



FOR IMMEDIATE RELEASE:

Bioniche Founder and CEO Addresses Shareholders

BELLEVILLE, ON, June 12, 2013 – Bioniche Life Sciences Inc. (TSX: BNC) (ASX: BNC), a research-based, technology-driven Canadian biopharmaceutical company, today issued an open letter to all shareholders from Founder, President & CEO, Graeme McRae:

Dear Fellow Shareholders,

By now you have seen the many press releases accompanying the requisition by Bill Wells and Greg Gubitz for a shareholders' meeting to make changes to the Board of Directors (Board) of Bioniche. I am writing to shareholders to set out the rationale for our Board's response to Messrs. Wells and Gubitz.

Wells and Gubitz, through an intermediary, approached our Chairman Jim Rae in August, 2012 on an unsolicited basis with a proposal to acquire a controlling interest in our Animal Health business. They were backed by a major U.S. private equity firm and laid out a plan to use our Animal Health business as a consolidation vehicle, touting their success at Biovail as something that could be duplicated with Bioniche Animal Health. They assured us that they would never proceed on a hostile basis.

In the interest of maximizing shareholder value, we were open to discussions with them, signed a non-disclosure and standstill agreement, and shared strategic and highly confidential information. In the end, we believed that the deal terms proposed were not in the best interests of all shareholders. Having had access to confidential information from which they learned the true value and potential of Bioniche, we were shocked to see that they acquired a stake in the Company from which to try and control the Board, contrary to their assurances to us. More importantly, their public attacks are now jeopardizing some very important initiatives underway to maximize the Company's potential for the benefit of all shareholders.

The Bioniche Board Has a Plan to Unlock Value

Over the past few years, Bioniche's Board and management have laid a solid foundation in three areas: Animal Health, which generates positive EBITDA, Human Health, with a Phase III bladder cancer product, and One Health, with the world's first registered cattle vaccine for *E. coli* O157 and a state-of-the-art vaccine manufacturing plant nearing GMP validation.

The Board is fully aware of the value of the Company's assets and has been evaluating the best alternatives to unlock that value. In the summer of 2012, we began to explore alternatives with parties interested in our Animal Health business, with a particular focus on distribution rights and product sales. Through that process, our belief that the business was valuable was reinforced by third party confirmation, and the Board and management started considering a potential sale of the Animal Health business.

Having received three written expressions of interest for our Animal Health business, in addition to an expression of interest from Wells and Gubitz, we engaged Evercore Partners on May 13, 2013 to manage the divestment process. Evercore is a U.S.-based, premier independent investment banking advisory firm with strong merger and acquisition expertise. Following our announcement of the Evercore engagement, Evercore has received a number of inbound enquiries from parties, including many major global pharmaceutical companies. In addition to the Animal Health business, bidders have also expressed interest in our One Health division.

Nothing precludes Wells and Gubitz from participating in our divestment process and we are prepared to treat them on equal terms with other bidders as the process unfolds. Any proposed sale of Animal Health will be subject to shareholder approval.

In December, 2012, we re-acquired global rights to our flagship Human Health bladder cancer product, *Urocidin*TM, and we are well advanced in pursuing the regulatory pathway in Canada, as well as in pursuing a strategy for global collaborations. We recently announced the first such collaboration, licencing *Urocidin*TM to Paladin Labs Inc. for Canada, Mexico and South Africa as part of an overall transaction where Paladin also provided debt and equity financing.

The Wells/Gubitz Requisition

Contrary to their promise not to proceed on a hostile basis and armed with undisclosed confidential information about our Animal Health business, Wells and Gubitz publicly declared on April 19, 2013 that they had acquired an approximately 5% interest in Bioniche (seven days after expiration of their standstill obligations but still under confidentiality obligations) and were seeking shareholder support to change the Board. They declined the opportunity to meet with our Chairman and followed up with a formal requisition for a shareholder meeting to replace the existing Board.

We were very concerned that their actions could jeopardize the critical initiatives that are underway. As a result, our Board:

- (i) formed a Special Committee led by our Chairman, Jim Rae;
- (ii) based on legal advice, concluded that the two requisitions are each invalid and determined not to act on them; and
- (iii) set our Annual Meeting in accordance with the regular schedule for the first week in November, so that shareholders have time to make informed decisions and the important initiatives underway are not disrupted.

Going Forward – Human Health

Once the Animal Health and, potentially, One Health businesses are sold, Bioniche will be a well-funded Human Health company. The expected influx of cash associated with the sale of these assets is expected to repay debt and provide the financial resources to commercialize *Urocidin*TM globally.

Since it was announced that we re-acquired global rights for *Urocidin*TM, more than 30 companies have expressed interest in licencing arrangements in various jurisdictions. The Paladin deal is the first tangible example of this interest.

We have assembled a team to best exploit these opportunities, and this will be enhanced with the hiring of a CEO for the Human Health business unit who will have global regulatory and commercialization experience. We expect to report progress on this front and on the regulatory pathway throughout the summer, particularly following the scheduled meeting with Health Canada in late June, at which time we will discuss the potential for an early Canadian registration under Health Canada's Notice of Compliance with Conditions (NOC/c) policy.

The data package is impressive, our market analysis shows significant revenue opportunities, and the manufacturing is in place. Management is confident that the potential upside from *Urocidin*TM is significant.

Conclusion

Bioniche was founded in 1979 as an animal health company that would develop proprietary technologies as alternatives to antibiotics in livestock. We were fortunate to be able to transfer our core immune stimulant technology from animal use to human use, which has become the basis for *Urocidin*TM, our bladder cancer technology. With strong support from veterinarians, local communities, governments and capital markets, Bioniche has built a solid presence on the ground in Canada with 206 employees and significant asset values.

The capital markets clearly felt that our strategy of sacrificing profitability for asset growth was unsustainable. So now is the time to realize on the value that 34 years of investment has created. We cannot allow these very important initiatives to be jeopardized.

In addition, as part of this process, it is appropriate that I transition my role as well. With a new CEO for Human Health and the Animal Health business divested, I plan to step back from my active management role and offer my services as non-Executive Chairman.

Wells and Gubitz want to change the Board to keep Animal Health and get rid of the rest of the Company's valuable assets. The Board believes that a sale of the Animal Health business is in the best interests of the Company and its shareholders.

Thank-you for taking the time to hear our side of the story. We appreciate your support.

Regards,

Graeme McRae

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 Food Safety. 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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