

QUARTERLY REPORT | 09

Acting on Innovation



THIRD QUARTER



Management's Discussion and Analysis

for the quarter ending March 31, 2009

The following discussion and analysis is the responsibility of management. It should be read in conjunction with the Company's unaudited interim consolidated financial statements and notes included herewith, which have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for interim financial statements, together with the Company's annual audited consolidated financial statements and management's discussion and analysis of financial condition and results of operations for the fiscal year ended June 30, 2008, which can be found on SEDAR (www.SEDAR.com). This review was prepared by management from information available as at May 5, 2009.

To the extent any statements made in this document contain information that is not historical, these statements are considered forward-looking and are subject to risks and uncertainties. Actual results, levels of activity, performance, or achievements could differ materially from those projected herein and depend on a number of factors, including the successful and timely completion of research and clinical trials, the uncertainties related to the regulatory process, and the commercialization of the Company's therapeutic products thereafter.

The cautionary statements made in this report should be read as applying to all related forward-looking statements wherever they appear in this report. The Company's future results could differ materially from those discussed here. Factors that could cause or contribute to these differences include those discussed under "Risks and Uncertainties".

A complete discussion of risk factors is included in the Bioniche Annual Information Form (AIF) for June 30, 2008 which you can find on SEDAR (www.SEDAR.com). It is intended to complement and supplement financial information included in Bioniche Life Sciences Inc.'s [the "Company's" or "Bioniche's"] interim and annual consolidated financial statements, related notes, other financial information found elsewhere in its annual report and in its annual information form or other documents filed on SEDAR at www.SEDAR.com.

This management's discussion and analysis is current. Where "we", "us", "our", "Bioniche" or the "Company" are utilized, these mean Bioniche Life Sciences Inc. unless otherwise indicated. All amounts are presented in Canadian dollars unless otherwise indicated. All percentages reflected herein are calculated on whole amounts as contained in the Company's financial records and financial statements and not on the rounded amounts as disclosed herein.

The Company has continued to experience challenges in its financial condition and liquidity this quarter and anticipates a continuation of this challenge throughout Fiscal 2009. These challenges have been intensified in light of current global economic and financial market conditions. Further discussion on going concern uncertainty is provided in the section "Liquidity, Financing, and Capital Resources".

GLOBAL OVERVIEW

Bioniche is a research-based, technology-driven Canadian biopharmaceutical company that develops, manufactures, and markets proprietary products for human and animal health markets worldwide. The fully-integrated Company employs 198 people and has three operating business units: Human Health, Animal Health, and Food Safety. Corporate headquarters and the Food Safety business unit are located in Belleville, Ontario, Canada.

KEY ASSETS IN THE HUMAN HEALTH BUSINESS UNIT

The Company's human health business is operated through the Bioniche Therapeutics business unit and has research, administrative and production facilities and a clinical trial group in Montréal, Québec, Canada. This unit develops novel human cancer therapies, with a focus on the research and development of the Company's Mycobacterial Cell Wall-DNA Complex (MCC) technology platform for the treatment of bladder and other cancers, and its oligonucleotides, which show pre-clinical promise in the treatment of leukemia. The Company's strategy is to develop its therapies through clinical proof of concept and then to establish alliances to complete clinical studies and regulatory approvals for marketing.

The MCC technology, trademarked *Urocidin* for bladder cancer, is currently in Phase III clinical testing in patients with non-muscle-invasive bladder cancer that is refractory (unresponsive) to the standard therapy. A second Phase III study, comparing Urocidin to the standard therapy in patients with non-muscle-invasive bladder cancer as a first-line treatment, is planned.

KEY ASSETS IN THE ANIMAL HEALTH BUSINESS UNIT

The Company's animal health business is operated through the Bioniche Animal Health business unit, which is responsible for developing, manufacturing and marketing animal health biopharmaceutical products worldwide. The animal health business unit has product development, manufacturing and marketing facilities in Belleville, Ontario, Canada; marketing and production facilities in Athens, Georgia, U.S.A.; Pullman, Washington, U.S.A.; and Armidale, New South Wales, Australia.

The structure of the Company is such that its key research and development projects are supported by a revenue-generating business - the Animal Health business unit - which has a history of generating positive earnings before interest, taxes, depreciation and amortization (EBITDA) before research and development. The Company has progressively grown by using biotechnology to provide the animal health market with innovative solutions to meet the changing needs of the animal health industry.

The Company has a product portfolio of more than sixty products, which can be categorized primarily in the following groups: Reproduction and embryo transfer products; products based on hyaluronan; immunostimulant products; polyclonal antibodies; vaccine products; and nutraceuticals. These products are marketed directly to veterinarians in Canada, the United States, Australia and Europe, and through selected distributors in the rest of the world.

KEY ASSETS IN THE FOOD SAFETY BUSINESS UNIT

The food safety business unit of the Company was established in July, 2001. The unit is responsible for researching, developing, manufacturing and marketing of veterinary biopharmaceutical products to help improve the safety of food and water supplies. The lead initiative for this division is the development and commercialization of a new cattle vaccine, Econiche™, to reduce the spread of the deadly *E. coli* O157 organism. This vaccine was developed to reduce the burden of the pathogenic bacterium *E. coli* O157 in cattle and their manure, thereby reducing contamination into the environment, ground water, and in cattle processing plants. The vaccine has proven to reduce the amount of bacteria shed by cattle, and to reduce the number of animals in which the bacteria colonize. The fewer bacteria reproducing in the cow, the fewer bacteria will be shed in its manure, affecting the environment and the carcass during food processing.

The vaccine is now available in very limited quantities and its first sales were recorded during Fiscal 2008 under a *Permit to Release Veterinary Biologics* granted by the Canadian Food Inspection Agency ["CFIA"] - the Canadian regulator - in December, 2006.

On October 27, 2008, the Company announced that Econiche™, the world's first vaccine developed to reduce the shedding by cattle of *Escherichia coli* (*E. coli*) O157, had received full licensing approval from the CFIA for sale in Canada. Sales have been constrained to date due to limited production capacity and the need to provide vaccine for regulatory purposes and market-related studies.

The Company, in partnership with the Vaccine and Infectious Diseases Organization (VIDO) at the University of Saskatchewan and the Natural Science and Engineering Research Canada, has sponsored two research positions - Natural Science and Engineering Research Canada (NSERC)/Bioniche Industrial Research Chairs - in vaccines to reduce food and water contamination. Dr. Andrew Potter (Senior Chair) and Dr. Wolfgang Köster (Associate Chair) were appointed to these positions. The Research Chairs were established to undertake research leading to the development of additional food safety vaccines to fight infectious diseases of animals, including *Salmonella enteritidis* and *Campylobacter jejuni* and *Listeria*.

MANAGEMENT OBJECTIVES

Fiscal 2009 Objectives	Status
<ul style="list-style-type: none"> • Generate cash flow by increasing revenue and productivity, as measured by the consolidated EBITDA* in the Animal Health business unit. 	<ul style="list-style-type: none"> • The Company is meeting this objective. The Animal Health EBITDA* of \$8.3 million for the nine months ending March 31, 2009 compares to \$5.5 million for the same period last year. This represents an increase of 51% year-to-date. • Sales in Animal Health have increased by \$4.5 million, or 23%, during the first nine months of Fiscal 2009 as compared to the same period last year.
<ul style="list-style-type: none"> • Progress to a U.S. conditional license for the <i>Econiche</i>™ cattle vaccine. 	<ul style="list-style-type: none"> • In February, 2008, the <i>E. coli</i> O157 vaccine was granted eligibility for a conditional license in the U.S. In order to be granted the license, several steps had to be undertaken, including the production of three consecutive commercial batches of vaccine that are filled in an approved U.S. manufacturing facility and are proven to meet required specifications. The Company is in the process of meeting the requirements, and expects that a conditional license may be granted later in 2009.

Fiscal 2009 Objectives	Status
<ul style="list-style-type: none"> • Successfully conclude a marketing partnership transaction for the Company's bladder cancer technology. 	<ul style="list-style-type: none"> • The Company is in ongoing discussions with potential marketing partners. Successfully completing a partnership transaction is necessary in order to initiate the second phase III trial on bladder cancer. Some safety data from this trial is expected to be required to supplement safety data from the first (refractory) trial. • While the Company has received significant interest in <i>Urocidin</i> from a number of potential partners, it has not yet finalized a transaction and the timeline for doing so has exceeded management's expectations. • Management is doing its utmost to materialize this objective by June 30, 2009.
<ul style="list-style-type: none"> • Replacement of the existing revolving credit facility. 	<ul style="list-style-type: none"> • In October, 2008, due to financial market conditions, Laurus/Valens informed the Company that it would like the existing revolving credit facility, scheduled to mature on December 9, 2008, replaced with an instrument(s) from an alternative lender(s). • Subsequent to the quarter end, Bioniche and Laurus/Valens agreed to extend this facility to June 30, 2009 in order to give the Company time to find a new banking partner(s) or complete fundraising activities.
<ul style="list-style-type: none"> • Addressing near-term liquidity needs by working on fundraising activities, including potential asset or segment dispositions. 	<ul style="list-style-type: none"> • Given the delays in closing a licensing transaction and the Company's near-term cash needs, the Company has decided to broaden its fundraising strategies to include possible asset or segment dispositions. • Management has retained an agent to provide assistance in this process and is currently executing on this objective.
<p><i>*EBITDA means "Earnings Before Interest, Taxes, Depreciation, Amortization and foreign exchange". For more information, please refer to the section, "Non-GAAP & Other Measures" below.</i></p>	

LIQUIDITY AND GOING CONCERN

The Company has incurred significant losses since its inception, due primarily to its focus on the research and development of its proprietary technologies. The Company had an accumulated deficit of \$93.5 million as at March 31, 2009. The Company's committed cash obligations and expected level of expenses for all of Fiscal 2009 exceed the committed sources of funds and funds available as of March 31, 2009. To date, the Company has financed its cash requirements primarily through issuances of shares, investment tax credits, sales of businesses or business units, product sales, royalties, government incentives, long-term debt, and its revolving credit facility.

