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 June 30, 2015

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

19820 North Creek Parkway, Bothell, Washington 98011
(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, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" 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 August 13, 2015**
Common Stock, $0.001 par value	29,791,776

OncoGenex Pharmaceuticals, Inc.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

OncoGenex Pharmaceuticals, Inc.

Consolidated Balance Sheets

(In thousands, except per share and share amounts)

	June 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents *[note 4]*	$ 48,001	$ 27,897
Restricted cash *[note 4]*	—	251
Short-term investments *[note 4]*	12,185	19,160
Interest receivable	76	113
Amounts receivable	149	5,676
Prepaid expenses	2,032	2,165
Other current assets	$ 304	499
Total current assets	**62,747**	**55,761**
Restricted cash *[note 4]*	190	—
Property and equipment, net	406	257
Other assets	13	273
Total assets	**$ 63,356**	**$ 56,291**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 302	$ 72
Accrued liabilities other	954	863
Accrued clinical liabilities	10,478	13,462
Accrued compensation	1,252	1,333
Current portion of long-term obligations *[note 6 and 7]*	54	236
Lease termination liability *[note 6 and note 7]*	1,250	3,250
Deferred collaboration revenue *[note 3]*	17,778	—
Warrant liability *[note 4 and note 5]*	2,967	3,002
Total current liabilities	**35,035**	**22,218**
Long-term obligations, less current portion *[note 7]*	130	14
Total liabilities	**35,165**	**22,232**
Commitments and contingencies *[note 7]*		
Stockholders' equity:		
Common stock, $0.001 par value, 75,000,000 shares authorized, 24,467,727 and 22,630,652 issued at June 30, 2015 and December 31, 2014, respectively, and 24,433,734 and 22,621,426 outstanding at June 30, 2015 and December 31, 2014, respectively	24	22
Additional paid-in capital	196,067	191,373
Accumulated deficit	(170,537)	(159,958)
Accumulated other comprehensive income	2,637	2,622
Total stockholders' equity	**28,191**	**34,059**
Total liabilities and stockholders' equity	**$ 63,356**	**$ 56,291**
Subsequent events *[note 8]*		

See accompanying notes.

OncoGenex Pharmaceuticals, Inc.

Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

(In thousands, except per share and share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
COLLABORATION REVENUE ***(note 3)***	4,025	$ 4,929	$ 5,399	$ 16,660
EXPENSES				
Research and development	$ 6,545	9,883	10,217	26,786
General and administrative	$ 3,067	2,676	5,765	5,433
Total operating expenses	9,612	12,559	15,982	32,219
OTHER INCOME (EXPENSE)				
Interest income	$ 13	4	67	16
Other	$ (7)	(4)	(46)	(2)
Gain (loss) on warrants	$ (429)	615	35	(106)
Total other income (expense)	(423)	615	56	(92)
Net loss	$ (6,010)	$ (7,015)	$ (10,527)	$ (15,651)
OTHER COMPREHENSIVE INCOME				
Net unrealized gain (loss) on securities	$ 2	(1)	15	(2)
Total other comprehensive income (loss)	2	(1)	15	(2)
Comprehensive loss	$ (6,008)	$ (7,016)	$ (10,512)	$ (15,653)
Basic and diluted net loss per common share *[note 5]*	$ (0.26)	$ (0.47)	$ (0.46)	$ (1.05)
Shares used in computation of basic and diluted net loss per common share *[note 5]*	23,484,944	14,987,706	23,072,773	14,855,338

See accompanying notes

OncoGenex Pharmaceuticals, Inc.

Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Six Months Ended June 30,	
	2015	**2014**
Operating Activities:		
Net loss	$ (10,527)	$ (15,651)
Adjustments to reconcile net loss to net cash used in operating activities:		
(Gain) loss on warrants	(35)	106
Depreciation	116	110
Stock-based compensation *[note 5 [c] and note 5 [d]]*	1,228	2,016
Changes in operating assets and liabilities:		
Interest receivable	37	218
Amounts receivable	5,527	3,706
Prepaid expenses and other assets	842	3,319
Accounts payable	230	1,202
Accrued liabilities other	(1,909)	1,465
Accrued clinical liabilities	(2,984)	—
Accrued compensation	(81)	(724)
Restricted cash	61	63
Excess lease liability *[note 6]*	(194)	(383)
Lease obligation	127	(51)
Deferred collaboration revenue *[Note 3]*	17,778	—
Net cash (used in) provided by operating activities	10,216	(4,604)
Financing Activities:		
Proceeds from the exercise of stock options	—	30
Proceeds received in advance related to the July 2014 registered offering	—	3,174
Proceeds from issuance of common shares, net of issuance costs	—	2,860
Proceeds from purchase agreement with Lincoln Park Capital, net of issuance costs *[note 5 [b]]*	3,213	—
Taxes paid related to net share settlement of equity awards	(52)	—
Net cash provided by financing activities	3,161	6,064
Investing Activities:		
Purchase of investments	(2,025)	(215)
Proceeds from sale of investments	1,003	—
Proceeds from maturities of investments	8,012	24,845
Purchase of property and equipment	(265)	(67)
Net cash provided by investing activities	6,725	24,563
Effect of exchange rate changes on cash	2	(2)
Net increase (decrease) in cash and cash equivalents	20,104	26,021
Cash and cash equivalents at beginning of period	27,897	14,593
Cash and cash equivalents at end of period	$ 48,001	$ 40,614
Supplemental Disclosure of Cash Flow Information:		
Non cash financing activities		
Issued common stock in consideration for the purchase agreement with Lincoln Park Capital *[note 5]*	$ 254	$ —

See accompanying notes.

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

OncoGenex Pharmaceuticals, Inc. (referred to as "OncoGenex," "we," "us," or "our") is a biopharmaceutical company committed to the development and commercialization of new therapies that address treatment resistance in cancer patients. We were incorporated in the state of Delaware, are headquartered in Bothell, Washington and have a subsidiary in Vancouver, British Columbia.

The unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States 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, 2014 has been derived from the audited consolidated financial statements included in our Annual Report on Form 10-K for the year then ended. The unaudited 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, 2014 and filed with the United States Securities and Exchange Commission, or the SEC, on March 26, 2015.

The consolidated financial statements include the accounts of OncoGenex and our wholly owned subsidiary, OncoGenex Technologies Inc., or OncoGenex Technologies. All intercompany balances and transactions have been eliminated.

2. ACCOUNTING POLICIES

Pending Adoption of Recent Accounting Pronouncements

In August 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Updated, or ASU No. 2014-15, Presentation of Financial Statements-Going Concern (Subtopic 2015-40), or ASU 2014-15. ASU 2014-15 provides guidance to U.S. GAAP about management's responsibility to evaluate whether there is a substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. This new rule requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles currently in the U.S. auditing standards. Specifically, ASU 2014-15 (1) defines the term substantial doubt, (2) requires an evaluation of every reporting period including interim periods, (3) provides principles for considering the mitigating effect of management's plans, (5) requires an express statement and other disclosures when substantial doubt is not alleviated, and (6) requires an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). This guidance is effective for annual periods ending after December 15, 2016. We are currently in the process of evaluating the impact of adoption of ASU No. 2014-15 and do not expect any significant impact on our consolidated financial statements and related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606): Revenue from Contracts with Customers, which guidance in this update will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance when it becomes effective. ASU No. 2014-09 affects any entity that enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The core principal of ASU No. 2014-09 is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period, which will be our fiscal year 2018 (or December 31, 2018), and entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. Early adoption is prohibited. We are currently in the process of evaluating the impact of adoption of ASU No. 2014-09 on our consolidated financial statements and related disclosures.

Recently Adopted Accounting Policies

In July 2013, the FASB issued ASU No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (a consensus of the FASB Emerging Issues Task Force), or ASU 2013-11, which provides clarification on the financial statement presentation of unrecognized tax benefits.

ASU 2013-11 specifies that an unrecognized tax benefit (or a portion thereof) shall be presented in the financial statements as a reduction to a deferred tax asset when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. If such deferred tax asset is not available at the reporting date to settle additional income taxes resulting from the disallowance of a tax position, or the entity does not plan to use the deferred tax asset for such purpose given the option, the unrecognized tax benefit shall be presented in the financial statements as a liability and shall not be combined with deferred tax assets. The amendments in ASU 2013-11 are effective for fiscal years (and interim periods within those years) beginning after December 15, 2013, with early adoption permitted. The adoption of this standard did not have a significant impact on our financial position or results of operations.

In February 2013, the FASB issued Accounting Standards Updates, or ASU, No. 2013-02, "Other Comprehensive Income." This ASU requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount reclassified is required under generally accepted accounting principles in the United States, or U.S. GAAP, to be reclassified to net income in its entirety in the same reporting period. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under U.S. GAAP that provide additional detail about those amounts. The adoption of this standard did not have a significant impact on our financial position or results of operations.

3. COLLABORATION AGREEMENT

In December 2009, we, through our wholly-owned subsidiary, OncoGenex Technologies, entered into a collaboration agreement, or Collaboration Agreement, with Teva Pharmaceutical Industries Ltd., or Teva, for the development and global commercialization of custirsen (and related compounds), a pharmaceutical compound designed to inhibit the production of clusterin, a protein we believe is associated with cancer treatment resistance, or the Licensed Product. In December 2014, we and Teva agreed to terminate the Collaboration Agreement upon entry into a termination agreement. In April 2015, OncoGenex Technologies and Teva entered into an agreement, pursuant to which the Collaboration Agreement was terminated and we regained rights to custirsen, or the Termination Agreement.

Pursuant to the Termination Agreement, Teva paid to us, as advanced reimbursement for certain continuing research and development activities related to custirsen and certain other antisense inhibitors of clusterin, an amount equal to $27.0 million less approximately $3.8 million, which reduction represented a hold-back amount of $3.0 million and $0.8 million for certain third-party expenses incurred by Teva between January 1, 2015 and April 24, 2015, or Closing Date. Teva shall deduct from the $3.0 million hold-back certain costs incurred after January 1, 2015 that may arise after the Closing Date. Teva will pay us (i) one-half of the then remaining hold-back amount six months after the Closing Date, (ii) one-half of the then remaining hold-back amount nine months after the Closing Date and (iii) the entire then remaining hold-back amount 12 months after the Closing Date. Teva will be responsible for expenses related to custirsen incurred pursuant to the Collaboration Agreement through December 31, 2014.

In accordance with the Termination Agreement, Teva transferred certain third-party agreements for the ENSPIRIT study and custirsen development activities to us on the Closing Date. If any additional historical third-party agreements are discovered after the Closing Date and are used to conduct the ENSPIRIT study, then Teva will use commercially reasonable effort to assign such agreements to us and will be responsible for any costs invoiced under such agreements in excess of an aggregate of $0.1 million. We will be responsible for the initial $0.1 million of costs under such agreements.

All licenses granted by us to Teva under the Collaboration Agreement were terminated as of the Closing Date. In addition, Teva assigned to us certain patent applications related to custirsen and abandoned certain other patent applications as requested by us. Furthermore, Teva granted to us and our affiliates an exclusive license (except as to Teva and its affiliates) to any know-how created under and during the term of the Collaboration Agreement to develop, manufacture and commercialize custirsen and certain other antisense inhibitors of clusterin, as set forth in more detail in the Termination Agreement. Teva additionally granted to us and our affiliates a non-exclusive license to any intellectual property owned by or licensed to Teva and its affiliates, whether as of the Closing Date or thereafter, to develop, manufacture and commercialize custirsen, subject to certain limitations. Teva also agreed not to challenge the patentability, validity or enforceability of certain of our patents, and agreed not to file any patent applications covering custirsen or any antisense inhibitor of clusterin for 18 months after the Closing Date. We will be responsible for any such expenses incurred from and after January 1, 2015. We do not owe Teva any development milestone payments or royalty payments on sales of custirsen, if any.

As part of the termination, Teva assigned to us the investigational new drug application for custirsen and submitted amendments, on a country-by-country basis, transferring sponsorship of the ENSPIRIT study to us. In July 2015, we became the sole trial sponsor for the ENSPIRIT study in all countries.

We and Teva released each other from all claims related to the Collaboration Agreement. In addition, we agreed to indemnify Teva and its affiliates against any third-party claims attributable to the development and commercialization of custirsen prior to the

execution of the Collaboration Agreement and after the Closing Date, and any third-party claims attributable to theconduct of the AFFINITY study. Teva agreed to indemnify us and our affiliates against any third-party claims attributable to the development of custirsen during the period between the execution of the Collaboration Agreement and the Closing Date, but excluding the AFFINITY study. The parties' indemnity obligations cover, among other things, third-party claims brought by current or former patients in the relevant studies and patient product liability claims.

Revenue for the three and six months ended June 30, 2015 was $4.0 and $5.4 million, respectively, which consists of partial recognition of deferred collaboration revenue representing our efforts in the development of custirsen. As of June 30, 2015, a remaining balance of $17.8 million of the advanced reimbursement payment was recorded in deferred collaboration revenue. The advanced reimbursement payment made by Teva, as part of the Termination Agreement, was deferred and will be recognized as collaboration revenue on a dollar for dollar basis as costs are incurred as part the of continuing research and development activities related to custirsen and certain other antisense inhibitors of clusterin.

Isis and UBC License Agreements

Pursuant to the terms of the agreements with Isis and UBC, we anticipate we will pay royalties to third-parties of 4.00% to 8.00% of net sales, unless our royalties are adjusted for competition from generic compounds, in which case royalties to third parties will also be subject to adjustment on a country-by-country basis. Certain third-party royalties are tiered based on the royalty rate received by us. Minimum royalty rates payable by us assume certain third-party royalties are not paid at the time that the Licensed Product is marketed due to the expiration of patents held by such third parties. Maximum royalty rates assume all third-party royalty rates currently in effect continue in effect at the time the Licensed Product is marketed. We did not make any royalty payments to Isis in 2014**.** In addition, pursuant to the terms of the agreement with Isis, we are required to pay to Isis up to 30% of all non-royalty revenue (defined to mean revenue not based on net sales of products) we receive from third parties. In May 2015, we received a series of communications from Isis requesting payment of 30% of the $23.2 million paid by Teva under the Termination Agreement, as well as 30% of any amounts paid by Teva upon release of the $3.0 million holdback amount. Under the Isis license agreement, no payment is due to Isis on any consideration that we receive for the reimbursement for research and development activities. Since the amounts paid or payable by Teva under the Termination Agreement constitute an advanced reimbursement for certain continuing research and development activities related to custirsen and certain other antisense inhibitors of clusterin, we do not believe that any payments are due to Isis.

Amendment to Isis and UBC License Agreements

To facilitate the execution and performance of the our prior Collaboration Agreement with Teva, we and Isis agreed to amend the Isis License Agreement and we and UBC agreed to amend the UBC License Agreement, in each case, effective December 19 and December 20, 2009, respectively.

The amendment to the Isis License Agreement provides, among other things, that if we are the subject of a change of control with a third party, where the surviving company immediately following such change of control has the right to develop and sell the product, then (i) a milestone payment of $20.0 million will be due and payable to Isis 21 days following the first commercial sale of the product in the United States; and (ii) unless such surviving entity had previously sublicensed the product and a royalty rate payable to Isis by us has been established, the applicable royalty rate payable to Isis will thereafter be the maximum amount payable under the Isis License Agreement. Any non-royalty milestone amounts previously paid will be credited toward the $20.0 million milestone if not already paid. As a result of the $10.0 million milestone payment payable to Isis in relation to the Collaboration Agreement entered into with Teva in 2009, the remaining amount owing in the event of change of control discussed above is a maximum of $10.0 million.

4. FAIR VALUE MEASUREMENTS

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 our financial instruments including amounts receivable and accounts payable the carrying values approximate fair value due to their short-term nature.

ASC 820 "Fair Value Measurements and Disclosures," 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 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 for certain financial instruments, we obtain estimates for the fair value of financial instruments through third-party pricing service providers.

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

We invest our 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. These securities are not collateralized and mature within one year.

A description of the valuation techniques applied to our financial instruments measured at fair value on a recurring basis follows.

Financial Instruments

Cash

Significant amounts of cash are held on deposit with large well-established U.S. and Canadian financial institutions.

U.S. Government and Agency 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.

Warrants

As of June 30, 2015, we recorded a $3.0 million warrant liability. We reassess the fair value of the common stock warrants classified as liabilities at each reporting date utilizing a Black-Scholes pricing model. Inputs used in the pricing model include estimates of stock price volatility, expected warrant life and risk-free interest rate. The computation of expected volatility was based on the historical volatility of shares of our common stock for a period that coincides with the expected life of the warrants that are classified as liabilities. Warrants that are classified as liabilities are categorized in Level 3 of the fair value hierarchy. A small change in the estimates used may have a relatively large change in the estimated valuation. Warrants that are classified as equity are not considered liabilities and therefor are not reassessed for their fair values at each reporting date.

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

June 30, 2015	Level 1	Level 2	Level 3	Total
Assets				
Cash	$ 11,036	$ —	$ —	$ 11,036
Money market securities	36,965	—	—	36,965
Restricted cash (Note 7)	190	—	—	190
Corporate bonds and commercial paper	—	12,185	—	12,185
Total assets	**$ 48,191**	**$ 12,185**	**$ —**	**$ 60,376**
Liabilities				
Warrants	$ —	$ —	$ 2,967	$ 2,967

The following table presents the changes in fair value of our total Level 3 financial liabilities for thesix months ended June 30, 2015. During the six months ended June 30, 2015, we did not issue any common stock warrants that were classified asliabilities (in thousands):

	Liability at December 31, 2014	Issuance of Warrants	Unrealized Gain on warrants	Liability at June 30, 2015
Warrant liability	$ 3,002	$ —	$ (35)	$ 2,967

Cash, cash equivalents and marketable securities consist of the following (in thousands):

June 30, 2015	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash	$ 11,036	$ —	$ —	$ 11,036
Money market securities	36,965	—	—	36,965
Total cash and cash equivalents	$ 48,001	$ —	$ —	$ 48,001
Money market securities (restricted cash)	190	—	—	190
Total restricted cash	$ 190	$ —	$ —	$ 190
Corporate bonds and commercial paper	12,189	—	(4)	12,185
Total short-term investments	$ 12,189	$ —	$ (4)	$ 12,185

Our gross realized gains and losses on sales of available-for-sale securities were not material for the three and six months ended June 30, 2015 and 2014.

All securities included in cash and cash equivalents had maturities of 90 days or less at the time of purchase. All securities included in short-term investments have maturities of within one year of the balance sheet date. The cost of securities sold is based on the specific identification method.

We only invest in A (or equivalent) rated securities. We do not believe that there are any other than temporary impairments related to our investment in marketable securities at June 30, 2015, given the quality of the investment portfolio and subsequent proceeds collected on sale of securities that reached maturity.

5. COMMON STOCK

[a] Authorized

75,000,000 authorized common shares, par value of $0.001, and 5,000,000 preferred shares, par value of $0.001.

At our 2015 Annual Meeting of Stockholders held on May 21, 2015, our stockholders approved an increase in the total authorized shares of common stock available for issuance from 50,000,000 to 75,000,000.

[b] Issued and outstanding shares

Purchase Agreement and Financing with Lincoln Park Capital

On April 30, 2015, we and Lincoln Park Capital Fund, LLC, or LPC, entered into a share and unit purchase agreement, or Purchase Agreement, pursuant to which we have the right to sell to LPC up to $18.0 million in shares of our common stock, par value $0.001 per share, subject to certain limitations and conditions set forth in the Purchase Agreement.

Pursuant to the Purchase Agreement, LPC initially purchased 956,938 Series A-1 Units at a purchase price of $2.09 per unit, with each Series A-1 Unit consisting of (a) one share of Common Stock and (b) one warrant to purchase one-quarter of a share of Common Stock at an exercise price of $2.40 per share, or Series A-1 Warrant. Each Series A-1 Warrant is exercisable six months following the issuance date until the date that is five years and six months after the issuance date and is subject to customary adjustments. The Series A-1 Warrants were issued only as part of the Series A-1 Units in the initial purchase of $2.0 million and no warrants shall be issued in connection with any other purchases of common stock under the Purchase Agreement.

After the initial purchase, as often as every business day over the 24-month term of the Purchase Agreement, and up to an aggregate amount of an additional $16.0 million (subject to certain limitations) of shares of common stock, we have the right, from time to time, in our sole discretion and subject to certain conditions to direct LPC to purchase up to 125,000 shares of common stock with such amounts increasing as the closing sale price of our common stock as reported on The NASDAQ Capital Market increases. The purchase price of shares of common stock pursuant to the Purchase Agreement will be based on prevailing market prices of common

stock at the time of sales without any fixed discount, and we will control the timing and amount of any sales of common stock to LPC. In addition, we may direct LPC to purchase additional amounts as accelerated purchases if on the date of a regular purchase the closing sale price of the common stock is not below $1.50 per share. As consideration for entering into the Purchase Agreement, we issued to LPC 126,582 shares of common stock; no cash proceeds were received from the issuance of these shares

From April 30, 2015 through June 30, 2015, we offered and sold 500,000 shares of our common stock pursuant to our Purchase Agreement with LPC. These sales resulted in gross proceeds to us of approximately $1.3 million and offering expenses of $0.1 million. As of June 30, 2015 shares of our common stock having an aggregate value of approximately $14.7 million remained available for sale under this offering program.

From July 1, 2015 through August 13, 2015, we offered and sold 5,358,042 shares of our common stock pursuant to our Purchase Agreement with LPC. These sales resulted in gross proceeds to us of approximately $14.7 million and offering expenses of $0.3 million. As of August 13, 2015, no further amounts remained available for sale under this offering program.

Equity Award Issuances and Settlements

During the six month period ended June 30, 2015, we issued no common shares to satisfy stock option exercises and 253,538 common shares to satisfy restricted stock unit settlements, respectively, compared with the issuance of 10,000 and 49,348 common shares to satisfy stock option exercises and restricted stock unit settlements, respectively, during the six month period ended June 30, 2014.

