the Executive one month's notice of the intended dismissal and, at the same time, shall provide in writing the reasons for the intended dismissal for Cause. The Executive shall have the option, within that one month period, of providing a written response to the reasons. The Executive shall continue to receive the compensation and benefits provided by this Agreement during the one-month period, but the Employer may, at its option, relieve the Executive of any active duties during that period. Nothing in this subsection will deprive the Employer of relying on the doctrine of after-acquired cause should it learn of other conduct amounting to Cause after the dismissal of the Executive.

(g) **"Involuntary Termination" Definition**. For all purposes under this Agreement, "Involuntary Termination" shall mean any of the following: (i) termination of the Executive's Employment by the Employer without Cause; (ii) the Executive's resignation of Employment for Good Reason; or (iii) termination of the Executive's Employment by the Employer for Disability.

(h) **"Good Reason" Definition**. For all purposes under this Agreement, "Good Reason" shall mean any of the following that occurs without the Executive's prior written consent: (i) the relocation of the Executive's primary work location by more than forty (40) miles from the current location of the Company's Canadian office in Vancouver, British Columbia; (ii) a material reduction of the Executive's Base Compensation or Executive's employee benefits; (iii) any material reduction or diminution of the Executive's duties, authority or responsibilities; (iv) the Employer's fundamental breach of this Agreement; or (v) the failure of any successor of the Company to expressly in writing assume the Employer's and the Company's obligations under this Agreement, in each case, provided that the Executive shall have provided the Employer with two (2) months advance written notice and an opportunity to cure such breach during such two-month period.

(i) **"Disability" Definition**. For all purposes under this Agreement, "Disability" shall mean the Executive's incapacity due to physical or mental illness to perform his full-time duties with the Company for a continuous period of three (3) months or an aggregate of six (6) months in any eighteen (18) month period.

(j) **No Further Obligations**. The Employer's obligations described in Sections 5 and 6 constitute its full obligations to the Executive in the event of a termination of employment and the Employer shall have no further obligation to provide notice of dismissal, compensation or compensation in lieu of notice other than as described in these sections.

7. **Non-Solicitation, Non-Compete and Non-Disparagement.**

(a) **Non-Solicitation**. During the period commencing on the date of this Agreement and continuing until the first anniversary of the Termination Date, the Executive shall not directly or indirectly, personally or through others, solicit, recruit, or attempt to solicit or recruit any employee, agent, licensor, content provider, supplier, distributor, customer or partner of the Company to curtail, cancel or terminate such employment, agency or business relationship that it has with the Company or its affiliates.

(b) **Non-Compete**. During the period commencing on the date of this Agreement and continuing until the first anniversary of the Termination Date, the Executive shall not directly or indirectly, personally or through others, own, manage, operate, control, participate in, perform services for, make any investment in, assist, or otherwise carry on, the Company business (such business, including the business of any subsidiary or parent or affiliated entity of the Company, is referred to herein as the "Company Business") or any business that directly competes with the Company Business (other than in the course of performing duties to the Company or any of its affiliates as an employee or other service provider). Notwithstanding the foregoing, nothing contained in this Section 7(b) shall limit or otherwise affect the ability of Executive to own not more than 1.0% of the outstanding capital stock of any entity that is engaged in a business competitive with the Company Business, provided that such investment is a passive investment and the Executive is not directly or indirectly involved in the management or operation of such business or otherwise providing consulting services to such business. For purposes of this Agreement, Company Business shall include, but shall not be limited to the research and development of the Technology, as defined herein, and such other business plans as approved by the Board from time to time and which are in effect on the Termination Date. As used herein, "Technology" means all ideas, concepts, business and trade names, trademarks, know-how, trade secrets, inventions, improvements, devices, methods, processes and discoveries, whether patentable or not, and whether or not reduced to writing or other tangible form or to actual or constructive practice which either: (i) are part of the technology licensed to the Employer under the UBC Licenses, as defined herein, or (ii) are otherwise developed or acquired on behalf of or by the Company or any affilate of the Company, including but not limited to the technology licensed to the Company or any affiliate of the Company by clients for work to be performed for such clients pursuant to research contracts. As used herein, "UBC Licenses" means the licenses entered into by the University of British Columbia and the Employer effective November 1, 2001, September 1, 2002 and April 5, 2005 which define the terms under which the Employer has acquired an exclusive license to certain technology. It is understood that the Employer has granted the Company a limited right to use certain technology licensed under the UBC Licenses solely for the Company to perform work for the Employer.

(c) **Confidential Information**. Except as required in the good faith opinion of the Executive in connection with the performance of the Executive's duties hereunder or as specifically set forth in this Section 7(c), the Executive shall, in perpetuity, maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for his benefit or the benefit of any person, firm, corporation or other entity any confidential or proprietary information or trade secrets of or relating to the Company or any of its affiliates, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, business plans, designs, marketing or other business strategies, compensation paid to employees or other terms of employment, or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. The Employer and the Executive stipulate and agree that as between them the foregoing matters are important, material and confidential proprietary information and trade secrets and affect the successful conduct of the businesses of the Company (and any successor or assignee of the Company). Upon termination of the Executive's employment with the Employer for any reason, the Executive shall promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company's customers, business plans, designs, marketing or other business strategies, products or processes, provided that the Executive may retain his rolodex, address book and similar information, whether or not the Company specifically requests it.

(d) **Non-Disparagement**. The Executive and the Employer mutually agree not to disparage or defame, in writing or orally, the other party, and as applicable, its or his services, products, subsidiaries, parent entity and affiliates, and/or their respective directors, officers, employees, agents, family members, successors and assigns. This non-disparagement provision shall not apply to statements made by non-management employees of the Company, so long as such statements did not originate from and were not induced or encouraged (directly or indirectly) by an officer, director or management employee of the Company. Notwithstanding the foregoing, nothing in this Section 7(d) shall limit the ability of the Employer, the Company or the Executive, as applicable, to provide truthful testimony as required by law or any judicial or administrative process.

(e) **Remedies**. Without limiting the right of the Employer and the Company to pursue all other legal and equitable rights available to the Employer and the Company for violation of the provisions of Section 7 of this Agreement by Executive, it is agreed that (a) other remedies cannot fully compensate the Employer and the Company for such a violation, (b) such a violation will cause the Employer and the Company irreparable harm which may not be adequately compensated by money damages and (c) the Employer and the Company shall each be entitled to temporary, preliminary and permanent injunctive or other equitable relief, without proving actual damages or posting a bond therefore, to prevent a violation, continuing violation or threatened violation of the provisions of Section 7 of this Agreement.

8. **Inventions and Patents.**

(a) For purposes of this Agreement, "Inventions" includes, without limitation, information, inventions, contributions, improvements, ideas, or discoveries, whether protectable or not, and whether or not conceived or made during work hours. Executive agrees that all Inventions conceived or made by Executive during the period of employment with Employer belong to the Company, provided they grow out of Executive's work with the Employer or the Company or are related in some manner to the Company Business, including, without limitation, research and product development, and projected business of the Company or its affiliated companies. Accordingly, Executive will:

(i) Make adequate written records of such Inventions, which records will be the Company's property;

(ii) Assign to the Company or its designee, at the Company's request, any rights Executive may have to such Inventions for the U.S. and all foreign countries;

(iii) Waive and agree not to assert any moral rights Executive may have or acquire in any Inventions and agree to provide written waivers from time to time as requested by the Company; and

(iv) Assist the Company (at the Company's expense) in obtaining and maintaining patents or copyright registrations with respect to such Inventions.

(b) Executive understands and agrees that the Company or its designee will determine, in its sole and absolute discretion, whether an application for patent will be filed on any Invention that is the exclusive property of the Company, as set forth above, and whether such an application will be abandoned prior to issuance of a patent. Employer will pay to Executive, either during or after the term of this Agreement, the following amounts if Executive is sole inventor, or Executive's proportionate share if Executive is joint inventor: $750 upon filing of the initial application for patent on such Invention; and $1,500 upon issuance of a patent resulting from such initial patent application, provided Executive is named as an inventor in the patent.