The Company is also pursuing several financing alternatives, including issuing additional debt, preferred or common equity, finding strategic financing partners and/or disposing of assets or segments as a result of the Company's near-term liquidity requirements, the delays in completing a partnership deal to support its Phase III development program for Urocidin™, and finalizing the replacement of its existing revolving credit facility.

At the end of March 31, 2009, the Company had cash and cash equivalents of \$2.9 million, and a negative net working capital balance of \$0.8 million. At the end of March 31, 2009, the Company also had restricted cash (see note 5) of \$ 1.4 million, dedicated specifically to pay for eligible expenditures to scale up a vaccine production facility in Belleville, Ontario. While the Company has reduced its current burn rate by increasing its profitability and reducing certain of its fixed overheads during the fiscal year-to-date, it has also been required to utilize working capital for certain outstanding payables associated with key suppliers and contractors, which has reduced the

net working capital available for operations. Based on the current estimated cash requirements, there remains significant uncertainty surrounding the Company's ability to continue as a going concern, and there remains an immediate need to obtain additional financial resources in the very near-term and before year-end.

The requirement to refinance its revolving debt facility creates an imminent obligation to secure appropriate funds during the fourth quarter of Fiscal 2009. The Company's ability to continue as a going concern is dependent more than ever upon successfully completing one or more of its financing alternatives described above by June 30, 2009. Management has also curtailed some of the Company's research and development activities and other operations to reduce its burn rate during this period.

The outcome of these matters is dependent upon many factors outside of the Company's control. If the Company is unable to obtain additional financing, management may be required to further reduce operations.

HIGHLIGHTS FOR FISCAL 2009

Operating Highlights

- On March 31, 2009, the Company announced that it has completed recruitment in its initial Phase III registration trial evaluating Urocidin™ in the treatment of non-muscle-invasive bladder cancer that is refractory (unresponsive) to the current standard immunotherapy - Bacillus Calmette-Guerin (BCG). In this U.S. Food and Drug Administration (FDA)-approved and Fast Track designated trial, 105 evaluable patients with non-muscle-invasive bladder cancer are receiving Urocidin in an open label trial. Thirty-one urology centres in North America have participated, with Dr. Alvaro Morales, Director of the Centre for Advanced Urological Research and Professor in the Department of Urology, Queen's University, Kingston, Ontario, Canada as Global Principal Investigator.

- On March 13, 2009, the Company announced that the results of a large-scale commercial beef feedlot study with the Company's *E. coli* O157 vaccine – Econiche™ - have been published in Foodborne Pathogens and Disease (Vol. 6, Number 2, 2009), a peer-reviewed scientific journal. The article, entitled, "A Two-Dose Regimen of a Vaccine Against Type III Secreted Proteins Reduced *Escherichia coli* O157:H7 Colonization of the Terminal Rectum in Beef Cattle in Commercial Feedlots", was co-authored by David R. Smith, Rodney A. Moxley, Robert E. Peterson, Terry J. Klopfenstein, Galen E. Erickson, Gustavo Bretschneider, Emil M. Berberov, and Sharon Clowser.

- On February 18, 2009, the Company announced that the Journal of Urology has published an article summarizing the Phase II clinical trial results for the Company's proprietary Mycobacterial Cell Wall technology in bladder cancer. The article, entitled "Intravesical Mycobacterial Cell Wall-DNA Complex in the Treatment of Carcinoma *In Situ* of the Bladder after Standard Intravesical Therapy has Failed", was co-authored by Drs. Alvaro Morales (Queen's University - Kingston, Ontario, Canada), Kiran Phadke (St.-George Hospital, Kogarah, New South Wales, Australia), and Gary Steinhoff (Vancouver Island Health Authority - Victoria, British Columbia, Canada). The Phase II trial resulted in a complete response rate in the intent-to-treat population of 27.3% at weeks 12 and 2,6 at a 4 mg dose and a 46.4% response at the same two points in patients receiving an 8 mg dose. Complete response was defined as no evidence of disease as determined by cystoscopy, biopsy and cytology. The product was well tolerated by both dose groups, with 90% of all adverse events being mild to moderate in severity. "We concluded that Mycobacterial Cell Wall-DNA Complex has shown antineoplastic (anticancer) activity in patients with bladder cancer with less toxicity than that associated with Bacillus Calmette-Guerin (BCG) administration," said Dr. Alvaro Morales, Director of the Centre for Advanced Urological Research and Professor in the Department of Urology, Queen's University, Kingston, Ontario, Canada. "Safety concerns exist with BCG because it is a live mycobacterium and its use is associated with a number of local and systemic side effects, as well as the potential for proliferation and systemic dissemination."

Financial Highlights

- On February 17, 2009, the Company announced that it will extend the expiration date of the up to 8,203,334 common share purchase warrants issued as part of a unit offering that closed in March, 2007 by 60 days to May 12, 2009. Each common share purchase warrant entitles the holder to purchase a common share at an exercise price of \$1.40 per share. The expiry date on a further 1,027,308 broker warrants was extended by the same period. These are exercisable for units, each consisting of one Bioniche common share and one-half of a warrant to purchase a Bioniche common share at \$1.20 per unit.

- On February 3, 2009, the Company announced that its President of Bioniche Food Safety, Rick Culbert, was participating in a Canadian Beef Value Chain Roundtable in Gatineau, Quebec. The two-day Roundtable involved representatives from regulatory authorities, ranchers, feedlot operators, processors, retail and food service representatives, feed suppliers and others. They were meeting to develop a strategy focused on improving competitiveness of the Canadian beef industry through market access and development, the regulatory environment, research and innovation and information transfer. In his presentation to the Roundtable, Mr. Culbert shared information about the Company's Econiche™ cattle vaccine, the world's first vaccine developed to reduce the shedding by cattle of *Escherichia coli*

(*E. coli*) O157. Mr. Culbert addressed the opportunity that vaccination of Canadian cattle represents beyond protecting public health, that is, a potential enhancement of the competitiveness of Canadian beef in export markets, where the vaccine is not yet available to producers.

Other Highlights

On January 13, 2009, the Company was named one of the Top 50 Best Small and Medium-Sized Employers in Canada. Bioniche was ranked number 13 in this competition. The rankings are primarily determined using the results from employee opinion surveys, where 18 key engagement drivers were detailed and analyzed. The evaluation process also included the assessment of organizational practices and perspectives from the leadership team. This year, more than 250 companies across Canada registered to participate in the study. Becoming a Top 50 Best Small and Medium-Sized Employer is a very detailed and competitive process. This national awards program recognizes top employers with between 50 and 400 employees.

Subsequent to the Quarter End

On April 27, 2009, the Company provided an update on its corporate activities:

- The Company reported that it has not yet finalized a partnering transaction related to its Mycobacterial Cell Wall-DNA Complex (MCC), formulated as Urocidin™, for the intravesical treatment of non-muscle-invasive bladder cancer. While the Company has received significant interest in Urocidin from a number of potential partners, the timeline for concluding a transaction has exceeded management's expectations. Given such delays and the Company's near-term cash needs, the Board of Directors has decided to broaden its fundraising strategies to include possible asset or segment dispositions.

- In addition, the Company has amended the maturity date of its existing secured revolving credit facility with Valens U.S. (formerly Laurus Master Funds) to June 30, 2009. Bioniche and Valens agreed to this extension to allow the Company time to identify new banking partner(s) after Valens decided to retrench its activities due to credit market conditions, as well as to allow the Company to execute its near-term corporate objectives. This amendment will replace the previously agreed "on demand" status, with an additional fee applicable at maturity of the facility.

- The Company announced that it is expanding internal cost cutting measures introduced during the past two fiscal quarters to help address its near-term liquidity requirements.

Results of Operations

Results of Operations					
<i>(expressed in millions of Canadian dollars)</i>					
For the three and nine-months ended March 31		2009		2008	
		Q3	YTD	Q3	YTD
		\$	\$	\$	\$
Revenues		7.4	24.1	7.2	19.6
Cost of Sales		3.3	10.4	3.0	8.2
Gross profit		4.1	13.7	4.2	11.4
		55.4%	56.8%	58.3%	58.2%

Consolidated Revenue

For the three-month and nine-month periods ended March 31, 2009, consolidated revenues totaled \$7.4 million and \$24.1 million respectively, compared to \$7.2 million and \$19.6 million for the corresponding periods in Fiscal 2008. The increase in sales in the current quarter and year-to-date involved a variety of animal health product lines, including Folltropin®-V, Cue-Mate™, Pregnecol and embryo transfer products where promotional efforts contributed to increased sales across numerous geographic locations.

Cost of Goods Sold

For the three-month and nine-month periods ended March 31, 2009, gross profit totaled \$4.1 million and \$13.7 million respectively, compared to \$4.2 million and \$11.4 million for the corresponding periods in Fiscal 2008. For the three-month and nine-month periods ended March 31, 2009, gross profit as a percentage of sales totaled 55.4% and 56.8% respectively, compared to 58.3% and 58.2% for the corresponding periods in Fiscal 2008.

The gross profit margins have declined slightly as a result increased sales of generic products with lower margins and an adjustment to product costs this fiscal year to include certain quality assurance costs in cost of sales following the adoption of CICA 3031. There is some offset by favourable currency fluctuations and increased efficiencies.

Expenses Other than Research and Development

For the three-month and nine-month periods ended March 31, 2009, expenses before research and development totaled \$4.1 million and \$13.1 million respectively, compared to \$4.3 million and \$13.1 million for the corresponding periods in Fiscal 2008.

Expenses for the three-month and nine-month periods ended March 31, 2009 remained relatively constant. Expense activity in the current quarter and year-to-date reflects stable marketing and selling costs to support increased sales activity.