[c] Stock options

2010 Performance Incentive Plan

At our 2015 Annual Meeting of Stockholders held on May 21, 2015, our stockholders approved an amendment to our 2010 Performance Incentive Plan. As a result of this amendment, the 2010 Plan was amended to provide for an increase in the total shares of common stock available for issuance under the 2010 Plan from 2,800,000 to 4,300,000. At our 2014 Annual Meeting of Stockholders held on May 29, 2014, our stockholders approved an amendment to our 2010 Performance Incentive Plan. As a result of this amendment, the 2010 Plan was amended to provide for an increase in the total shares of common stock available for issuance under the 2010 Plan from 2,050,000 to 2,800,000

As of June 30, 2015, we had reserved, pursuant to various plans, 4,153,139 common shares for issuance upon exercise of stock options and settlement of restricted stock units by employees, directors, officers and consultants of ours, of which 1,722,846 were reserved for options currently outstanding, 633,997 were reserved for restricted stock units currently outstanding and 1,796,296 were available for future equity grants.

Stock Option Summary

Options vest in accordance with terms as determined by our Board of Directors, or the Board, which terms are typically four years for employee and consultant grants and one to three years for Board option grants. The expiry date for each option is set by the Board, which is typically seven to ten years. The exercise price of the options is determined by the Board, but will be at least equal to the fair value of the share at the grant date.

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, 2014	**1,283,419**	**$ 10.55**
Granted	456,797	1.87
Expired	—	—
Exercised	—	—
Forfeited	(17,370)	12.59
Balance, June 30, 2015	**1,722,846**	**$ 8.23**

The fair value of each stock award for employees and directors is estimated on the grant date and for consultants at each reporting period, using the Black-Scholes option-pricing model based on the weighted-average assumptions noted in the following table:

	Six Months Ended June 30,	
	2015	2014
Risk-free interest rates	1.76%	1.81%
Expected dividend yield	0%	0%
Expected life	5.8 years	5.9 years
Expected volatility	62%	81%

The expected life was calculated based on the simplified method as permitted by the SEC's Staff Accounting Bulletin 110,*Share-Based Payment*. We consider the use of the simplified method appropriate because we believe our historical stock option exercise activity may not be indicative of future stock option exercise activity based upon both the AFFINITY and Rainier clinical data results we expect to receive by the end of 2015, the structural changes to our business that may result and the potential impact of that data on our business operations and future stock option exercise activity. The expected volatility of options granted was calculated based on the historical volatility of the shares of our common stock. The risk-free interest rate is 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, management made an estimate of expected forfeitures and is recognizing compensation costs only for those equity awards expected to vest. Forfeiture rates are estimated using historical actual forfeiture rates. These rates are adjusted on a quarterly basis and any change in compensation expense is recognized in the period of the change. We have never paid or declared cash dividends on our common stock and do not expect to pay cash dividends in the foreseeable future.

The results for the periods set forth below included share-based compensation expense for stock options and restricted stock units in the following expense categories of the consolidated statements of loss (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Research and development	$ 317	$ 495	$ 569	$ 942
General and administrative	$ 395	521	659	1,074
Total stock-based compensation	$ 712	$ 1,016	$ 1,228	$ 2,016

As of June 30, 2015 and December 31, 2014, the total unrecognized compensation expense related to stock options granted was $2.4 million and $2.7 million respectively, which is expected to be recognized as expense over a period of approximately 2.4 years from June 30, 2015.

For the three and six months ended June 30, 2015, a total of 7.6 million shares, consisting of 5.3 million warrants, 1.7 million options and 0.6 million restricted stock units, have not been included in the loss per share computation, as their effect on diluted per share amounts would have been anti-dilutive. For the same periods in 2014, a total of 3.7 million shares underlying options, restricted stock units and warrants have not been included in the loss per share computation.

[d] Restricted Stock Unit Awards

We grant restricted stock unit awards that generally vest and are expensed over a four year period. We also grant restricted stock unit awards that vest in conjunction with certain performance conditions to certain executive officers, key employees and consultants. At each reporting date, we are required to evaluate whether achievement of the performance conditions is probable. Compensation expense is recorded over the appropriate service period based upon our assessment of accomplishing each performance condition. For the three and six months ended June 30, 2015, $0.4 million and $0.6 million of compensation expense was recognized related to these awards, compared to $0.6 million and $1.1 million for the three and six months ended June 30, 2014.

The following table summarizes our restricted stock unit award activity during thesix months ended June 30, 2015:

	Number of Shares	Weighted Average Grant Date Fair Value
Balance, December 31, 2014	**680,201**	**$ 7.34**
Granted	227,150	1.74
Settled	(253,538)	8.32
Forfeited or expired	(19,816)	7.27
Balance, June 30, 2015	**633,997**	**$ 4.95**

As of June 30, 2015, we had approximately $2.6 million in total unrecognized compensation expense related to our restricted stock unit awards that is to be recognized over a weighted-average period of approximately 2.6 years.

[e] Non-employee options and restricted stock units

We recognize non-employee stock-based compensation expense over the period of expected service by the non-employee. As the service is performed, we are required to update our valuation assumptions, re-measure unvested options and restricted stock units and record the stock-based compensation using the valuation as of the vesting date. This differs from the accounting for employee awards where the fair value is determined at the grant date and is not subsequently adjusted. This re-measurement may result in higher or lower stock-based compensation expense in the Consolidated Statements of Loss and Comprehensive Loss. As such, changes in the market price of our stock could materially change the value of an option or restricted stock unit and the resulting stock-based compensation expense.

[f] Common Stock Warrants

The following is a summary of outstanding warrants to purchase common stock at June 30, 2015:

	Total Outstanding and Exercisable	Exercise price per Share	Expiration Date
(1) Warrants issued in October 2010 financing	1,587,301	$ 20.00	October 2015
(2) Series A Warrants issued in July 2014 financing	2,779,932	4.00	July 2019
(3) Series B Warrants issued in July 2014 financing	670,269	4.00	July 2019
(4) Series A-1 Warrants issued in April 2015 financing	239,234	2.40	October 2020

No warrants were exercised during the six months ended June 30, 2015 or 2014. The Series A-1 Warrants issued in the April 2015 financing are classified as equity. The warrants issued in the October 2010 financing and the Series A and Series B warrants issued in the July 2014 financing are classified as liabilities. The estimated fair value of warrants issued and classified as liabilities is reassessed at each reporting date using the Black-Scholes option pricing model.

	As of June 30,	
October 2010 Warrant Valuation Assumptions	**2015**	**2014**
Risk-free interest rates	0.28%	0.22%
Expected dividend yield	0%	0%
Expected life	0.31 years	1.3 years
Expected volatility	61.36%	93%

	As of June 30,	
Series A and Series B Warrant Valuation Assumptions	**2015**	**2014**
Risk-free interest rates	1.32%	—
Expected dividend yield	0%	—
Expected life	4.01 years	—
Expected volatility	66.18%	—

6. EXCESS LEASE LIABILITY

On August 21, 2008, Sonus Pharmaceuticals, Inc., or Sonus, completed a transaction, or Arrangement, with OncoGenex Technologies, whereby Sonus acquired all of the outstanding preferred shares, common shares and convertible debentures of OncoGenex Technologies. Sonus then changed its name to OncoGenex Pharmaceuticals, Inc. Prior to the Arrangement, Sonus entered into a non-cancellable lease arrangement for office space located in Bothell, Washington, which was considered to be in excess of our current requirements. The liability was computed as the present value of the difference between the remaining lease payments due less the estimate of net sublease income and expenses and had been accounted for in accordance with ASC 805-20, "Business Combinations -Identifiable Assets and Liabilities, and Any Noncontrolling Interest." In February 2015, we entered into a Lease Termination Agreement with the landlord for the office space in Bothell such that the lease terminated effective March 1, 2015. Under the Lease Termination Agreement, we paid BMR-217TH Place LLC, or BMR, a $2.0 million termination fee. We may also pay BMR an additional termination fee of $1.3 million if we (i) meet the primary endpoint for our phase 3 clinical trial for the treatment of second line metastatic CRPC with custirsen and if we (ii) close a transaction or transactions pursuant to which we receive funding in an aggregate amount of at least $20.0 million. As a result of the Lease Termination Agreement, we have recorded the lease termination fees and have made an adjustment to the lease liability to reflect the change in estimated liability.

The following represents our best estimate of the liability.

(In thousands)	Liability at December 31, 2014	Amortization of excess lease facility	Reduction of Liability	Liability at June 30, 2015
Current portion of excess lease facility	$ 194	$ (194)	$ —	$ —
Long-term portion of excess lease facility	—	—	—	—
Total	**$ 194**	**$ (194)**	**$ —**	**$ —**

7. COMMITMENTS AND CONTINGENCIES

Teva Pharmaceutical Industries Ltd.

In December 2009, we, through our wholly-owned subsidiary, OncoGenex Technologies, entered into a Collaboration Agreement with Teva for the development and global commercialization of custirsen (and related compounds). In December 2014, we and Teva agreed to terminate the Collaboration Agreement upon entry into a Termination Agreement. In April 2015, OncoGenex Technologies and Teva entered into the Termination Agreement, pursuant to which the Collaboration Agreement was terminated and we regained rights to custirsen. Pursuant to the Termination Agreement, Teva paid to us, as advanced reimbursement for certain continuing research and development activities related to custirsen and certain other antisense inhibitors of clusterin, an amount equal to $27.0 million less approximately $3.8 million, which reduction represented a hold-back amount of $3.0 million and $0.8 million for certain third-party expenses incurred by Teva between January 1, 2015 and the Closing Date.

All licenses granted by us to Teva under the Collaboration Agreement were terminated as of the Closing Date.

In accordance with the Termination Agreement, Teva transferred certain third-party agreements for the ENSPIRIT study and custirsen development activities to us on the Closing Date. If any additional historical third-party agreements are discovered after the Closing Date and are used to conduct the ENSPIRIT study, then Teva will use commercially reasonable effort to assign such agreements to us and will be responsible for any costs invoiced under such agreements in excess of an aggregate of $0.1 million. We will be responsible for the initial $0.1 million of costs under such agreements.

Prior to the termination of the Collaboration Agreement, Teva made upfront payments in the aggregate amount of $50.0 million. Teva also acquired $10.0 million of our common stock at a premium under a separate Stock Purchase Agreement. We were required to contribute $30.0 million in direct and indirect costs towards the clinical development plan. We fulfilled our obligation to contribute $30.0 million towards the development of custirsen. Teva was required to and did fund all additional expenses under the clinical development plan through December 31, 2014, after which date we took over responsibility for future costs following termination of our Collaboration Agreement. We do not owe, to Teva, any development milestone payments or royalty payments on sales of custirsen, if any.

Isis Pharmaceuticals Inc. and University of British Columbia

We are obligated to pay milestone payments of up to CAD $1.6 million and $7.75 million pursuant to license agreements with UBC and Isis, respectively, upon the achievement of specified product development milestones related to apatorsen and OGX-225 and low to mid-single digit royalties on future product sales.

In addition, we are required to pay to Isis up to 30% of all non-royalty revenue (defined to mean revenue not based on net sales of products) we receive from third parties. In May 2015, we received a series of communications from Isis requesting payment of 30% of

the $23.2 million paid by Teva under the Termination Agreement, as well as 30% of any amounts paid by Teva upon release of the $3.0 million holdback amount. Under the Isis license agreement, no payment is due to Isis on any consideration that we receive for the reimbursement for research and development activities. Since the amounts paid or payable by Teva under the Termination Agreement constitute an advanced reimbursement for certain continuing research and development activities related to custirsen and certain other antisense inhibitors of clusterin, we do not believe that any payments are due to Isis. We are also 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. We paid Isis and UBC USD $0.8 million and CAD $0.1 million, respectively, in 2010 upon the initiation of a phase 2 clinical trial of apatorsen in patients with CRPC. We did not make any royalty payments to Isis under the terms of the agreement in 2014 and do not anticipate making any royalty payments to Isis under the terms of the agreement in 2015. 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 custirsen and apatorsen 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 custirsen or apatorsen 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.

To facilitate the execution and performance of our prior Collaboration Agreement with Teva, we amended the license agreement with Isis and UBC, as it pertains to custirsen, in December 2009.

The amendment to the license agreement with Isis provides, among other things, that if we are subject to change of control with a third party, where the surviving company immediately following such change of control has the right to develop and sell the product, then (i) a milestone payment of $20.0 million will be due and payable to Isis 21 days following the first commercial sale of the product in the United States; and (ii) unless such surviving entity had previously sublicensed the product and a royalty rate payable to Isis by us has been established, the applicable royalty rate payable to Isis will thereafter be the maximum amount payable under the license agreement. Any non-royalty milestone amounts previously paid will be credited toward the $20.0 million milestone if not already paid. As a result of the $10.0 million milestone payment payable to Isis in relation to the Collaboration Agreement, the remaining amount owing in the event of change of control discussed above is a maximum of $10.0 million.

Lease Arrangements

We have an operating lease agreement for office space being used in Vancouver, Canada, which expires in September 2016.

Future minimum lease payments under the Vancouver lease are as follows (in thousands):

2015		46
2016		69
Total	**$**	**115**

In February 2015, we entered into an office lease with Grosvenor International (Atlantic Freeholds) Limited, or Landlord, pursuant to which we leased approximately 11,526 square feet located at 19820 North Creek Parkway, Bothell, Washington, 98011, commencing on February 15, 2015. We have the option to rent an additional 8,054 square feet before August 1, 2015. The initial term of this lease will expire on April 30, 2018, with an option to extend the term for one approximately three-year period. Our monthly base rent for the premises will start at approximately $18,000 commencing on May 1, 2015 and will increase on an annual basis up to approximately $20,000. The Landlord has agreed to provide us with a construction allowance of approximately $0.1 million. We will be responsible for 17% of taxes levied upon the building during each calendar year of the term. We delivered to the Landlord a letter of credit in the amount of $0.2 million, in accordance with the terms if the lease, which the Landlord may draw upon for base rent or other damages in the event of our default under this lease. In June 2015, we provided notice to the landlord to exercise our expansion option for an additional 2,245 square feet of office space to commence on August 1, 2015.

The future minimum lease payments under the new Bothell lease are as follows (in thousands):

2015		126
2016		267
2017		281
2018		95
Total	**$**	**769**

Consolidated rent expense related to the Bothell, Washington and Vancouver, Canada offices in the three and six months ended June 30, 2015 was $0.1 million and $0.7 million, respectively. Consolidated rent expense for the three and six months ended June 30, 2014 was $0.7 million and $1.4 million, respectively.

In February 2015, we entered into a Lease Termination Agreement with BMR pursuant to which we and BMR agreed to terminate our lease, dated November 21, 2006, as amended, for the premises located at 1522 217th Place S.E. in Bothell, Washington, or Terminated Lease, effective March 1, 2015. Under the Lease Termination Agreement, we paid BMR a $2.0 million termination fee. We may also pay BMR an additional termination fee of $1.3 million if we (i) meet the primary endpoint for our phase 3 clinical trial for the treatment of second line metastatic CRPC with custirsen and if we (ii) close a transaction or transactions pursuant to which we receive funding in an aggregate amount of at least $20.0 million. BMR drew approximately $0.1 million on our letter of credit with respect to its payment of deferred state sales tax and terminated the remaining balance of $0.2 million. BMR returned to us the security deposit under the Terminated Lease, less amounts deducted in accordance with the terms of the Terminated Lease, of $0.5 million.

With respect to the contingent payment of $1.3 million, we have assessed that the likelihood of meeting both contingent events is more likely than not. As a result, we have recognized the $1.3 million in lease termination liability on our balance sheet as at June 30, 2015.

Guarantees and Indemnifications

We and Teva released each other from all claims related to the Collaboration Agreement. In addition, we agreed to indemnify Teva and its affiliates against any third-party claims attributable to the development and commercialization of custirsen prior to the execution of the Collaboration Agreement and after the Closing Date, and any third-party claims attributable to the conduct of the AFFINITY study. Teva agreed to indemnify us and our affiliates against any third-party claims attributable to the development of custirsen during the period between the execution of the Collaboration Agreement and the Closing Date, but excluding the AFFINITY study. The parties' indemnity obligations cover, among other things, third-party claims brought by current or former patients in the relevant studies and patient product liability claims.

We indemnify our officers, directors and certain consultants for certain events or occurrences, subject to certain limits, while the officer, director or consultant is or was serving at our request in such capacity. The term of the indemnification period is equal to each officer's, director's and consultant'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 us 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 June 30, 2015.

We have 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.

8. SUBSEQUENT EVENTS

From July 1, 2015 through August 13, 2015, we offered and sold 5,358,042 shares of our common stock pursuant to our Purchase Agreement with LPC. These sales resulted in gross proceeds to us of approximately $14.7 million and offering expenses of $0.3 million. As of August 13, 2015, no further amounts remained available for sale under this offering program.

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 future financial and operating results, 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 into 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:

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

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. Factors that might cause such a difference include those discussed in Item 1A "Risk Factors," as well as those discussed elsewhere in the Quarterly Report on Form 10-Q. 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.

Overview

We are an emerging leader in next generation cancer therapeutics. Our mission is to accelerate transformative therapies to improve the lives of people living with cancer and other serious diseases. We have developed a pipeline of late-stage product candidates that are designed to block the production of specific proteins that promote treatment resistance in cancer. We believe our therapies are first-in-class and have the potential to redefine treatment outcomes in a variety of cancers. We have three product candidates in our pipeline: custirsen, apatorsen and OGX-225, each of which has a distinct mechanism of action and represents a unique opportunity for cancer drug development. Of the product candidates in our pipeline, custirsen and apatorsen are clinical-stage assets being evaluated in two phase 3 studies and five phase 2 studies, respectively.

Our product candidates -- custirsen, apatorsen and OGX-225 -- focus on mechanisms of treatment resistance in cancer patients and are designed to block the production of specific proteins that we believe promote treatment resistance and survival of tumor cells and are over-produced in response to a variety of cancer treatments. Our aim in targeting these particular proteins is to disable the tumor cell's adaptive defenses, thereby rendering the tumor cells more susceptible to attack with a variety of cancer therapies. We believe this approach will increase survival time and improve the quality of life for cancer patients.

Product Candidate Custirsen

Three phase 3 custirsen clinical trials have been initiated:

- The SYNERGY Trial: The completed phase 3 clinical trial evaluated a survival benefit for custirsen in combination with first-line docetaxel treatment in patients with metastatic castrate resistant prostate cancer, or metastatic CRPC. Results of the SYNERGY trial were presented at the European Society for Medical Oncology (ESMO) 2014 Congress in September 2014. Final survival results indicated that the addition of custirsen to standard first-line docetaxel/prednisone therapy did

not meet the primary endpoint of a statistically significant improvement in overall survival, or OS, in men with metastatic CRPC, compared to docetaxel/prednisone alone (median survival 23.4 months vs. 22.2 months, respectively; hazard ratio 0.93 and one-sided p value 0.207). The adverse events observed were similar to custirsen's known adverse event profile. Subsequent exploratory analyses showed improved overall survival for those men who received custirsen and who were at increased risk for poor outcomes. Those preliminary results showed a 27% lower rate of death for patients who were at increased risk for poor outcomes and received custirsen. Based on these findings, we plan to amend the AFFINITY and ENSPIRIT trials as outlined below.

- The AFFINITY Trial: The phase 3 clinical trial to evaluate a survival benefit for custirsen in combination with cabazitaxel treatment as second-line chemotherapy in patients with CRPC. We initiated this phase 3 clinical trial in August 2012 and completed enrollment of approximately 630 patients in September 2014. The trial is designed to show a survival benefit with 85% power based on a hazard ratio of 0.75. A single interim futility analysis was completed in January 2015; the trial is continuing based on the recommendation of the Independent Data Monitoring Committee. Based on the exploratory analyses from the SYNERGY trial that showed a significant survival benefit in men who received custirsen and who were at increased risk for poor outcomes, we are seeking advice from regulatory authorities on amending the AFFINITY trial and statistical analysis plan to include a co-primary survival objective for evaluating survival benefit in men who were at increased risk for poor outcomes as well as for all men enrolled into the study. The proposed amendment includes the addition of a co-primary survival analysis designed to prospectively evaluate the survival benefit of custirsen in men who were at increased risk for poor outcomes when treated with cabazitaxel. We, in collaboration with study investigators and key opinion leaders, have defined a five criteria characterization for poor survival prognosis based on the Phase 3 SYNERGY trial results, which includes: poor performance status, elevated prostate specific antigen (PSA), elevated lactate dehydrogenase (LDH), decreased hemoglobin, and the presence of liver metastasis. Patients with an increased risk for poor outcomes will be identified as having two or more of these five common risk factors. The proposed change for AFFINITY is also consistent with custirsen's mechanism of action, since custirsen was designed to address treatment resistance which may be more prevalent in this subpopulation. In the revised statistical analysis plan for the AFFINITY trial, the hypothesized hazard ratio (HR) for those who are at an increased risk for poor outcomes is specified to be 0.69 with the critical HR $\leq$ 0.778. The hypothesized HR for the intent-to-treat patients (ITT population) remains unchanged as 0.75 with the critical HR $\leq$ 0.820. The FDA has reviewed and agreed with the proposed amendment to the AFFINITY protocol and statistical analysis plan. FDA and OncoGenex have further agreed that an interim analysis will occur for the ITT population when the final analysis occurs for those patients who were at an increased risk for poor outcomes. This interim analysis will have both futility and early efficacy criteria defined for the ITT population. If the earlier final analysis on those who are at an increased risk for poor outcomes shows a survival benefit for custirsen, OncoGenex could initiate a regulatory submission at that time. The entire trial could also be stopped early due to efficacy based on the interim assessment for the ITT population by the Independent Data Monitoring Committee (IDMC). We are also seeking advice on the proposed amendment from the EMA (European Medicines Agency) through their standardized Scientific Review process. Subject to finalizing the pending protocol amendment, timing for the final analysis of the poor prognosis subpopulation is projected to occur by the end of 2015, while the final analysis for the entire study population is projected to occur in the second half of 2016.