(c) Executive further agrees that Executive will promptly disclose in writing to the Company during the term of Executive's employment and for one (1) year thereafter, all Inventions whether developed during the time of such employment or thereafter (whether or not the Company or the Employer has rights in such Inventions) so that Executive's rights and the Company's or the Employer's rights, as applicable, in such Inventions can be determined. Except as set forth on the initialed Exhibit A (List of Inventions) to this Agreement, if any, Executive represents and warrants that Executive has no Inventions, software, writings or other works of authorship useful to the Company in the normal course of the Company Business, which were conceived, made or written prior to the date of this Agreement and which are excluded from the operation of this Agreement.

9. **Successors.**

(a) **Employer's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Employer's business and/or assets. For all purposes under this Agreement, the term "Employer" shall include any successor to the Employer's business and/or assets which becomes bound by this Agreement.

(b) **Employee's Successors**. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

10. **Repayment Provisions.**

If the Company is required to prepare an accounting restatement due to its material noncompliance, as a result of the Executive's misconduct, with any financial reporting requirement under United States securities laws, then, and only if Section 304 of the Sarbanes-Oxley Act of 2002, or a successor provision, is then in effect, the Employer may require the Executive to reimburse the Company (or the Employer, as applicable) for (i) any bonus or other incentive-based or equity-based compensation received by the Executive from the Company (or the Employer, as applicable) during the 12-month period following the first public issuance or filing with the Securities Exchange Commission (whichever first occurs) of the financial documents embodying such financial reporting requirement and (ii) any profits realized from the sale of securities of Company during such 12-month period.

11. **Miscellaneous Provisions.**

(a) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by overnight courier, U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to his at the home address that he most recently communicated to the Employer in writing. In the case of the Employer, mailed notices shall be addressed to:

Attention: Board of Directors
c/o: Suite 400 — 1001 West Broadway
Vancouver, British Columbia
CANADA, V6H 4B1
Telephone: 604-736-3678
Facsimile: 604-736-3687

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Employer (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. Except for those agreements or plans referenced herein (including without limitation any employee benefit plans of the Company in which the Executive is a participant in as of the Effective Date), this Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any other agreements, representations or understandings (whether oral or written and whether express or implied) with respect to the subject matter hereof. In the event of any conflict in terms between this Agreement and any other agreement executed by and between the Executive and the Employer, the terms of this Agreement shall prevail and govern.

(d) **Withholding Taxes**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(e) **Reporting Requirements**. As the Executive is a Section 16 officer, the Company shall assist the Executive and facilitate the Executive's compliance with applicable Section 16 reporting requirements.

(f) **Choice of Law**. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Province of British Columbia (except their provisions governing the choice of law).

(g) **Severability; Blue-Penciling**. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect. Furthermore, it is the intent, agreement and understanding of each party hereto that if, in any action before any court or agency legally empowered to enforce this Agreement, any term, restriction, covenant or promise in this Agreement is found to be unreasonable and for that or any other reason unenforceable, then such term, restriction, covenant or promise shall be deemed modified to the minimum extent necessary to make it enforceable by such court or agency; provided further that any such court or agency shall have the power to modify such provision, to the extent necessary to make it enforceable (for the maximum duration and geographic scope permissible), and such provision as so modified shall be enforced,

(h) **Assignment**. The Employer and the Company may assign their respective rights under this Agreement to any entity that expressly in writing assumes the Employer's and the Company's obligations hereunder in connection with any sale or transfer of all or substantially all of the Company's assets to such entity.

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

Executive acknowledges that: (i) Executive understands that to the extent that Executive's Compensatory Equity, or a portion of the income recognized in connection with Executive's Compensatory Equity, is subject to taxation under U.S. federal income tax rules, adverse tax consequences could apply; (ii) Executive has had adequate opportunity to obtain advice of independent tax counsel with respect to the tax treatment of Executive's Compensatory Equity and all other compensation under this Agreement (including federal, state and provincial, as applicable); and (iii) individuals who are neither U.S. citizens nor U.S. residents may be subject to U.S. federal income tax in certain circumstances, for example, where the Executive performs sufficient personal services in the U.S. such that the Executive has U.S. source income or income effectively connected with a U.S. trade or business.

ONCOGENEX TECHNOLOGIES INC.

By: /s/ PAT BRADY
Name: Pat Brady
Its: Director

SCOTT CORMACK

Signed: /s/ SCOTT CORMACK

ONCOGENEX PHARMACEUTICALS, INC.

By: /s/ PAT BRADY
Name: Pat Brady
Its: Director

Exhibit 10.26

Employment Agreement

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into by and between Stephen Anderson (the "Executive") and OncoGenex Technologies Inc., a Canadian corporation (the "Employer") and OncoGenex Pharmaceuticals, Inc., a Washington corporation (the "Company") as of **November 4, 2009** (the "Effective Date"). This Agreement supercedes the Executive's Employment Agreement with the Employer, dated January 9, 2006, the Employment Amending Agreement with the Employer, dated June 28, 2007, and any other prior employment-related agreements (the "Prior Agreements").

1. **Duties and Scope of Employment.**

For the term of this Agreement ("Employment"), the Employer agrees to employ the Executive in the position of Chief Financial Officer and the Company agrees to appoint the Executive in the position of Chief Financial Officer of the Company. The Executive shall report directly to the President of the Company. The Executive shall have such duties, authority and responsibilities that are commensurate with his being a senior executive officer of the Company and the Employer. During his employment, Executive will perform his duties faithfully and to the best of his ability and will, except as provided below, devote his full business efforts and time to the Employer and the Company. For the duration of the Executive's Employment term, Executive agrees not to actively engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior written approval of the President, such approval not to be unreasonably withheld. It is understood and agreed that Executive will not be precluded from serving on boards of directors and advisory boards, provided that such activities do not materially adversely affect Executive's ability to perform and discharge his duties to the Company and the Employer. The Executive's primary work place shall be at the Company's Canadian office in Vancouver, British Columbia.

2. **Cash and Incentive Compensation.**

(a) **Salary**. The Employer shall pay the Executive as compensation for his services a base salary at a gross annual rate of not less than Cdn.$210,000. Such salary shall be payable in accordance with the Employer's standard payroll procedures. The annual compensation specified in this Section 2(a), together with any increases in such compensation that the Employer may grant from time to time, is referred to in this Agreement as "Base Compensation."

(b) **Incentive Bonuses**. The Executive shall be eligible to receive a discretionary annual fiscal year incentive bonus ("Bonus") that the Board of Directors of the Company (the "Board") or Compensation Committee of the Board (the "Committee") shall determine and award (through the Employer) in its sole discretion. Initially, the Executive shall be eligible to receive a Bonus constituting up to 25% of the Executive's Base Compensation. Such percentage may be modified by the Board or the Committee in its discretion from time to time. The Bonus will be based upon the achievement of specific milestones that will be determined by the Board and /or the Committee and confirmed to the Executive no later than ninety (90) days after the start of each fiscal year. Payment for each year's Bonus, if awarded, shall be made to the Executive no later than the date on which Bonuses are paid to the other senior executive officers of the Company. The Board or the Committee may, in its sole discretion, determine not to award a Bonus or to award a Bonus at less than maximum eligibility. The Executive acknowledges that a Bonus is neither required nor guaranteed by this Agreement.

(c) **Equity Terms**. During the Executive's Employment, at the discretion of the Committee, the Executive shall be entitled to participate in the Company's equity compensation plans, as in effect from time to time, and the Executive shall be eligible to receive grants of Company equity ("Compensatory Equity"), as determined by the Committee, in its discretion from time to time.

(d) **Employee Benefits**. During the Executive's Employment, the Executive will be entitled to participate in the employee benefit plans of general applicability to other employees of the Employer, as in effect from time to time, including, without limitation, the Employer's group medical, dental, vision, disability, life insurance, director and officer liability insurance and flexible-spending account plans. The Employer reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time; provided that the Employer agrees to maintain benefit plans and programs that are no less beneficial in the aggregate than the benefit plans and programs of general applicability to employees of the Company, as in effect from time to time.

(e) **"Service" Definition**. For purposes of Section 3(b) of this Agreement, "Service" shall mean service by the Executive as an employee and/or consultant of the Employer (or any subsidiary or parent or affiliated entity of the Employer) and service by the Executive as an officer of the Company.

3. **Vacation and Indemnification.**

(a) **Vacation**. The Executive will be eligible for paid vacation in accordance with the Employer's vacation policy. Under the Employer's current vacation policy, the Executive is eligible for twenty (20) days per year of paid vacation. Unused vacation may not be carried over for more then twelve months after the completion of each fiscal year.