Overall administration expenses have decreased, reflecting the Company's cost control measures introduced this fiscal year. This is offset by increased amortization of deferred financing and increased interest costs.

EXPENSES OTHER THAN RESEARCH AND DEVELOPMENT						
<i>(expressed in millions of Canadian dollars)</i>						
For the three and nine-months ended March 31	Q3 \$	2009		Q3 \$	2008	
		YTD \$	%		YTD \$	
Revenues	7.4	24.1	100%	7.2	19.6	1
Expenses						
Administration	1.6	4.7	19%	1.6	5.2	
Selling and Marketing	1.4	5.0	21%	1.7	5.1	
Quality Assurance	-	-	0%	0.2	0.5	
Sub total	3.0	9.7	40%	3.5	10.8	
Non cash items						
Amortization	0.9	2.9	12%	0.8	2.0	
Accreted Interest	(0.0)	(0.0)	0%	-	-	
Sub total	0.9	2.9	12%	0.8	2.0	
Other Items						
Interest	0.2	0.5	2%	0.1	0.1	
Foreign Exchange	0.0	0.0	0%	(0.1)	0.2	
Sub total	0.2	0.5	2%	(0.0)	0.3	
Total Expenses	4.1	13.1	54%	4.3	13.1	

Research and Development

For the three-month and nine-month periods ended March 31, 2009, overall gross research and development expenses totaled \$3.6 million and \$10.6 million respectively, compared to \$4.4 million and \$11.6 million for the corresponding periods in Fiscal 2008. The majority of these costs can be attributed to the ongoing Phase III clinical program for the company's Urocidin™ bladder cancer treatment and the *E. coli* O157 cattle vaccine development program.

Government incentives associated with the different research programs of the Company for the three-month and nine-month periods ended March 31, 2009 totaled \$0.4 million and \$1.4 million respectively, compared to \$0.3 million and \$1.0 million for the corresponding periods in Fiscal 2008. The increase reflects the benefits of the additional government programs in effect this fiscal year which were not in place in the corresponding periods in Fiscal 2008.

GROSS RESEARCH & DEVELOPMENT

(expressed in millions of Canadian dollars)

For the three and nine-months ended March 31	2009			2008		
	Q3	YTD		Q3	YTD	
	\$	\$	%	\$	\$	%
Key Areas						
Animal Health	0.4	1.4	13%	0.4	1.4	12%
Food Safety	0.5	1.4	13%	0.7	1.8	16%
Human Health	2.7	7.8	74%	3.3	8.4	72%
Research and Development, Gross	3.6	10.6	100%	4.4	11.6	100%

Consolidated Net Loss and Comprehensive Loss

For the three-month and nine-month periods ended March 31, 2009, basic and fully-diluted loss per share totaled (\$0.04) and (\$0.13) respectively, compared to losses of (\$0.07) and (\$0.20) for the corresponding periods in Fiscal 2008. Total shares outstanding at March 31, 2009 were 71,534,411, as compared to 65,564,779 at March 31, 2008.

Non-GAAP & Other Measures

The following measures included in the MD&A do not have a standardized meaning under Canadian Generally Accepted Accounting Principles (GAAP) and, therefore, are unlikely to be comparable to similar measures presented by other companies:

•EBITDA: Means “Earnings before Interest, Taxes, Depreciation, Amortization and foreign exchange”. The Company considers EBITDA to be an effective measure of each segment’s contribution to the Company on an operational basis. It is management’s view that this measure is used by analysts and shareholders to evaluate the financial performance of the Company’s operations.

Calculation of EBITDA					
<i>(expressed in millions of Canadian dollars)</i>					
For the three and nine-months ended March 31	2009			2008	
	Q3	YTD		Q3	YTD
	\$	\$		\$	\$
Income (loss) before research and development and other items*	0.0	0.6		(0.2)	(1.7)
Add (deduct):					
Amortization	0.9	2.9		0.8	1.9
Interest and Accreted interest	0.2	0.5		0.1	0.1
Foreign exchange	0.0	0.0		(0.1)	0.2
EBITDA before research and development	1.1	4.0		0.6	0.5

*Other items include impairment/loss on investment, gain on sale of right to future royalty stream, unrealized loss (gain) on foreign currency embedded derivative

For the three-month and nine-month periods ended March 31, 2009, EBITDA before research and development totaled \$1.1 million and \$4.0 million respectively, compared to \$0.6 million and \$0.5 million for the corresponding periods in Fiscal 2008. The positive results for the three-month and nine-month periods in Fiscal 2009 reflect increased sales this fiscal year-to-date.

•Burn Rate: Means consolidated cash flow used in operations. This information can be found in the Consolidated Statements of Cash Flows, under “Operating Activities”. It shows the cash flow used in operations (before change in non-cash working capital balances related to operations).

LAST EIGHT (8) QUARTERS CONSOLIDATED RESULTS AT A GLANCE

LAST EIGHT (8) QUARTERS CONSOLIDATED RESULTS AT A GLANCE								
	2009			2008				2007
	\$	\$	\$	\$	\$	\$	\$	\$
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<i>(expressed in millions of Canadian dollars)</i>								
Revenues	7.4	8.6	8.1	8.1	7.2	6.5	5.9	7.5
Loss before research & development and other items	0.0	0.5	0.1	(0.2)	(0.2)	(0.8)	(0.7)	(1.4)
Net Income (loss)	(3.1)	(2.4)	(3.3)	(3.7)	(4.6)	(4.2)	(3.8)	(4.7)
Basic and fully diluted net income (loss) per share	(0.04)	(0.04)	(0.05)	(0.06)	(0.07)	(0.07)	(0.06)	(0.08)

Fluctuations in Consolidated Operating Results

The Company's consolidated operating results are likely to fluctuate significantly from period to period in the future. It is anticipated that the quarterly and annual results of operations will be impacted for the foreseeable future by several factors, including the timing of clinical trials, the timing of regulatory approvals to market products, the progress and timing of expenditures related to commercialization efforts, and the timing of revenues from product sales. Due to these fluctuations, the Company presently believes that the period-to-period comparisons of its consolidated operating results are not a good indication of future performance. Typically, sales will fluctuate according to the cyclical demands of the animal health business. For example, reproductive products have a high demand during the breeding season. In the northern hemisphere, this occurs during the fourth quarter of the fiscal year.

Foreign currency fluctuations remain a significant factor again this fiscal year. While the recent weakening of the Canadian dollar has provided top-line revenue growth of \$1.6 million for the nine-month period ended March 31, 2009 as compared to the same period last year, this is offset by increased operational expenses and purchased material costs for product manufacturing purchased in foreign currencies.

CONSOLIDATED BALANCE SHEET HIGHLIGHTS

Assets

The Company's current assets at March 31, 2009, totaled \$17.9 million, an increase of \$1.6 million from the \$16.3 million reported at June 30, 2008. Overall, the Company reduced its burn rate* to approximately \$0.6 million per month for the first nine months of Fiscal 2009, as compared to a monthly burn rate of \$1.0 million per month for the twelve months ended June 30, 2008. The burn rate reduction is a result of stronger profitability from increased sales and cost reduction measures implemented by the Company during the period. Cash and cash equivalents and short-term investments totaled \$4.3 million at March 31, 2009, as compared to \$4.4 million at June 30, 2008.

*Burn rate means cash flow used in operations. For more information, please refer to the section, "Non-GAAP & Other Measures" above.

Long-term assets at March 31, 2009 totaled \$18.0 million. This is consistent with the \$18.3 million in long-term assets reported at June 30, 2008.

Liabilities and Shareholders' Equity

At March 31, 2009, the Company's net working capital was a negative \$0.8 million, as compared to positive balance of \$4.5 million at June 30, 2008. Excluded from this working capital calculation for March 31 2009, is the amount of restricted cash (see note 5) of \$ 1.4 million. Shareholders' equity at March 31, 2009 was \$10.5 million, as compared to \$16.4 million at June 30, 2008. This deterioration in these key measurements is attributed to the decrease in the immediate cash available while supporting the Company's research and development activities.

Long-term debt at March 31, 2009 totaled \$8.1 million. This compares to \$6.5 million reported at June 30, 2008. The increase reflects the additional government assistance loans of \$2.4 million related to the *E. coli* vaccine manufacturing project.

The Company had an accumulated deficit of \$93,533,818 as at March 31, 2009. This compares to an accumulated deficit of \$84,751,649 at June 30, 2008.

CASH FLOW STATEMENT HIGHLIGHTS

The Company's cash flow used in operations during the nine months ended March 31, 2009 totaled approximately \$5.3 million, as compared to \$9.1 million during the nine months ended March 31, 2008. For the whole of Fiscal 2008, cash flow used in operations totaled \$11.6 million. The burn rate reflects the Company's continuing focus on completing Phase III clinical trials for Urocidin in the treatment of non-muscle-invasive bladder cancer and achieving North American registrations and product launches of its *E. coli* O157 cattle vaccine, Econiche™. The year-to-date burn rate has been reduced as a result of increased sales in the animal health business unit and cost control efforts by management and employees.

The Company's financing activities provided net cash of \$5.8 million during the first nine months of Fiscal 2009, primarily as a result of the issuance of shares to settle some of the Company's revolving credit facility, government assistance, and additional borrowing on the Company's revolving credit facility.

