FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Bioniche Life Sciences Inc. (the **Company**)
231 Dundas Street East
Belleville, Ontario
K8N 1E2

Item 2. Date of Material Change

June 5, 2013

Item 3. News Release

The news release attached hereto as Schedule "A" announcing the material change described herein was released through CNW Canada Newswire at Toronto, Ontario on June 5, 2013.

Item 4. Summary of Material Change

The Company and Paladin Labs Inc. (**Paladin**) announced a comprehensive strategic collaboration to refinance and increase the Company's debt, provide new equity, and enter into the first licensing deal for the Company's Phase III bladder cancer product – *Urocidin*™.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company and Paladin announced a comprehensive strategic collaboration to refinance and increase the Company's debt, provide new equity, and enter into the first licensing deal for the Company's Phase III bladder cancer product – *Urocidin*™.

Paladin acquired the Company's existing debt facility with Capital Royalty Partners II L.P. and its affiliates for approximately $22 million (including accrued interest and prepayment penalties). Concurrently with such acquisition, Paladin and the Company agreed to enter into an amended loan transaction whereby Paladin shall provide an additional $8 million loan to support the Company's ongoing operations, $5 million of which will be available upon closing of the amended loan transaction and $3 million of which will be available upon the Company's receipt of equity in the form of licensing revenue or an equity financing.

Effective upon the closing of the amended loan transaction with Paladin, the total loan will bear a reduced interest rate of 13.25% and will mature on July 1, 2014 with a payment of 105% of principal due on the sale of the Company's animal health business. The requirement to maintain minimum liquid assets will be lowered from $5,000,000 to $2,500,000 immediately.

Capital Royalty will retain its 2% royalty interest on all of the Company's product sales revenues.

Subject to TSX and ASX approval as part of these arrangements, the Company will grant Paladin Warrants to acquire 750,000 Common Shares at the 5-day volume weighted average price on the TSX at the date of issuance and Warrants to acquire an additional 1.25 million Common Shares between $0.50 and $1.00 per Common Share. The Company may be required to issue Warrants to acquire an additional 1 million Common Shares under certain conditions. The Warrants shall expire on the earlier of

two years from complete repayment of the Loan Facility or May 31, 2019.

Also as part of these arrangements, Paladin has agreed to invest $500,000 in the Company should the Company complete an equity raise by September 30, 2013. The Company has committed to invest at least $3 million from the new loan and an additional $2.5 million from the equity raise towards the development and approval of *Urocidin*™ in Canada.

The Company has also agreed to grant Paladin an exclusive license to market and distribute *Urocidin*™ for bladder cancer in Canada, South Africa and Mexico. The companies have agreed to a net revenue sharing arrangement. The Company will be responsible for all product development and manufacturing costs and Paladin will be responsible for all sales and marketing costs in the said territories. Further, the agreement provides that Paladin will pay a series of potential sales performance milestones that can total up to $16 million during the term of the agreement.

The above-noted transactions are subject to customary and other conditions and are expected to close on or around June 14, 2013.

5.2 Disclosure for Restructuring Transactions

Not Applicable.

Item 6. Reliance of Section 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

The following is the name and business telephone number of an executive officer of the Company who is knowledgeable about the material change in this report.

Jennifer Shea, Vice-President, Communications, Investor & Government Relations
Telephone: (613) 966-8058;from Australia: 0011 1 613-966-8058
Cell: (613) 391-2097; from Australia 0011 1 613-391-2097
Email: Jennifer.Shea@Bioniche.com

Item 9. Date of Report

June 11, 2013

SCHEDULE "A"

FOR IMMEDIATE RELEASE:

Paladin Labs Inc. and Bioniche Life Sciences Inc. Sign Debt Refinancing and *Urocidin*™ Licensing Deals

BELLEVILLE, ON, June 5, 2013 – Bioniche Life Sciences Inc. (TSX: BNC) (ASX: BNC) ("Bioniche") and Paladin Labs Inc.(TSX: PLB) ("Paladin") today announced a comprehensive strategic collaboration to refinance and increase Bioniche's debt, provide new equity, and enter into the first licensing deal for Bioniche's Phase III bladder cancer product – *Urocidin*™.

Debt Refinancing and Equity

Paladin today acquired Bioniche's existing debt facility with Capital Royalty Partners II L.P. and its affiliates for approximately $22 million (including accrued interest and prepayment penalties). Concurrently with such acquisition, Paladin and Bioniche agreed to enter into an amended loan transaction whereby Paladin shall provide an additional $8 million loan to support Bioniche's ongoing operations, $5 million of which will be available upon closing of the amended loan transaction and $3 million of which will be available upon Bioniche's receipt of equity in the form of licensing revenue or an equity financing.

Effective upon the closing of the amended loan transaction with Paladin, the total loan will bear a reduced interest rate of 13.25% and will mature on July 1, 2014 with a payment of 105% of principal due on the sale of Bioniche's animal health business. The requirement to maintain minimum liquid assets will be lowered from $5,000,000 to $2,500,000 immediately.