(b) **Indemnification**. The Company and the Employer shall indemnify the Executive to the maximum extent permitted by applicable law and the Company's certificate of incorporation and bylaws with respect to the Executive's Service. During the Executive's Employment, the Company shall maintain officers' liability insurance for the Executive's benefit on terms and conditions no less favorable than the terms and conditions generally applicable to the Company's other senior executive officers. The Employer's and the Company's obligations under this Section 3(b) shall survive termination of the Executive's Service and also termination or expiration of this Agreement.

4. **Business Expenses.**

During his Employment, the Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with his duties hereunder. The Employer shall promptly reimburse the Executive for such expenses upon presentation of appropriate supporting documentation, all in accordance with the Company's generally applicable policies.

5. **Term of Employment.**

(a) **Termination of Employment**. Subject to the terms and conditions described below, the Employer may terminate the Executive's Employment with or without Cause (as defined below), by giving the Executive one (1) month advance notice in writing. The Executive may terminate his Employment by giving the Employer one (1) month advance notice in writing. The Executive's Employment shall terminate automatically in the event of his death.

(b) **Rights Upon Termination**. Upon the termination of the Executive's Employment for any reason (including death or Disability (as defined below)), the Executive shall be entitled to the compensation, benefits and reimbursements described in this Agreement through the effective date of the termination (the "Termination Date"), and the Employer shall make the following payments to the Executive (or his beneficiary) within 10 business days following the Termination Date: (i) all unpaid salary and unpaid vacation accrued through the Termination Date, (ii) any accrued, unpaid bonuses (provided that any such bonus has been awarded by the Board or the Committee, in accordance with the terms of any applicable plan, has been earned by the Executive and is not subject to any vesting or other similar requirement) for any fiscal year of the Company ended prior to the Termination Date and (iii) any unreimbursed business expenses. The Executive may also be eligible for other post-Employment payments and benefits as provided in this Agreement or pursuant to other agreements (other than the Prior Agreements) or plans with the Employer or the Company. Upon the Termination Date, the Executive shall have no further rights to receive compensation or benefits from the Employer or the Company except as set forth in Section 6 and pursuant to the terms of any benefit plans (including without limitation any equity compensation plans) of the Employer or the Company in which the Executive is a participant.

6. **Termination Benefits.**

(a) **Severance Pay**. If there is an Involuntary Termination (as defined below) of the Executive's Employment, then, subject to the Executive's execution, delivery and non-revocation of a Release (defined below) within the time period described below, following the Executive's Termination Date, the Employer shall pay the Executive a single lump sum of cash in an amount equal to the sum of nine (9) months (the "Severance Period") of the Executive's then annual Base Compensation (not giving effect to any reduction in Base Compensation made in connection with such Involuntary Termination or giving rise to Good Reason). The cash lump sum amount payable under this Section 6(a) shall be made to the Executive on the first payroll date in the month following the month containing the Release Deadline. The Executive shall also receive the benefits provided in Sections 6(b) and 6(c), and all such payments and benefits shall not be subject to mitigation or offset (except as specified in Section 6(b)). In order to be entitled to receive the severance described in this Section 6(a) (including the benefits provided in Sections 6(b), 6(c) and, if applicable, 6(d)), the Executive must execute, deliver and not revoke the Release within forty-five (45) calendar days following the Executive's Termination Date (the date that is forty-five (45) calendar days following the Executive's Termination Date is the "Release Deadline"). The Employer shall furnish the Release to the Executive on the date of his Involuntary Termination. The "Release" shall be a general release of all litigation and other claims against the Employer, and Company and all affiliates by the Executive and on Executive's behalf in a form satisfactory to the Employer.

(b) **Health Insurance**. If the Executive is entitled to receive the severance payment in Section 6(a), then, to the extent that such benefit plans permit, the Executive shall receive continued entitlement under all of the Employer's group medical, dental and insurance plans, excluding short and long term disability plans and pension plans, to which the Executive and his family are entitled at the Termination Date; such continuation of benefit entitlement shall be for a period equal to the Severance Period or until the date the Executive becomes employed elsewhere wherein comparable benefits are provided, whichever date comes first. To the extent the continuance of a benefit plan, excluding short and long term disability plans and pension plans, is not permitted, the Employer shall pay to the Executive, no later than thirty (30) days after the Termination Date, an amount equal to the sum the Executive would be required to pay to receive comparable benefits for a period equal to the Severance Period (upon timely receipt of invoices reflecting the cost of premiums for such comparable benefits).

(c) **Equity Vesting**. Notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection with a grant of Compensatory Equity, if the Executive is entitled to receive the payments in Section 6(a), then the time-based vesting restrictions (if any) shall immediately lapse on an additional number of shares of Company common stock under all of the Executive's outstanding Compensatory Equity that is equal to the number of shares that would have time-vested if the Executive had continued in employment for the number of additional months following the Termination Date that is equal to the number of months in the Severance Period. The Executive shall be entitled to exercise any of his Compensatory Equity to the extent vested pursuant to this Section 6(c) or otherwise for such period as set forth in the terms of that Compensatory Equity.

(d) **Effect of Change in Control**. If the Company is subject to a Change in Control (as defined below) and there is an Involuntary Termination of the Executive's Employment within the period beginning three (3) months before and ending twelve (12) months after a Change in Control (or more than three (3) months prior to a Change in Control but in connection with a Change in Control), then following the Executive's Termination Date, the Executive will be entitled to all benefits described in Sections 6(a), 6(b) and 6(c) of this Agreement subject to the same terms and conditions and payment dates described above, except that (x) the cash payment amount under Section 6(a) shall be an amount equal to the sum of twelve (12) months of the Executive's then annual Base Compensation (not giving effect to any reduction in Base Compensation made in connection with such Involuntary Termination or giving rise to Good Reason), plus an amount equal to the sum of twelve (12) months of the Executive's average monthly Bonus earnings, where such average is calculated over the twenty-four (24) month period immediately preceding the Executive's Termination Date and based on the Executive's Bonus paid in such 24 month period, (y) the Executive's Severance Period under Section 6(b) shall equal twelve (12) months and (z) notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection with a grant of Compensatory Equity, all vesting restrictions (if any) shall immediately lapse on all of the Executive's Compensatory Equity effective as of the Termination Date. For purposes of the preceding sentence, an Involuntary Termination shall be deemed to be in connection with a Change in Control if such termination (i) is required by the merger agreement, purchase agreement or other instrument relating to such Change in Control or (ii) is made at the express request of the other party (or parties) to the transaction constituting such Change in Control.

(e) “**Change in Control” Definition**. For purposes of this Agreement, “Change in Control” shall mean the occurrence of any of the following events:

(i) the consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if the Company’s stockholders immediately prior to such merger, consolidation or reorganization cease to directly or indirectly own immediately after such merger, consolidation or reorganization at least a majority of the combined voting power of the continuing or surviving entity’s securities (or, if the continuing or surviving entity is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the ultimate parent corporation of such surviving or resulting corporation) outstanding immediately after such merger, consolidation or other reorganization;

(ii) the consummation of the sale, transfer or other disposition of all or substantially all of the Company’s assets (other than (1) to a corporation or other entity of which at least a majority of its combined voting power is owned directly or indirectly by the Company, (2) to a corporation or other entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company or (3) to a continuing or surviving entity described in subsection (i) in connection with a merger, consolidation or corporate reorganization which does not result in a Change in Control under subsection (i));

(iii) a change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either (1) had been directors of the Company on the date twenty-four (24) months prior to the date of the event that may constitute a Change in Control (the “original directors”) or (2) were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the aggregate of the original directors who were still in office at the time of the election or nomination and the directors whose election or nomination was previously so approved;

(iv) the consummation of any transaction as a result of which any person becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), directly or indirectly, of securities of the Company representing at least thirty-five percent (35%) of the total voting power represented by the Company's then outstanding voting securities. For purposes of this subsection, the term "person" shall have the same meaning as when used in sections 13(d) and 14(d) of the Exchange Act but shall exclude:

(1) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or an affiliate of the Company;

(2) a corporation or other entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company;

(3) the Company; and

(4) a corporation or other entity of which at least a majority of its combined voting power is owned directly or indirectly by the Company; or

(v) a complete winding up, liquidation or dissolution of the Company.