SEGMENTED FINANCIAL PERFORMANCE

Segmented financial information analyzes the operations of the Company according to its business segments (units):

Segmented Results					
<i>(expressed in millions of Canadian dollars)</i>					
For the three and nine-months ended March 31		2009		2008	
		Q3	YTD	Q3	YTD
		\$	\$	\$	\$
Net Revenue					
	Human Health	-	-	-	-
	Food Safety	-	-	-	-
	Animal Health	7.4	24.1	7.2	19.6
		7.4	24.1	7.2	19.6
Expenses					
	Corporate	1.1	3.2	1.0	3.7
	Human Health	-	-	-	-
	Food Safety	0.1	0.8	0.4	1.3
	Animal Health	1.8	5.8	2.1	5.9
		3.0	9.8	3.5	10.9
EBITDA before research and development					
	Corporate	(1.1)	(3.2)	(1.0)	(3.7)
	Human Health	-	-	-	-
	Food Safety	(0.2)	(1.1)	(0.5)	(1.3)
	Animal Health	2.4	8.3	2.1	5.5
		1.1	4.0	0.6	0.5
Segment income (loss) before taxes					
	Corporate	(1.7)	(5.1)	(1.5)	(4.5)
	Human Health	(2.7)	(7.6)	(3.3)	(8.5)
	Food Safety	(0.6)	(2.3)	(1.1)	(2.9)
	Animal Health	1.9	6.4	1.4	3.4
		(3.1)	(8.6)	(4.5)	(12.5)

Human Health Segment

The Company no longer generates revenues from this segment since it sold its royalty income on sales of *Suplasyn* during Fiscal 2007.

Gross research and development expenses for the three-month and nine-month periods ended March 31, 2009 totaled \$2.7 million and \$7.9 million respectively, which compares to \$3.3 million and \$8.4 million reported in the same periods in Fiscal 2008. The Company's Phase III clinical program constitutes the majority of these expenses. These costs will remain relatively stable until the second Phase III clinical trial with *Urocidin*TM commences.

Government incentives for the three-month and nine-month periods ended March 31, 2009 totaled \$0.4 million and \$1.1 million respectively, which compares to \$0.2 million and \$0.8 million reported in the same periods in Fiscal 2008.

Animal Health Segment

Animal Health sales increased by \$0.2 million, or 2.8%, to \$7.4 million for the three-month period ended March 31, 2009. This compares to sales of \$7.2 million recorded in the same period in Fiscal 2008. For the nine-month period ended March 31, 2009, Animal Health sales increased to \$24.1 million, as compared \$19.6 million recorded in the same period in Fiscal 2008. This 23% increase reflects higher sales of *Folltropin*[®]-V in the U.S., Australia, Canada and global export markets (partially attributed to promotional efforts), *Ketamine* in the U.S., *Cue-Mate*TM sales in Australia, *Pregnecol* in Australia and Europe, the reproductive media line in Canada, the U.S., Australia, Europe and export markets, *Colimune* and *Immunoboost*[®] in the U.S., and *MAP*[®]-5/*Enhance* in Canada, the U.S., Europe and Australia.

Gross profit for the three-month and nine-month periods ended March 31, 2009 totaled \$4.3 million (57%) and \$14.1 million (58%) respectively, which compares to \$4.2 million (58%) and \$11.4 million (58%) reported in the same periods in Fiscal 2008. In the nine-month period ending March 31, 2009, favourable foreign currency fluctuations have increased sales by \$1.6 million, however, this gain has been offset by increased sales of lower margin products and the inclusion of certain additional quality costs in cost of sales this year as well as unfavourable purchase price variance on U.S. dollar sourced materials.

Expenses incurred in the three-month period ended March 31, 2009 totalled \$1.8 million, which compares to \$2.1 million reported in the same period last year. Year-to-date (nine-month) expenses to March 31, 2009 totalled \$5.8 million, as compared to \$5.9 million recorded in the same period last year. The Company has been controlling costs in light of global economic conditions and has endeavoured to increase sales with no major increases in sales and marketing expenses.

Gross research and development expenses in the three-month period ended March 31, 2009 totalled \$0.4 million, no change from the same period in Fiscal 2008. Gross research and development expenses incurred in the nine-month period ended March 31, 2009 totalled \$1.4 million, no change from the same period in Fiscal 2008. The Company continues to maintain limited spending on Animal Health research and development activities as it focuses these activities on the completion of the Phase III clinical trials for human bladder cancer and further studies related to *Econiche*TM.

Food Safety Segment

On October 27, 2008, the Company announced that *Econiche*TM, the world's first vaccine developed to reduce the shedding by cattle of *Escherichia coli* (*E. coli*) O157, had received full licensing approval from the Canadian Food Inspection Agency (CFIA). *Econiche* is now available for unrestricted use by Canadian cattle producers and their veterinarians.

This segment recorded its first sales of *Econiche* during Fiscal 2008. Sales will remain limited by the Company's production capacity until the vaccine production facility in Belleville, Ontario is fully scaled-up. The Company announced a \$25 million expansion for the Belleville facility to accommodate large-scale manufacturing production during Fiscal 2008. Work on this facility is underway, and the facility is expected to be completed and operational by mid- to late-2010.

Expenses incurred in the three-month period ended March 31, 2009 totalled \$0.1 million, which compares to \$0.4 million reported in the same period last year. Expenses incurred in the nine-month period ended March 31, 2009 totalled \$0.8 million, which compares to \$1.3 million recorded in the same period last year. The Company is continuing its education and awareness program focused on the dangers of *E. coli* O157:H7 and the importance of food and environmental safety, in addition to meeting with industry associations to encourage vaccine adoption.

This segment incurred gross research and development expenses of \$0.5 million for the three-month period ended March 31, 2009, as compared to \$0.7 million reported in the same period in Fiscal 2008. Gross research and development expenses incurred in the nine-month period ended March 31, 2009 totalled \$1.4 million, as compared to \$1.8 million recorded in the same period last year. The decrease is

due to the fact that the Company has secured a full license in Canada and has curtailed some of its research and development efforts while awaiting feedback from regulators in other jurisdictions.

LIQUIDITY AND CAPITAL RESOURCES

Revolving Credit Facility

As at March 31, 2009, \$5,412,952 (US\$4,306,247) [June 30, 2008 – \$3,157,294 (US \$3,097,208)] had been drawn on this facility net of unamortized financial expenses.

On December 19, 2007, this three-year revolving credit facility was amended to increase the borrowing limit to US\$5.5 million from the previous maximum of US\$4.0 million. This facility originally matured on December 9, 2008, however, the lender agreed to a three-month extension of the maturity date to March 2, 2009. Amounts drawn are based on 90% of eligible accounts receivable and 35% of eligible North American inventory capped at US\$2.5 million, plus an additional US\$3.0 million. Total fees of US\$1.5 million are charged for these amendments, payable in cash or in shares at the discretion of the Company at the revised date of maturity. This fee has been recorded as a reduction in the carrying value of the facility and is being amortized over the remaining life of the facility using the effective interest method.

Subsequent to the end of the Fiscal 2009 third quarter, the maturity date was formalized as June 30, 2009. A fee of US\$400,000 is payable in cash on June 30, 2009 for this amendment. The lender has agreed to this extension of the facility in order to give the Company time to find a new banking partner(s) and act on its corporate financing activities. The original terms of the revolving credit facility will be maintained during the extension period, with the exception of the following changes:

- Interest is charged at Wall Street Journal (WSJ) Prime plus 2.5%, subject to a floor of 10%.
- The existing US\$1,500,000 payment in stock or cash at the Company's option, due on March 2, 2009, will be deferred until the new maturity date (June 30, 2009).

Going Concern Uncertainty

The Company has broadened its fundraising strategies to include possible asset or segment dispositions while at the same time pursuing a partnership deal for Urocidin™. While the Company is doing its utmost to successfully close on one or more on these initiatives in the near-term, the Company's ability to continue as a going concern is dependent upon its ability to do so. The successful resolution of these matters is outside the Company's control and, therefore, there is significant uncertainty about the Company's ability to continue as a going concern post-year-end: June 30, 2009.

Financial Position and Cash Flow

To date, the Company has financed its research and development (R&D) and capital expenditures primarily through public and private placements of common shares, the issuance of debt instruments, and the receipt of government incentives earned on eligible scientific expenditures. The operations of the Company's commercial business unit (Animal Health) have been financed through their own internally generated cash flows, through the use of commercial banking facilities, and through capital leases with equipment vendors.

The Company was able to advance its key development platforms in both Food Safety and Human Health while reducing its burn rate (cash used in operations) to approximately \$0.6 million per month during the first nine months of Fiscal 2009 due to strong nine-month sales and reduced overhead costs. This compares to a burn rate averaging \$1.0 million per month during the same period in Fiscal 2008.

To address the Company's capital needs and to strengthen its financial position during the first nine months of Fiscal 2009, the Company completed the conversion of a portion of its revolving credit facility, resulting in the issuance of approximately 4.6 million common shares and the availability of up to \$2.0 million in additional borrowing capacity.

At March 31, 2009, excluding the restricted cash of \$1.4 million, the Company had approximately \$2.9 million in free cash, in addition to another \$1.5 million in available borrowing capacity related to the revolving credit facility, for a total of \$4.4 million in cash and committed sources of funds, providing between two and three months of available cash for operations, based on current expected requirements. Therefore, the Company expects to have used its working capital, cash and committed funds before the end of Fiscal 2009 if new sources of funding are not secured.

The Company is pursuing further sources of capital. The Company's Board of Directors has decided to broaden its fundraising strategies to include possible asset or segment dispositions. Management is working to identify opportunities in this regard.

There is no assurance that any of these initiatives will be completed as currently planned. Given the uncertainty relating to the successful completion of these plans, going concern uncertainty disclosure has been included in Note 1 of the March 31, 2009 Interim Consolidated Financial Statements.

Treasury Operations

The Company's treasury policy is to invest cash that is not required immediately into short-term instruments that are based on capital preservation. Such investments are primarily made in guaranteed investment certificates (GICs) and Canadian banker's acceptances (BAs), both of which are issued by Canadian chartered banks. There were no short-term investments as at March 31, 2009.