- The ENSPIRIT Trial: The phase 3 clinical trial to evaluate a survival benefit for custirsen in combination with docetaxel treatment as second-line chemotherapy in patients with non-small cell lung cancer, or N SCLC. This trial was initiated in September 2012. We have filed a protocol amendment with the FDA and with regulatory agencies in other countries to amend the statistical design and analysis plan of the ENSPIRIT trial. Under the revised protocol, we made changes that we believe will be useful as we evaluate custirsen in patients with non-small cell lung cancer. First, we revised the hypothesized hazard ratio to 0.75 instead of 0.80, reducing the required sample size from 1,100 to 700 patients. This also affects the critical hazard ratio, or the hazard ratio required to achieve statistical significance. Previously, the critical hazard ratio was 0.87 and is now 0.84. Recent non-small lung cancer drug approvals have hazard ratios that were 0.86 and lower. The original 1,100 patient design yielded a critical hazard ratio of 0.87 – a ratio that is not likely clinically relevant or approvable, whereas the revised design with 700 patients and a critical hazard ratio of 0.84 is relevant and likely approvable. We believe these revised thresholds are more appropriately aligned to the interests of both treating clinicians and their patients. This change also maintains 90% power while assessing for a more clinically meaningful difference for custirsen treatment. The goal of the ENSPIRIT amendment is to provide a better assessment of more clinically relevant survival benefit when adding custirsen to second-line docetaxel. Second, we revised the final interim futility analysis with more rigorous criteria in order to continue the trial due to lack of futility. The trial will not be stopped early in order to claim efficacy. The first interim futility analysis was completed in August 2014 and the second revised interim futility analysis was completed in July 2015. The trial is continuing based on the recommendation of the Independent Data Monitoring Committee. Based on current ENSPIRIT enrollment projections and the changes outlined in the protocol amendment filed with the FDA, we believe final survival results could be available in the second half of 2016. Third, we included an additional objective to analyze survival outcome based on NSCLC histology as part of the other non-primary analyses.

Custirsen has received Fast Track designation from the U.S. Food and Drug Administration, or FDA, for second-line treatment of metastatic CRPC when combined with cabazitaxel and prednisone and for the second-line treatment of advanced NSCLC when combined with docetaxel in patients with disease progression following treatment with a first-line, platinum-based chemotherapy doublet regimen.

We and collaborating investigators have conducted one phase 3 clinical trial and five phase 2 clinical trials to evaluate the ability of custirsen to enhance the effects of therapy in prostate, non-small cell lung and breast cancers. Results have been presented for each of these trials.

Product Candidate Apatorsen

Apatorsen is our product candidate designed to inhibit production of heat shock protein 27, or Hsp27, a cell-survival protein expressed in many types of cancers including bladder, non-small cell lung, pancreatic, prostate and breast cancers. Hsp27 expression is stress-induced, including by many anti-cancer therapies. Overexpression of Hsp27 is thought to be an important factor leading to the development of treatment resistance and is associated with metastasis and negative clinical outcomes in patients with various tumor types.

Hsp27 can also function as an immunomodulatory protein by a number of mechanism that include altering important membrane expressed proteins on monocytes and immature dendritic cells; this alteration results in tumor-associated immune cells that are not functional in identifying and killing cancer cells. The induction of anti-inflammatory cytokines by Hsp27 may also play a role in down-regulating lymphocyte activation leading to additional unresponsive immune cells.

In 2013, we initiated the ORCA (Ongoing Studies Evaluating Treatment Resistance in CAncer) program which encompasses clinical studies designed to evaluate whether inhibition of Hsp27 can lead to improved prognosis and treatment outcomes for cancer patients. Our goal is to advance cancer treatment by conducting clinical trials for apatorsen across multiple cancer indications including bladder, lung, pancreatic and prostate cancers. We are conducting parallel clinical trials to evaluate apatorsen in several cancer indications and treatment combinations to accelerate the development of apatorsen. As part of this strategy, we are supporting specific investigator-sponsored trials to allow assessment of a broader range of clinical indications for future OncoGenex-sponsored trials and possible market approval.The OCRA trials, with exception of the Pacific™ Trial, are designed to provide information that will be useful for designing future phase 3 trials and may be used as supportive studies for registration, if applicable. Due to small sample sizes, data from these trials are not likely to result in statistically significant differences in either PFS or survival

Our completed company-sponsored Borealis-1™ phase 2 trial was a three-arm, randomized, placebo-controlled trial evaluating apatorsen in combination with a first-line standard of care chemotherapy regimen (gemcitabine and cisplatin) in the metastatic setting. Results from an exploratory analysis showed that metastatic bladder cancer patients with poor prognostic features (lower performance status, liver involvement, low hemoglobin and high alkaline phosphatase) benefited from the addition of 600mg apatorsen to first-line chemotherapy (OS HR = 0.72) compared to chemotherapy alone. Patients in the trial with a Karnofsky Performance Status (KPS) of 80% or less, a common indicator of poor prognosis, experienced a 50% reduction in risk of death with the addition of apatorsen therapy (OS HR = 0.50). These results were presented in an oral session on June 1, 2015 at ASCO.

Our current apatorsen development activities for pancreatic cancer include the following clinical trial:

- The Rainier™ Trial: The investigator-sponsored, randomized, placebo-controlled phase 2 trial evaluating apatorsen in combination with Abraxane® (paclitaxel protein-bound particles for injectable suspension)(albumin-bound) and gemcitabine in approximately 130 patients with previously untreated metastatic pancreatic cancer. The objective of the trial will be overall survival, with additional analyses to evaluate PFS, tumor response rates, safety, tolerability, and the effect of therapy on Hsp27 levels. Survival outcomes in patients who were at increased risk for poor outcomes will also be prospectively evaluated. The trial was initiated in August 2013 and patient enrollment was completed in December 2014. Top line survival data are expected by the end of 2015.

Our current apatorsen development activities for bladder cancer include the following clinical trial:

- The Borealis-2™ Trial: The investigator-sponsored, randomized phase 2 trial evaluating apatorsen in combination with docetaxel treatment compared to docetaxel treatment alone in patients with advanced or metastatic bladder cancer who have disease progression following first-line platinum-based chemotherapy. Patients may also continue weekly apatorsen infusions as maintenance treatment until disease progression or unacceptable toxicity if they complete all 10 cycles of docetaxel, or are discontinued from docetaxel due to docetaxel toxicity. We expect to enroll approximately 200 patients. This trial was initiated in April 2013 and is expected to complete enrollment in the third quarter of 2015.

Our current apatorsen development activities for NSCLC include the following clinical trials:

- The Spruce™ Trial: The investigator-sponsored, randomized, placebo-controlled phase 2 trial evaluating apatorsen plus carboplatin and pemetrexed therapy compared to plus carboplatin and pemetrexed therapy in patients with previously untreated advanced non-squamous NSCLC. Patients continued weekly apatorsen or placebo infusions as maintenance treatment until disease progression if they completed a minimum of 3 cycles of chemotherapy treatment. The trial randomized approximately 155 patients. The aim of the trial is to determine if adding apatorsen to carboplatin and pemetrexed therapy can extend PFS outcome. Additional analyses are expected to include tumor response rates, overall survival, safety, tolerability and the effect of therapy on Hsp27 levels. Patients who are at increased risk for poor outcomes will also be prospectively evaluated. This trial was initiated in August 2013 and patient enrollment was completed in February 2015. Primary PFS endpoint data is expected in the first half of 2016.
- The Cedar™ Trial: The investigator-sponsored, randomized phase 2 trial evaluating apatorsen plus gemcitabine and carboplatin therapy or gemcitabine and carboplatin therapy alone in patients with previously untreated advanced squamous NSCLC. Patients also continue weekly apatorsen infusions as maintenance treatment after chemotherapy until disease progression. The trial is expected to randomize approximately 140 patients. The aim of the trial is to determine if adding apatorsen to gemcitabine and carboplatin therapy can extend PFS outcome. Additional analyses will include tumor response rates, overall survival, safety, and health-related quality of life. Additional analyses are expected to determine the effect of therapy on Hsp27 levels, explore potential biomarkers that may help predict response to treatment and survival outcomes in patients who were at increased risk for poor outcomes. The trial was initiated in July 2014 and is enrolling patients.

Our current apatorsen development activities for prostate cancer include the following clinical trial:

- The Pacific™ Trial: The investigator-sponsored, randomized phase 2 trial evaluating apatorsen in men with CRPC who are experiencing a rising PSA while receiving Zytiga® (abiraterone acetate). The aim of the trial is to determine if adding apatorsen to Zytiga treatment can reverse or delay treatment resistance by evaluating the PFS rate at a milestone Day 60 assessment. Other secondary endpoints such as PSA and objective responses, time to disease progression, CTCs and Hsp27 levels are expected to be evaluated. We expect approximately 80 patients will be enrolled. The trial was initiated in December 2012 and is enrolling patients.

Product Candidate OGX-225

OGX-225 is our product candidate designed to inhibit the production of Insulin Growth Factor Binding Proteins -2 and -5 (IGFBP-2, IGFBP-5), two proteins that when overexpressed affect the growth of cancer cells. Increased IGFBP-2 and IGFBP-5 production are observed in many human cancers, including prostate, breast, colorectal, non-small cell lung, glioblastoma, acute myeloid leukemia, acute lymphoblastic leukemia, neuroblastoma, and melanoma. The increased production of these proteins is linked to faster rates of cancer progression, treatment resistance, and shorter survival duration in humans.

Preclinical studies with human prostate and breast cancer cells have shown that reducing IGFBP-2 and IGFBP-5 production with OGX-225 sensitized these tumor types to hormone ablation therapy or chemotherapy and induced tumor cell death. We have begun development activities for OGX-225 and have completed IND enabling toxicology studies.

Collaboration Revenue

Revenue recognized to date was attributable to the upfront payment we received in the fourth quarter of 2009 pursuant to a Collaboration Agreement with Teva, as well as cash reimbursements from Teva for certain costs incurred by us under the clinical development plan. Our policy is to account for these reimbursements as collaboration revenue.

In April 2015, we and Teva entered into an agreement to terminate the Collaboration Agreement, or the Termination Agreement. Pursuant to the Termination Agreement, Teva paid to us, as advanced reimbursement for certain continuing research and development activities related to custirsen and certain other antisense inhibitors of clusterin, an amount equal to $27.0 million less approximately $3.8 million, which reduction represents a hold-back amount of $3.0 million and $0.8 million for certain third-party expenses incurred by Teva between January 1, 2015 and April 24, 2015, or Closing Date. Teva shall deduct from the $3.0 million hold-back certain costs incurred after January 1, 2015 that may arise after the Closing Date. Teva will pay us (i) one-half of the then remaining hold-back amount six months after the Closing Date, (ii) one-half of the then remaining hold-back amount nine months after the Closing Date and (iii) the entire then remaining hold-back amount 12 months after the Closing Date. As a result of the termination of the Collaboration Agreement with Teva, we do not expect to earn any additional collaboration revenue beyond the amounts provided in the Termination Agreement. The advanced reimbursement payment made by Teva, as part of the Termination Agreement, was deferred and is being recognized as collaboration revenue on a dollar for dollar basis as costs are incurred as part the of continuing research and development activities related to custirsen and certain other antisense inhibitors of clusterin.

Research and Development Expenses

Research and development, or R&D, expenses consist primarily of costs for clinical trials, contract manufacturing, personnel costs, milestone payments to third parties, facilities, regulatory activities, preclinical studies and allocations of other R&D-related costs. External expenses for clinical trials include fees paid to clinical research organizations, clinical trial site costs and patient treatment costs.

Currently, we manage our clinical trials through contract research organizations and independent medical investigators at their sites and at hospitals and expect this practice to continue. Through our clinical development programs, we are developing each of our product candidates in parallel for multiple disease indications. Due to the number of ongoing projects and our ability to utilize resources across several projects, we do not record or maintain information regarding the indirect operating costs incurred for our research and development programs on a program-specific basis. In addition, we believe that allocating costs on the basis of time incurred by our employees does not accurately reflect the actual costs of a project.

Several of our clinical trials have been supported by grant funding that was received directly by the hospitals and/or clinical investigators conducting the clinical trials as investigator-sponsored trials, thereby allowing us to complete these clinical trials at a lower cost to us.

Under the prior Collaboration Agreement with Teva, we were required to spend $30 million in direct and indirect development costs for the benefit of the custirsen development plan, such contribution to be funded by the upfront payment provided by Teva as an advanced reimbursement for our development expenses. In December 2012, we had spent the required $30.0 million in development costs related to custirsen. In accordance with the Termination Agreement, Teva was required to and did fund all additional expenses under the clinical development plan through December 31, 2014, after which date we took over responsibility for future costs following termination of our Collaboration Agreement. We do not owe Teva any development milestone payments or royalty payments on sales of custirsen, if any.

Final analyses of clinical trials involving our product candidates are dependent on and driven by timing of disease progression and/or survival events occurring and as a result we cannot estimate completion dates for development activities or when we might receive material net cash inflows from our R&D projects, if ever.

Our projects or intended R&D activities may be subject to change from time to time as we evaluate our R&D priorities and available resources.

General and Administrative Expenses

General and administrative, or G&A, expenses consist primarily of salaries and related costs for our personnel in executive, finance and accounting, corporate communications, human resources and other administrative functions, as well as consulting costs, including market research, business consulting and intellectual property. Other costs include professional fees for legal and auditing services, insurance and facility costs.

Warrant liability

The following is a summary of outstanding warrants to purchase common stock that are classified as liabilities at June 30, 2015:

	Total Outstanding and Exercisable	Exercise price per Share	Expiration Date
(1) Warrants issued in October 2010 financing	1,587,301	$ 20.00	October 2015
(2) Series A Warrants issued in July 2014 financing	2,779,932	4.00	July 2019
(3) Series B Warrants issued in July 2014 financing	670,269	4.00	July 2019

No warrants were exercised during the six months ended June 30, 2015 or 2014.

We reassess the fair value of the common stock warrants classified as liabilities at each reporting date utilizing a Black-Scholes pricing model. Inputs used in the pricing model include estimates of stock price volatility, expected warrant life and risk-free interest rate. The computation of expected volatility was based on the historical volatility of shares of our common stock for a period that coincides with the expected life of the warrants.

Results of Operations

For the three and six months ended June 30, 2015 and 2014

Revenue

Revenue for the three and six months ended June 30, 2015 decreased to $4.0 million and $5.4 million, respectively, from $4.9 million and $16.7 million for the three and six months ended June 30, 2014, respectively. The advanced reimbursement payment made by Teva, as part of the Termination Agreement, was deferred and is being recognized as collaboration revenue on a dollar for dollar basis as costs are incurred as part of the continuing research and development activities related to custirsen. The decrease in 2015 as compared to 2014 was due primarily to lower clinical trial costs for the AFFINITY and Borealis-1 trials as a result of patients coming off treatment. This was partially offset by higher ENSPIRIT trial costs which we became responsible for pursuant to the Termination Agreement with Teva.

Research and Development Expenses

Our research and development expenses for our clinical development programs for the three and six months ended June 30, 2015 and 2014 are as follows (in thousands):

	Three months ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Clinical development programs:				
Custirsen	$ 3,333	$ 4,618	$ 4,525	$ 15,965
Apatorsen	$ 1,087	$ 2,600	$ 1,615	$ 5,314
Other research and development	$ 2,125	$ 2,665	$ 4,077	$ 5,507
Total research and development expenses	**$ 6,545**	**$ 9,883**	**$ 10,217**	**$ 26,786**

R&D expenses for the three and six months ended June 30, 2015 decreased to $6.5 million and $10.2 million, respectively, from $9.9 million and $26.8 million for the three and six months ended June 30, 2014, respectively. The decrease in 2015 as compared to 2014 was due primarily to lower clinical trial costs for the AFFINITY and Borealis-1 trials as a result of patients coming off treatment. This was partially offset by higher ENSPIRIT trial costs which we became responsible for after the termination of our Collaboration Agreement with Teva.

General and Administrative Expenses

G&A expenses for the three and six months ended June 30, 2015 increased to $3.1 million and $5.8 million, respectively, from $2.7 million and $5.4 million for the three and six months ended June 30, 2014, respectively. The increase in 2015 as compared to 2014 was due primarily to higher professional fees.

Gain (Loss) on Warrants

We recorded a loss of $0.5 million and a gain of $35,000 on the revaluation of our outstanding warrants for the three and six months ended June 30, 2015, respectively. We recorded a gain of $0.6 million and loss of $0.1 million on revaluation of the warrants for the three and six months ended June 30, 2014, respectively. We revalue the warrants at each balance sheet date to fair value.

Liquidity and Capital Resources

We have incurred an accumulated deficit of $170.5 million through June 30, 2015, and we expect to incur substantial additional losses in the future as we continue or expand our R&D activities and other operations, as more fully described below. We have not generated any revenue from product sales to date, and we may not generate product sales revenue in the near future, if ever.

Our operations to date have been primarily funded through the sale of our equity securities and payments received from Teva. As of June 30, 2015, our cash, cash equivalents, and short-term investments increased to $60.2 million from $47.1 million as of December 31, 2014.

In April 2015, we and Teva terminated our Collaboration Agreement. Pursuant to the Termination Agreement, Teva paid to us, as advanced reimbursement for certain continuing research and development activities related to custirsen and certain other antisense inhibitors of clusterin, an amount equal to $27.0 million less approximately $3.8 million, which reduction represented a hold-back amount of $3.0 million and $0.8 million for certain third-party expenses incurred by Teva between January 1, 2015 and the Closing Date. Teva shall deduct from the $3.0 million hold-back certain costs incurred after January 1, 2015 that may arise after the Closing Date. Teva will pay us (i) one-half of the then remaining hold-back amount six months after the Closing Date, (ii) one-half of the then

remaining hold-back amount nine months after the Closing Date and (iii) the entire then remaining hold-back amount 12 months after the Closing Date.

Pursuant to the Termination Agreement, Teva will be responsible for expenses related to custirsen incurred pursuant to the Collaboration Agreement through December 31, 2014. We will be responsible for all custirsen-related expenses incurred from and after January 1, 2015. We do not owe Teva any development milestone payments or royalty payments on sales of custirsen, if any. As a result of the termination of the Collaboration Agreement, other than the return of any remaining balance from the hold-back, we will not receive any future cash reimbursements from Teva for certain costs incurred by us in connection with the clinical development of custirsen.

In April 2015, we and Lincoln Park Capital Fund, LLC, or LPC, entered into a Purchase Agreement, pursuant to which we have the right to sell to LPC up to $18.0 million in shares of our common stock, par value $0.001 per share, subject to certain limitations and conditions set forth in the Purchase Agreement. LPC initially purchased 956,938 Series A-1 Units at a purchase price of $2.09 per unit, for aggregate gross proceeds of $2.0 million. Each Series A-1 Unit consisted of (i) one share of common stock and (ii) one warrant to purchase one-quarter of a share of common stock at an exercise price of $2.40 per share. After the initial purchase, we have the right, from time to time, in our sole discretion and subject to certain conditions, to direct LPC to purchase additional shares of common stock having an aggregate value of $16.0 million. We may direct LPC to purchase such additional shares as often as every business day over the 24-month term of the Purchase Agreement in increments of up to 125,000 shares of common stock, with such number of shares increasing as the closing sale price of our common stock increases. The purchase price of shares of common stock pursuant to the Purchase Agreement will be based on prevailing market prices of common stock at the time of sale without any fixed discount, and we will control the timing and amount of any sales of common stock to LPC. In addition, we may direct LPC to purchase additional shares of common stock as accelerated purchases if on the date of a regular purchase the closing sale price of the common stock is not below $1.50 per share. As consideration for entering into the Purchase Agreement, we issued to LPC 126,582 shares of common stock. We did not receive any cash proceeds from the issuance of these shares.

From April 1, 2015 through August 13, 2015, we offered and sold 6,814,980 shares of our common stock pursuant to our Purchase Agreement with LPC. These sales resulted in gross proceeds to us of approximately $18.0 million and offering expenses of $0.4 million. As of August 13, 2015, no further amounts remained available for sale under this offering program.

Based on our current expectations, we believe our capital resources will be sufficient to fund our currently planned operations late into the fourth quarter of 2016. Our currently planned operations are set forth below under the heading Operating Capital and Capital Expenditure Requirements.

Cash Flows

Cash Provided by Operations

For the six months ended June 30, 2015, net cash provided by operating activities increased to $10.2 million from $4.6 million used in the six months ended June 30, 2014. The increase in cash provided by operations in 2015 compared to cash used for operations in 2014 was primarily attributable to a cash payment from Teva as an advance reimbursement for custirsen development costs associated with the Termination Agreement in 2015.

Cash Provided by Financing Activities

For the six months ended June 30, 2015, net cash provided by financing activities decreased to $3.2 million from $6.1 million for the six months ended June 30, 2014. Net cash provided by financing activities in the six months ended June 30, 2015 relates to proceeds received from the financing through our purchase agreement with LPC. Net cash provided by financing activities in the six months ended June 30, 2014 related to proceeds from the sale of shares of common stock through our “at the market” equity offering program, an advance payment of a portion of the proceeds from the underwritten registered direct offering completed in July 2014 and the exercise of stock options.

Cash Provided by Investing Activities

For the six months ended June 30, 2015, net cash provided by investing activities decreased to $6.7 million from $24.6 million for the for the six months ended June 30, 2014. Net cash provided by investing activities in the six months ended June 30, 2015 and 2014 was due to transactions involving marketable securities in the normal course of business.

Operating Capital and Capital Expenditure Requirements

Based on our current expectations, we believe that our cash, cash equivalents, short-term investments and amounts received from the sale of common stock to LPC in the third quarter of 2015, will be sufficient to fund our currently planned operations late into the fourth quarter of 2016, which may include:

- announcing AFFINITY trial results, the phase 3 trial that is evaluating a survival benefit for custirsen in combination with cabazitaxel as second-line chemotherapy in approximately 630 patients with CRPC with final results of the poor prognosis subpopulation by the end of 2015 and final analysis for the ITT population in the second half of 2016, depending on timing of the event-driven final analysis and subject to completion of the proposed protocol amendment;
- announcing ENSPIRIT trial results, the phase 3 trial that is evaluating a survival benefit for custirsen in combination with docetaxel as second-line chemotherapy in approximately 700 patients with NSCLC. Final survival results could be available in the second half of 2016;
- announcing Rainier trial results, the investigator-sponsored, randomized, placebo-controlled phase 2 trial evaluating apatorsen in combination with Abraxane® and gemcitabine in patients with previously untreated metastatic pancreatic cancer, expected by the end of 2015;
- announcing Spruce trial results, the investigator-sponsored, randomized, placebo-controlled phase 2 trial evaluating apatorsen treatment with carboplatin and pemetrexed chemotherapy in patients with previously untreated advanced non-squamous NSCLC, expected in the first half of 2016;
- completing enrollment in the Borealis-2 trial, the investigator-sponsored, randomized, controlled phase 2 trial evaluating apatorsen in patients with advanced or metastatic bladder cancer who have disease progression following initial platinum-based chemotherapy first-line treatment and are eligible to receive docetaxel second-line chemotherapy, expected in the third quarter of 2015;
- announcing Pacific trial results, an investigator-sponsored randomized phase 2 trial evaluating apatorsen treatment in combination with Zytiga in patients with prostate cancer, with preliminary results expected in 2016; and
- continued enrollment in the Cedar trial, the investigator-sponsored, randomized phase 2 trial evaluating apatorsen treatment with gemcitabine and carboplatin chemotherapy in patients with previously untreated advanced squamous NSCLC.