For purposes of this Section 6(e), a transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transactions.

(f) **"Cause" Definition**. For all purposes under this Agreement, "Cause" shall have the meaning of cause under the common law of British Columbia, including any of the following committed by the Executive:

(i) serious misconduct;

(ii) habitual neglect of duty;

(iii) incompetence;

(iv) conduct incompatible with the Executive's duties or prejudicial to the Company's or Employer's business; or

(v) willful disobedience to the Employer's orders in a matter of substance.

With respect to an intended dismissal for Cause, the President shall provide the Executive one month's notice of the intended dismissal and, at the same time, shall provide in writing the reasons for the intended dismissal for Cause. The Executive shall have the option, within that one month period, of providing a written response to the reasons. The Executive shall continue to receive the compensation and benefits provided by this Agreement during the one-month period, but the Employer may, at its option, relieve the Executive of any active duties during that period. Nothing in this subsection will deprive the Employer of relying on the doctrine of after-acquired cause should it learn of other conduct amounting to Cause after the dismissal of the Executive.

(g) **"Involuntary Termination" Definition**. For all purposes under this Agreement, "Involuntary Termination" shall mean any of the following: (i) termination of the Executive's Employment by the Employer without Cause; (ii) the Executive's resignation of Employment for Good Reason; or (iii) termination of the Executive's Employment by the Employer for Disability.

(h) **"Good Reason" Definition**. For all purposes under this Agreement, "Good Reason" shall mean any of the following that occurs without the Executive's prior written consent: (i) the relocation of the Executive's primary work location by more than forty (40) miles from the current location of the Company's Canadian office in Vancouver, British Columbia; (ii) a material reduction of the Executive's Base Compensation or Executive's employee benefits; (iii) any material reduction or diminution of the Executive's duties, authority or responsibilities; (iv) the Employer's fundamental breach of this Agreement; or (v) the failure of any successor of the Company to expressly in writing assume the Employer's and the Company's obligations under this Agreement, in each case, provided that the Executive shall have provided the Employer with one (1) month advance written notice and an opportunity to cure such breach during such one-month period.

(i) **"Disability" Definition**. For all purposes under this Agreement, "Disability" shall mean the Executive's incapacity due to physical or mental illness to perform his full-time duties with the Company for a continuous period of three (3) months or an aggregate of six (6) months in any eighteen (18) month period.

(j) **No Further Obligations**. The Employer's obligations described in Sections 5 and 6 constitute its full obligations to the Executive in the event of a termination of employment and the Employer shall have no further obligation to provide notice of dismissal, compensation or compensation in lieu of notice other than as described in these sections.

7. **Non-Solicitation, Non-Compete and Non-Disparagement.**

(a) **Non-Solicitation**. During the period commencing on the date of this Agreement and continuing until the first anniversary of the Termination Date, the Executive shall not directly or indirectly, personally or through others, solicit, recruit, or attempt to solicit or recruit any employee, agent, licensor, content provider, supplier, distributor, customer or partner of the Company to curtail, cancel or terminate such employment, agency or business relationship that it has with the Company or its affiliates.

(b) **Non-Compete**. During the period commencing on the date of this Agreement and continuing until the first anniversary of the Termination Date, the Executive shall not directly or indirectly, personally or through others, own, manage, operate, control, participate in, perform services for, make any investment in, assist, or otherwise carry on, the Company business (such business, including the business of any subsidiary or parent or affiliated entity of the Company, is referred to herein as the "Company Business") or any business that directly competes with the Company Business (other than in the course of performing duties to the Company or any of its affiliates as an employee or other service provider). Notwithstanding the foregoing, nothing contained in this Section 7(b) shall limit or otherwise affect the ability of Executive to own not more than 1.0% of the outstanding capital stock of any entity that is engaged in a business competitive with the Company Business, provided that such investment is a passive investment and the Executive is not directly or indirectly involved in the management or operation of such business or otherwise providing consulting services to such business. For purposes of this Agreement, Company Business shall include, but shall not be limited to the research and development of the Technology, as defined herein, and such other business plans as approved by the Board from time to time and which are in effect on the Termination Date. As used herein, "Technology" means all ideas, concepts, business and trade names, trademarks, know-how, trade secrets, inventions, improvements, devices, methods, processes and discoveries, whether patentable or not, and whether or not reduced to writing or other tangible form or to actual or constructive practice which either: (i) are part of the technology licensed to the Employer under the UBC Licenses, as defined herein, or (ii) are otherwise developed or acquired on behalf of or by the Company or any affilate of the Company, including but not limited to the technology licensed to the Company or any affiliate of the Company by clients for work to be performed for such clients pursuant to research contracts. As used herein, "UBC Licenses" means the licenses entered into by the University of British Columbia and the Employer effective November 1, 2001, September 1, 2002 and April 5, 2005 which define the terms under which the Employer has acquired an exclusive license to certain technology. It is understood that the Employer has granted the Company a limited right to use certain technology licensed under the UBC Licenses solely for the Company to perform work for the Employer.

(c) **Confidential Information**. Except as required in the good faith opinion of the Executive in connection with the performance of the Executive's duties hereunder or as specifically set forth in this Section 7(c), the Executive shall, in perpetuity, maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for his benefit or the benefit of any person, firm, corporation or other entity any confidential or proprietary information or trade secrets of or relating to the Company or any of its affiliates, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, business plans, designs, marketing or other business strategies, compensation paid to employees or other terms of employment, or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. The Employer and the Executive stipulate and agree that as between them the foregoing matters are important, material and confidential proprietary information and trade secrets and affect the successful conduct of the businesses of the Company (and any successor or assignee of the Company). Upon termination of the Executive's employment with the Employer for any reason, the Executive shall promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company's customers, business plans, designs, marketing or other business strategies, products or processes, provided that the Executive may retain his rolodex, address book and similar information, whether or not the Company specifically requests it.

(d) **Non-Disparagement**. The Executive and the Employer mutually agree not to disparage or defame, in writing or orally, the other party, and as applicable, its or his services, products, subsidiaries, parent entity and affiliates, and/or their respective directors, officers, employees, agents, family members, successors and assigns. This non-disparagement provision shall not apply to statements made by non-management employees of the Company, so long as such statements did not originate from and were not induced or encouraged (directly or indirectly) by an officer, director or management employee of the Company. Notwithstanding the foregoing, nothing in this Section 7(d) shall limit the ability of the Employer, the Company or the Executive, as applicable, to provide truthful testimony as required by law or any judicial or administrative process.

(e) **Remedies**. Without limiting the right of the Employer and the Company to pursue all other legal and equitable rights available to the Employer and the Company for violation of the provisions of Section 7 of this Agreement by Executive, it is agreed that (a) other remedies cannot fully compensate the Employer and the Company for such a violation, (b) such a violation will cause the Employer and the Company irreparable harm which may not be adequately compensated by money damages and (c) the Employer and the Company shall each be entitled to temporary, preliminary and permanent injunctive or other equitable relief, without proving actual damages or posting a bond therefore, to prevent a violation, continuing violation or threatened violation of the provisions of Section 7 of this Agreement.

8. **Inventions and Patents.**

(a) For purposes of this Agreement, “Inventions” includes, without limitation, information, inventions, contributions, improvements, ideas, or discoveries, whether protectable or not, and whether or not conceived or made during work hours. Executive agrees that all Inventions conceived or made by Executive during the period of employment with Employer belong to the Company, provided they grow out of Executive’s work with the Employer or the Company or are related in some manner to the Company Business, including, without limitation, research and product development, and projected business of the Company or its affiliated companies. Accordingly, Executive will:

(i) Make adequate written records of such Inventions, which records will be the Company’s property;

(ii) Assign to the Company or its designee, at the Company’s request, any rights Executive may have to such Inventions for the U.S. and all foreign countries;

(iii) Waive and agree not to assert any moral rights Executive may have or acquire in any Inventions and agree to provide written waivers from time to time as requested by the Company; and

(iv) Assist the Company (at the Company’s expense) in obtaining and maintaining patents or copyright registrations with respect to such Inventions.

(b) Executive understands and agrees that the Company or its designee will determine, in its sole and absolute discretion, whether an application for patent will be filed on any Invention that is the exclusive property of the Company, as set forth above, and whether such an application will be abandoned prior to issuance of a patent. Employer will pay to Executive, either during or after the term of this Agreement, the following amounts if Executive is sole inventor, or Executive’s proportionate share if Executive is joint inventor: $750 upon filing of the initial application for patent on such Invention; and $1,500 upon issuance of a patent resulting from such initial patent application, provided Executive is named as an inventor in the patent.