Related Party Transactions

On June 3, 2005, the Company entered into a ten-year lease for a facility located at 275 Labrosse Avenue in Pointe-Claire, Québec. The facility is leased to the Company from Renaissance (London) Investments Inc., a company owned and controlled by Graeme McRae, the Company's Chairman, President & CEO and a Director. Under the terms of the lease, the Company had the option to purchase the facility by May 31, 2006 by assuming the balance of the loan outstanding. This option to purchase was extended effective May 31, 2006 for an additional two years and further extended for an additional one year to May 28, 2009. This transaction was recorded as a capital lease obligation as disclosed in Note 11 of the annual Consolidated Financial Statements. The facility consists of 14,000 square feet and will be used for office and laboratory space, with the potential to add additional manufacturing space in the future. This facility will allow the Company to expand the production capacity of its existing MCC manufacturing to meet the projected eventual demand for *Urocidin* for the North American market and, subsequently, global markets.

Proposed Transactions

As discussed elsewhere in this Management's Discussion and Analysis, the Company is pursuing certain financing initiatives.

Off-Balance Sheet Arrangements

To date, the Company has not had any relationships with unconsolidated entities or financial partnerships, such as, entities referred to as structured finance or special purpose entities, which are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited arrangements. Other than the Company's operating leases and the commitments disclosed therein, the Company has no other off-balance sheet transactions.

Outstanding Common Shares

The Company has total common shares outstanding at May 5, 2009 of 71,681,147. In addition, the Company has 10,415,290 outstanding warrants and 4,233,501 outstanding options, exchangeable for one common share upon exercise. Included in the outstanding warrant total are 1,027,308 compensation warrants issued to underwriters which, if exercised, would result in the issue of 1,027,308 shares and 513,654 warrants. The preferred shares Series II with conversion rights are exchangeable for a maximum of 6,521,677 common shares.

CRITICAL ACCOUNTING ESTIMATES

The Company's critical accounting policies and estimates remain substantially the same as reported in the Management's Discussion and Analysis for the year ended June 30, 2008, included in the Fiscal 2008 annual report.

CHANGE IN ACCOUNTING POLICIES

The Canadian Institute of Chartered Accountants ["CICA"] recently released the following Handbook Sections: 1535, *Capital Disclosures*; 3031, *Inventories*, 3862, *Financial Instruments – Disclosures*, 3863, *Financial Instruments – Presentation*, and 1400, *General standards of Financial Statement Presentation*. The Company adopted these sections on July 1, 2008 without restatement of prior periods. The impact of the adoption of these sections on the Company's Interim Consolidated Financial Statements is presented below.

Section 1535, *Capital Disclosures*, establishes standards for disclosing information about an entity's capital and how it is managed, to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital. The impact of these changes is reflected in Note 8 of the Interim Consolidated Financial Statements.

Section 3031, *Inventories*, replaces the existing standard for inventories, Section 3030. The main features of the new section are as follows:

- Measurement of inventories at the lower of cost and net realizable value;
- The inclusion of quality assurance costs in cost of goods at March 31, 2009, which resulted in \$0.6 million being included in the Company's cost of sales;
- Consistent use of either first-in, first-out or a weighted average cost formula to measure cost; and
- Reversal of previous write-downs to net realizable value when there is a subsequent increase to the value of inventories.

The transitional provision of the Section required that the standard be applied to the opening inventory of the period, with any resulting adjustment recorded in the opening deficit. The adoption of this section resulted in a decrease of \$39,350 to the carrying value of the Company's inventory as at July 1, 2008 and, consequently, the opening balance of deficit was increased by \$39,350. Prior periods were not restated. In addition to a refinement of the method used to determine the net realizable value of inventory, the adoption of this Section also resulted in the inclusion of certain additional quality assurance costs in the overhead allocation. The adoption of this Section had no other impact on the Company's interim consolidated financial statements.

Section 3862, *Financial Instruments – Disclosure*, describes the required disclosures related to the significance of financial instruments on the Company's financial position and performance, the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. This Section complements the principles of recognition, measurement and presentation of financial instruments of Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation* and Section 3865, *Hedges*.

The impact of the adoption of Section 3862 is reflected in Note 9 of the March 31, 2009 Interim Consolidated Financial Statements.

Section 3863, *Financial Instruments – Presentation* and Section 3865, *Hedges*. The impact of the adoption of this standard is set out in Note 2 to the March 31, 2009 Interim Consolidated Financial Statements.

Section 3863, *Financial Instruments – Presentation*, establishes standards for presentation of financial instruments and non-financial derivatives. It replaces the standards of Section 3861, *Financial Instruments – Disclosure and Presentation*. The adoption of this standard did not impact the March 31, 2009 Interim Consolidated Financial Statements.

Section 1400, *General Standards of Financial Statement Presentation*, was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The main features of the amendments include:

- Management is required to make an assessment of an entity's ability to continue as a going concern;
- In making its assessment, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the balance sheet date;
- Financial statements must be prepared on a going concern basis unless management intends to liquidate the entity, to cease trading or cease operations, or has no realistic alternative but to do so;
- Disclosure is required of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern; and
- When financial statements are not prepared on a going concern basis, that fact should be disclosed, together with the basis upon which the financial statements are prepared and the reasons to entity is not regarded as a going concern.

The adoption of the above has no material impact on the Company's financial position or results of operations.

Recent Accounting Pronouncements

Section 3064, *Goodwill and Intangible Assets*, replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for the Company's interim and annual financial statements beginning on July 1, 2009. The Company is currently assessing the impact of the adoption of this new Section on its Consolidated Financial Statements.

The CICA plans to merge Canadian GAAP with International Financial Reporting Standards ["IFRS"] over a transition period expected to end in 2011. The Company is reviewing the transition to IFRS on its consolidated financial statements and has not yet determined the impact.

RISKS AND UNCERTAINTIES

Before making an investment decision with respect to the Company's common shares, investors should carefully consider the following risk factors, in addition to the other information included or incorporated by reference into this report and the annual report for the fiscal year ended June 30, 2008. The risks as set out in the annual report remain unchanged. The primary risks that may affect the Company during Fiscal 2009 are summarized below. If any of the risks and uncertainties occurs, the business, financial condition, prospects, or results of operations for the Company would likely suffer.

Impact of Capital Market and Global Economic Conditions: Considering the capital market conditions and the increasing challenges for companies to obtain financing, the Company is reviewing its overall capital management strategy in order to ensure that it has sufficient cash to finance its operations and capital needs for the future. A global slowdown in economic activity could negatively impact the Company's sales and the markets for its products in development. There can be no assurance that additional financing will be available to permit the Company to continue as a going concern.

Cash Flow and Financial Resources: The current burn rate of approximately \$0.6 million per month on average is expected to remain and grow during the remainder of Fiscal 2009. In the near-term, the Company will require cash to fund operations. The Company believes that it will be able to obtain long-term capital to support its corporate objectives. The Company is currently pursuing many opportunities to raise financial resources. However, it is impossible to guarantee the availability of additional financial resources, or that these will be available under acceptable terms and conditions. If the Company is unsuccessful in obtaining adequate funds or in obtaining funds on reasonable terms, it may need to:

- Terminate or delay clinical trials of its product candidates;
- Delay the scale-up of manufacturing capabilities;
- Curtail significant product development programs;
- Sell or assign rights to its technologies, existing products, or product candidates; and/or
- Undertake a corporate reorganization.

The Company may be unable to obtain partnerships for one or more of its product candidates, which could curtail future development and negatively impact its share price. The Company's product candidates require significant funding to reach regulatory approval upon positive clinical results. Such funding, in particular for Urocidin in bladder cancer, may be very difficult, or impossible, to raise in the public markets without significant dilution. If such partnerships are not attainable, the development of these product candidates may be significantly delayed or stopped altogether. The announcement of such delay or discontinuation of development may have a negative impact on the Company's share price. In addition, the Company's strategy for the research, development and commercialization of its products requires entering into various arrangements with corporate collaborators, licensors, licensees and others, and the Company's commercial success is dependent upon these outside parties meeting their respective contractual responsibilities. The amount and timing of resources that such third-parties will devote to these activities may not be within the Company's control. The Company cannot assure investors that such parties will perform their obligations as expected. The Company also cannot assure investors that its collaborators will devote adequate resources to its programs. In addition, the Company could become involved in disputes with its collaborators, which could result in a delay or termination of the related development programs, or result in litigation. The Company intends to seek collaborative arrangements to develop and commercialize some of its products. The Company may not be able to negotiate collaborative arrangements on favourable terms, or at all, in the future, and there is no guarantee that current or future collaborative arrangements will be successful.

Human clinical trials are long, expensive and uncertain processes and Health Canada or the U.S. Food and Drug Administration (FDA) may ultimately not approve any of the Company's product candidates. The Company may never develop any further commercial drugs or other products that generate revenues. The human health products under research have not yet received regulatory approval. The Company cannot market a pharmaceutical product in any jurisdiction until it has completed thorough pre-clinical testing and clinical trials, in addition to meeting that jurisdiction's extensive regulatory approval process requirements. In general, significant research and development and clinical studies are required to demonstrate the safety and effectiveness of products before the Company can submit any regulatory applications. Clinical trials are long, expensive and uncertain processes. Clinical trials may not be commenced or completed on schedule, and Health Canada or the FDA may ultimately not approve the Company's product candidates for commercial sale. Further, even if the results of the Company's pre-clinical or clinical trials are initially positive, it is possible that the Company will obtain different results in the later stages of drug development, or that results seen in clinical trials will not continue with longer term treatment. Drugs in late stages of clinical development may fail to show the desired safety and efficacy traits despite having progressed through initial clinical testing. For example, positive results in early Phase I or Phase II clinical trials may not be repeated in larger Phase II or Phase III clinical trials. The results of the Company's Phase III clinical trials with Urocidin in bladder cancer may not meet the primary endpoints of the trials despite generating promising pre-clinical and early stage clinical data.