Results from the custirsen and apatorsen trials may be released at a date that is beyond the period for which we currently project we have available cash resources. We have based this estimate on assumptions that may prove to be wrong, and we could utilize our available capital resources sooner than we currently expect. We would require additional funding to support our operations if we were to continue the AFFINITY or ENSPIRIT trials beyond their anticipated data result dates, spend capital on activities related to product launch, acquire or invest in other assets, conduct development activities with respect to our other product candidates beyond those development activities described above, including activities with respect to OGX-225, if the clinical trials cost more than we anticipate, or if custirsen is successful in a phase 3 trial with no partnership. If we need to extend our cash availability or to conduct any such currently unplanned development activities, we would seek such necessary funding through the licensing or sale of certain of our product candidates, by executing a partnership or collaboration agreement, or through private or public offerings of our equity or debt, including the sale of common stock pursuant to an at-the market offering. However, we can provide no assurance that such funding would be available to us on favorable terms, or at all.

Our future capital requirements will depend on many factors, including:

- timing, costs and results of clinical trials, preclinical development and regulatory approvals;
- our ability to obtain additional funding through a partnership or collaboration agreement with a third party or licenses of certain of our product candidates, or through private or public offerings of our equity or debt, or through sale of certain of our royalty rights;
- our ongoing level of focus and efforts to develop and commercialize custirsen and apatorsen;
- success of custirsen, apatorsen and our other product candidates;
- timing, costs and results of drug discovery and R&D; and
- costs related to obtaining, defending and enforcing patents.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet financing arrangements at June 30, 2015.

Commitments and Contingencies

We previously disclosed certain contractual obligations and contingencies and commitments relevant to us 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, 2014, as filed with the SEC on March 26, 2015. There have been no material 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 2014 Form 10-K. For more information regarding our current contingencies and commitments, see note 7 to the financial statements included above.

Material Changes in Financial Condition

(in thousands)	June 30, 2015	December 31, 2014
Total Assets	$ 63,356	$ 56,291
Total Liabilities	35,165	22,232
Total Equity	28,191	34,059

The increase in assets at June 30, 2015 compared to December 31, 2014 was primarily due to an increase in cash as a result of the cash payment from Teva as an advance reimbursement for custirsen development costs associated with the Termination Agreement in 2015 and proceeds received from the financings under our purchase agreement with LPC. The increase in liabilities at June 30, 2015 compared to December 31, 2014 is primarily due to recognizing the advance reimbursement payment from Teva as deferred collaboration revenue.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with U.S. 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 Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on March 26, 2015. Since December 31, 2014, 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 2, "Accounting Policies," of the consolidated financial statements for information related to the adoption of new accounting standards in 2015, 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

Interest rate risk is the risk that the fair values and future cash flows of financial instruments will fluctuate because of the changes in market interest rates. 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 we monitor our exposure to interest rate changes. We have very limited interest rate risk due to having only a few assets or liabilities subject to fluctuations in interest rates. Our investment portfolio includes only marketable securities with active secondary or resale markets to help ensure portfolio liquidity. Due to the nature of our highly liquid marketable securities, a change in interest rates would not materially change the fair market value. We have estimated the effect on our portfolio of a hypothetical increase in interest rates by 1% to be a reduction of approximately $0.5 million in the fair value of our investments as of June 30, 2015.

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. We have estimated the effect on our reported results of operations of a hypothetical increase of 10% in the exchange rate of the Canadian dollar against the U.S. dollar to be approximately $0.1 million for the three months ended June 30, 2015.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that material information required to be disclosed in our periodic reports filed or submitted under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act are accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

During the quarter ended June 30, 2015, we carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

We have not made any changes to our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended June 30, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls

Our management does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

Risks Related to Our Business

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information contained in this Quarterly Report on Form 10-Q and in the other periodic and current reports and other documents we file with the Securities and Exchange Commission, before deciding to invest in our common stock. If any of the following risks materialize, our business, financial condition, results of operation and future prospects will likely be materially and adversely affected. In that event, the market price of our common stock could decline and you could lose all or part of your investment.

Risks Related to Our Business

We have incurred losses since inception and anticipate that we will continue to incur losses for the foreseeable future. We have never had any products available for commercial sale and we may never achieve or sustain profitability.

We are a clinical-stage biopharmaceutical company, are not profitable, have incurred losses in each year since our inception and do not expect to become profitable in the foreseeable future. We have never had any products available for commercial sale, and we have not generated any revenue from product sales nor do we anticipate that we will generate revenue from product sales in the near future. Our revenue to date has been collaboration revenue under the Collaboration Agreement with Teva, which was terminated in April 2015. As a result of the termination of the Collaboration Agreement, TEVA will no longer be responsible for custirsen-related expenses, and we will not receive additional revenue from TEVA other than the advanced reimbursement payment we received in connection with the termination of the Collaboration Agreement. We have not yet submitted any products for approval by regulatory authorities, and we continue to incur research and development and general and administrative expenses related to our operations. We expect to continue to incur losses for the foreseeable future, and we expect these losses to increase as we continue our research activities and conduct development of, and seek regulatory approvals for, our product candidates, and prepare for and begin to commercialize any approved products. If our product candidates fail in clinical trials or do not gain regulatory approval, or if our product candidates do not achieve market acceptance, we may never become profitable. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods.

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

Positive results from preclinical studies and clinical trials, including those results from the custirsen or apatorsen clinical trials conducted to dateand any exploratory analysis, should not be relied on as evidence that on-going, amended, planned to be amended or later-stage or large-scale clinical trials will succeed. We will be required to demonstrate with substantial evidence through well-controlled clinical trials that our product candidates are safe and effective for use in a diverse population before we can seek regulatory approvals for their commercial sale. Success in early clinical trials does not mean that future clinical trials will be successful because product candidates in later-stage clinical trials may fail to demonstrate sufficient safety and efficacy to the satisfaction of the FDA and other non-U.S. regulatory authorities, despite having progressed through initial clinical trials. Further, preliminary results from our clinical trials may not be confirmed in final data, or may change materially.

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

We have amended or proposed future amendments for some of our ongoing clinical trials to incorporate observations from our other completed clinical trials. These observations may not be applicable to other stages of disease, or in combination with other therapies or indications. In planning or completing amendments to our trials, the statistical requirements to demonstrate success have been increased. This is due to including fewer patients for the primary evaluation and/or due to allowing for the chance of success to be determined in either of two primary evaluations, rather than only having one primary evaluation specified. Accordingly, if the observations from other completed trials are applied as amendments to our ongoing trials but prove not to be applicable to our ongoing trials, the results might indicate that our original trial design would have been successful if the changes had not been made to the original statistical requirements.

The termination of our Collaboration Agreement with Teva has resulted in us being required to take over responsibility for conducting the ongoing custirsen trials, and further development and commercialization of custirsen will require significant resources from us or another collaborator.

In April 2015, we and Teva entered into a Termination Agreement, pursuant to which we terminated our Collaboration Agreement. Under the terms of the Termination Agreement, we received approximately $23.2 million and regained all rights to custirsen and responsibility for all custirsen-related expenses as of January 1, 2015, including those related to the ENSPIRIT trial, as well as manufacturing and regulatory activities for the custirsen programs, which were previously managed and funded by Teva. As a result, Teva is transitioning the responsibilities associated with conducting the ongoing custirsen clinical trials to us and is using commercially reasonable efforts to assign all third-party contracts related to the ENSPIRIT trial to us. Some of these third parties may not agree to assignment of the contracts to us on the same terms they did with Teva, or at all, and Teva may fail to identify third-party contracts that are necessary to conduct the ongoing trials. We are also relying on Teva to assist in certain development and regulatory activities as custirsen is transitioned back to the Company. If these activities are not completed in a timely or satisfactory manner, there may delays in development of custirsen, diversion of management's attention and potentially reduced resources for the apatorsen clinical trials.

As part of the Termination Agreement, we provided Teva with a hold-back in the amount of $3 million to pay for certain vendor expenses incurred prior to the closing date. If Teva does not use those funds to pay vendors expenses as they come due or if any remaining amounts under the holdback are not returned to us, we could be become liable for additional expenses and vendor relationships could be harmed.

Additionally, further development of custirsen will require significant resources from us or another collaborator. We will not receive any future cash reimbursements from Teva for costs incurred by us in connection with the clinical development of custirsen, and we are required to fund all future development and commercialization ourselves if we are unable to find another collaborator. We expect that the $23.2 million payment from Teva along with our existing capital resources will allow for the completion and final results from the AFFINITY and ENSPIRIT trials, but we will need to acquire additional capital or enter into a new partnership or collaboration agreement to fund additional development or commercializtion. There are no assurances that we will have access to additional capital or find a new collaborator, or that the terms and timing of any such arrangements would be acceptable to us. As a result, we could experience a significant delay in the custirsen development process. If we determine to discontinue the development of custirsen, or any ongoing clinical trials, we would not receive any future return on our investment from that product candidate, or a specific indication.

We rely on third parties to manufacture and supply our product candidates and other agents used in our clinical trials and potential future commercial use. A decrease in the availability or quality of any of these products or agents could increase clinical trial costs, delay or halt clinical development or regulatory approval of our product candidates or commercialization of our future product candidates, resulting in additional losses and depriving us of potential product revenue.

We do not own or operate manufacturing facilities, and we depend on third-party contract manufacturers for production of all of our product candidates and rely on other companies and their manufacturers for other agents used in all of our clinical trials. We lack the resources and the capability to manufacture any of our product candidates ourselves. To date, our product candidates have been manufactured in limited quantities for preclinical studies and clinical trials. All active pharmaceutical ingredients, or API, and drug product for custirsen and apatorsen have been manufactured for us by third parties pursuant to a purchase order or short-term contract that has been fulfilled.

Prior to the termination of our collaboration agreement with Teva, Teva manufactured custirsen drug product and, pursuant to the Termination Agreement, it has discontinued such activities. In addition to selection of a new drug product supplier, we will require technology and methods transfer, validation processes and stability data in order to manufacture drug product and submit our NDA, if applicable. We cannot assure you that we will find a new manufacturer of drug product whose terms or timing would be acceptable to us and we may not have sufficient resources to commence certain activities as soon as required. As a result, we could experience a significant delays in custirsen's development and potential future commercialization.

If, in the future, one of our product candidates is approved for commercial sale, we, or a pharmaceutical partner that has licensed such product candidate, may need to manufacture that product candidate in commercial quantities. We cannot provide assurance that the third-party manufacturers with which we have contracted in the past will have sufficient capacity to satisfy our future manufacturing needs, that we will be able to negotiate additional purchases of API or drug product from these or alternative manufacturers on terms favorable to us, if at all, or that a pharmaceutical partner that has licensed such product candidate will have sufficient capacity or expertise to satisfy future needs.

Third-party manufacturers may fail to perform under their contractual obligations, or may fail to deliver the required commercial quantities of bulk API or finished drug product on a timely basis and at commercially reasonable prices. We have experienced manufacturing quality issues resulting in an unusable lot of product candidate in the past. Any performance failure on the part of our

contract manufacturers could delay clinical development or regulatory approval of our product candidates or commercialization of our future product candidates, depriving us of potential product revenue and resulting in additional losses. If we are required to identify and qualify an alternate manufacturer, we may be forced to delay or suspend our clinical trials, regulatory submissions, required approvals or commercialization of our product candidates, which may cause us to incur higher costs and could prevent us from commercializing our product candidates successfully. If we are unable to find one or more replacement manufacturers capable of production at a reasonably favorable cost, in adequate volumes, of adequate quality and on a timely basis, we would likely be unable to meet demand for our product candidates and our clinical trials could be delayed or we could lose potential revenue. Our ability to replace an existing API manufacturer may be difficult because the number of potential manufacturers is limited to approximately five manufacturers, and the FDA must inspect any replacement manufacturer and review information related to product produced at the manufacturer before they can begin manufacturing our product candidates. It may be difficult or impossible for us to identify and engage a replacement manufacturer on acceptable terms in a timely manner, if at all. We expect to continue to depend on third-party contract manufacturers for the foreseeable future.

Our product candidates require precise, high-quality manufacturing. Any of our contract manufacturers will be subject to ongoing periodic unannounced inspection by the FDA and non-U.S. regulatory authorities to ensure strict compliance with current Good Manufacturing Practices, or cGMP, and other applicable government regulations and corresponding standards. If our contract manufacturers fail to achieve and maintain high manufacturing standards in compliance with cGMP regulations, we may experience manufacturing errors resulting in patient injury or death, product recalls or withdrawals, delays or interruptions of production or failures in product testing or delivery, delay or prevention of filing or approval of marketing applications for our product candidates, cost overruns or other problems that could seriously affect our business.

Significant manufacturing scale-up may require additional validation studies, which the FDA must review and approve. Additionally, any third-party manufacturers we retain to manufacture our product candidates on a commercial scale must pass an FDA pre-approval inspection for conformance to cGMP regulations before we can obtain approval of our product candidates. If we are unable to successfully increase the manufacturing capacity for a product candidate in conformance with cGMP regulations, the regulatory approval or commercial launch of any related products may be delayed or there may be a shortage in supply.

We also rely on third-parties for the provision of other agents used in our clinical trials, and in some circumstances these agents are provided to us at no cost. We have no assurance that these third-parties will continue to provide their products to us at no cost.

We are highly dependent on the success of our lead product candidates, custirsen and apatorsen, and we cannot give any assurance that they, or any of our other product candidates, will receive regulatory approval or will be successfully commercialized.

In order to market custirsen, we must, among other things, complete ongoing clinical trials, including phase 3 or registration clinical trials, to demonstrate safety and efficacy. In April 2014, we announced that top-line survival results from our phase 3 SYNERGY trial indicated that the addition of custirsen to standard first-line docetaxel/prednisone therapy did not meet the primary endpoint of a statistically significant improvement in overall survival in men with metastatic CRPC, compared to docetaxel/prednisone alone. We may decide not to continue to advance the development and commercialization of custirsen, which would harm or prevent the commercialization of this product candidate. The failure to further develop and eventually commercialize custirsen could have a material adverse effect on our business and financial condition.

Completing additional clinical trials will be required for apatorsen to establish the safety and efficacy of this product candidate. We are conducting parallel clinical trials to evaluate apatorsen in several cancer indications and treatment combinations to accelerate the development of apatorsen.

OGX-225 has not been tested in humans. Our preclinical testing of this product candidate may not be favorable and we may not be able to clinically evaluate OGX-225.

Our clinical development programs for our product candidates may not receive regulatory approval either if such product candidates fail to demonstrate that they are safe and effective in clinical trials and consequently fail to obtain necessary approvals from the FDA, or similar non-U.S. regulatory agencies, or if we have inadequate financial or other resources to advance these product candidates through the clinical trial process**.** Our protocol amendments, including but not limited to the sponsorship change from Teva to us, revisions to statistical analysis plans, or inclusion of analyses on poor prognostic patients, may be approved by regulatory authorities on a country-by-country basis slower than we anticipate, or not at all. If competitive products developed by third parties show significant benefit in the cancer indications in which we are developing our product candidates, any planned supportive or primary registration trials may be delayed, altered or not initiated and custirsen, apatorsen and our other product candidates may never receive regulatory approval. Any failure to obtain regulatory approval of custirsen, apatorsen or our other product candidates could have a material and adverse effect on our business.

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

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

Because we depend on financing from third parties for our operations, our business may fail if such financing becomes unavailable or is not available on commercially reasonable terms.

To date, we have financed our operations primarily through the sale of our equity securities and from payments we received pursuant to the Collaboration Agreement with Teva. In April 2015, our Collaboration Agreement with Teva was terminated, and we will not receive any future payments from Teva. We believe that our existing capital resources and interest on such resources will be sufficient to meet our current operating requirements late into the fourth quarter of 2016. However, if patients live longer as a result of new or investigational therapies, the trials proceed slower or take longer than expected to complete, or are initiated later than expected, we change our development plans, acquire rights to new product candidates, cannot find third-party collaborators for our other product candidates, or engage in commercialization and product launch activities, we will need additional capital sooner than we expect. Our future capital requirements will depend on many factors, including, without limitation:

- the scope and results of our clinical trials and preclinical studies;
- whether we experience delays in our clinical and preclinical development programs, or experience slower-than-anticipated product development or rate of events;
- whether we are able to enter into additional third-party collaborative partnerships to develop and/or commercialize any of our other product candidates on terms that are acceptable to us;
- our ability to forecast the cost of our ongoing development activities, including the ENSPIRIT trial
- the timing and requirements of, and the costs involved in, making protocol amendments to any of our ongoing studies prior to their completion and conducting studies required to obtain regulatory approvals for our product candidates from the FDA and comparable foreign regulatory agencies;
- the availability of third parties to perform the key development tasks for our product candidates, including conducting preclinical studies and clinical trials and manufacturing our product candidates to be tested in those studies and trials and the associated costs of those services;
- the costs involved in preparing, filing, prosecuting, maintaining, defending the validity of and enforcing patent claims and other costs related to patent rights and other intellectual property rights, including litigation costs and the results of such litigation;
- whether we modify our development program, including terminating and starting new trials;
- whether opportunities to acquire additional product candidates arise and the costs of acquiring and developing those product candidates; and
- whether we engage in commercialization and product launch activities.

If we are unable to raise funds on acceptable terms when it becomes necessary to do so, we may not be able to continue developing our product candidates, acquire or develop additional product candidates or respond to competitive pressures or unanticipated requirements. For these reasons, any inability to raise additional funds when we require it could have a material adverse effect on our business.

We may seek to partner with third-party collaborators withrespect to the development and commercialization of our product candidates, and we cannot control whether we will be able to do so on favorable terms, if at all.

Our business strategy relies in part on potentially partnering successful product candidates with larger companies to complement our internal development and commercialization efforts. We will be competing with many other companies as we seek partners for our product candidates and may not be able to compete successfully against those companies. If we are not able to enter into collaboration arrangements for our product candidates, we would be required to undertake and fund further development, clinical trials, manufacturing and commercialization activities solely at our own expense and risk. If we are unable to finance and/or successfully execute those expensive activities, or we delay such activities due to capital availability, our business could be materially and adversely affected, and potential future product launch could be materially delayed, be less successful, or we may be forced to discontinue clinical development of these product candidates.

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

Since patients in our clinical trials have advanced stages of cancer, we expect that additional adverse events, including serious adverse events, will occur.

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

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

Any one or a combination of these events could prevent us from achieving or maintaining market acceptance of the affected product or could substantially increase the costs and expenses of commercializing the product, which in turn could delay or prevent us from generating significant revenue from the sale of the product. Historic events have raised questions about the safety of marketed drugs and may result in increased cautiousness by the FDA in reviewing new drugs based on safety, efficacy or other regulatory considerations and may result in significant delays in obtaining regulatory approvals, additional clinical trials being required, or more stringent product labeling requirements. Any delay in obtaining, or the inability to obtain, applicable regulatory approvals would prevent us from commercializing our product candidates.

Our clinical trials may be suspended or terminated at any time, including by the FDA, other regulatory authorities, a Data Safety Monitoring Board overseeing the clinical trial at issue, by a clinical trial site or investigator, or by us. Any failure or significant delay in completing clinical trials for our product candidates could materially harm our financial results and the commercial prospects for our product candidates.

We do not know whether any of our currently planned or on-going clinical trials for custirsen or apatorsen will proceed or be completed on schedule, if at all, or, with respect to our other product candidates, whether we will be able to initiate any future preclinical studies or clinical trials, as applicable, beyond those currently planned. The completion of our clinical trials currently in progress could also be substantially delayed or prevented by several factors, including:

- delay or failure to obtain required future additional funding, when needed, through private or public offerings of our equity securities, debt financings, or the execution of a licensing, partnership or collaboration agreement with a third party for any of our product candidates;
- lack of efficacy evidenced during clinical trials;
- inadequate evidence of clinical benefit or futility;
- slower than expected rates of patient recruitment, enrollment and final analysis;
- failure of patients to complete the clinical trial;

- unforeseen safety issues;
- termination of our clinical trials by one or more clinical trial sites, investigators, data safety monitoring boards, or FDA;
- inability or unwillingness of patients or medical investigators to follow clinical trial protocols;
- inability to monitor patients adequately during or after treatment;
- introduction of competitive products that may impede our ability to retain patients in clinical trials; and
- delay or failure to obtain sufficient manufacturing supply of custirsen or apatorsen;

The completion or commencement of future preclinical studies or clinical trials could be substantially delayed or prevented by several factors, including:

- delay or failure to obtain required future additional funding, when needed, through private or public offerings of our equity securities, debt financings, or the execution of a licensing, partnership or collaboration agreement with a third party for any of our product candidates;
- delay or failure to obtain sufficient manufacturing supply of custirsen, apatorsen or other products necessary to conduct our clinical trials;
- limited number of, and competition for, suitable patients with the particular types of cancer required for enrollment in our clinical trials;
- limited number of, and competition for, suitable sites to conduct clinical trials;
- introduction of new product candidates to the market in therapeutic areas similar to those that we are developing for our product candidates;
- concurrent evaluation of new investigational product candidates in therapeutic areas similar to those that we are developing for our product candidates;
- delay or failure to obtain the FDA's or non-U.S. regulatory agencies' approval or agreement to commence a clinical trial, including our phase 3 or registration clinical trials or amendment of those trials;
- delay or failure to obtain sufficient supplies, including comparator drug, for our clinical trials; delay or failure to reach agreement on acceptable clinical trial agreement terms or clinical trial protocols with prospective sites or investigators;
- delay or failure to obtain the approval of the Institutional Review Board to conduct a clinical trial at a prospective site; and
- our decision to alter the development strategy for one or more clinical or preclinical products.