(c) Executive further agrees that Executive will promptly disclose in writing to the Company during the term of Executive's employment and for one (1) year thereafter, all Inventions whether developed during the time of such employment or thereafter (whether or not the Company or the Employer has rights in such Inventions) so that Executive's rights and the Company's or the Employer's rights, as applicable, in such Inventions can be determined. Except as set forth on the initialed Exhibit A (List of Inventions) to this Agreement, if any, Executive represents and warrants that Executive has no Inventions, software, writings or other works of authorship useful to the Company in the normal course of the Company Business, which were conceived, made or written prior to the date of this Agreement and which are excluded from the operation of this Agreement.

9. **Successors.**

(a) **Employer's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Employer's business and/or assets. For all purposes under this Agreement, the term "Employer" shall include any successor to the Employer's business and/or assets which becomes bound by this Agreement.

(b) **Employee's Successors**. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

10. **Repayment Provisions.**

If the Company is required to prepare an accounting restatement due to its material noncompliance, as a result of the Executive's misconduct, with any financial reporting requirement under United States securities laws, then, and only if Section 304 of the Sarbanes-Oxley Act of 2002, or a successor provision, is then in effect, the Employer may require the Executive to reimburse the Company (or the Employer, as applicable) for (i) any bonus or other incentive-based or equity-based compensation received by the Executive from the Company (or the Employer, as applicable) during the 12-month period following the first public issuance or filing with the Securities Exchange Commission (whichever first occurs) of the financial documents embodying such financial reporting requirement and (ii) any profits realized from the sale of securities of Company during such 12-month period.

11. **Miscellaneous Provisions.**

(a) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by overnight courier, U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to his at the home address that he most recently communicated to the Employer in writing. In the case of the Employer, mailed notices shall be addressed to:

Attention: President
c/o: Suite 400 — 1001 West Broadway
Vancouver, British Columbia
CANADA, V6H 4B1
Telephone: 604-736-3678
Facsimile: 604-736-3687

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Employer (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. Except for those agreements or plans referenced herein (including without limitation any employee benefit plans of the Company in which the Executive is a participant in as of the Effective Date), this Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any other agreements, representations or understandings (whether oral or written and whether express or implied) with respect to the subject matter hereof. In the event of any conflict in terms between this Agreement and any other agreement executed by and between the Executive and the Employer, the terms of this Agreement shall prevail and govern.

(d) **Withholding Taxes**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(e) **Reporting Requirements**. As the Executive is a Section 16 officer, the Company shall assist the Executive and facilitate the Executive's compliance with applicable Section 16 reporting requirements.

(f) **Choice of Law**. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the Province of British Columbia (except their provisions governing the choice of law).

(g) **Severability; Blue-Penciling**. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect. Furthermore, it is the intent, agreement and understanding of each party hereto that if, in any action before any court or agency legally empowered to enforce this Agreement, any term, restriction, covenant or promise in this Agreement is found to be unreasonable and for that or any other reason unenforceable, then such term, restriction, covenant or promise shall be deemed modified to the minimum extent necessary to make it enforceable by such court or agency; provided further that any such court or agency shall have the power to modify such provision, to the extent necessary to make it enforceable (for the maximum duration and geographic scope permissible), and such provision as so modified shall be enforced,

(h) **Assignment**. The Employer and the Company may assign their respective rights under this Agreement to any entity that expressly in writing assumes the Employer's and the Company's obligations hereunder in connection with any sale or transfer of all or substantially all of the Company's assets to such entity.

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

Executive acknowledges that: (i) Executive understands that to the extent that Executive's Compensatory Equity, or a portion of the income recognized in connection with Executive's Compensatory Equity, is subject to taxation under U.S. federal income tax rules, adverse tax consequences could apply; (ii) Executive has had adequate opportunity to obtain advice of independent tax counsel with respect to the tax treatment of Executive's Compensatory Equity and all other compensation under this Agreement (including federal, state and provincial, as applicable); and (iii) individuals who are neither U.S. citizens nor U.S. residents may be subject to U.S. federal income tax in certain circumstances, for example, where the Executive performs sufficient personal services in the U.S. such that the Executive has U.S. source income or income effectively connected with a U.S. trade or business.

ONCOGENEX TECHNOLOGIES INC.

By: /s/ PAT BRADY
Name: Pat Brady
Its: Director

STEPHEN ANDERSON

Signed: /s/ STEPHEN ANDERSON

ONCOGENEX PHARMACEUTICALS, INC.

By: /s/ PAT BRADY
Name: Pat Brady
Its: Director

Exhibit 10.27

Employment Agreement

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into by and between Cindy Jacobs (the "Executive") and OncoGenex Pharmaceuticals, Inc., a Washington corporation (the "Employer" or the "Company") as of **November 3, 2009** (the "Effective Date"). This Agreement supercedes the Executive's Amended and Restated Employment Agreement with OncoGenex, Inc., dated September 12, 2005, the Employee Retention Agreement with OncoGenex Technologies Inc., a Canadian Corporation, dated October 23, 2007, and any other prior employment-related agreements (the "Prior Agreements").

1. **Duties and Scope of Employment.**

For the term of this Agreement ("Employment"), the Employer agrees to employ the Executive in the position of Executive Vice President and Chief Medical Officer. The Executive shall report directly to the President of the Company. The Executive shall have such duties, authority and responsibilities that are commensurate with her being a senior executive officer of the Employer. During her employment, Executive will perform her duties faithfully and to the best of her ability and will, except as provided below, devote her full business efforts and time to the Employer. For the duration of the Executive's Employment term, Executive agrees not to actively engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior written approval of the President, such approval not to be unreasonably withheld. It is understood and agreed that Executive will not be precluded from serving on boards of directors and advisory boards, provided that such activities do not materially adversely affect Executive's ability to perform and discharge her duties to the Employer. The Executive's primary work place shall be at the Employer's corporate headquarters in Bothell, Washington.

2. **Cash and Incentive Compensation.**

(a) **Salary**. The Employer shall pay the Executive as compensation for her services a base salary at a gross annual rate of not less than $360,000. Such salary shall be payable in accordance with the Employer's standard payroll procedures. The annual compensation specified in this Section 2(a), together with any increases in such compensation that the Employer may grant from time to time, is referred to in this Agreement as "Base Compensation."

(b) **Incentive Bonuses**. The Executive shall be eligible to receive a discretionary annual fiscal year incentive bonus ("Bonus") that the Board of Directors of the Company (the "Board") or Compensation Committee of the Board (the "Committee") shall determine and award in its sole discretion. Initially, the Executive shall be eligible to receive a Bonus constituting up to 30% of the Executive's Base Compensation. Such percentage may be modified by the Board or the Committee in its discretion from time to time. The Bonus will be based upon the achievement of specific milestones that will be determined by the Board and /or the Committee and confirmed to the Executive no later than ninety (90) days after the start of each fiscal year. Payment for each year's Bonus, if awarded, shall be made to the Executive no later than the fifteenth day of the third month after the later of the end of the calendar year or the Employer's taxable year in which the Bonus payment is no longer subject to a substantial risk of forfeiture for purposes of Section 409A of the Internal Revenue Code, as amended ("Section 409A"). The Board or the Committee may, in its sole discretion, determine not to award a Bonus or to award a Bonus at less than maximum eligibility. The Executive acknowledges that a Bonus is neither required nor guaranteed by this Agreement.

(c) **Equity Terms**. During the Executive's Employment, at the discretion of the Committee, the Executive shall be entitled to participate in the Company's equity compensation plans, as in effect from time to time, and the Executive shall be eligible to receive grants of Company equity ("Compensatory Equity"), as determined by the Committee, in its discretion from time to time.

(d) **Employee Benefits**. During the Executive's Employment, the Executive will be entitled to participate in the employee benefit plans of general applicability to other employees of the Company, as in effect from time to time, including, without limitation, the Company's group medical, dental, vision, disability, life insurance, director and officer liability insurance and flexible-spending account plans. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

(e) **"Service" Definition**. For purposes of Section 3(b) of this Agreement, "Service" shall mean service by the Executive as an employee and/or consultant of the Employer (or any subsidiary or parent or affiliated entity of the Employer).