In addition, unacceptable toxicities or adverse side effects may occur at any time in the course of clinical trials or, if any products are

successfully developed and approved for marketing, during commercial use of any approved products. The appearance of any such unacceptable toxicities or adverse side effects could interrupt, limit, delay or abort the development of any of the Company's product candidates or, if previously approved, necessitate their withdrawal from the market. Furthermore, disease resistance or other unforeseen factors may limit the effectiveness of the Company's potential products. The clinical trials of any of the Company's drug candidates could be unsuccessful, which would prevent it from advancing, commercializing or partnering the drug. The Company's failure to develop safe, commercially viable drugs would substantially impair its ability to generate revenues and sustain its operations and would materially harm its business and adversely affect its share price.

Early Stage Development: Several of the Company's products or processes are at an early stage of development. Significant additional investment in research and development and clinical trials of such product and process candidates is required prior to commercialization. A commitment of substantial time and resources is required to conduct research and clinical trials if the Company is to complete the development of any product or process. It is not known whether any of these product or process candidates will meet applicable health regulatory standards and obtain required regulatory approvals, whether such products or processes can be produced in commercial quantities at reasonable costs and be successfully marketed, or if the Company's investment in any such product or process candidate will be recovered through sales or royalties.

Manufacturing Facilities: The Company relies on having properly validated, fully functioning, and sufficiently sized manufacturing facilities in which to produce its products for market. Should systems fail, or a disaster strike, the ability to produce products would be negatively affected which, in turn, would affect revenue generation. The Company does not currently have backup manufacturing capacity for some of its key products. As a result, it would be forced to turn to external manufacturers should an unexpected event as described above occur.

Government Regulations: The manufacture and sale of animal and human therapeutic products is governed by numerous statutes and regulations in the United States, Canada, Ireland, and other countries where the Company intends to market its products. The subject matter of such legislation includes approval of manufacturing facilities, controlled research and testing procedures, review and approval of manufacturing, pre-clinical, and clinical data prior to marketing approval, adherence to good manufacturing practices (GMP) during production and storage, and regulation of marketing activities, notably advertising and labeling. The Company's products and processes will require significant development, pre-clinical and clinical testing, and investment of significant funds prior to their commercialization. There can be no assurance that any such products will actually be developed. The process of completing clinical testing and obtaining required approvals is likely to take several years and require the expenditure of substantial resources. Furthermore, there can be no assurance that the regulators will not require modification to submissions, which may result in delays or failure to obtain regulatory approval. Any delay or failure to obtain regulatory approvals could adversely affect the ability of the Company to utilize its technology, thereby adversely affecting operations. Further, there can be no assurance that the Company's product candidates will prove to be safe and effective in clinical trials, nor that they will receive the requisite regulatory approval. Foreign markets, other than the United States and Canada, impose similar restrictions.

Key Personnel: The Company's success is also dependent upon its ability to attract and retain a highly qualified work force, and to establish and maintain close relations with research centres. Competition is intense and the Company's success will depend, to a great extent, on its senior executives, scientific staff, and collaborators. The loss of key personnel could compromise the rhythm and success of product development.

Foreign Currency Risks: The Company is exposed to foreign currency risks as a result of the sales of products, purchase of materials, and costs of manufacturing operations in currencies other than the Canadian dollar.

Volatility of Share Prices: Share prices are subject to change because of numerous different factors related to Company activity, including reports of new information, changes in the Company's financial situation, the sale of shares in the market, the Company's failure to obtain results in line with the expectations of analysts, an announcement by the Company or any of its competitors concerning technological innovation, etc. During the past few years, shares of Bioniche Life Sciences Inc., other biopharmaceutical companies, and the investment market in general have been subjected to extreme fluctuations that were unrelated to the operational results of the companies affected. There is no guarantee that the market price of Company shares will be protected from any such fluctuations in the future.

Intellectual Property Infringement Claims: Third parties may claim that we infringe upon their intellectual property. Any such claims, with or without merit, could materially harm our business and operating results.

Suppliers: The Company is dependent on certain third parties for the supply involved in the manufacturing of certain key products. Although it seeks to secure alternative suppliers, an interruption in the availability of certain raw material sources could have a material adverse effect on the Company's business and financial condition.

Other Risks and Uncertainties

- The Company expects to continue to experience losses. It is also difficult to estimate timing and future costs of its research and development programs.
- The Company is indirectly subject to price regulation in certain countries and this could affect its gross margins.
- The Company may not achieve its projected development goals in the timeframes it announces and expects.
- Rapid technological change could make the Company's products obsolete.
- The Company faces uncertainties related to regulatory approval which could result in delays in product commercialization in certain territories.
- Even if the Company obtains marketing approval, its products will be subject to ongoing regulatory review.
- The Company's products, if approved, may fail to achieve market acceptance.
- Development of drugs can be costly and require years of research and development.
- If the Company cannot raise additional capital on acceptable terms, it may delay or be unable to pursue further development of its product portfolio, obtain regulatory approvals, or commercialize its product candidates.
- If the Company is unable to protect its intellectual property rights, its competitors may develop and market products with similar features that may reduce demand for its products and the effective commercialization of its products may be inhibited.
- The Company may become involved in lawsuits to protect or enforce its patents that would be expensive and time consuming.
- If third-party manufacturers of the Company's products fail to devote sufficient time and resources to its concerns, or if their performance is substandard, its clinical trials and product introductions may be delayed and its costs may rise.
- The Company may not be able to manufacture its products in commercial quantities, which would prevent it from marketing these products.
- The Company may not be able to successfully achieve its goals.
- The Company has international operations that expose it to additional business risks.
- The Company may incur losses associated with foreign currency fluctuations.
- The Company is subject to the risk of product liability claims, for which it may not have, nor be able to obtain, adequate insurance coverage.
- Some of the Company's products may use hazardous materials and, as a result, it is exposed to potential liability claims and to costs associated with complying with laws regulating hazardous waste.
- Future sales of common shares by the Company or its existing lenders or shareholders may cause its share price to fall.
- The Company has never paid dividends on its common shares, and it does not anticipate paying any cash dividends in the foreseeable future.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

In accordance with the Canadian Securities Administrators Multilateral Instrument 52-109, the Company has filed certificates signed by the President and Chief Executive Officer and the Senior Vice-President and Chief Financial Officer that, among other things, report on the design and effectiveness of disclosure controls and procedures, and the design of internal control over financial reporting.

The Company has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to the President and Chief Executive Officer and the Senior Vice-President and Chief Financial Officer, particularly during the period in which the interim filings are being prepared.

The Company has designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

All control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention or overriding of the controls or procedures. As a result, there is no certainty that the Company's disclosure controls and procedures or internal control over financial reporting will prevent all errors or all fraud.

There were no changes in the Company's internal controls over financial reporting that occurred during the quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

FORWARD-LOOKING STATEMENTS

This discussion and analysis contains certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events predicted in this document to differ materially from actual results or events. No assurance can be given that results, performance or achievement expressed in, or implied by, forward-looking statements within this disclosure will occur or, if they do, that any benefit may be derived from them.

OTHER INFORMATION ABOUT THE COMPANY

Additional information relating to the Company, including the Annual Information Form (AIF), is available on SEDAR at www.sedar.com.



Patrick Montpetit, CA, CF
Vice-President, Finance and Chief Financial Officer
May 5, 2009
Bioniche Life Sciences Inc.

NOTICE TO READER OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements of Bioniche Life Sciences Inc. (the “Company”) and the accompanying consolidated balance sheets as at March 31, 2009 and the interim consolidated statements of loss, deficit and comprehensive loss and cash flows for the three-month period ended March 31, 2009 are the responsibility of the Company’s management. These interim consolidated financial statements have not been audited or reviewed on behalf of the shareholders by the independent external auditors, Ernst & Young LLP.

The interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these interim consolidated financial statements in accordance with Canadian generally accepted accounting principles. Readers are cautioned that these interim consolidated financial statements may not be appropriate for their purposes.



Graeme McRae
Chairman, President and CEO
Belleville, Canada
May 5, 2009



Patrick Montpetit, CA, CF
Vice-President, Finance and Chief
Financial Officer
Montreal, Canada
May 5, 2009

Bioniche Life Sciences Inc.

Amalgamated under the laws of Ontario

INTERIM CONSOLIDATED BALANCE SHEETS*[Unaudited – see going concern uncertainty - note 1]*

	As at March 31, 2009	As at June 30, 2008
	\$	\$
ASSETS		
Current		
Cash and cash equivalents	2,899,383	4,399,065
Accounts receivable	6,220,576	6,443,299
Inventories <i>[notes 2 and 3]</i>	6,606,727	4,738,765
Prepaid expenses and deposits	704,215	640,326
Foreign currency embedded derivatives	–	59,693
	16,430,901	16,281,148
Long-term		
Restricted cash <i>[note 5]</i>	1,440,215	–
Property, plant and equipment	9,481,151	9,718,157
Intangible assets	7,081,058	7,688,698
Goodwill	456,155	456,155
Long-term accounts receivable	989,947	478,852
	35,879,427	34,623,010
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Revolving credit facility <i>[note 4]</i>	5,412,952	2,593,059
Accounts payable and accrued liabilities	10,516,416	8,341,398
Income taxes payable	126,265	104,592
Deferred government assistance <i>[note 5]</i>	323,327	–
Current portion of long-term debt and obligations under capital leases	884,034	706,505
	17,262,994	11,745,554
Long-term		
Long-term debt	1,212,536	1,673,853
Obligations under capital leases	1,035,850	1,176,237
Government assistance loans <i>[note 5]</i>	2,394,244	–
Deferred government incentives <i>[note 6]</i>	3,493,662	3,606,926
	25,399,286	18,202,570
Shareholders' Equity		
Share capital <i>[note 7]</i>	95,536,860	92,941,966
Special warrants <i>[note 7]</i>	2,174,008	2,174,008
Other paid-in capital <i>[notes 4 and 7]</i>	6,303,091	6,056,115
Deficit	(93,533,818)	(84,751,649)
	10,480,141	16,420,440
	35,879,427	34,623,010

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF LOSS, DEFICIT AND COMPREHENSIVE LOSS

[Unaudited – see going concern uncertainty - note 1]