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

We may be held liable if any of our products or operations cause injury or death or are found otherwise unsuitable during product testing, manufacturing, marketing or sale. These risks are inherent in the development of pharmaceutical products. We currently maintain commercial general and umbrella liability policies with combined limits of $10.0 million per occurrence and in the aggregate, in addition to a $10.0 million per claim and annual aggregate product liability insurance policy related to our clinical trials consistent with industry standards. When necessary for our products, we intend to obtain additional product liability insurance. Insurance coverage may be prohibitively expensive, may not fully cover potential liabilities or may not be available in the future. Inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of our products. If we were to be sued for any injury caused by or associated with our products or operations, the litigation could consume substantial time and attention of our management, and the resulting liability could exceed our total assets.

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

The life sciences industry is highly competitive, and we face significant competition from many pharmaceutical, biopharmaceutical and biotechnology companies that are researching and marketing products designed to address cancer indications for which we are currently developing products or for which we may develop products in the future. We are aware of several other companies that are developing therapeutics that seek to promote tumor cell death. Any products we may develop in the future are also likely to face competition from other drugs and therapies. Many of our competitors have significantly greater financial, manufacturing, marketing and drug development resources than we do. Large pharmaceutical companies, in particular, have extensive experience in clinical testing and in obtaining regulatory approvals for drugs. These companies also have significantly greater research and marketing

capabilities than we do. In addition, many universities and private and public research institutes are, or may become, active in cancer research, and develop products that may directly compete with ours. If our competitors market products that are more effective, safer or less expensive than our future product candidates, if any, or that reach the market sooner than our future product candidates, if any, we may not achieve commercial success.

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

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

Even if we receive regulatory approval to market our product candidates, the market may not be receptive to our products.

Even if our product candidates obtain regulatory approval, they may not gain market acceptance among physicians, patients, healthcare payors and/or the medical community. We believe that the degree of market acceptance will depend on a number of factors, including:

- timing of market introduction of competitive products;
- safety and efficacy of our products;
- prevalence and severity of any side effects;
- potential advantages or disadvantages over alternative treatments;
- strength of marketing and distribution support;
- price of our products, both in absolute terms and relative to alternative treatments; and
- availability of coverage and reimbursement from government and other third-party payors.

If our future product candidates fail to achieve market acceptance, we may not be able to generate significant revenue or achieve or sustain profitability.

We will need to retain additional personnel and expand our other resources in order to develop our other product candidates. If we fail to effectively expand our operations, including attracting and retaining key management and scientific personnel, we may be unable to successfully develop or commercialize our product candidates and our business may be materially adversely affected.

We will need to expand and effectively manage our managerial, operational, financial, development, commercialization and other resources in order to successfully pursue our development and commercialization efforts for our existing and future product candidates. In connection with the termination of the Collaboration Agreement with Teva, we will need to take on additional management activities such as regulatory, drug supply and pharmacovigilance that was previously managed by Teva. Our success depends on our continued ability to attract, retain and motivate highly qualified personnel, such as management, clinical and preclinical personnel, including our executive officers Scott Cormack, John Bencich and Cindy Jacobs. In addition, although we have entered into employment agreements with each of Mr. Cormack, Mr. Bencich and Dr. Jacobs, such agreements permit the executive to terminate his or her employment with us at any time, subject to providing us with advance written notice.

Should custirsen receive marketing approval in the United States, Canada, or elsewhere in the world, we would need to hire a substantial number of specialized personnel, including field-based medical affairs representatives. In turn, we would need to increase our administrative headcount to support such expanded development and commercialization operations with respect to our product candidates. Our ability to attract and retain qualified personnel in the future is subject to intense competition for qualified personnel among biotechnology, pharmaceutical and other businesses and our current financial position. The loss of the services of any of our senior management could delay or prevent the development and commercialization of our product candidates, or have other adverse effects on our business for an indefinite term. In particular, if we lose any members of our current senior management team, we may not be able to find suitable replacements in a timely fashion, if at all, and our business may be harmed as a result.

We have scientific and clinical advisors who assist us in formulating our development and clinical strategies. These advisors are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability

to us. In addition, our advisors may have arrangements with other companies to assist those companies in developing products or technologies that may compete with ours

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

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

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

We expect that any product candidate that we acquire rights to will require additional development efforts prior to commercial sale, including extensive clinical evaluation and approval by the FDA and non-U.S. regulatory authorities. All product candidates are subject to the risks of failure inherent in pharmaceutical product development, including the possibility that the product candidate will not be shown to be sufficiently safe and effective for approval by regulatory authorities. Even if the product candidates are approved, we can make no assurance that we would be capable of economically producing the product or that the product would be commercially successful.

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

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

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

We may be adversely affected if our controls over financial reporting fail or are circumvented.

We regularly review and update our internal controls, disclosure controls and procedures, and corporate governance policies. In addition, we are required under the Sarbanes Oxley Act of 2002 to report annually on our internal control over financial reporting. If it were to be determined that our internal control over financial reporting is not effective, such shortcoming could have an adverse effect on our business and financial results and the price of our common stock could be negatively affected. This reporting requirement could also make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. Any system of internal controls, however well designed and operated, is based in part on certain assumptions and can provide only reasonable, not absolute, assurances that the objectives of the system are met. Any failure or circumvention of the controls and procedures or failure to comply with regulation concerning control and procedures could have a material effect on our business, results of operation and financial condition. Any of these events could result in an adverse reaction in the financial

marketplace due to a loss of investor confidence in the reliability of our financial statements, which ultimately could negatively affect the market price of our shares, increase the volatility of our stock price and adversely affect our ability to raise additional funding. The effect of these events could also make it more difficult for us to attract and retain qualified persons to serve on our Board and our Board committees and as executive officers.

Risks Related to Our Intellectual Property

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

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

We and our collaborators intend to apply for additional patents covering both our technologies and product candidates, as we deem appropriate. We or our collaborators may, however, fail to apply for patents on important technologies or product candidates in a timely fashion, if at all. Our existing patents and any future patents we or our collaborators obtain may not be sufficiently broad to prevent others from practicing our technologies or from developing competing products and technologies. In addition, we do not always control the patent prosecution of subject matter that we license from others. Accordingly, we are sometimes unable to exercise a significant degree of control over such intellectual property as we would over our own.

Moreover, the patent positions of biopharmaceutical companies are highly uncertain and involve complex legal and factual questions for which important legal principles remain unresolved. As a result, the validity and enforceability of our patents cannot be predicted with certainty. In addition, the U.S. Supreme Court has revised certain tests regarding granting patents and assessing the validity of patents to make it more difficult to obtain patents. As a consequence, issued patents may be found to contain invalid claims according to the revised standards. Some of our patents or those of our collaborators may be subject to challenge and subsequent invalidation or significant narrowing of claim scope in a re-examination proceeding, or during litigation, under the revised criteria. We cannot guarantee that:

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

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

We and our collaborators also rely on trade secrets to protect some of our technology, especially where it is believed that patent protection is not appropriate or obtainable. However, trade secrets are difficult to maintain. While we use reasonable efforts to protect our trade secrets, our or our collaboration partners' employees, consultants, contractors or scientific and other advisors may unintentionally or willfully disclose our proprietary information to competitors. For example, under our Termination Agreement with Teva, Teva is not permitted to use our confidential information which would include our trade secrets. We may not be able to adequately determine whether Teva uses any of our trade secrets and if they do, we may not be able to sufficiently enforce their non-use. Enforcement of claims that a third party has illegally obtained and is using trade secrets is expensive, time consuming and

uncertain. In addition, non-U.S. courts are sometimes less willing than U.S. courts to protect trade secrets. If our competitors independently develop equivalent knowledge, methods and know-how, we would not be able to assert our trade secrets against them and our business could be harmed.

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

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

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

We may become involved in disputes with past or potential future collaborators over intellectual property ownership, and publications by our research collaborators and scientific advisors could impair our ability to obtain patent protection or protect our proprietary information, which, in either case, could have a significant effect on our business.

Inventions discovered under research, material transfer or other such collaborative agreements may become jointly owned by us and the other party to such agreements in some cases and the exclusive property of either party in other cases. Under some circumstances, it may be difficult to determine who owns a particular invention, or whether it is jointly owned, and disputes could arise regarding ownership of those inventions. These disputes could be costly and time consuming and an unfavorable outcome could have a significant adverse effect on our business if we were not able to protect or license rights to these inventions. In addition, our research collaborators and scientific advisors generally have contractual rights to publish our data and other proprietary information, subject to our prior review. Publications by our research collaborators and scientific advisors containing such information, either with our permission or in contravention of the terms of their agreements with us, may impair our ability to obtain patent protection or protect our proprietary information, which could significantly harm our business.

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

With respect to custirsen, apatorsen and OGX-225, we have exclusively licensed from UBC certain issued patents and pending patent applications covering the respective antisense sequences underlying these product candidates and their commercialization and use, and we have licensed from Isis certain issued patents and pending patent applications directed to product compositions and chemical modifications used in product candidates for commercialization, use and the manufacturing thereof, as well as some alternative antisense sequences. We have also received a sublicense from Isis under certain third-party patent portfolios directed to such modifications.

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

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

The patents for our product candidates have varying expiration dates and, when these patents expire, we may be subject to increased competition and we may not be able to recover our development costs. For example, certain of the U.S. patents directed to custirsen and its use that have been licensed from UBC are scheduled to expire in 2020 and 2021. In some of the larger economic territories, such as the United States and Europe, patent term extension/restoration may be available to compensate for time taken during aspects of the product candidate's regulatory review. We cannot, however, be certain that an extension will be granted or, if granted, what the applicable time period or the scope of patent protection afforded during any extended period will be. In addition, even though some regulatory agencies may provide some other exclusivity for a product candidate under its own laws and regulations, we may not be able to qualify the product candidate or obtain the exclusive time period.

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

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

If we choose to go to court to stop someone else from using the inventions claimed in our patents or our licensed patents, that individual or company has the right to ask the court to rule that these patents are invalid and/or should not be enforced against that third party. These lawsuits are expensive and would consume time and other resources even if we were successful in stopping the infringement of these patents. In addition, there is a risk that the court will decide that these patents are invalid or unenforceable and that we do not have the right to stop the other party from using the inventions. The U.S. Supreme Court has revised certain tests regarding granting patents and assessing the validity of patents to make it more difficult to obtain patents. Some of our issued patents may be subject to challenge and subsequent invalidation under the revised criteria. There is also the risk that, even if the validity or unenforceability of these patents is upheld, the court will narrow the scope of our claim or will refuse to stop the other party on the grounds that such other party's activities do not infringe our rights.

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

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

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

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

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

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

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

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

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

We license the development and commercialization rights for most of our product candidates, including custirsen, apatorsen and OGX-225, and we expect to enter into similar licenses in the future. Under such licenses, we are subject to various obligations such as sublicensing, royalty and milestone payments, annual maintenance fees, limits on sublicensing, insurance obligations and the obligation to use commercially reasonable best efforts to develop and exploit the licensed technology. If we fail to comply with any of these obligations or otherwise breach these agreements, our licensors may have the right to terminate the license in whole or in part or to terminate the exclusive nature of the license. We may also become involved in disputes with licensors regarding the meaning of certain terms in the license agreements, including terms related to royalty and milestone payments, which may result in costly and time consuming litigation. Loss of any of these licenses or the exclusivity rights provided by the licenses could harm our financial condition and results of operations. In addition, certain of our license agreements with UBC eliminate our ability to obtain money damages in respect of certain claims against UBC.

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

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

Risks Related to our Common Stock

The price for our common stock is volatile.

The market prices for our common stock and that of emerging life science companies generally have historically been highly volatile. For example, after the announcement of the top line survival results of our phase 3 SYNERGY trial, we experienced a significant decrease in our stock price. Future announcements concerning us, the results of our clinical trials or our competitors may also have a significant effect on the market price of our common stock. The stock markets also experience significant price and volume fluctuation unrelated to the operating performance of particular companies. These market fluctuations may also adversely affect the market price of our common stock.

An increase in the market price of our common stock, which is uncertain and unpredictable, may be the sole source of gain from an investment in our common stock. An investment in our common stock may not be appropriate for investors who require dividend income. We have never declared or paid cash dividends on our capital stock and do not anticipate paying any cash dividends on our capital stock in the foreseeable future. We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, capital appreciation, if any, of our common stock will be the sole source of gain for stockholders for the foreseeable future. Accordingly, an investment in our common stock may not be appropriate for investors who require dividend income or investors who are not prepared to bear a significant risk of losses from such an investment.

We are at risk of securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities, including in circumstances where such declines occur in close proximity to the announcement of clinical trial results. This risk is especially relevant for us because our stock price and those of other biotechnology and biopharmaceutical companies have

experienced significant stock price volatility in recent years. If we face such litigation, it could result insubstantial costs and a diversion of management's attention and resources, which could harm our business.

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

To date, our sources of cash have been limited primarily to proceeds from the private or public placement of our securities and proceeds from our prior strategic collaboration with Teva, which terminated in April 2015. In the future, we may seek to raise additional financing through private placements or public offerings of our equity or debt securities. We cannot be certain that additional funding will be available on acceptable terms, if at all. To the extent that we raise additional financing by issuing equity securities, we may do so at a price per share that represents a discount to the then-current per share trading price of our common stock and our stockholders may experience significant dilution. Any debt financing, if available, may involve restrictive covenants, such as limitations on our ability to incur additional indebtedness, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely affect our ability to conduct our business.

Anti-takeover provisions in our stockholder rights plan, our charter documents and under Delaware law could make a third-party acquisition of us difficult.

We have a stockholder rights plan that may have the effect of discouraging unsolicited takeover proposals. Specifically, the rights issued under the stockholder rights plan could cause significant dilution to a person or group that attempts to acquire us on terms not approved in advance by our Board. In addition, our certificate of incorporation and bylaws contain provisions that may discourage unsolicited takeover proposals that stockholders may consider to be in their best interests. These provisions include the ability of our Board to designate the terms of and issue new series of preferred stock and the ability of our Board to amend our bylaws without stockholder approval. In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years following the date that the stockholder became an interested stockholder, unless certain specific requirements are met as set forth in Section 203. Collectively, these provisions could make a third-party acquisition of us difficult or could discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our common stock.

The sale of additional shares of common stock to LPC may cause the price of our common stock to decline and result in dilution to our existing stockholders

Pursuant to our purchase agreement with LPC, we have the right, from time to time, in our sole discretion and subject to certain conditions, to direct LPC to purchase additional shares of common stock having an aggregate value of $16.0 million and we have exercised this right. We have directed LPC to purchase additional shares and may further direct LPC to purchase additional shares as often as every business day over the 24-month term of the Purchase Agreement in increments of up to 125,000 shares of common stock, with such amounts increasing as the closing sale price of our common stock increases. The purchase price of shares of common stock pursuant to the Purchase Agreement have been and will be based on prevailing market prices of common stock at the time of sale without any fixed discount, and we have controlled and will control the timing and amount of any sales of common stock to LPC. In addition, we have directed and we may direct LPC in the future to purchase additional amounts as accelerated purchases if on the date of a regular purchase the closing sale price of the common stock is not below $1.50 per share. The sale of additional shares of our common stock pursuant to our purchase agreement with LPC has or will have a dilutive impact on our existing stockholders. Sales by us to LPC could cause the market price of our common stock to decline significantly. Sales of our common stock under the purchase agreement, or the perception that such sales will occur, could also encourage short sales by third parties, which could contribute to the further decline of our stock price. Additionally, the sale of a substantial number of shares of our common stock under the purchase agreement, or the perception that such sales will occur, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish.

Risks Related to Our Industry

There is a high risk that our drug development activities will not result in commercial products.

Our product candidates are in various stages of development and are prone to the risks of failure inherent in drug development. We will need to complete significant additional clinical trials before we can demonstrate that our product candidates are safe and effective to the satisfaction of the FDA and non-U.S. regulatory authorities. Clinical trials are expensive and uncertain processes that take years to complete. Failure can occur at any stage of the process, and successful early clinical trials do not ensure that later clinical trials will be successful. Product candidates in later-stage clinical trials may fail to show desired efficacy and safety traits despite having progressed through initial clinical trials. For example, in April 2014, we announced that top-line survival results indicated that the addition of custirsen to standard first-line docetaxel/prednisone therapy did not meet the primary endpoint of a statistically significant improvement in overall survival in men with metastatic CRPC, compared to docetaxel/prednisone alone. A number of companies in the pharmaceutical industry have suffered significant setbacks in advanced clinical trials, even after obtaining promising results in

earlier clinical trials. In addition, a clinical trial may prove successful with respect to a secondary objective, but fail to demonstrate clinically significant benefits with respect to a primary objective. Failure to satisfy a primary objective in a phase 3 clinical trial (registration trial) would generally mean that a product candidate would not receive regulatory approval.

The regulatory approval process is expensive, time consuming and uncertain and may prevent us from obtaining approvals for the commercialization of some or all of our product candidates.

The research, testing, manufacturing, labeling, approval, selling, marketing and distribution of drug products are subject to extensive regulation by the FDA and non-U.S. regulatory authorities, which regulations differ from country to country. We are not permitted to market our product candidates in the United States until we receive approval of an NDA from the FDA. We have not submitted an application for or received marketing approval for any of our product candidates. Obtaining approval of an NDA can be a lengthy, expensive and uncertain process. In addition, failure to comply with FDA, non-U.S. regulatory authorities' or other applicable United States and non-U.S. regulatory requirements may, either before or after product approval, if any, subject us to administrative or judicially imposed sanctions, including:

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

Regulatory approval of an NDA or NDA supplement is not guaranteed, and the approval process is expensive and may take several years. The FDA also has substantial discretion in the drug approval process. Despite the time and expense exerted, failure can occur at any stage, and we could encounter problems that could cause us to abandon clinical trials or to repeat or perform additional preclinical studies and clinical trials. The number of preclinical studies and clinical trials that will be required for FDA approval varies depending on the drug candidate, the disease or condition that the drug candidate is designed to address, and the regulations applicable to any particular drug candidate. The FDA can delay, limit or deny approval of a drug candidate for many reasons, including:

- a drug candidate may not be deemed safe or effective;
- the FDA may not find the data from preclinical studies and/or clinical trials sufficient;
- the FDA might not approve our third-party manufacturer's processes or facilities;
- the FDA may change its approval policies or adopt new regulations; and
- third-party products may enter the market and change approval requirements.

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

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

manufacturers or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions, including:

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

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

If government and third-party payors fail to provide coverage and adequate reimbursement rates for our product candidates, our revenue and potential for profitability will be reduced.

In the United States and elsewhere, our product revenue will depend principally on the reimbursement rates established by third-party payors, including government health administration authorities, managed-care providers, public health insurers, private health insurers and other organizations. These third-party payors are increasingly challenging the price, and examining the cost-effectiveness, of medical products and services. In addition, significant uncertainty exists as to the reimbursement status, if any, of newly approved drugs, pharmaceutical products or product indications. We may need to conduct post-marketing clinical trials in order to demonstrate the cost-effectiveness of our products, if any. Such clinical trials may require us to commit a significant amount of management time and financial and other resources. If reimbursement of such product is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels, our revenue could be reduced.

In some countries other than the United States, particularly the countries of the European Union and Canada, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, obtaining pricing approval from governmental authorities can take six to 12 months or longer after the receipt of regulatory marketing approval of a product for an indication. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of one of our product candidates to other available therapies. If reimbursement of such product candidate is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels, our revenue could be reduced.

Domestic and foreign governments continue to propose and pass legislation designed to reduce the cost of healthcare, including drugs. In the United States, there have been, and we expect that there will continue to be, federal and state proposals to implement similar governmental control. In addition, increasing emphasis on managed care in the United States will continue to put pressure on the pricing of pharmaceutical products. For example, in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Affordability Reconciliation Act, or collectively, PPACA, became law in the United States. PPACA substantially changes the way healthcare is financed by both governmental and private insurers and significantly affects the pharmaceutical industry.

We anticipate that the PPACA, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and downward pressure on the price for any approved product, and could seriously harm our prospects. In addition, the Medicare and Medicaid program and state healthcare laws and regulations may also be modified to change the scope of covered products and/or reimbursement methodology. Cost control initiatives could decrease the established reimbursement rates that we receive for any products in the future, which would limit our revenue and profitability. Legislation and regulations affecting the pricing of pharmaceutical products, including custirsen, or apatorsen may change at any time, which could further limit or eliminate reimbursement rates for custirsen, apatorsen or other product candidates.

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

We intend to market certain of our existing and future product candidates outside of the United States and Canada. In order to market our existing and future product candidates in the European Union and many other non-North American markets, we must obtain separate regulatory approvals. We have had limited interactions with non-North American regulatory authorities. Approval procedures vary among countries and can involve additional testing, and the time required to obtain approval may differ from that required to obtain FDA approval. Approval by the FDA or other regulatory authorities does not ensure approval by regulatory authorities in other countries, and approval by one or more non-North American regulatory authorities does not ensure approval by regulatory authorities in other countries or by the FDA. The non-North American regulatory approval process may include all of the risks associated with obtaining FDA approval. We may not obtain non-North American regulatory approvals on a timely basis, if at all. We may not be able to file for non-North American regulatory approvals and may not receive necessary approvals to commercialize our existing and future product candidates in any market.

Item 6. Exhibits

Exhibit Number	Description
3.1	Certificate of Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 033-80623) filed with the SEC on May 22, 2015).
4.1	Form of Series A-1 Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No.033-80623) filed with the SEC on April 30, 2015).
10.1	Purchase Agreement, dated as of April 30, 2015, by and between OncoGenex Pharmaceuticals, Inc. and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 033-80623) filed with the SEC on April 30, 2015).
10.2+	Termination Agreement between OncoGenex Technologies Inc. and Teva Pharmaceutical Industries Ltd..
10.3	OncoGenex Pharmaceuticals, Inc. 2010 Performance Incentive Plan, as amended and restated (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement (File No.033-80623) filed with the SEC on April 16, 2015).
31.1	Certification of 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 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
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* The certifications attached as Exhibits 32.1 and 32.2 accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

\+ Registrant has omitted and filed separately with the SEC portions of the exhibit pursuant to a confidential treatment request under Rule 24b-2 promulgated under the Exchange Act.