Capital Royalty will retain its 2% royalty interest on all of Bioniche's product sales revenues.

Subject to TSX and ASX approval as part of these arrangements, Bioniche will grant Paladin Warrants to acquire 750,000 Common Shares at the 5-day volume weighted average price on the TSX at the date of issuance and Warrants to acquire an additional 1.25 million Common Shares between $0.50 and $1.00 per Common Share. Bioniche may be required to issue Warrants to acquire an additional 1 million Common Shares under certain conditions. The Warrants shall expire on the earlier of two years from complete repayment of the Loan Facility or May 31, 2019.

Also as part of these arrangements, Paladin has agreed to invest $500,000 in Bioniche should Bioniche complete an equity raise by September 30, 2013. Bioniche has committed to invest at least $3 million from the new loan and an additional $2.5 million from the equity raise towards the development and approval of *Urocidin*™ in Canada.

Urocidin™ Licensing Deal

Bioniche has also agreed to grant Paladin an exclusive license to market and distribute *Urocidin*™ for bladder cancer in Canada, South Africa and Mexico. The companies have agreed to a net revenue sharing arrangement. Bioniche will be responsible for all product development and manufacturing costs and Paladin will be responsible for all sales and marketing costs in the said territories. Further, the agreement provides that Paladin will pay a series of potential sales performance milestones that can total up to $16 million during the term of the agreement.

"We are pleased to have received this support from Paladin Labs, which demonstrates their belief in our business model and in our planned value unlocking opportunities, including the divestment of our Animal Health business now underway," said Mr. Graeme McRae, President & CEO of Bioniche Life Sciences Inc. "Paladin is a longstanding and very successful Canadian specialty pharmaceutical company that will make an important strategic partner for Bioniche in the months and years ahead."

"We are pleased to add *Urocidin's* novel bladder cancer therapy to our existing urology portfolio which includes Trelstar™ and Testin™," said Mark Beaudet, Interim CEO of Paladin Labs Inc. "Our strategic collaboration with Bioniche allows us to continue to deploy our capital in expectation of a solid return."

The above-noted transactions are subject to customary and other conditions and are expected to close on or around June 14, 2013.

About *Urocidin™*

Urocidin™ is a formulation of MCC, a sterile mycobacterial cell wall-DNA complex composition that has a dual mode of action: immune stimulation and direct anticancer activity. *Urocidin™* is formulated for the treatment of bladder cancer, where it is administered by trans-urethral catheter directly into the bladder. The agent is then able to directly interact with the cells of the immune system and bladder cancer cells.

About Paladin Labs Inc.

Paladin Labs Inc., headquartered in Montreal, Canada, is a specialty pharmaceutical company focused on acquiring or in-licensing innovative pharmaceutical products for the Canadian and world markets. With this strategy, a focused national sales team and proven marketing expertise, Paladin has evolved into one of Canada's leading specialty pharmaceutical companies. Paladin's shares trade on the Toronto Stock Exchange under the symbol PLB. For more information about Paladin, please visit the Company's web site at Paladinlabs.com

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 the Company's web site at Bioniche.com.

About Capital Royalty L.P.

Capital Royalty L.P. is a market pioneer and innovator in healthcare investing focused on intellectual property investments in approved products through structures including royalty bonds, secured debt, revenue interests and traditional royalty monetizations. Capital Royalty works directly with leading healthcare companies, research institutions and inventors to provide customized solutions to meet their unique financing needs. The value of each investment is based on the future revenue of commercialized

biopharmaceutical products and medical technologies. Capital Royalty is actively making investments through Capital Royalty Fund II, which has $805 million of committed capital.

The firm is headquartered in Houston, Texas with offices in Boulder, Colorado and New York City. For additional information, please visit www.capitalroyalty.com.

Bioniche Forward Looking Statement

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.

Paladin Labs Forward Looking Statement

This press release may contain forward-looking statements and predictions. These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but cautions that these assumptions regarding the future events, many of which are beyond the control of the Company and its subsidiaries, may ultimately prove to be incorrect. Factors and risks, which could cause actual results to differ materially from current expectations, are discussed in the annual report as well as in the Company's Annual Information Form for the year ended December 31, 2012. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information or future events and except as required by law. For additional information on risks and uncertainties relating to these forward-looking statements, investors should consult the Company's ongoing quarterly filings, annual report and Annual Information Form and other fillings found on SEDAR at ***sedar.com****.*

For further information, please contact:

Bioniche Life Sciences Inc.
Jennifer Shea
Vice-President, Communications, Investor & Government Relations
Bioniche Life Sciences Inc.
Telephone: (613) 966-8058; from Australia: 0011 1 613-966-8058
Cell: (613) 391-2097; from Australia: 0011 1 613-391-2097
Jennifer.Shea@Bioniche.com

Paladin Labs Inc.
Samira Sakhia, CA, MBA
Chief Financial Officer
Paladin Labs Inc.
Tel: 514-669-5367
Fax: 514-344-4675
info@paladinlabs.com
website: Paladinlabs.com