For the three and nine months ended March 31

	Current Quarter 2009 \$	Last Year Quarter 2008 \$	Current Year-to-Date 2009 \$	Last Year-to-Date 2008 \$
REVENUE				
Sales	7,405,145	7,185,970	24,117,081	19,605,015
Cost of sales (excluding amortization) <i>[note 3]</i>	3,271,345	3,033,310	10,398,582	8,199,792
	4,133,800	4,152,660	13,718,499	11,405,223
EXPENSES				
Administration	1,614,154	1,609,317	4,711,532	5,212,451
Marketing and selling	1,413,356	1,734,872	5,040,758	5,104,963
Quality assurance	–	202,946	–	573,730
Interest on long-term debt	80,234	36,748	249,468	110,678
Other interest, net	126,261	27,120	237,774	(57,226)
Accreted interest on discounted receivables and interest-free loans	(5,636)	–	(19,542)	–
Amortization of property, plant and equipment	332,926	308,125	1,009,372	872,287
Amortization of intangible assets	199,280	214,130	607,640	642,387
Amortization of financing expenses	310,445	283,608	1,270,698	436,415
Foreign exchange loss (gain)	35,137	(71,387)	12,228	245,128
	4,106,157	4,345,479	13,119,928	13,140,813
Income (loss) before research and development expenses and other items	27,643	(192,819)	598,571	(1,735,590)
Research and development expenses, gross	3,565,505	4,416,249	10,595,782	11,646,663
Less: government incentives	(423,638)	(250,659)	(1,429,886)	(969,242)
Change in unrealized loss on foreign currency embedded derivatives	–	191,096	59,693	52,893
Loss before income taxes	(3,114,224)	(4,549,505)	(8,627,018)	(12,465,904)
Provision for (recovery of) income taxes	(61,277)	92,805	115,801	206,329
Net loss and comprehensive loss for the period	(3,052,947)	(4,642,310)	(8,742,819)	(12,672,233)
Transition adjustment due to change in accounting policy <i>[note 2]</i>	–	–	(39,350)	134,674
Deficit, beginning of period	(90,480,871)	(76,525,864)	(84,751,649)	(68,630,615)
Deficit, end of period	(93,533,818)	(81,168,174)	(93,533,818)	(81,168,174)
Basic and diluted net loss per share	(0.04)	(0.07)	(0.13)	(0.20)
Weighted-average number of common shares outstanding	71,411,362	62,791,700	69,863,738	62,246,607

See accompanying notes

**INTERIM CONSOLIDATED STATEMENTS
OF CASH FLOWS**

[Unaudited – see going concern uncertainty - note 1]

For the three and nine months ended March 31

	Current Quarter 2009 \$	Last Year Quarter 2008 \$	Current Year-to-Date 2009 \$	Last Year-to-Date 2008 \$
OPERATING ACTIVITIES				
Net loss for the period	(3,052,947)	(4,642,310)	(8,742,819)	(12,672,233)
Add (deduct) non-cash items:				
Amortization	842,651	805,863	2,887,710	1,951,089
Amortization of deferred government incentives <i>[note 6]</i>	(140,113)	–	(140,113)	–
Unrealized foreign exchange loss	233,454	231,039	599,728	177,593
Change in unrealized loss on foreign currency embedded derivatives	–	191,096	59,693	52,893
Accreted interest on discounted receivables and interest-free loans	(5,636)	–	(19,542)	–
Stock-based compensation	59,818	221,304	184,962	653,715
Warrants issued to consultants	–	–	700	–
Employee share ownership plan	166,135	188,061	506,333	499,383
Net change in non-cash working capital balances	(1,896,638)	(3,004,947)	(4,663,348)	(9337,560)
Cash used in operating activities	(2,679,871)	(1,901,652)	(5,250,579)	(9,065,030)
INVESTING ACTIVITIES				
Proceeds from maturity of short-term investments	–	–	–	9,500,000
Increase in restricted cash	(1,440,215)	–	(1,440,215)	–
Government incentives received on account of property, plant and equipment	7,227	–	60,301	4,641
Purchases of property, plant and equipment	(152,361)	(274,257)	(674,939)	(546,654)
Cash provided by (used in) investing activities	(1,585,349)	(274,257)	(2,054,853)	8,957,987
FINANCING ACTIVITIES				
Proceeds from deferred government incentives	332,098	–	434,499	49,965
Proceeds from government assistance <i>[note 5]</i>	1,597,071	–	2,373,502	–
Proceeds from term note	–	1,750,000	–	1,750,000
Payment of financing fees - debt	–	(43,000)	(11,036)	(43,000)
Proceeds from revolving credit facility	6,200,599	8,500,864	23,176,609	21,952,839
Repayment of revolving credit facility	(6,361,105)	(5,838,724)	(19,627,501)	(16,219,244)
Repayment of capital lease obligations	(99,942)	(20,663)	(229,967)	(84,986)
Repayment of senior and other long-term debt	(139,367)	(5,140)	(310,356)	(14,752)
Cash provided by financing activities	1,529,354	4,343,337	5,805,750	7,390,822
Net increase (decrease) in cash and cash equivalents during the period	(2,735,866)	2,167,428	(1,499,682)	7,283,779
Cash and cash equivalents, beginning of period	5,635,249	6,639,948	4,399,065	1,523,597
Cash and cash equivalents, end of period	2,899,383	8,807,376	2,899,383	8,807,376

See accompanying notes

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009 and 2008

Unaudited

1. NATURE OF THE BUSINESS AND GOING CONCERN UNCERTAINTY

Bioniche Life Sciences Inc. [“the Company”] is a Canadian biopharmaceutical company engaged in the research, development, manufacturing and commercializing of human and animal health products and technologies worldwide. The Company’s common stock is traded on the Toronto Stock Exchange [TSX: “BNC”]. The Company’s interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles [“GAAP”] on a going concern basis, which presumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate.

At March 31, 2009, the Company has incurred significant losses and had an accumulated deficit of \$93,533,818. The Company’s committed cash obligations and expected level of expenses for the year exceeds the cash and cash equivalents on hand. To date, the Company has financed its cash requirements primarily through issuances of shares and debt, investment tax credits, sale of products, royalties, government grants, and a revolving credit facility. The Company’s revolving credit facility expires on June 30, 2009. The Company is actively working on replacing the revolving credit facility with other banking partners and at the same time is negotiating a partnership deal for Urocidin™. While the Company has received significant interest in *Urocidin* from a number of potential partners, it has not yet finalized a transaction and the timeline for doing so has exceeded management’s expectations. Given such delays and the Company’s near-term cash needs, the Company is currently working on broadening its fundraising strategies to include possible asset or segment dispositions. The Company’s ability to continue as a going concern is dependent upon successfully concluding on one or both of these matters by June 30, 2009 or by obtaining further bridging capacity or an extension of the revolving credit facility until such negotiations are successfully concluded. The Company’s ability to continue as a going concern is also dependent upon its ability to continue to sell its products at positive margins, to bring new products to market, to obtain regulatory approvals, to enter into research collaborations, to obtain additional financing and to achieve future profitable operations. The successful resolution of these matters is dependent upon factors outside of the Company’s control and therefore there is significant uncertainty about the Company’s ability to continue as a going concern.

These interim consolidated financial statements do not give effect to any adjustments to the amounts and classifications of assets and liabilities which might be necessary should the Company not be successful in its efforts to obtain additional financing, or to receive significant funds on entering into research collaborations. Such adjustments could be material.

These interim consolidated financial statements do not contain all disclosures required by GAAP for annual financial statements and, accordingly, these financial statements should be read in conjunction with the most recently prepared annual consolidated financial statements for the year ended June 30, 2008. These unaudited interim consolidated financial statements follow the same accounting policies and methods of their application as outlined in the most recent annual consolidated financial statements, except as described in note 2 below.

The preparation of the interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The reported amounts and note disclosures are determined using management’s best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results, however, may differ from the estimates used in these interim consolidated financial statements and such differences may be material.

2. CHANGES IN ACCOUNTING POLICIES

Effective July 1, 2008, the Company adopted the following recently introduced Canadian Institute of Chartered Accountants [“CICA”] Handbook Sections without restatement of prior periods.

Section 1535, *Capital Disclosures*, establishes standards for disclosing information about an entity’s capital and how it is managed to enable users of financial statements to evaluate the entity’s objectives, policies and procedures for managing capital. The impact of these changes is reflected in note 9 to the interim consolidated financial statements.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009 and 2008

Unaudited

2. CHANGES IN ACCOUNTING POLICIES [Cont'd]

Section 3031, *Inventories*, replaces the existing standard for inventories, Section 3030. The main features of the new Section are as follows:

- Measurement of inventories at the lower of cost and net realizable value;
- Consistent use of either first-in, first-out or a weighted average cost formula to measure cost; and
- Reversal of previous write-downs to net realizable value when there is a subsequent increase to the value of inventories.

The transitional provisions of the Section require that the standard be applied to the opening inventory of the period, with any resulting adjustment recorded in the opening deficit. The adoption of this Section resulted in a decrease of \$39,350 to the opening inventory as at July 1, 2008 and consequently the opening balance of deficit was increased by \$39,350. Prior periods were not restated. In addition to a refinement of the method for determining the net realizable value of inventory, the adoption of this Section also resulted in the inclusion of certain additional quality assurance costs in the overhead allocation. The adoption of this Section had no other impacts on the Company's interim consolidated financial statements.

Section 3862, *Financial Instruments – Disclosures*, describes the required disclosures related to the significance of financial instruments on the Company's financial position and performance and the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. This Section complements the principles of recognition, measurement and presentation of financial instruments of Section 3855, *Financial Instruments – Recognition and Measurement*, Section 3863, *Financial Instruments – Presentation* and Section 3865, *Hedges*. The impact of the adoption of Section 3862 is reflected in note 10 to the interim consolidated financial statements.

