

(all figures are in Canadian dollars unless otherwise noted)

BELLEVILLE, ON, Sept. 27, 2013 /PRNewswire/ - Bioniche Life Sciences Inc. (TSX: BNC) (ASX: BNC), a research-based, technology-driven Canadian biopharmaceutical company, today announced financial results for its fiscal year ended June 30, 2013.

"The Company is undergoing a significant transition," said Graeme McRae, President & CEO. "The pending divestment of the Animal Health business and potential sale or partnering of the One Health/VMC business will change the face of the Company into a human pharmaceutical business with a Phase III bladder cancer product that could be selling in the market within the next two years. It should be noted that this is one of the few new bladder cancer technologies to have been developed in decades and it has been taken from inception to late-stage by our Company, and bladder cancer is the 4th most common cancer in North American men."

"The proceeds from the newly closed Canadian equity financing, along with additional funds to be advanced under the Paladin loan and cash in hand, will provide an approximate cash balance of \$16 million," added Mr. McRae.

As a result of the Company's decision to divest the Animal Health business, the Fiscal 2013 year-end financial statements have been segmented into continuing operations (Human Health and One Health business units) and discontinued operations (Animal Health business unit).

Fiscal 2013 Financial Results Highlights

The Company's continuing operations recorded income of \$82,000 in Fiscal 2013, related to research collaborations. This compares to \$2.0 million from this source in Fiscal 2012. In Fiscal 2012, the Company received reimbursement from its former development partner for *Urocidin*TM-related development costs. Such reimbursement was discontinued when the Company regained global rights to *Urocidin*TM in December, 2012.

Fiscal year-end cash, cash equivalents and short-term investments amounted to \$4.2 million at June 30, 2013, as compared to \$20.0 million at June 30, 2012, when the Company had just completed a US\$20 million debt financing with Capital Royalty L.P. This reflects the debt from Paladin and the adjustment of the Capital Royalty loan following a renegotiation that was concluded in June, 2013.

The Company's total liabilities and shareholders' equity at June 30, 2013 is \$61.5 million, as compared to \$82.2 million at June 30, 2012.

The Company's consolidated cash flow used in operations for the year ended June 30, 2013 was (\$15.7) million, as compared to cash used in operations of (\$17.2) million in Fiscal 2012. The average monthly burn rate was \$1.3 million for Fiscal 2013, as compared to \$1.4 million for Fiscal 2012. Cash requirements to support financing have increased the Company's

average monthly burn rate to approximately
\$1.6 million
per month at the present time.

Administrative expenses for continuing operations were \$6.3 million in Fiscal 2013, as compared to \$7.2 million in Fiscal 2012. Marketing and selling expenses were \$0.9 million in Fiscal 2013, as compared to \$1.2 million in Fiscal 2012. Financial expenses were \$8.5 million for Fiscal 2013, as compared to \$3.1 million in Fiscal 2012. The increase in financial expenses relates primarily to the loss on extinguishment of the Company's debt with Capital Royalty, which was assumed by Paladin Labs on June 5, 2013.

Net research and development (R&D) expenditures for continuing operations were \$16.3 million in Fiscal 2013, as compared to \$14.2 million in Fiscal 2012. This includes the continued investment in the staffing and infrastructure associated with the GMP production of the Company's *Urocidin*TM bladder cancer treatment that is in Phase III clinical development. Until such time as the Company's Vaccine Manufacturing Centre in Belleville is making commercial product, the carrying costs associated with this facility are also accounted for under R&D. Fiscal 2013 includes a non-cash impairment charge of \$3.7 million related to this facility.

Additional R&D resources are focused on the advancement of a second generation *E. coli* O157 cattle vaccine.

The basic and fully diluted net loss per share for the Company's continuing operations for Fiscal 2013 is (\$0.32), as compared to a basic and fully diluted net loss per share of (\$0.23) in Fiscal 2012.

Fiscal 2013 Financial Results Highlights - Discontinued Operations (Animal Health)

In May, 2013, the Company formally commenced the process to divest its Animal Health business and concentrate on becoming a Human Health company. The divestment is expected to be completed within the next 12 months. Revenues for this business unit in Fiscal 2013 were \$31.5 million, as compared to \$29.8 million in Fiscal 2012 with a net income in Fiscal 2013 of \$3.3 million, as compared to a net loss of (\$894,000) in Fiscal 2012.

The basic and fully diluted earnings per share for this business unit in Fiscal 2013 is \$0.03, as compared to a basic and fully diluted loss per share of (\$0.01) in Fiscal 2012.