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: August 13, 2015

By: /s/ Scott Cormack
Scott Cormack
President and Chief Executive Officer

Date: August 13, 2015

By: /s/ John Bencich
John Bencich
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
3.1	Certificate of Amendment to Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 033-80623) filed with the SEC on May 22, 2015).
4.1	Form of Series A-1 Warrant (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K (File No.033-80623) filed with the SEC on April 30, 2015).
10.1	Purchase Agreement, dated as of April 30, 2015, by and between OncoGenex Pharmaceuticals, Inc. and Lincoln Park Capital Fund, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 033-80623) filed with the SEC on April 30, 2015).
10.2+	Termination Agreement between OncoGenex Technologies Inc. and Teva Pharmaceutical Industries Ltd..
10.3	OncoGenex Pharmaceuticals, Inc. 2010 Performance Incentive Plan, as amended and restated (incorporated by reference to Appendix A to the Company's Definitive Proxy Statement (File No. 033-80623) filed with the SEC on April 16, 2015).
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\+ Registrant has omitted and filed separately with the SEC portions of the exhibit pursuant to a confidential treatment request under Rule 24b-2 promulgated under the Exchange Act.

EXHIBIT 10.2

* Confidential Treatment has been requested for the marked portions of this exhibit pursuant to Rule 24B-2 of the Securities Exchange Act of 1934, as amended.

Execution VersionCONFIDENTIAL

TERMINATION AGREEMENT

This Termination Agreement (the "Agreement") is made and entered into as of the 24th day of April, 2015 (the "Closing Date"), by and between OncoGenex Technologies, Inc. ("OGX") and Teva Pharmaceutical Industries Ltd. ("Teva"). OGX and Teva are referred to herein collectively as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, the Parties entered into a Collaboration and License Agreement dated December 20, 2009, as amended by the Parties on March 1, 2012 (as amended the "Collaboration and License Agreement"); and

WHEREAS, OGX wishes to continue certain research and development activities related to the Licensed Compound and/or the Licensed Product (each as defined in the Collaboration and License Agreement) and, as described in Section 1(A) below, Teva has agreed to pay to OGX a certain amount as advanced reimbursement for such activities and in consideration of the releases and other agreements set forth herein; and

WHEREAS, after good faith and arm's length negotiations, on December 29, 2014, the Parties entered into an agreement whereby they agreed to terminate the Collaboration and License Agreement according to the terms set forth therein (the "December 29 Agreement"); and

WHEREAS, after good faith and arm's length negotiations, and as contemplated by the December 29 Agreement, the Parties desire to further effectuate and document the termination of the Collaboration and License Agreement and settle fully and finally any potential or actual claims or disputes that they may have or had against the other in connection with the Collaboration and License Agreement, without any admission of wrongdoing or liability by either Party, and on the terms set forth below; and

WHEREAS, capitalized terms that are not defined in this Agreement shall have the meanings ascribed to them in the Collaboration and License Agreement;

NOW, THEREFORE, in consideration of the respective covenants, undertakings, representations, warranties and conditions set forth in this Agreement, and for other good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, intending to be legally bound hereby, the Parties agree to the following.

TERMS OF AGREEMENT

1. **Payment**.

(A) In full and final settlement of the Released Claims (as hereinafter defined) and in consideration of the releases and other agreements set forth herein, upon execution of this Agreement, OGX shall be entitled to an amount equal to Twenty-Seven Million U.S. Dollars (USD $27,000,000) (the "Advanced Reimbursement Amount"), as advanced reimbursement for certain continuing research and development activities related to the Licensed Compound and/or the Licensed Product; provided that Teva shall deduct from the Advanced Reimbursement Amount Three Million, Eight Hundred and Twenty-Two Thousand, Nine Hundred and Forty U.S. Dollars (USD $3,822,940), which is the sum of the following amounts:

i. Any and all third-party expenses incurred and paid, or invoiced and to be paid, by Teva related to the Licensed Compound and/or the Licensed Product between January 1, 2015 and the Closing Date for which OGX is responsible pursuant to Section 4 below; provided that Teva presented such expenses to OGX for approval in advance of payment and such expenses were not the subject of any reasonable and unresolved objection by OGX. For the avoidance of doubt, nothing in this Section 1(A)(i) shall alter the rights and obligations of the Parties with respect to expenses incurred on or after January 1, 2015 as set forth in Section 4(E). For further clarity, in no event shall Teva be entitled to any payment or reimbursement for internal costs (whether on a full time equivalent ("FTE") basis or otherwise) hereunder except as expressly set forth in Sections 3(B)(v)-(vi) and 5(D)-(E); and

ii. Any and all third-party expenses (including outside counsel costs and fees) for prosecution and maintenance of the Assigned Patents and the OGX Patents (each as hereinafter defined) incurred and paid, or invoiced and to be paid, by Teva between January 1, 2015 and the Closing Date, provided that Teva delivers to OGX documentation reasonably evidencing such expenses. Notwithstanding anything in this Section 1(A)(ii), OGX shall not be responsible for any costs associated with the Abandoned Patents between January 1, 2015 and the Closing Date; and

iii. The OGX Hold-Back Amount as set forth in Section 3(A) below. The amount resulting from the deduction of the expenses set forth in subsections 1(A)(i) –(iii) from the Advanced Reimbursement Amount shall be referred to as the "Net Advanced Reimbursement Amount." For the avoidance of doubt, Teva is obligated to and shall pay to the applicable third party any third-party expenses for which amounts are deducted pursuant to this Section 1(A).

(B) Teva shall pay the Net Advanced Reimbursement Amount by wire transfer as follows:

DESTINATION BANK: [*]

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INTERMEDIARY BANK: [*]

[*]

(C) [*] any taxes from the Advanced Reimbursement Amount.

(D) Any amounts due to Teva under this Agreement which are not deducted from the Advanced Reimbursement Amount pursuant to Section 1(A) or paid through the OGX Hold Back Amount (as hereinafter defined) shall be paid by OGX to Teva within [*] of the date when Teva provides documentation of such amounts to OGX.

2. **Termination of the Collaboration and License Agreement**.

(A) Upon the completion of the wire transfer of the Net Advanced Reimbursement Amount into OGX's account as described above (the "Funding"), the releases set forth below shall become automatically effective without the requirement of further action by either Party.

(B) Upon the Funding, the Collaboration and License Agreement and all obligations of the Parties thereunder shall be deemed fully terminated, discharged, bought out, extinguished, paid, commuted, released and satisfied in full. The Parties reserve no claims, rights or benefits against each other under the Collaboration and License Agreement with respect to any past, present or future claims and each Party shall be freed from any and all claims that have been, or could be, made under the Collaboration and License Agreement, except as expressly provided in Section 9 below. Without limiting the foregoing, upon the Funding, (i) all rights and licenses granted or assigned by OGX to Teva under the Collaboration and License Agreement shall immediately cease and terminate and revert exclusively to OGX with no rights retained by Teva for any purposes whatsoever and (ii) Teva shall have no further responsibilities or rights under the Collaboration and License Agreement with respect to the development, commercialization or other activities respecting the Licensed Compound and/or Licensed Product, including the ENSPIRIT and AFFINITY studies, except as expressly provided in this Agreement.

3. **Hold-Back for Post-Closing Expense Reimbursement**.

(A) A hold-back amount of Three Million U.S. Dollars (USD $3,000,000) (the "OGX Hold-Back Amount") shall be deducted from the Advanced Reimbursement Amount as set forth in Section 1(A)(iii) and held by Teva for the payment of amounts incurred and/or paid by Teva after the Closing Date in accordance with Section 3(B) below, and in all cases subject to OGX's rights described in Section 3(C) below. The OGX Hold-Back Amount shall not be the exclusive source of payments to Teva to the extent such payments are due to Teva under this Agreement. To the extent that the OGX Hold-Back Amount contains insufficient funds to satisfy any amounts owing from OGX to Teva pursuant to the terms of this Agreement, then OGX shall pay to Teva the amount representing the difference between the amount owing by OGX and the remaining OGX Hold-Back Amount. Teva shall

pay to OGX (i) one half of the then remaining OGX Hold-Back Amount six (6) months after the Closing Date, (ii) one half of the then remaining OGX Hold-Back Amount nine (9) months after the Closing Date, and (iii) the entire then remaining OGX Hold-Back Amount twelve (12) months after the Closing Date. For clarity, as it relates to items (i) – (iii) above, amounts incurred in accordance with Section 3(B) which Teva claims in good faith should be paid to Teva from the OGX Hold-Back Amount, but have not yet been paid from the OGX Hold-Back Amount, shall not be deemed part of the "remaining OGX Hold-Back Amount."

(B) After the Closing Date, the amounts set forth in subsections (i) – (viii) of this Section 3(B) shall be paid to Teva from the OGX Hold-Back Amount to the extent there are sufficient funds available. To the extent these amounts exceed the remaining OGX Hold-Back Amount, then OGX shall pay to Teva the amount representing the difference between the amount owing by OGX and the remaining OGX Hold-Back Amount. The amounts to be paid from the OGX Hold-Back Amount are as follows:

i. Any and all expenses that are subject to deduction from the Advanced Reimbursement Amount as set forth in Section 1(A)(i)-(ii), but are not deducted from the Advanced Reimbursement Amount because Teva (a) is billed for such expenses after the Closing Date, or (b) has insufficient time, despite using its reasonable best efforts, to process the invoices for such expenses prior to the Closing Date; and

ii. Any and all third-party expenses that are incurred and become due after the Closing Date pursuant to Sections 4(B) and 4(G) below under any agreements related to the Licensed Compound or the Licensed Product that OGX has asked Teva to Transfer (as such term is hereinafter defined) to OGX; and

iii. Any and all third-party expenses that are incurred and become due after the Closing Date for which OGX is responsible pursuant to Section 4(C) below under any Newly Discovered Agreements and/or Newly Discovered Exhibits (as hereinafter defined); and

iv. Any and all third-party expenses associated with the transition activities described in Section 5(A) and 5(C) below that are not billed directly to OGX; and

v. Any and all amounts charged for pharmacovigilance activities provided by Teva for OGX's benefit during the Pharmacovigilance Transition Period and related transition costs as set forth Section 5(D) below; and

vi. Any and all amounts [*] as set forth in [*] below for the ENSPIRIT and AFFINITY studies provided by Teva for OGX's benefit; and

vii. Any and all expenses (excluding Teva FTE expenses) associated with [*]; and

viii. Any and all amounts for which [*] pursuant to [*] below.

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(C) Prior to the payment to Teva of any amounts from the OGX Hold-Back Amount, OGX shall have the opportunity to review documentation of such amounts and confirm, to its reasonable satisfaction, that (i) payment is due from OGX and (ii) the relevant services or products have been provided.

4. **Third-Party Agreements and Expenses**.

(A) Schedule 4(A) hereto contains a list of relevant third-party work orders and related terms and conditions for the ENSPIRIT study (the "ENSPIRIT Disclosed Agreements"). Teva represents and warrants that (i) the ENSPIRIT Disclosed Agreements listed on Schedule 4(A) are historical third-party agreements that are used for the ongoing conduct of the ENSPIRIT study, and (ii) to the best of Teva's knowledge, OGX has been provided with copies of all such historical third-party agreements, including all exhibits, schedules, and related work orders. On the Closing Date or as soon as practicable thereafter, Teva and OGX shall enter into the Transfer Agreements that are also set forth on Schedule 4(A) in order to Transfer certain of the ENSPIRIT Disclosed Agreements to OGX. As used in this Agreement with respect to third-party agreements, work orders, and related terms and conditions, "Transfer" shall mean to (i) assign such agreement, work order, term or condition, or (ii) otherwise transfer the relevant rights and responsibilities thereunder. The Parties agree that once a third-party agreement has been Transferred, OGX shall have full authority to direct, without involvement of or notification to Teva, any and all activities permissible under such Transferred agreement, subject only to Section 5(H) below.

(B) After the Closing Date, with respect to those ENSPIRIT Disclosed Agreements that are not Transferred as of the Closing Date, and excluding those ENSPIRIT Disclosed Agreements that OGX has elected not to have Transferred as detailed in Schedule 4(A), Teva shall: (i) continue to use its reasonable best efforts [*] to Transfer such ENSPIRIT Disclosed Agreements, (ii) use its reasonable best efforts to ensure that the terms and conditions of such ENSPIRIT Disclosed Agreements do not change materially in the process of Transfer, and (iii) during the Transfer Period, [*] and otherwise in accordance with the terms of this Agreement; provided, however, that (x) in connection with such Transfer to OGX in accordance with the above, [*] nothing herein shall be construed as obligating Teva to breach any provisions of an ENSPIRIT Disclosed Agreement or require Teva to assign an ENSPIRIT Disclosed Agreement that, by its terms, is not assignable in the absence of the applicable third party's consent. If Teva is unable to Transfer any ENSPIRIT Disclosed Agreement as contemplated above within the Transfer Period, then thereafter Teva shall be entitled to terminate such ENSPIRIT Disclosed Agreement in whole or in part as promptly as practicable according to the terms of such agreement, and OGX shall have no responsibility for any costs to terminate such agreement. During the Transfer Period, in order to effectively replicate Transfer of the ENSPIRIT Disclosed Agreements to OGX and to give OGX the commercial benefits thereof, and in accordance with Section 4(E) below, OGX shall be responsible for payment of all expenses that become due under such ENSPIRIT Disclosed Agreements. As set forth in Section 3(B)(ii) above, such expenses shall be paid to Teva from the OGX Hold-Back Amount to the extent there are sufficient funds available. To the extent such expenses exceed the remaining OGX Hold-Back Amount, then OGX shall pay to Teva the amount representing the difference between the amount owing by OGX and the remaining

OGX Hold-Back Amount. Without limiting the foregoing, in the event of any material change of an ENSPIRIT Disclosed Agreement in the process of Transfer, OGX reserves the right to refuse the Transfer of the applicable ENSPIRIT Disclosed Agreement, in which case Teva shall be entitled to terminate such ENSPIRIT Disclosed Agreement, and OGX shall have no responsibility for any costs to terminate such agreement.

(C) In the event that, after the Closing Date, Teva or OGX discovers any additional (i) historical third-party agreements not identified on Schedule 4(A), which agreement is in full force and effect and is used to conduct the ENSPIRIT study at the time of such discovery and was not provided to OGX prior to the Closing Date (collectively, "Newly Discovered Agreements") and/or (ii) exhibits, schedules, and work orders associated with the ENSPIRIT Disclosed Agreements which are in full force and effect and are used to conduct the ENSPIRIT study at the time of such discovery and were not provided to OGX prior to the Closing Date (collectively, "Newly Discovered Exhibits"), then the Party discovering the Newly Discovered Agreement or the Newly Discovered Exhibits shall immediately notify the other Party and provide to such Party, or instruct the third party to provide to the other Party, the agreement and any exhibits, schedules and works orders associated with the agreement. The rights and obligations of Teva and OGX as set forth in Section 4(B) above shall apply to such Newly Discovered Agreements and/or Newly Discovered Exhibits except that (x) OGX shall pay the first One Hundred Thousand U.S. Dollars (USD $100,000) in the aggregate post-January 1, 2015 expenses invoiced under Newly Discovered Agreements and/or under Newly Discovered Exhibits and (y) Teva is responsible for and will pay any such post-January 1, 2015 expenses in excess of One Hundred Thousand U.S. Dollars (USD $100,000) in the aggregate. If OGX is not billed directly for the expenses described in item (x) above then, as set forth in Section 3(B)(iii) above, such expenses shall be paid to Teva from the OGX Hold-Back Amount if there are sufficient funds available. To the extent the amount payable by OGX as described in item (x) exceeds the remaining OGX Hold-Back Amount, then the amount representing the difference between the amount owing by OGX under item (x) and the remaining OGX Hold-Back Amount shall be paid to Teva by OGX.

(D) Except as provided in Sections 4(B) and 4(C) above, Teva shall not terminate or amend any (i) ENSPIRIT Disclosed Agreement that has been transferred or is to be Transferred to OGX after the Closing Date, (ii) Newly Discovered Agreement for which OGX has submitted a written request for Transfer after OGX has been notified of such Newly Discovered Agreement, or (iii) Other Agreement set forth in Schedule 4(G) as such agreements in items (i) – (iii) relate to the Licensed Compound, the Licensed Product or the ENSPIRIT study.

(E) Except as specifically provided in Section 4(B), Section 4(C) and Section 9, OGX shall pay, and agrees to fully indemnify and hold Teva harmless for (i) any and all third-party expenses related to the Licensed Compound and the Licensed Product incurred in 2015 and thereafter, and (ii) any and all expenses incurred by Teva in recovering such expenses from OGX. OGX's payment obligations set forth in this Section 4(E) apply regardless of whether a counterparty to any third-party agreement invoices or demands such payment from

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Teva following Transfer of such agreement to OGX. Except as specifically provided in Section 9 below, Teva shall pay, and agrees to fully indemnify and hold OGX harmless for (i) all expenses related to the Licensed Compound and/or the Licensed Product that are incurred pursuant to the Collaboration and License Agreement through December 31, 2014 (excluding expenses incurred prior to December 20, 2009 and expenses for which OGX was responsible under the Collaboration and License Agreement) and (ii) any and all expenses incurred by OGX in recovering such expenses from Teva. Teva's payment obligations set forth in this Section 4(E) apply regardless of whether a counterparty to any third-party agreement invoices or demands payment from OGX following Transfer of such agreement to OGX or whether invoices are received in 2015 for services rendered in 2014. For clarity, [*] Licensed Compound and/or the Licensed Product except as specifically provided in Section 3(B)(v)-(vi) and Section 5(D)-(E) of this Agreement and Teva shall not be responsible for nor pay any of OGX's internal expenses related to the Licensed Compound and/or the Licensed Product after January 1, 2015. Expenses incurred will be calculated on an accrual basis, consistent with Teva's current practice for calculation of development expenses for the ENSPIRIT study, which practice is to accrue for work performed (e.g., expenses are incurred in 2014 for drugs and services actually provided in 2014). For example (and without limitation on other examples), Teva will remain responsible for:

(i) milestone payments, if any, payable after December 31, 2014 for which services have been provided (or, if partially provided, on a pro rata basis), on or before December 31, 2014, and

(ii) patient visits or other activities occurring on or before December 31, 2014 that are billed at a later date. For clarity, if a patient is halfway through treatment as of December 31, 2014, only the cost of services and drugs provided in 2014 would accrue in 2014.

After the Closing Date, OGX shall submit to Teva invoices for third-party expenses related to the ENSPIRIT and AFFINITY studies incurred through December 31, 2014 and billed to OGX. Teva shall pay such invoices pursuant to the terms of its contract with the applicable third party.

(F) OGX shall be entitled to participate in all material discussions between Teva and third parties to an ENSPIRIT Disclosed Agreement, Newly Discovered Agreement, or Other Agreement (as hereinafter defined) concerning the Transfer to OGX of such agreement or work plans related thereto, provided that the relevant third party consents in writing to OGX's participation. Following Transfer of an ENSPIRIT Disclosed Agreement, Newly Discovered Agreement, or Other Agreement to OGX, no material discussions regarding OGX-011 (as defined in the Collaboration and License Agreement) and/or any pharmaceutical or medicinal preparation incorporating OGX-011 (the "OGX-011 Product") shall occur between Teva and the applicable counterparty without the consent of OGX, which consent shall not be unreasonably withheld.

(G) Attached hereto as Schedule 4(G) is a list of relevant third-party agreements and work orders related to the research, development, marketing or

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commercialization of the Licensed Compound or the Licensed Product (the "Other Agreements") that are in addition to those set forth in Schedule 4(A). Teva represents and warrants that (i) the agreements on Schedule 4(G) are historical third-party agreements to which Teva or its Affiliates are a party that are used for the ongoing research, development, marketing or commercialization of the Licensed Compound and/or the Licensed Product, and (ii) to the best of Teva's knowledge, OGX has been provided with copies of all such historical third-party agreements, including all exhibits, schedules, and related work orders. Pursuant to OGX's request, Teva undertakes to use its Commercially Reasonable Efforts to Transfer the Other Agreements [*] to OGX. In accordance with OGX's obligations in Section 4(E) above and without limiting such obligations, following Transfer of the Other Agreements to OGX, Teva shall have no further responsibility to OGX with respect to such Agreements.

5. **Further Actions**.

(A) On the Closing Date or as soon as practicable thereafter (or later period as may be indicated for any subsection below), Teva shall: (i) [*] submit or cause to be submitted to the applicable Regulatory Authorities appropriate documentation authorizing and evidencing the transfer of ownership from Teva to OGX of the studies set forth on Schedule 5(A)(i) (the "Covered Studies") for which Teva is the study sponsor as of the Closing Date, (ii) otherwise take action within its control to transfer or cause to be transferred to OGX, all regulatory filings, protocol amendments, approvals and applications, as well as protocol sign-offs and approvals, relating to the Covered Studies, including all investigational new drug applications ("INDs"), Clinical Trials Authorization Applications ("CTAs") and all regulatory approvals, drug approval applications and all related documentation and information (collectively the "Regulatory Filings"), and (iii) timely issue or cause to be issued any reasonable instruction letters to trial sites, DSMB members, and/or third-party service providers solely related to the transfer of the Covered Studies as reasonably requested and prepared by OGX. [*]

(B) As soon as practicable following the completion of the activities set forth in Section 5(A)(i), OGX shall (i) for all countries, submit or cause to be submitted to the applicable Regulatory Authorities appropriate documentation confirming that it accepts the transfer of ownership of the Covered Studies transferred by Teva. As soon as practicable following the completion of the activities set forth in Section 5(A)(ii), OGX shall otherwise take action within its control to accept transfer of the Regulatory Filings. OGX shall provide all cooperation that is reasonably required to enable Teva to perform its obligations under Section 5(A) above.

(C) On the Closing Date (or later period as may be indicated for any subsection below), Teva shall:

i. To the extent not previously provided, deliver and assign (or return) to OGX complete copies of any and all INDs, CTAs, regulatory approvals, drug approval applications, all other regulatory documents and any other regulatory filings or submissions made, filed, or drafted (whether or not complete, and including NDA drafts) for OGX-011 and/or the OGX-011 Product by Teva, its Affiliates or their respective designees; and

ii. Deliver and assign (or return) to OGX complete copies of any and all research data, pharmacology data, preclinical data, clinical data, CMC data, marketing and promotional materials (including the video for the mechanism of action), reports (including market reports), or records in Teva's or its Affiliates' possession or control that relate primarily to the Licensed Compound or the Licensed Product.

iii. Deliver to OGX within [*] following the Closing Date, the items set forth in Schedule 5(C).