3. **Vacation and Indemnification.**

(a) **Vacation**. The Executive will be eligible for paid vacation in accordance with the Employer's vacation policy. Under the Employer's current vacation policy, the Executive is eligible for twenty (20) days per year of paid vacation. Unused vacation may not be carried over for more then twelve months after the completion of each fiscal year.

(b) **Indemnification**. The Employer shall indemnify the Executive to the maximum extent permitted by applicable law and the Employer's certificate of incorporation and bylaws with respect to the Executive's Service. During the Executive's Employment, the Employer shall maintain officers' liability insurance for the Executive's benefit on terms and conditions no less favorable than the terms and conditions generally applicable to the Employer's other senior executive officers. The Employer's obligations under this Section 3(b) shall survive termination of the Executive's Service and also termination or expiration of this Agreement.

4. **Business Expenses.**

During her Employment, the Executive shall be authorized to incur necessary and reasonable travel, entertainment and other business expenses in connection with her duties hereunder. The Employer shall promptly reimburse the Executive for such expenses upon presentation of appropriate supporting documentation, all in accordance with the Employer's generally applicable policies.

5. **Term of Employment.**

(a) **Employment-at-Will**. The Employer and the Executive hereby acknowledge that the Executive's Employment is at-will. The Employer may terminate the Executive's Employment with or without Cause, by giving the Executive thirty (30) days advance notice in writing. The Executive may terminate her Employment by giving the Employer thirty (30) days advance notice in writing. The Executive's Employment shall terminate automatically in the event of her death.

(b) **Rights Upon Termination**. Upon the termination of the Executive's Employment for any reason (including death or Disability (as defined below)), the Executive shall be entitled to the compensation, benefits and reimbursements described in this Agreement through the effective date of the termination (the "Termination Date"), and the Employer shall make the following payments to the Executive (or her beneficiary) within 10 business days following the Termination Date: (i) all unpaid salary and unpaid vacation accrued through the Termination Date, (ii) any accrued, unpaid bonuses (provided that any such bonus has been awarded by the Board or the Committee, in accordance with the terms of any applicable plan, has been earned by the Executive and is not subject to any vesting or other similar requirement) for any fiscal year of the Employer ended prior to the Termination Date and (iii) any unreimbursed business expenses. The Executive may also be eligible for other post-Employment payments and benefits as provided in this Agreement or pursuant to other agreements (other than the Prior Agreements) or plans with the Employer. Upon the Termination Date, the Executive shall have no further rights to receive compensation or benefits from the Employer except as set forth in Section 6 and pursuant to the terms of any benefit plans (including without limitation any equity compensation plans) of the Company in which the Executive is a participant.

6. **Termination Benefits.**

(a) **Severance Pay**. If there is an Involuntary Termination (as defined below) of the Executive's Employment, then, subject to the Executive's execution, delivery and non-revocation of a Release (defined below) within the time period described below, following the Executive's "separation from service" within the meaning of Section 409A, the Employer shall pay the Executive a single lump sum of cash in an amount equal to the sum of twelve (12) months (the "Severance Period") of the Executive's then annual Base Compensation (not giving effect to any reduction in Base Compensation made in connection with such Involuntary Termination or giving rise to Good Reason). The cash lump sum amount payable under this Section 6(a) shall be made to the Executive on the first payroll date in the month following the month containing the Release Deadline. The Executive shall also receive the benefits provided in Sections 6(b) and 6(c), and all such payments and benefits shall not be subject to mitigation or offset (except as specified in Section 6(b)). In order to be entitled to receive the severance described in this Section 6(a) (including the benefits provided in Sections 6(b), 6(c) and, if applicable, 6(d)), the Executive must execute, deliver and not revoke the Release within forty-five (45) calendar days following the Executive's separation from service (the date that is forty-five (45) calendar days following the Executive's separation from service is the "Release Deadline"). The Employer shall furnish the Release to the Executive on the date of her Involuntary Termination. The "Release" shall be a general release of all litigation and other claims against the Employer and all affiliates by the Executive and on Executive's behalf in a form satisfactory to the Employer.

(b) **Health Insurance**. If the Executive is entitled to receive the severance payment in Section 6(a), and if the Executive elects to continue her (and her dependents') health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), then the Employer shall pay up to the number of months of the Executive's monthly premium under COBRA that is equal to the number of months in the Severance Period, provided that the Employer's obligation to pay the monthly premium shall cease at such time as the Executive becomes eligible to receive substantially equivalent health coverage in connection with new employment and Executive agrees to notify Employer at such time as she becomes eligible for substantially equivalent health coverage.

(c) **Equity Vesting**. Notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection with a grant of Compensatory Equity, if the Executive is entitled to receive the payments in Section 6(a), then the time-based vesting restrictions (if any) shall immediately lapse on an additional number of shares of Company common stock under all of the Executive's outstanding Compensatory Equity that is equal to the number of shares that would have time-vested if the Executive had continued in employment for the number of additional months following the Termination Date that is equal to the number of months in the Severance Period. The Executive shall be entitled to exercise any of her Compensatory Equity to the extent vested pursuant to this Section 6(c) or otherwise for such period as set forth in the terms of that Compensatory Equity.

(d) **Effect of Change in Control**. If the Company is subject to a Change in Control (as defined below) and there is an Involuntary Termination of the Executive's Employment within the period beginning three (3) months before and ending twelve (12) months after a Change in Control (or more than three (3) months prior to a Change in Control but in connection with a Change in Control), then following the Executive's separation from service, the Executive will be entitled to all benefits described in Sections 6(a), 6(b) and 6(c) of this Agreement subject to the same terms and conditions and payment dates described above, except that (x) the cash payment amount under Section 6(a) shall be an amount equal to the sum of fifteen (15) months of the Executive's then annual Base Compensation (not giving effect to any reduction in Base Compensation made in connection with such Involuntary Termination or giving rise to Good Reason), plus an amount equal to the sum of twelve (12) months of the Executive's average monthly Bonus earnings, where such average is calculated over the twenty-four (24) month period immediately preceding the Executive's separation from service and based on the Executive's Bonus paid in such 24 month period, (y) the Employer's payment of monthly COBRA premiums under Section 6(b) shall be for up to fifteen (15) months and (z) notwithstanding the terms of any equity compensation plan of the Company or any agreement in connection with a grant of Compensatory Equity, all vesting restrictions (if any) shall immediately lapse on all of the Executive's Compensatory Equity effective as of the Executive's separation from service. For purposes of the preceding sentence, an Involuntary Termination shall be deemed to be in connection with a Change in Control if such termination (i) is required by the merger agreement, purchase agreement or other instrument relating to such Change in Control or (ii) is made at the express request of the other party (or parties) to the transaction constituting such Change in Control.

(e) **Parachute Payments**. In the event that the payments and benefits provided for in this Agreement and the payments and/or benefits provided to, or for the benefit of, the Executive under any other Employer plan or agreement (such payments or benefits are hereinafter collectively referred to as the "Benefits") (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code and (ii) but for this Section 6(e), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code (the "Excise Tax"), then the Benefits shall either be:

(i) delivered in full, or

(ii) delivered as to such lesser extent which would result in no portion of such Benefits being subject to the Excise Tax (such reduced amount is hereinafter referred to as the "Limited Amount"),

whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by the Executive on an after-tax basis, of the greatest amount of Benefits, notwithstanding that all or some portion of such Benefits may be subject to the Excise Tax. If applicable, in order to effectuate the Limited Amount, the Employer shall first reduce those Benefits which are payable in cash and then reduce non-cash payments, in each case in reverse order beginning with Benefits which are to be paid the farthest in time from the date of determination that the Benefits will be limited by (e)(ii) above. Any calculations and determinations required under this Section 6(e) shall be made in writing by the Company's independent auditor (the "Accountant") whose determination shall be conclusive and binding. The Executive and the Company shall furnish the Accountant such documentation as the Accountant may reasonably request in order to make a determination. The Employer shall pay for all costs that the Accountant may reasonably incur in connection with performing any calculations contemplated by this Section 6(e).