Fiscal 2013 Summary

The Company has total Common Shares outstanding at September 26, 2013 of 140,113,142. In addition, the Company has 22,270,912 outstanding Warrants and 6,501,009 outstanding Options, exchangeable for one Common Share upon exercise.

More information on the Company's year-end financial results is provided in the Company's Fiscal 2013 Management's Discussion and Analysis dated September 26, 2013.

Corporate Updates

VMC Validation

The Company has successfully made three consecutive batches of sterile filtered media in the two fermentors in the VMC. The three batches were all found to be free of bacterial contamination, meaning that the fermentation area of the VMC has achieved GMP validation.

Normally, the next step in validation would be to validate the vaccine filling line in the VMC. However, the Company has elected to plan for the manufacture of an essential product component that is currently made at an external contract manufacturer in the filling area. This product component is diluent, and it is used in our top-selling animal health product, *Folltropin®* -V.

Our agreement with the contract manufacturer of diluent and two other animal health drug products expires in June, 2014, and it will not be renewed. The Company faced the choice of trying to find an alternative external manufacturer for these products or making them itself. By doing the work in-house, the Company will save money and have more control over supply.

Diluent does not require media fill validation since it is terminally sterilized by autoclaving. To qualify this product in our VMC filling line, the Company must produce three consecutive process validation batches and apply to Health Canada for a site change (establishment license), which will trigger a facility inspection. It is expected that the Health Canada application will be submitted by January, 2014 and an inspection would follow approximately three months later.

Assuming the inspection is successful and the establishment license is granted, the Company will return to validating the filling line for aseptic filling of *Econiche®* vaccine. This will mark the end of the GMP validation process for *Econiche®*.

The Company is also currently in discussion with companies who have expressed interest in the manufacturing capabilities of the VMC whereby the Company would act as a contract manufacturer.

Divestment of Animal Health Business

The Company engaged Evercore in May, 2013 to lead the divestment process. Interested parties have submitted non-binding expressions of interest from which a short-list of counterparties was chosen. Such counterparties are conducting due diligence on the business. Final binding terms are expected to be submitted to the Company by the end of October, 2013. The sale of Animal Health will be subject to, among other things, any applicable shareholder and regulatory approval and compliance with any applicable legal and regulatory requirements. Due to the current anticipated timing for receiving final terms, the Company anticipates that the proposed sale transaction will be presented to shareholders to vote on at a separate special shareholders meeting to be held after the date of the 2013 Annual Meeting of Shareholders. Such sale transaction is expected to be completed by early 2014.

*Urocidin*TM Partnering

The Company is focused on licensing *Urocidin*TM rights for major markets such as the U.S. and Europe, as well as preparations for its launch in Canada.

The Company has recently completed a license agreement with Paladin for the Canadian, Mexican and South African markets which will require support to finalize the pricing and reimbursement strategy. For the U.S. and other market licenses, the Company began receiving unsolicited requests for information on possible regional licenses for

*Urocidin*TM

early in 2013. To date, the Company has a list of 9 companies in the U.S. and 18 companies in Europe

that have requested to be considered as license partners for

*Urocidin*TM

, and a list of 9 companies for smaller markets. The key to leveraging licensing opportunities is to have the regulatory pathway established for the U.S., at which point the Company will engage in more formal licensing discussions with an expectation that a license deal can be made for at least the U.S. in the next 12 to 15 months. Management anticipates spending between

\$500,000 and \$1 million

on licensing and launch efforts, mostly in early 2014.

About Bioniche Life Sciences Inc.

Bioniche Life Sciences Inc. is a research-based, technology-driven Canadian biopharmaceutical company focused on the discovery, development, manufacturing, and marketing of proprietary and innovative products for human and animal health markets worldwide. The fully-integrated company employs more than 200 skilled personnel and has three operating divisions: Human Health, Animal Health, and One Health. The Company's primary goal is to develop and commercialize products that advance human or animal health and increase shareholder value.

For more information, please visit www.Bioniche.com.

Except for historical information, this news release may contain forward-looking statements that reflect the Company's current expectation regarding future events. These forward-looking statements involve risk and uncertainties, which may cause, but are not limited to, changing market conditions, the successful and timely completion of clinical studies, the establishment of corporate alliances, the impact of competitive products and pricing, new product development, uncertainties related to the regulatory approval process, and other risks detailed from time to time in the Company's ongoing quarterly and annual reporting.

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