Notwithstanding the foregoing, for items under this Section 5(C) that are in the possession of contractors, agents or service providers of Teva and/or its Affiliates with whom Teva has an ongoing contractual relationship, [*]. Any and all documents described in subsections [*]. Any documents provided pursuant to subsections (i) –(ii) above shall be provided in the form they exist as of the Closing Date and Teva shall have no obligation to further revise or format documents. OGX shall pay all third-party expenses associated with performance of the actions described in this Section 5(C). If such expenses are not billed directly to OGX then, as set forth in Section 3(B)(iv) above, such expenses shall be paid to Teva from the OGX Hold-Back Amount if there are sufficient funds available. To the extent such expenses exceed the remaining OGX Hold-Back Amount, then OGX shall pay to Teva the amount representing the difference between the amount owing by OGX and the remaining OGX Hold-Back Amount.

(D)

i. For a period not to exceed [*] following the Closing Date (the "Pharmacovigilance Transition Period"), [*] to perform on [*] for the [*] of [*] pursuant to the terms of [*]. The [*] and [*] as used in this [*] have the [*] in the [*]. [*] shall include: [*] and [*] of the [*] and [*] of the [*] to the [*] as per [*] and [*] and [*] of the [*]. Responsibility for all other pharmacovigilance activities shall be transferred to OGX on the Closing Date, and responsibility for the [*] described in this Section 5(D)(i) shall be transferred to OGX at the end of the Pharmacovigilance Transition Period or such earlier time as agreed by the Parties.

ii. The Parties agree that the term of the Pharmacovigilance Agreement as it relates solely to the performance of the [*] described in Section 5(D)(i) above shall be extended through the Pharmacovigilance Transition Period, and that during the Pharmacovigilance Transition Period, the point of contact for OGX for receipt of Adverse Event and Serious Adverse Event reports, shall be [*]. In the event that Teva becomes aware of Adverse Event or Serious Adverse Event reports after the end of the Pharmacovigilance Transition Period, the OGX point of contact for notification shall be [*], or such other individual as OGX shall identify by written notice to Teva. The Parties also agree that the Pharmacovigilance Agreement shall be deemed amended by this Section 5(D) and that in the event of a conflict between the terms of this Agreement and the Pharmacovigilance Agreement as amended by this Section 5(D), this Agreement shall control.

iii. Teva shall perform the pharmacovigilance activities described in this Section 5(D) for the benefit of OGX and at Teva's expense for a period of no more than [*] after the Closing Date. Any such pharmacovigilance activities performed more than

[*] after the Closing Date shall be performed at OGX's expense at a fixed cost of [*]. As set forth in Section 3(B)(v), such amounts shall be paid to Teva from the OGX Hold-Back Amount if there are sufficient funds available and to the extent such amounts exceed the remaining OGX Hold-Back Amount, then OGX shall pay to Teva the amount representing the difference between the amount owing by OGX and the remaining OGX Hold-Back Amount.

iv. During the Pharmacovigilance Transition Period, the Parties will cooperate reasonably to allow for the transfer of the [*] pharmacovigilance responsibilities described in Section 5(D)(i) from Teva to OGX, or to the third party designated by OGX, prior to the end of the Pharmacovigilance Transition Period. OGX shall pay Teva's out of pocket costs (but not internal FTE expenses) associated with such transfer. As set forth in Section 3(B)(v), such costs shall be paid to Teva from the OGX Hold-Back Amount if there are sufficient funds available and to the extent such costs exceed the remaining OGX Hold-Back Amount, then OGX shall pay to Teva the amount representing the difference between the amount owing by OGX and the remaining OGX Hold-Back Amount.

(E) On the Closing Date, OGX shall take responsibility for all Chemistry Manufacturing and Control activities and bio-analytical testing of clinical materials relating to OGX-011 and/or the OGX-011 Product (collectively the "CMC Activities") and Teva shall have no further responsibility for such CMC Activities, except as follows:

i. The Parties acknowledge that [*] for [*] performed by [*]. Accordingly, no later than [*] Teva shall, [*] provide full and complete [*] which have been [*]. Teva shall, [*] provide full and complete [*] of any [*] promptly following [*]. Teva hereby represents and warrants to OGX that it shall [*] for such period of time that is [*]. Teva shall [*] as required or requested [*].

ii. Teva shall, [*], and within [*] following the Closing Date, complete [*] that are produced as of [*]. [*] shall also complete [*] additional [*] for a period not to exceed [*] following the Closing Date. Teva shall charge OGX [*] for completing such [*]. As set forth in Section 3(B)(vi), such amounts shall be paid to Teva from the OGX Hold-Back Amount if there are sufficient funds available and, to the extent such amounts exceed the remaining OGX Hold-Back Amount, then OGX shall pay to Teva the amount representing the difference between the amount owing by OGX and the remaining OGX Hold- Back Amount. Except as explicitly stated in this section, OGX shall be responsible for all [*] after the Closing Date.

iii. Teva shall complete, [*], all [*] prior to January 1, 2015. Teva shall also complete, if requested by OGX, at a rate of [*]. As set forth in Section 3(B)(vi), amounts charged for such [*] shall be paid to Teva from the OGX Hold-Back Amount if there are sufficient funds available. To the extent such amounts exceed the remaining OGX Hold-Back Amount, then OGX shall pay to Teva the amount representing the difference between the amount owing by OGX and the remaining OGX Hold-Back Amount. [*]. Teva shall provide OGX with all [*] no more than [*] after completion of the report. Teva's obligations regarding [*] described in this section are contingent on OGX providing Teva with an [*] prior to Closing.

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iv. Teva shall continue to have the obligations set forth in Section 5(G).

(F) On the Closing Date, OGX shall assume all responsibility for [*]. Teva has provided or made available to OGX [*] which has been [*] in the form of [*] and [*] related to such [*]. Teva has provided [*] related to the [*] without any [*]. Subject to Section 5(G) [*] to provide any [*] with respect to the [*] provided to [*] will respond to [*] regarding such programs [*].

(G) The Parties acknowledge that [*] provide under [*]. Notwithstanding the foregoing, [*] provide copies of [*] as necessary to support any regulatory audit, submission or approval reasonably requested by OGX. Teva further agrees that it shall, at OGX's expense, make available Teva's employees, agents, contractors and/or facilities as reasonably requested by OGX, upon reasonable notice and for a reasonable period of time, to support any such audit, submission or approval.

(H) The Parties acknowledge that OGX wishes to amend the protocol for the ENSPIRIT study as set forth on Exhibit 5(H) (the "ENSPIRIT Protocol Amendment") [*]. The Parties further acknowledge that [*] may be [*] after the [*] will not be immediately [*] as the [*] after the [*] take the [*]. Accordingly, the Parties agree that:

i. [*] to submit the [*] the same [*] and as [*] and any other [*] to the applicable [*] of the [*]. As used in this Agreement [*] shall mean [*] as described in [*]. In those [*] where applicable [*] do not [*] to be [*] while another [*] is [*] or cause such [*] to be [*] or instruct [*] and any other required [*] has been [*] in the [*] where no [*] for a [*] only after [*] without a [*] by such [*] and

ii. If the [*] and the [*] into a [*] and [*] the same [*] and

iii. OGX shall bear all responsibilities and costs associated with the submission of the ENSPIRIT Protocol Amendment, including (a) drafting the ENSPIRIT Protocol Amendment, arranging for submission of the ENSPIRIT Protocol Amendment, and submitting appropriate letters to IRBs, and (b) responding to questions from Regulatory Authorities regarding the ENSPIRIT Protocol Amendment. Notwithstanding the foregoing, until such time as OGX becomes the ENSPIRIT study sponsor on a country-by-country basis, Teva will forward all questions from Regulatory Authorities to OGX for response and Teva reserves the right to review and comment on any communications with Regulatory Authorities concerning the ENSPIRIT Protocol Amendment. [*] immediately upon OGX becoming the sponsor of the ENSPIRIT study on a country-by-country basis. For clarity, and in accordance with its responsibilities under Section 4(E) above, OGX shall be responsible for all costs associated with the conduct of the ENSPIRIT study after the Closing Date, including any wind-down costs for the ENSPIRIT study if the ENSPIRIT study is terminated or suspended before OGX is approved as the ENSPIRIT study sponsor.

iv. OGX shall not terminate or in any way impose a termination of

the ENSPIRIT study prior to such time as OGX is approved as the sponsor for the study in all jurisdictions. For the avoidance of doubt, Teva will terminate the ENSPIRIT study prior to such time as OGX becomes the sponsor of the study in all jurisdictions only in the event that (i) the DSMB or any Regulatory Authority determines that OGX-011 in its then current formulation, dosage form or dose level is unsafe or (ii) the DSMB confirms a finding of futility following a futility analysis performed in accordance with a valid ENSPIRIT protocol. In the event that OGX has not become the ENSPIRIT study sponsor in any jurisdiction [*] after the ENSPIRIT Sponsorship Amendment has been submitted in such jurisdiction, Teva will consider in good faith any proposal from OGX to further amend the ENSPIRIT study protocol or terminate the ENSPIRIT study. In considering any such [*] without [*] best practices in the [*] and its [*].

v. In the United States, OGX may submit, [*] the ENSPIRIT Protocol Amendment at any time after it becomes the ENSPIRIT study sponsor in the United States.

vi. [*] have no [*] for the [*] of the [*] nothing in [*] shall permit [*] other than [*] contained in [*] prior to such [*] as set forth in this paragraph 5(H) [*] in [*] on the [*].

(I) The Parties acknowledge that, subject only to Section 5(H) and Section 4, Teva shall have no right to direct or comment on any development activities by or on behalf of OGX, its Affiliates, or sublicensees, of any Licensed Compound and/or the Licensed Product.

6. **Opportunity to Conduct Due Diligence**. OGX acknowledges that it has had the opportunity to (i) conduct the due diligence it requested concerning Teva's conduct of the ENSPIRIT study, including due diligence concerning the ENSPIRIT Disclosed Agreements listed on Schedule 4(A), and (ii) have its questions answered satisfactorily.

7. **Transfer of Materials in Teva's Possession or Control**. Within [*] after receiving all necessary [*] shall arrange for [*] of all [*] set forth [*] to the [*] specified in [*] associated with the [*] of the [*]. As set forth in Section 3(B)(vii), such [*] expenses shall be paid to Teva from the OGX Hold-Back Amount if there are sufficient funds available and, to the extent such expenses exceed the remaining OGX Hold-Back Amount, then OGX shall pay to Teva the amount representing the difference between the amount owing by OGX and the remaining OGX Hold-Back Amount.

(A) All [*] in Teva's and its Affiliates' possession or control, including [*] under the control of Teva and its Affiliates, as set forth in Schedule 7; and

(B) All [*] Teva's and its Affiliates' possession or control, including [*] under the control of Teva and its Affiliates, as set forth in Schedule 7; and

(C) Documentation associated with the items identified in Section 7(A) above (including any [*]); and

(D) [*] and

(E) All [*] in Teva's possession at the Closing Date.

If OGX does not accept shipment of any of the above materials within [*] of the Closing Date, Teva has the right to destroy such materials following notice to OGX.

8. **Releases**. Effective upon the Funding and in consideration of the Advanced Reimbursement Amount and the other agreements and obligations referenced herein, and other good and valuable consideration, OGX, on its own behalf and on behalf of any and all parent corporations, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, employees, attorneys, shareholders, and agents, and Teva, on its own behalf and on behalf of any and all parent corporations, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, employees, attorneys, shareholders, and agents, do hereby mutually remise, release, covenant not to sue and forever discharge each other (and their agents and assigns) from and against all manner of actions, causes of action, suits, debts, accounts, promises, warranties, damages (including consequential or punitive damages), agreements, costs, interest, expenses, premiums, deductibles, claims or demands whatsoever, whether in law, equity, restitution or otherwise, in any jurisdiction (including but not limited to any rights, claims, or causes of action available by virtue of any statute or law in Canada or the United States), whether past, present or future, presently known or unknown, suspected or unsuspected, contractual or extra-contractual, asserted or unasserted, whether concealed or hidden, with respect to any and all past, present or future claims of any type whatsoever that they ever had, now have, or hereafter may have against each other based upon, arising out of, in connection with, in consequence of, or in any way involving, arising under, relating to or in connection with the Collaboration and License Agreement or the development or commercialization of OGX-011 and/or the OGX-011 Product (collectively, the "Released Claims"). Notwithstanding the foregoing, the Released Claims do not include, impair, or affect any of the Parties' rights, obligations, or claims under this Agreement, including indemnification rights pursuant to Section 9 below.

9. **Indemnification**.

(A) OGX shall defend, indemnify, and hold Teva and its Affiliates harmless against all suits, claims, actions, demands, complaints, lawsuits or other proceedings that are brought by a third party, including a current or former patient in the relevant studies, and including any patient product liability claims (collectively, "Third-Party Claims") attributable to (i) the development (including in connection with any clinical study) and commercialization of OGX-011 and/or the OGX-011 Product after the Closing Date (which will exclude any development of OGX-011 and/or the OGX-011 Product conducted by or on behalf of Teva prior to the Closing Date); (ii) the development (including in connection with any clinical study) and commercialization of OGX-011 and/or the OGX-011 Product by or on behalf of OGX prior to December 20, 2009; or (iii) the development and commercialization of OGX-011 and/or the OGX-011 Product by or on behalf of OGX in connection with the AFFINITY study prior to the Closing Date.

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(B) Without limiting OGX's indemnification obligations in Section 9(A), OGX shall defend, indemnify, and hold Teva and its Affiliates harmless against any Third-Party Claims attributable to the conduct of the ENSPIRIT study between the Closing Date and, on a country-by-country basis, the later to occur of (i) the date when OGX is approved as the ENSPIRIT study sponsor by each relevant Regulatory Authority or (ii) the date when the applicable clinical trial agreements and letters of indemnification have been amended or re- issued to reflect OGX's sponsorship of the ENSPIRIT study. As set forth in Section 3(B)(viii), any and all amounts for which OGX is required to indemnify Teva pursuant to Section 9(B) shall be paid to Teva from the OGX Hold-Back Amount to the extent there are sufficient funds available. To the extent these amounts exceed the remaining OGX Hold-Back Amount, then OGX shall pay to Teva the amount representing the difference between the amount owing by OGX and the remaining OGX Hold-Back Amount. In addition, if Teva or its Affiliates assert a claim for indemnity under this Section 9(B), Teva shall be entitled to reserve funds in the amount of such claim in the OGX Hold-Back Amount pending final determination of such claim. Such reserved funds shall not be deemed part of the "remaining Hold-Back Amount" and shall not revert to OGX on the timeline contemplated in Section 3(A).

(C) Teva shall defend, indemnify, and hold OGX and its Affiliates harmless against any Third-Party Claims attributable to the development (including in connection with any clinical study other than the AFFINITY study) of OGX-011 and/or the OGX-011 Product prior to the Closing Date (which will exclude any development and commercialization of OGX-011 and/or the OGX-011 Product conducted by or on behalf of OGX, including (i) prior to December 20, 2009, (ii) in connection with the AFFINITY study, and (iii) after the Closing Date).

(D) No Party or its Affiliates shall be entitled to indemnification for any Third- Party Claim that is attributable to that Party's or its Affiliate's negligence, recklessness or wilful misconduct.

(E) Teva and OGX each represents and warrants that, to the best of its knowledge, as of the date of this Agreement [*].

(F) Each Party shall promptly notify the other Party in writing of any Third- Party Claim upon which such Party intends to base a request for indemnification under Section 9(A)-(C). Concurrent with the provision of notice pursuant to this Section 9(F), the Party claiming indemnity under this Section 9 or its Affiliate (the "Indemnified Party") shall provide to the Party from whom indemnity is being sought (the "Indemnifying Party") copies of any complaint, summons, subpoena or other court filings or correspondence related to such Third- Party Claim and will give such other information with respect thereto as the Indemnifying Party shall reasonably request. The Indemnifying Party and Indemnified Party shall meet to discuss how to respond to such Third-Party Claim. Failure to provide prompt notice shall not relieve an Indemnifying Party of the duty to defend or indemnify unless such failure materially prejudices the defense of any matter. Each Party agrees that it will take reasonable steps to minimize the burdens of the litigation on witnesses and on the ongoing business of Teva and OGX or their Affiliates, including making reasonable accommodations to witnesses' schedules when possible

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and seeking appropriate protective orders limiting the duration and/or location of depositions.

(G) Should the Indemnifying Party dispute that any Third-Party Claim or portion of a Third-Party Claim ("Disputed Claim") of which it receives notice pursuant to Section 9(F), is an indemnified Third-Party Claim, it shall so notify the other Party providing written notice in sufficient time to permit such other Party or its Affiliate to retain counsel and timely appear, answer and/or move in any such action. In such event, such other Party or its Affiliate shall defend against such Third-Party Claim; provided, however, that the Indemnified Party shall not settle any Third-Party Claim which it contends is an indemnified Third-Party Claim without providing the Indemnifying Party [*] notice prior to any such settlement and an opportunity to assume the defense and indemnification of such Third-Party Claim pursuant to this Agreement. If it is determined that a Disputed Claim is subject to indemnification, the Indemnifying Party will reimburse the costs and expenses, including reasonable attorneys' fees, of the Indemnified Party.

(H) The Indemnifying Party shall have the sole authority to settle any Third- Party Claim without the consent of the Indemnified Party, provided, however, that an Indemnifying Party shall not, without the written consent of the Indemnified Party, as part of any settlement or compromise (i) admit to liability on the part of the Indemnified Party; (ii) agree to an injunction against the Indemnified Party; or (iii) settle any matter in a manner that separately apportions fault to the Indemnified Party. The Parties further agree that as part of the settlement of any Third-Party Claim, the Indemnifying Party shall obtain a full, complete and unconditional release from the claimant on behalf of the Indemnified Party.

10. **Intellectual Property Matters**.

(A) As used in this Agreement, "Assigned Patents" means (i) [*]; (ii) any national, regional and international patents and pending patent applications corresponding to any of the foregoing patent applications identified in subpart (i); (iii) all patent applications filed from the foregoing patent applications identified in subpart (i) and (ii), including divisionals, continuations, continuations-in-part, and continued prosecution applications; (iv) any and all patents that have issued, or in the future issue, from the foregoing patent applications identified in subparts (i), (ii) and (iii); and (v) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any patent term extensions or supplementary protection certificates and the like) of the foregoing patents or patent applications ((i), (ii), (iii) and (iv)).

(B) As of the Closing Date, all rights and licenses granted or assigned by OGX to Teva under the Collaboration and License Agreement shall immediately cease and terminate and revert exclusively to OGX with no rights retained by Teva for any purposes whatsoever.

(C) On or before the Closing Date, Teva shall, at its expense, take all required actions to effect [*] and any associated non- US patent families related thereto (collectively, the [*]), which actions shall consist of [*]. [*] that it will take [*] with respect to the [*] other than [*]. For clarity [*]. Also pursuant to [*] any activities related to the [*] of the [*] of the [*]

of which will be [*] to take the [*] in this [*] has delivered [*] to the [*].

(D) As of the Closing Date, Teva hereby sells, assigns, transfers and conveys to OGX all right, title and interest Teva and its Affiliates have in and to the Assigned Patents, including any inventions claimed in the Assigned Patents, and the right to recover for past, present or future infringement of the Assigned Patents, with no rights retained by Teva for any purposes whatsoever. On the Closing Date, Teva shall execute for the benefit of OGX any assignment documents which are necessary and required for submission to patent offices in any country to evidence the assignment of Assigned Patents to OGX. The assignment document to be submitted to the U.S. Patent and Trademark Office shall be in the form attached hereto as Exhibit 10(D)-1, it being understood and agreed by Teva and OGX that any execution of such form assignment remains subject to the terms and conditions of this Agreement. On the Closing Date, Teva shall also execute for the benefit of OGX a Notice of Sale and Assignment for each [*]. At OGX's request, on or prior to the Closing Date, Teva shall prepare any other assignment documents reasonably requested by OGX to reflect the assignment of the Assigned Patents [*]. While Teva agrees to provide the assignment documents to OGX on the Closing Date, OGX will have the sole responsibility to submit such documents to a governmental agency or authority in any country to evidence the foregoing assignment, including the recordation of such assignments with a country's patent office, and will be solely responsible for all official and/or governmental fees associated therewith.

(E) To Teva's knowledge, as of the Closing Date, neither Teva nor any of its Affiliates (or any third party engaged by Teva or its Affiliates to provide services within the scope of the Collaboration and License Agreement) have discovered, made, first conceived, reduced to practice, or generated under the Collaboration and License Agreement any inventions specifically related to [*] each as [*] thereof or [*] which are not [*] in either the [*] or the [*]. Without limiting the foregoing, Teva represents and warrants that, as of the Closing Date, neither it nor any of its Affiliates have any pending patent applications in any jurisdiction specifically related to [*] to and [*] of the [*] which shall have [*] other than the Assigned Patents and the Abandoned Patents. [*] that it will [*] or any [*], and further agrees to assign, and does hereby assign, to OGX all right, title and interest to any patent claims or applications filed [*] and to any patents arising from such filed claims or applications; provided that, for clarity, the foregoing warranty shall not prevent Teva from filing patent applications related to [*].

(F) Teva, on behalf of itself and its Affiliates, hereby grants to OGX and its Affiliates (i) a perpetual, non-revocable, non-terminable, worldwide, exclusive (except as to Teva and its Affiliates), non-assignable (except as set forth in Section 29), royalty-free and fully paid-up license, with the right to sublicense through multiple tiers, under any intellectual property that [*] to activities [*] of the [*] of the [*] and/or [*] and (ii) a perpetual, non-revocable, non-terminable, worldwide, non-exclusive, non-assignable (except as set forth in Section 29), royalty-free and fully paid-up license, with the right to sublicense through multiple tiers, under any intellectual property owned by or licensed to [*] now or hereafter (but excluding the [*] Intellectual Property), to develop, make, have made, use, import, offer to sell, sell, and/or commercialize [*] that are the [*] of the [*] for the [*] or the [*] or caused to be [*] or its [*] to such [*] of such [*] in the [*] resulting from the [*] provided, however,

that [*] that are the [*] to be [*]. Items (i) and (ii) above shall be collectively referred to herein as the "License." As used in this Agreement:

i. "Covered Compound" means (a) OGX-011, or (b) [*], and is claimed or covered by the OGX Patents or Assigned Patents (as defined in Section 10(G)), and all pharmaceutically acceptable salts, hydrates, solvents, metabolites, enantiomers, amides, prodrugs and esters thereof,

ii. "Covered Product" means a Product containing a Covered Compound as an active pharmaceutical ingredient.