(f) "**Change in Control" Definition**. For purposes of this Agreement, "Change in Control" shall mean the occurrence of any of the following events:

(i) the consummation of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, if the Company's stockholders immediately prior to such merger, consolidation or reorganization cease to directly or indirectly own immediately after such merger, consolidation or reorganization at least a majority of the combined voting power of the continuing or surviving entity's securities (or, if the continuing or surviving entity is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the ultimate parent corporation of such surviving or resulting corporation) outstanding immediately after such merger, consolidation or other reorganization;

(ii) the consummation of the sale, transfer or other disposition of all or substantially all of the Company's assets (other than (1) to a corporation or other entity of which at least a majority of its combined voting power is owned directly or indirectly by the Company, (2) to a corporation or other entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company or (3) to a continuing or surviving entity described in subsection (i) in connection with a merger, consolidation or corporate reorganization which does not result in a Change in Control under subsection (i));

(iii) a change in the composition of the Board, as a result of which fewer than one-half of the incumbent directors are directors who either (1) had been directors of the Company on the date twenty-four (24) months prior to the date of the event that may constitute a Change in Control (the "original directors") or (2) were elected, or nominated for election, to the Board with the affirmative votes of at least a majority of the aggregate of the original directors who were still in office at the time of the election or nomination and the directors whose election or nomination was previously so approved;

(iv) the consummation of any transaction as a result of which any person becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), directly or indirectly, of securities of the Company representing at least thirty-five percent (35%) of the total voting power represented by the Company's then outstanding voting securities. For purposes of this subsection, the term "person" shall have the same meaning as when used in sections 13(d) and 14(d) of the Exchange Act but shall exclude:

(1) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or an affiliate of the Company;

(2) a corporation or other entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of the common stock of the Company;

(3) the Company; and

(4) a corporation or other entity of which at least a majority of its combined voting power is owned directly or indirectly by the Company; or

(v) a complete winding up, liquidation or dissolution of the Company.

For purposes of this Section 6(f), a transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transactions.

(g) **"Cause" Definition**. For all purposes under this Agreement, "Cause" shall mean any of the following committed by the Executive:

(i) Willful failure to follow the reasonable and lawful directions of President of the Company;

(ii) Conviction of a felony (or a plea of guilty or *nolo contendere* by the Executive to a felony) that materially harms the Company;

(iii) Acts of fraud, dishonesty or misappropriation committed by the Executive;

(iv) Willful misconduct by the Executive in the performance of the Executive's material duties required by this Agreement; or

(v) A material breach of this Agreement.

The foregoing is an exclusive list of the acts or omissions that shall be considered "Cause" for the termination of the Executive's Employment by the Employer. With respect to the acts or omissions set forth in clauses (i), (iii), (iv) and (v) above, (x) the President shall provide the Executive with one (1) month advance written notice detailing the basis for the termination of Employment for Cause, (y) during the one-month period after the Executive has received such notice, the Executive shall have an opportunity to cure such alleged Cause events before any termination for Cause is finalized and (z) the Executive shall continue to receive the compensation and benefits provided by this Agreement during the one-month cure period. In addition, no act or failure to act of Executive shall be willful or intentional if performed in good faith with the reasonable belief that the action or inaction was in the best interest of the Employer.

(h) **"Involuntary Termination" Definition**. For all purposes under this Agreement, "Involuntary Termination" shall mean any of the following: (i) termination of the Executive's Employment by the Employer without Cause; (ii) the Executive's resignation of Employment for Good Reason; or (iii) termination of the Executive's Employment by the Employer for Disability.

(i) **"Good Reason" Definition**. For all purposes under this Agreement, "Good Reason" shall mean any of the following that occurs without the Executive's prior written consent: (i) the relocation of the Executive's primary work location by more than forty (40) miles from the Employer's current location in Bothell, Washington; (ii) a material reduction of the Executive's Base Compensation or Executive's employee benefits; (iii) any material reduction or diminution of the Executive's duties, authority or responsibilities; (iv) the Employer's material breach of this Agreement; or (v) the failure of any successor of the Company to expressly in writing assume the Company's obligations under this Agreement, in each case, provided that the Executive shall have provided the Employer with thirty (30) days advance written notice and an opportunity to cure such breach during such 30-day period.

(j) **"Disability" Definition**. For all purposes under this Agreement, "Disability" shall mean the Executive's incapacity due to physical or mental illness to perform her full-time duties with the Employer for a continuous period of three (3) months or an aggregate of six (6) months in any eighteen (18) month period.

7. **Non-Solicitation, Non-Compete and Non-Disparagement.**

(a) **Non-Solicitation**. During the period commencing on the date of this Agreement and continuing until the first anniversary of the Termination Date, the Executive shall not directly or indirectly, personally or through others, solicit, recruit, or attempt to solicit or recruit any employee, agent, licensor, content provider, supplier, distributor, customer or partner of the Company to curtail, cancel or terminate such employment, agency or business relationship that it has with the Company or its affiliates.

(b) **Non-Compete**. During the period commencing on the date of this Agreement and continuing until the first anniversary of the Termination Date, the Executive shall not directly or indirectly, personally or through others, own, manage, operate, control, participate in, perform services for, make any investment in, assist, or otherwise carry on, the Company business (such business, including the business of any subsidiary or parent or affiliated entity of the Company, is referred to herein as the "Company Business") or any business that directly competes with the Company Business (other than in the course of performing duties to the Company or any of its affiliates as an employee or other service provider). Notwithstanding the foregoing, nothing contained in this Section 7(b) shall limit or otherwise affect the ability of Executive to own not more than 1.0% of the outstanding capital stock of any entity that is engaged in a business competitive with the Company Business, provided that such investment is a passive investment and the Executive is not directly or indirectly involved in the management or operation of such business or otherwise providing consulting services to such business. For purposes of this Agreement, Company Business shall include, but shall not be limited to the research and development of the Technology, as defined herein, and such other business plans as approved by the Board from time to time and which are in effect on the Termination Date. As used herein, "Technology" means all ideas, concepts, business and trade names, trademarks, know-how, trade secrets, inventions, improvements, devices, methods, processes and discoveries, whether patentable or not, and whether or not reduced to writing or other tangible form or to actual or constructive practice which either: (i) are part of the technology licensed to OncoGenex Technologies Inc. under the UBC Licenses, as defined herein, or (ii) are otherwise developed or acquired on behalf of or by the Company or any affilate of the Company, including but not limited to the technology licensed to the Company or any affiliate of the Company by clients for work to be performed for such clients pursuant to research contracts. As used herein, "UBC Licenses" means the licenses entered into by the University of British Columbia and OncoGenex Technologies Inc. effective November 1, 2001, September 1, 2002 and April 5, 2005 which define the terms under which OncoGenex Technologies Inc. has acquired an exclusive license to certain technology. It is understood that OncoGenex Technologies Inc. has granted the Company a limited right to use certain technology licensed under the UBC Licenses solely for the Company to perform work for OncoGenex Technologies Inc.

(c) **Confidential Information**. Except as required in the good faith opinion of the Executive in connection with the performance of the Executive's duties hereunder or as specifically set forth in this Section 7(c), the Executive shall, in perpetuity, maintain in confidence and shall not directly, indirectly or otherwise, use, disseminate, disclose or publish, or use for her benefit or the benefit of any person, firm, corporation or other entity any confidential or proprietary information or trade secrets of or relating to the Company or any of its affiliates, including, without limitation, information with respect to the Company's operations, processes, products, inventions, business practices, finances, principals, vendors, suppliers, customers, potential customers, marketing methods, costs, prices, contractual relationships, regulatory status, business plans, designs, marketing or other business strategies, compensation paid to employees or other terms of employment, or deliver to any person, firm, corporation or other entity any document, record, notebook, computer program or similar repository of or containing any such confidential or proprietary information or trade secrets. The Company and the Executive stipulate and agree that as between them the foregoing matters are important, material and confidential proprietary information and trade secrets and affect the successful conduct of the businesses of the Company (and any successor or assignee of the Company). Upon termination of the Executive's employment with the Company for any reason, the Executive shall promptly deliver to the Company all correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the Company's customers, business plans, designs, marketing or other business strategies, products or processes, provided that the Executive may retain her rolodex, address book and similar information, whether or not the Company specifically requests it.