For clarity, Teva Intellectual Property shall not include (a) any rights granted or assigned by OGX to Teva under the Collaboration and License Agreement (which shall revert exclusively to OGX as set forth in Section 10(B)), or (b) any Assigned Patents; and upon execution of this Agreement, Teva and/or its Affiliates shall retain no rights for any purposes whatsoever with respect to (a) and (b).

(G) As used in this Agreement, "OGX Patents" shall mean the Patent Rights specifically set forth in Schedule 10(G) hereto (the "OGX Patents"). Neither Teva nor any of its Affiliates' employees, agents, contractors (or other persons acting under or pursuant to its or their authority) directly or indirectly will [*] or request for [*] with respect to [*] of any [*] with respect to [*] or [*] in this [*] or this [*] with respect to [*].

(H) To Teva's knowledge, as of the Closing Date, neither Teva nor any of its Affiliates is developing or commercializing (i) [*] for the [*] or any [*] for the [*] as its [*] or (ii) [*] or any [*] as its [*].

(I) Teva represents and warrants and covenants to OGX that, to the best of Teva's knowledge, between the Effective Date of the Collaboration and License Agreement (i.e., December 20, 2009) and the Closing Date (i) the [*] were not [*] to any [*] or [*] of the [*] of any of the [*] and (ii) [*] in respect of the [*].

11. **Patent Prosecution and Enforcement**. The Parties acknowledge that Teva has been solely responsible for the prosecution and maintenance of the Assigned Patents, the [*] and the OGX Patents. But as of the Closing Date, without limiting Teva's obligations under Sections 10(C) and 10(D), following assignment of the Assigned Patents and [*] at OGX's request as set forth above, Teva will not take any further actions related to the prosecution, maintenance, or enforcement of any Assigned Patents, [*] or OGX Patents, and OGX will be solely responsible for all costs and actions whatsoever arising thereafter related to the ownership, prosecution, maintenance and enforcement of the Assigned Patents and OGX Patents. For further clarity, following the Closing Date, OGX and its Affiliates shall have the sole right and authority to prosecute, maintain and enforce the Assigned Patents and OGX Patents in their discretion.

12. **Trademark and Domain Rights**.

(A) The Parties acknowledge that Teva has been involved in the filing, prosecution and maintenance of certain trademark registrations (the "Project Trademarks") and domain name registrations (the "Project Domain Names") for the OGX-011 project. [*] Teva assign to OGX [*] of the Project Trademarks along with their associated Project Domain Names, as well as all Project Domain Names containing the term "custirsen" (the "Assigned Trademarks"), each as set forth on Schedule 12. On the Closing Date and for a period of [*] thereafter, Teva shall execute, at OGX's request and for the benefit of OGX, any assignment documents prepared by or on behalf of OGX, which are necessary and required for submission to a governmental agency or authority in any country to evidence the assignment of the Assigned Trademarks to OGX. OGX agrees that the assignment document prepared for any Assigned Trademarks will include all pending applications and registrations for such trademark, as well as all domain name registrations related to such trademark. While Teva agrees to execute the assignment documents for OGX as set forth in this Section 12(A), OGX will have the sole responsibility (i) for any outside counsel costs associated with the preparation of such assignment documents, (ii) to submit such documents to a governmental agency or authority in any country to evidence the foregoing assignment, and (iii) for all official and/or governmental fees associated therewith.

(B) To the extent OGX requests any additional activities by Teva related to the Assigned Trademarks [*] after the Closing Date, Teva may in its discretion agree to perform such activities, solely at the expense of OGX.

13. **Copyrights**. To the extent Teva and/or its Affiliates own or control any copyrights related to or otherwise covering materials transferred to OGX pursuant to this Agreement related to the Licensed Compound and/or the Licensed Product (including content in marketing), Teva hereby sells, assigns, transfers and conveys to OGX all right, title and interest Teva and its Affiliates have in and to such copyrights, and Teva shall execute for the benefit of OGX any assignment document prepared by or for OGX which is necessary and required for submission to a governmental agency or authority in any country to evidence the assignment of the foregoing copyrights to OGX.

14. **Disclaimer**. Except as expressly provided in this Agreement, (i) the Assigned Patents, Assigned Trademarks, and OGX Patents are provided "AS IS" to OGX; (ii), Teva makes no warranties whatsoever regarding the Assigned Patents, Assigned Trademarks, or OGX Patents; and (iii) WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, AND EXCEPT AS OTHERWISE SET OUT HEREIN, THERE ARE NO OTHER WARRANTIES PROVIDED BY TEVA, EXPRESS OR IMPLIED, AND NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED AS A WARRANTY OR REPRESENTATION OF ANY KIND OR NATURE BY TEVA AS TO THE VALIDITY, ENFORCEABILITY, SCOPE OR SUITABILITY FOR ANY PURPOSE OF ANY OF THE ASSIGNED PATENTS, OGX PATENTS OR ASSIGNED TRADEMARKS; THE MERCHANTABILITY OF THE INVENTIONS CLAIMED IN SUCH ASSIGNED PATENTS OR OGX PATENTS; A WARRANTY OR REPRESENTATION THAT ANYTHING MADE, USED, SOLD, OR OTHERWISE DISPOSED OF UNDER ANY OF THE ASSIGNED PATENTS OR OGX PATENTS OR ASSIGNED TRADEMARKS IS OR WILL BE FREE FROM

INFRINGEMENT OF PATENTS OR OTHER INTELLECTUAL PROPERTY OF THIRD PARTIES; OR GRANTING BY IMPLICATION, ESTOPPEL, OR OTHERWISE ANY LICENSES OR RIGHTS UNDER ANY PATENTS OR OTHER INTELLECTUAL PROPERTY OWNED OR CONTROLLED BY TEVA OR ITS AFFILIATES OTHER THAN THE ASSIGNED PATENTS OR OGX PATENTS OR ASSIGNED TRADEMARKS EXPRESSLY DEFINED IN THIS AGREEMENT.

15. **Authority**. Each Party to this Agreement represents and warrants that the execution and delivery of this Agreement and the performance of such Party's obligations hereunder will not conflict with or cause a breach under any agreement to which it is a party or by which its assets may be bound; and that each Party signing this Agreement has the power and authority, and has taken all necessary corporate actions, to enter into this Agreement and bind the person or entity on whose behalf it is signing (as well as any subsidiaries) and to carry out its obligations hereunder.

16. **Notice**. Any notices, correspondence, or any other communication between the Parties in the course of implementation of this Agreement shall be in writing and sent by facsimile, email, or by mail to any representative designated by the Party which is to receive such written communication.

If to OGX to:
ONCOGENEX TECHNOLOGIES, INC.
400-1001 West Broadway Vancouver, British
Columbia, Canada V6H 4B1
Attention: [*]
Fax No.: [*]
Email address: [*]

If to Teva to:
TEVA PHARMACEUTICAL INDUSTRIES LTD.
5 Basel Street
P.O. Box 3190 Petah
Tiqva 49131 Israel
Attention: General Counsel
Email address: [*]

17. **Prevailing Party**. In the event an action is commenced to enforce any of the provisions of this Agreement or to obtain declaratory relief in connection with any of its provisions, the prevailing Party shall be entitled to an award of its reasonable attorneys' fees, interest, costs and expenses, including expert fees, in addition to any other relief to which such Party may be entitled under New York law.

18. **Governing Law**. The interpretation, construction, and performance of this Agreement, and the rights and remedies of the Parties hereunder, shall be governed by the laws

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of the State of New York, without regard to conflicts of law rules or principles.

19. **Venue**. Exclusive venue for any dispute relating to this Agreement shall lie in New York and any claim relating to this Agreement shall be brought solely and exclusively in a state or federal court in New York County, New York.

20. **Waiver of Jury Trial**. The Parties to this Agreement hereby waive trial by jury in any action, proceeding suit, counterclaim, cross-claim or third-party claim brought by any of the Parties hereto on any matters whatsoever arising out of or in any way related to or connected with this Agreement.

21. **Presumption**. The Parties agree that this Agreement was drafted jointly by the Parties, and each Party and its legal counsel have had a sufficient opportunity to review this Agreement. No presumption shall arise regarding this Agreement based on the identity of the drafter.

22. **Acknowledgment**. Each Party to this Agreement represents and warrants that (a) it has read this Agreement; (b) it has made such investigation of the matters pertaining to this Agreement as it deems necessary and finds the terms of this Agreement to be satisfactory; (c) it understands all of this Agreement's terms; (d) it has negotiated and executed this Agreement freely, voluntarily and without coercion, at arm's length, and with full knowledge of its significance and the legal consequences thereof; and (e) it has been represented by counsel and has had an adequate opportunity to review and consider the terms of this Agreement. The Parties waive all rights to challenge the validity or enforceability of this Agreement.

23. **Final Agreement and Amendment**. This Agreement constitutes the final agreement between the Parties, and contains all of the final covenants, terms, and conditions agreed upon by the Parties to this Agreement. Each Party declares and represents that no oral understandings, statements, promises, or inducements contrary to the terms of this Agreement exist, and that that Party did not rely on any oral understandings, statements, promises, or inducements in deciding to enter into this Agreement. This Agreement can only be amended in writing by signature of all of the Parties hereto.

24. **Cooperation**. The Parties agree to cooperate fully to execute any and all necessary supplementary documents and to take all additional steps or actions, including but not limited to execute such other instruments, assignment and documents, which may be necessary or appropriate to give full force and effect to the terms and intent of this Agreement.

25. **No Admissions**. Nothing contained herein shall be deemed an admission, including of any misconduct or any wrongdoing, by any Party. This Agreement is a settlement and cannot be used by either Party in any litigation, save for a dispute arising from a Party's failure to discharge its obligations under this Agreement.

26. **Interpretation**. The various headings of this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement. All references to

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"including" shall mean "including without limitation."

27. **Waiver.** Any waiver by any Party of any provision of this Agreement shall not operate as or be construed to be a waiver of any breach of that provision or of any breach of any provision of this Agreement. The failure of a Party to insist upon strict adherence to any term of this Agreement on one or more occasions will not be considered a waiver or deprive that Party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. Any waiver must be in writing.

28. **Severability**. If a court of competent jurisdiction holds that any provision of this Agreement is invalid, illegal, or unenforceable, the balance of this Agreement shall remain in effect, and if a court of competent jurisdiction holds that any provision is inapplicable to any party or circumstance, it shall nevertheless remain applicable to all other parties and circumstances.

29. **Successors and Assigns; After-acquired Affiliates; Future Partners**.

(A) This Agreement shall inure to the benefit of and be binding on the Parties' successors and permitted assigns. OGX may not assign or otherwise transfer this Agreement without the prior written consent of Teva, which consent shall not be unreasonably withheld. Notwithstanding the above, OGX may assign this Agreement without consent to an Affiliate, or subject to Section 29(B) in case of merger, acquisition or sale of all or substantially all of the assets to which this Agreement relates, provided that in each case OGX shall remain responsible for its payment obligations hereunder, as well as the indemnity obligations set forth in Section 9.

(B) [*].

(C) [*].

(D) In the event [*] of the [*] of a [*] that the [*] an [*] any of the [*] without [*] any [*] in the [*] of such [*]

Any proposed assignment which is inconsistent with the assignment language in this Section 29 shall be null and void.

30. **Insurance**. Each Party currently has comprehensive general liability insurance and clinical trials insurance with reasonable limits of at least [*] obtained from reputable and financially secure insurance carriers having a minimum A.M. Best rating (or equivalent) of A-. Teva maintains the right to fulfill these obligations through the purchase of insurance, through self-insurance (including direct risk retention), or through a combination of both approaches. Each party shall ensure continuity of coverage for claims which may be presented during the [*] period following the Closing Date. Each Party will furnish to the other Party, on request, certificates of insurance evidencing the minimum required insurance, including notice of cancellation to be provided in accordance with the terms of the insurance policies.

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31. **Compliance with Laws**. Each Party will, and will ensure that its Affiliates and sublicensees (as applicable) will, comply with all relevant laws and regulations in exercising its rights and fulfilling its obligations under this Agreement.

32. **Counterparts**. This Agreement may be executed by the Parties in one or more facsimile or PDF counterparts and such facsimile or PDF counterparts shall each be deemed an original signature for all purposes including interpretation under governing law.

33. **Non-Disparagement**. The Parties agree not to make any disparaging or negative statements to any third parties about the termination of the Collaboration and License Agreement and/or the [*] except for (a) information that has already been disclosed publicly and (b) good faith responses to any inquiries under oath or in response to governmental inquiry.

34. **Confidentiality**.

(A) Teva and its Affiliates shall keep in strict confidence any non-public information regarding OGX-011 and/or the OGX-011 Product in Teva's and its Affiliates' possession or control as of the Closing Date, including any Teva Know-How solely related to OGX-011 and/or the OGX-011 Product and/or OGX Know-How, other than Teva Confidential Information (collectively, "Product Confidential Information"), and, further, shall not use for any purpose any OGX Know-How provided by OGX to Teva or its Affiliates under the Collaboration and License Agreement. Without limiting the foregoing, Teva and its Affiliates shall not disclose any Product Confidential Information except to the extent required to be disclosed by laws or court order, provided, that, in each such case prior notice is promptly delivered to OGX in order to provide an opportunity to challenge or limit the disclosure obligation. The foregoing confidentiality requirements shall not apply to information in the public domain or knowledge without breach of this Agreement by Teva. For clarity, as of the Closing Date, all Product Confidential Information shall be deemed OGX's confidential information, and OGX and its Affiliates shall have all unencumbered right, title and interest to the Product Confidential Information, including the unrestricted right to use and disclose the Product Confidential Information for their respective business purposes.

(B) OGX and its Affiliates shall keep in strict confidence the following materials or information provided by Teva to OGX in connection with the Collaboration and License Agreement or the negotiation of this Agreement (i) any and all information related to Teva's policies or procedures (including SOPs and audit reports), and (ii) any and all Teva internal financial information (items (i)-(ii), "Teva Confidential Information"). The foregoing confidentiality requirement shall not apply to information in the public domain or knowledge without breach of this Agreement by OGX.

(C) The Parties agree that, other than the December 30, 2014 press release issued by OGX regarding the Parties' December 29 Agreement, no press releases or public statements (except public statements that are consistent with press releases previously approved by Teva) concerning the Collaboration and License Agreement, including its termination, will be issued by OGX or Teva without first obtaining the prior written approval of the other Party,

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not to be unreasonably withheld. Without limiting the generality of the foregoing, following the Closing Date, the Parties agree that OGX will issue the press release attached as Schedule 34(C).

(D) Save for the above referenced press releases, the Parties agree that they shall keep confidential and shall not disclose to any third party any terms of this Agreement (as distinct from this Agreement's existence), the details of any negotiations between the Parties in connection with this Agreement, or the terms or existence of any ENSPIRIT Disclosed Agreements, Newly Discovered Agreements, Newly Discovered Exhibits, and Other Agreements that were provided by Teva to OGX in connection with the negotiation of this Agreement, except:

i. as required by any law (including applicable securities laws or regulations, and the rules of any securities exchange or similar organization), court order or banking or other regulatory requirements, and/or

ii. as reasonably necessary for proper business purposes, including to a Party's officers, directors, parent companies, subsidiaries, auditors, regulators, or professional advisors, or, in the case of OGX, sublicensees and their advisors (but in each case under an obligation of confidentiality), and/or

iii. on and after obtaining the written consent of the other Party, and/or

iv. to the extent necessary in any action or proceeding commenced in respect of a default under this Agreement; and

in each such case to the minimum extent so required or necessary and after conferring with the other Party.

IN WITNESS THEREOF, the Parties hereto have caused this Agreement to be duly executed as of April 24, 2015.

[*Signature Page Follows*]

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Executed By:

ONCOGENEX TECHNOLOGIES INC.

By: /s/ Scott Cormack

Name: Scott Cormack
Title: President & CEO

TEVA PHARMACEUTICAL INDUSTRIES LTD.

By: /s/ Jon Isaacsohn, MD, FACC

Name: Jon Isaacsohn, MD, FACC

Title: Chief Medical Officer

TEVA PHARMACEUTICAL INDUSTRIES LTD.

By: /s/ Brian E. Shanahan

Name: Brian E. Shanahan

Title: Deputy General Counsel

Exhibits and Schedules List:

Schedule 4(A) – [*]
Schedule 4(G) – [*]
Schedule 5(A)(i) – [*]
Schedule 5(C) – [*]
Exhibit 5(H) – [*]
Schedule 7 – [*]
Exhibit 10(D)-1 – [*]
Exhibit 10(D)-2 – [*]
Schedule 10(G) – [*]
Schedule 12 – [*]
Schedule 34(C) – OGX press release

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Schedule 4(A)

[*]

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Schedule 4(G)

[*]

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Schedule 5(A)(i)

[*]

***Confidential Treatment Requested.**

Schedule 5(C)

[*]

***Confidential Treatment Requested.**

Exhibit 5(H)

[*]

***Confidential Treatment Requested.**

Schedule 7

[*]

***Confidential Treatment Requested.**

Exhibit 10(D)-1

[*]

***Confidential Treatment Requested.**

Exhibit 10(D)-2

[*]

***Confidential Treatment Requested.**

Schedule 10(G)

[*]

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Schedule 12

[*]

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Schedule 34(C)

OncoGenex Regains Rights to Custirsen from Teva

BOTHELL Wash. and VANCOUVER, British Columbia, April 27, 2015 – OncoGenex Pharmaceuticals, Inc. (NASDAQ: OGXI) today announced that its wholly owned subsidiary, OncoGenex Technologies Inc., executed a termination agreement with Teva Pharmaceuticals Ltd. (NYSE: TEVA) under which OncoGenex will regain rights to custirsen, an investigational compound currently in Phase 3 clinical development as a treatment for prostate and lung cancers. This transfer of rights occurs in connection with the termination of the 2009 collaboration agreement between OncoGenex and Teva.

“OncoGenex is excited to move forward with the clinical investigation of custirsen in patients with advanced cancers who desperately need new treatment options,” said Scott Cormack, President and CEO of OncoGenex. “The finalization of this agreement gives OncoGenex control of custirsen’s development, including the ability to move forward with plans to modify the ENSPIRIT trial design and statistical analysis plan to enable the trial to continue with fewer patients, increased confidence in success and shorter time to regulatory submission.”

The agreement between the two parties to terminate the collaboration includes a $23.2 million payment from Teva.

This payment reflects a $27 million advance reimbursement amount less $0.8 million for expenses incurred by Teva in 2015 prior to the termination date as well as a $3 million holdback amount that may be used to settle additional expenses incurred by Teva related to the continued development of custirsen as well as certain indemnity claims. One half of the then remaining balance of the holdback amount will be released to OncoGenex in October 2015, with a further half of the then remaining amount paid in January 2016. Any final remaining amount will be released in April 2016.

In addition, OncoGenex will take over responsibility for all custirsen expenses, including those related to the ENSPIRIT trial, as well as manufacturing and regulatory activities for custirsen programs that were previously managed by Teva.

The company recently reported that as of December 31, 2014, it had $47.1 million in cash, cash equivalents and short-term investments, excluding the advance reimbursement payment from Teva. OncoGenex expects that the $23.2 million payment from Teva and the Company’s current resources should enable the completion of the AFFINITY trial through data readout in late 2015 or early 2016, allow for the continuation of the ENSPIRIT trial through the second interim futility analysis expected in mid-2015, and facilitate the achievement of key apatorsen

clinical milestones, such as the completion of patient enrollment in the Borealis-2™ trial and final data from the Spruce™ and Rainier™ clinical trials.

Additional terms of the agreement with Teva can be found in the Company's Current Report on Form 8-K filed today and available at http://ir.oncogenex.com.

About Custirsen

Custirsen is an experimental drug that is designed to block the production of the protein clusterin, which may play a fundamental role in cancer cell survival and treatment resistance. Clusterin is upregulated in tumor cells in response to treatment interventions such as chemotherapy, hormone ablation and radiation therapy and has been found to be overexpressed in a number of cancers, including prostate, lung, breast and bladder. Increased clusterin production has been linked to faster rates of cancer progression, treatment resistance and shorter survival duration. By inhibiting clusterin, custirsen is designed to alter tumor dynamics, slowing tumor growth and resistance to partner treatments, so that the benefits of therapy, including survival, may be extended.

About OncoGenex

OncoGenex is a biopharmaceutical company committed to the development and commercialization of new therapies that address treatment resistance in cancer patients. OncoGenex has a diverse oncology pipeline, with each product candidate having a distinct mechanism of action and representing a unique opportunity for cancer drug development. Custirsen is currently in Phase 3 clinical development as a treatment in men with metastatic castrate-resistant prostate cancer and in patients with advanced, unresectable non-small cell lung cancer. Apatorsen is in Phase 2 clinical development and OGX-225 is currently in pre-clinical development. More information is available at www.OncoGenex.com and at the company's Twitter account: https://twitter.com/OncoGenex_IR.

OncoGenex' Forward Looking Statements

This press release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding our anticipated product development activities, such as expected clinical trial completion, statements regarding the potential benefits and potential development of our product candidates and statements regarding our expected financial results, expected cash resources and expected cash requirements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. These statements are based on management's current expectations and beliefs and are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those described in the forward-looking statements. Such forward-looking statements are subject to risks and uncertainties, including, among others, the risk that we will not receive some or all of the $3 million holdback under the termination agreement with Teva, the risk that the ENSPIRIT trial will be terminated prior to completion, either due to an interim finding of futility or due to us having insufficient funds to complete the study, the risk that we are unable to successfully

complete other clinical trials or otherwise develop successful product candidates as and when expected, if at all, the risk that our product candidates do not demonstrate the hypothesized or expected benefits, the risk that new developments in the rapidly evolving cancer therapy landscape require changes in our clinical trial plans or limit the potential benefits of our product, the risk that our cash resources are insufficient to fund our planned activities for the time period expected and the other factors described in our risk factors set forth in our filings with the Securities and Exchange Commission from time to time, including the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The Company undertakes no obligation to update the forward-looking statements contained herein or to reflect events or circumstances occurring after the date hereof, other than as may be required by applicable law.

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 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: August 13, 2015

/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, John Bencich, 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: August 13, 2015

/s/ John Bencich
John Bencich
Chief Financial Officer

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 three and six months ended June 30, 2015 (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: August 13, 2015

/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, John Bencich, 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 three and six months ended June 30, 2015 (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: August 13, 2015

/s/ John Bencich
John Bencich
Chief Financial Officer