(d) **Non-Disparagement**. The Executive and the Company mutually agree not to disparage or defame, in writing or orally, the other party, and as applicable, its or her services, products, subsidiaries and affiliates, and/or their respective directors, officers, employees, agents, family members, successors and assigns. This non-disparagement provision shall not apply to statements made by non-management employees of the Company, so long as such statements did not originate from and were not induced or encouraged (directly or indirectly) by an officer, director or management employee of the Company. Notwithstanding the foregoing, nothing in this Section 7(d) shall limit the ability of the Company or the Executive, as applicable, to provide truthful testimony as required by law or any judicial or administrative process.

(e) **Remedies**. Without limiting the right of the Employer to pursue all other legal and equitable rights available to the Employer for violation of the provisions of Section 7 of this Agreement by Executive, it is agreed that (a) other remedies cannot fully compensate the Employer for such a violation, (b) such a violation will cause the Employer irreparable harm which may not be adequately compensated by money damages and (c) the Employer shall each be entitled to temporary, preliminary and permanent injunctive or other equitable relief, without proving actual damages or posting a bond therefore, to prevent a violation, continuing violation or threatened violation of the provisions of Section 7 of this Agreement.

8. **Inventions and Patents.**

(a) For purposes of this Agreement, "Inventions" includes, without limitation, information, inventions, contributions, improvements, ideas, or discoveries, whether protectable or not, and whether or not conceived or made during work hours. Executive agrees that all Inventions conceived or made by Executive during the period of employment with Employer belong to Employer, provided they grow out of Executive's work with Employer or are related in some manner to the Company Business, including, without limitation, research and product development, and projected business of Employer or its affiliated companies. Accordingly, Executive will:

(i) Make adequate written records of such Inventions, which records will be Employer's property;

(ii) Assign to Employer or its designee, at Employer's request, any rights Executive may have to such Inventions for the U.S. and all foreign countries;

(iii) Waive and agree not to assert any moral rights Executive may have or acquire in any Inventions and agree to provide written waivers from time to time as requested by Employer; and

(iv) Assist Employer (at Employer's expense) in obtaining and maintaining patents or copyright registrations with respect to such Inventions.

(b) Executive understands and agrees that Employer or its designee will determine, in its sole and absolute discretion, whether an application for patent will be filed on any Invention that is the exclusive property of Employer, as set forth above, and whether such an application will be abandoned prior to issuance of a patent. Employer will pay to Executive, either during or after the term of this Agreement, the following amounts if Executive is sole inventor, or Executive's proportionate share if Executive is joint inventor: $750 upon filing of the initial application for patent on such Invention; and $1,500 upon issuance of a patent resulting from such initial patent application, provided Executive is named as an inventor in the patent.

(c) Executive further agrees that Executive will promptly disclose in writing to Employer during the term of Executive's employment and for one (1) year thereafter, all Inventions whether developed during the time of such employment or thereafter (whether or not Employer has rights in such Inventions) so that Executive's rights and Employer's rights in such Inventions can be determined. Except as set forth on the initialed Exhibit A (List of Inventions) to this Agreement, if any, Executive represents and warrants that Executive has no Inventions, software, writings or other works of authorship useful to Employer in the normal course of the Company Business, which were conceived, made or written prior to the date of this Agreement and which are excluded from the operation of this Agreement.

(d) **NOTICE: In accordance with Washington law, this Section 8 does not apply to Inventions for which no equipment, supplies, facility, or trade secret information of Employer was used and which was developed entirely on Executive's own time, unless: (a) the Invention relates (i) directly to the business of Employer or (ii) to Employer's actual or demonstrably anticipated research or development, or (b) the Invention results from any work performed by Executive for Employer.**

9. **Successors.**

(a) **Employer's Successors**. This Agreement shall be binding upon any successor (whether direct or indirect and whether by purchase, lease, merger, consolidation, liquidation or otherwise) to all or substantially all of the Employer's business and/or assets. For all purposes under this Agreement, the term "Employer" shall include any successor to the Employer's business and/or assets which becomes bound by this Agreement.

(b) **Employee's Successors**. This Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

10. **Section 409A of the Internal Revenue Code.**

In the event that the Employer determines that any of the benefits payable under this Agreement would violate Section 409A, then the Employer and the Executive shall, in good faith, agree to implement adjustments needed to comply with Section 409A. Additionally, notwithstanding anything contained in this Agreement to the contrary, if Executive is deemed by the Employer at the time of Executive's "separation from service" to be a "specified employee," each within the meaning of Section 409A, any compensation or benefits to which Executive becomes entitled under this Agreement (or any agreement or plan referenced in this Agreement) in connection with such separation that are subject to Section 409A shall not be made or commence until the date which is six (6) months after Executive's "separation from service" (or, if earlier, Executive's death). Such deferral shall only be effected to the extent required to avoid adverse tax treatment to Executive, including (without limitation) the additional twenty percent (20%) tax for which Executive would otherwise be liable under Section 409A(a)(1)(B) in the absence of such deferral. Upon the expiration of the applicable deferral period, any compensation or benefits which would have otherwise been paid during that period (whether in a single lump sum or in installments) in the absence of this Section 10 shall be paid to Executive or Executive's beneficiary in one lump sum.

11. **Repayment Provisions.**

If the Company is required to prepare an accounting restatement due to its material noncompliance, as a result of the Executive's misconduct, with any financial reporting requirement under United States securities laws, then, and only if Section 304 of the Sarbanes-Oxley Act of 2002, or a successor provision, is then in effect, the Company may require the Executive to reimburse the Employer for (i) any bonus or other incentive-based or equity-based compensation received by the Executive from the Employer during the 12-month period following the first public issuance or filing with the Securities Exchange Commission (whichever first occurs) of the financial documents embodying such financial reporting requirement and (ii) any profits realized from the sale of securities of Company during such 12-month period.

12. **Miscellaneous Provisions.**

(a) **Notice**. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by overnight courier, U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to her at the home address that she most recently communicated to the Employer in writing. In the case of the Employer, mailed notices shall be addressed to:

Attention: President
c/o: Suite 400 — 1001 West Broadway
Vancouver, British Columbia
CANADA, V6H 4B1
Telephone: 604-736-3678
Facsimile: 604-736-3687

(b) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Employer (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) **Whole Agreement**. Except for those agreements or plans referenced herein (including without limitation any employee benefit plans of the Company in which the Executive is a participant in as of the Effective Date), this Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes any other agreements, representations or understandings (whether oral or written and whether express or implied) with respect to the subject matter hereof. In the event of any conflict in terms between this Agreement and any other agreement executed by and between the Executive and the Employer, the terms of this Agreement shall prevail and govern.

(d) **Withholding Taxes**. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

(e) **Reporting Requirements**. As the Executive is a Section 16 officer, the Company will assist the Executive and facilitate the Executive's compliance with applicable Section 16 reporting requirements.

(f) **Choice of Law**. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Washington (except their provisions governing the choice of law).

(g) **Severability; Blue-Penciling**. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect. Furthermore, it is the intent, agreement and understanding of each party hereto that if, in any action before any court or agency legally empowered to enforce this Agreement, any term, restriction, covenant or promise in this Agreement is found to be unreasonable and for that or any other reason unenforceable, then such term, restriction, covenant or promise shall be deemed modified to the minimum extent necessary to make it enforceable by such court or agency; provided further that any such court or agency shall have the power to modify such provision, to the extent necessary to make it enforceable (for the maximum duration and geographic scope permissible), and such provision as so modified shall be enforced,

(h) **Assignment**. The Employer may assign its rights under this Agreement to any entity that expressly in writing assumes the Employer's obligations hereunder in connection with any sale or transfer of all or substantially all of the Company's assets to such entity.

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

ONCOGENEX PHARMACEUTICALS, INC.

By: /s/ PAT BRADY
Name: Pat Brady
Its: Director

CINDY JACOBS

Signed: /s/ CINDY JACOBS

Exhibit 31.1

Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934

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 5, 2009

/s/ SCOTT CORMACK
Scott Cormack
President and Chief Executive Officer

Exhibit 31.2

Certification Pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934

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 5, 2009

/s/ STEPHEN ANDERSON
Stephen Anderson
Chief Financial Officer and Secretary

Exhibit 32.1

Certification 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, 2009 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 5, 2009

/s/ SCOTT CORMACK
Scott Cormack
President and Chief Executive Officer

Exhibit 32.2

Certification 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, 2009 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 780(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 5, 2009

/s/ STEPHEN ANDERSON
Stephen Anderson
Chief Financial Officer and Secretary