Section 3863, *Financial Instruments – Presentation*, establishes standards for presentation of financial instruments and non-financial derivatives. It replaces standards of Section 3861, *Financial Instruments – Disclosure and Presentation*. The adoption of this change in accounting policy has had no impact on the Company's interim consolidated financial statements.

Section 1400, *General Standards of Financial Statement Presentation*, was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The main features of the changes are as follows:

- Management is required to make an assessment of an entity's ability to continue as a going concern;
- In making its assessment, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the balance sheet date;
- Financial statements must be prepared on a going concern basis unless management intends to liquidate the entity, to cease trading or cease operations, or has no realistic alternative but to do so;
- Disclosure is required of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern; and
- When financial statements are not prepared on a going concern basis, that fact should be disclosed, together with the basis on which the financial statements are prepared and the reasons the entity is not regarded as a going concern.

The adoption of this change in accounting policy has had no impact on the Company's interim consolidated financial statements.

Recent Accounting Pronouncements

In February 2008, the CICA issued Section 3064, *Goodwill and Intangible Assets*. Section 3064, which replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*, establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This standard is effective for the Company's interim and annual consolidated financial statements beginning on July 1, 2009. The Company is currently assessing the impact of the adoption of this new section on its consolidated financial statements.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009 and 2008

Unaudited

3. INVENTORIES

	March 31, 2009	June 30, 2008
	\$	\$
Raw materials	1,380,063	996,202
Work in process	1,413,009	1,060,445
Finished goods	3,813,655	2,682,118
	6,606,727	4,738,765

During the three-month and nine-month periods ended March 31, 2009, inventories in the amount of \$3,093,776 and \$9,940,072 respectively were recognized as cost of sales.

4. REVOLVING CREDIT FACILITY

Subsequent to the end of the March 31, 2009 quarter, the maturity date of this facility was formalized as June 30, 2009. A fee of US \$400,000 is payable in cash for this amendment. The revolving credit facility [the "Facility"] has a maximum available amount of US \$5,500,000. Amounts drawn are based on 90% of eligible accounts receivable and 35% of eligible North American inventory capped at US \$2,500,000 plus an additional US \$3,000,000. The Facility bears interest at the Wall Street Journal (WSJ) prime plus 2.5% but not less than 10%. All fees incurred for the various amendments to this Facility up to the end of the current quarter have been fully amortized using the effective interest rate method.

On September 9, 2008, the Company issued 4,565,049 common shares in lieu of cash principal repayments of \$1,966,920 [US \$1,850,000] and 211,429 five-year warrants valued at \$61,315 using the Black-Scholes option pricing model and the following assumptions: a risk-free interest rate of 5.5%, expected dividend yield of 0%, expected volatility of 66% and expected life of 5 years. The value of the warrants has been recorded as a reduction of the carrying value of the Facility with a corresponding credit to other paid-in capital and has been amortized over the remaining life of the Facility, which at that time ended December 9, 2008, using the effective interest rate method.

As at March 31, 2009, \$5,412,952 [US \$4,306,247] [June 30, 2008 - \$3,157,294 [US \$3,097,208]] has been drawn on this Facility. At March 31, 2009, all financial expenses have been fully amortized. The June 30, 2008 balance, net of unamortized financial expenses is \$2,593,059 [US \$2,543,711].

5. GOVERNMENT ASSISTANCE LOANS**Ministry of Economic Development and Trade**

Ministry of Economic Development and Trade ["MEDT"] loan advances are based on eligible expenditures made by the Company since April 12, 2007, to scale up a vaccine production facility in Belleville, Ontario, to a maximum amount of \$10,000,000. During the incentive period, which runs until August 22, 2013, the loan is interest-free provided the Company meets certain targets by the end of the incentive period. No principal payments are due during the incentive period. Repayment of the loan balance on the last day of the incentive period will consist of annual payments of 20% of the principal balance plus interest calculated at 5.69% beginning at the end of the incentive period, the first payment being due August 22, 2014.

During the quarter, the Company received an advance under this program to expedite the scale-up of the vaccine production facility. The proceeds from this advance can only be used on admissible costs associated with the expansion project. At March 31, 2009, \$1,440,215 of the balance in cash and cash equivalents is restricted for use in this project.

Advances under the MEDT loan are initially recorded at their estimated fair value using a discount rate of 5.69%. The difference between this amount and cash received is recorded as government assistance. During the nine-month period ended March 31, 2009, the Company received \$2,931,815, recorded a government assistance loan of \$2,255,151 and \$676,664 in related government assistance as well as accreted interest of \$18,474. Due to funding having been received in advance of project expenditures, \$323,327 of the government assistance will apply to future expenditures and has been reflected as deferred at March 31, 2009.

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009 and 2008

Unaudited

5. GOVERNMENT ASSISTANCE LOANS [Cont'd]**Department of Agriculture and Agri-Food (Canada)**

Department of Agriculture and Agri-Food (Canada) ["Agri-Ops"] loan advances are based on eligible expenditures made by the Company since September 21, 2007, to scale up a vaccine production facility in Belleville, Ontario, to a maximum amount of \$5,000,000. The loan is interest-free. Principal repayment begins July 1, 2013, with payments of \$83,333 per month.

Advances under the Agri-Ops loan are initially recorded at their estimated fair value using a discount rate of 7.50%. The difference between this amount and cash received is recorded as government assistance. During the nine-month period ended March 31, 2009, the Company received \$199,122, recorded a government assistance loan of \$118,352 and \$80,770 in related government assistance as well as accreted interest of \$2,267.

6. DEFERRED GOVERNMENT INCENTIVES AND GOVERNMENT ASSISTANCE**Deferred Government Incentives - Urocidin**

During the quarter ended March 31, 2009, the maximum eligible reimbursement under the federal contribution program with Industry Canada's Industrial Technology Office ["ITO"] for Urocidin was reached. As a result, claims for additional expenditures will be applied against the accelerated reimbursements previously received and recorded as deferred government incentives. Claims in the quarter have resulted in \$140,113 of deferred government incentives being recognized as government incentives.

Government Assistance

During the quarter ended March 31, 2009, the Rural Economic Development Program ["RED"] agreed to accelerate funding for market development related to Ecoli 0157 cattle vaccine from 50% of eligible expenditures to 70%, with the maximum total funding remaining at \$2,000,000. The holdback of 10% continues to apply to this amount. As a result, the Company received the additional 20%, subject to the 10% holdback, for all claims from August 16, 2007 to December 31, 2008.

7. SHARE CAPITAL AND OTHER PAID-IN CAPITAL**Authorized**

The authorized capital of the Company is as follows:

- unlimited number of common shares; and
- unlimited number of preferred shares issuable in Series with no par value

Issued share capital consists of the following:

	March 31, 2009	June 30, 2008
	\$	\$
Preferred shares - Series I - 167	161,000	161,000
Preferred shares - Series II - 9,000,000	8,798,787	8,798,787
Common shares - 71,532,411 [June 30, 2008 - 65,782,510]	86,577,073	83,982,179
	95,536,860	92,941,966

The changes in issued and fully paid common shares of the Company during the nine months ended March 31, 2009 are as follows:

	Shares #	Amount \$
Opening balance	65,782,510	83,982,179
Issued as a result of:		
Employee share ownership plan [i]	1,023,180	514,804
Share compensation [ii]	161,672	113,170
Principal repayment of revolving debt [note 4]	4,565,049	1,966,920
Ending balance	71,532,411	86,577,073

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009 and 2008

Unaudited

7. SHARE CAPITAL AND OTHER PAID-IN CAPITAL [Cont'd]**[i] Employee share ownership plan**

During the nine-month period ended March 31, 2009, the Company issued 1,023,180 common shares [2008 – 590,560] under the employee share ownership plan totalling \$514,804 [2008 - \$456,451]. During the three-month period ended March 31, 2009, the Company issued 371,867 common shares [2008 – 204,447] totalling \$166,950 [2008 - \$185,146].

[ii] Share compensation

During the nine-month period ended March 31, 2009, the Company issued 161,672 common shares [2008 - 73,560] as director's remuneration totalling \$113,170 [2008 - \$76,502]. During the three-month period ended March 31, 2009, no shares were issued.

The changes in Other paid-in capital of the Company during the nine months ended March 31, 2009 are as follows:

	Amount \$
Opening balance	6,056,115
Issued as a result of:	
Options issued to a consultant [iii]	700
Fair value of stock options vested [iii]	184,961
Warrants issued in connection with the revolving debt [note 4]	61,315
Ending balance	6,303,091

[iii] Stock Options

The changes in the number of options granted by the Company and their weighted-average exercise prices, for the nine-month period ended March 31, 2009 and 2008 are as follows:

	2009		2008	
	#	\$	#	\$
Balance, beginning of period	4,286,501	2.06	3,861,501	2.23
Granted	2,000	0.70	425,000	0.93
Expired/modified	(55,000)	2.89	(25,000)	2.95
Balance, end of period	4,233,501	2.04	4,261,501	2.08
Exercisable	2,150,601	2.18	1,569,701	2.32

On July 17, 2008, the Company issued 2,000 three-year stock options, vesting immediately and with an exercise price of \$0.70, to a consultant as previously approved at the November 8, 2007 Annual Shareholders' Meeting. As the options are fully vested at the grant date, the entire estimated fair value of \$700 has been recorded as an administration expense, with an offset to other paid-in capital.

The grant date fair value of options is recognized as an expense over the vesting period. The amount recognized as a compensation expense during the three-month and nine-month periods ended March 31, 2009 was \$59,818 and \$184,961 respectively [2008 - \$94,585 and \$273,559 respectively].

The fair value of options granted during the nine months ended March 31, 2009 and 2008 was estimated using the Black-Scholes option pricing model, resulting in the following weighted-average assumptions:

	2009	2008
Risk-free interest rate	5.50%	5.80%
Expected volatility	81.9%	56.0%
Expected option life	3.0 years	5.0 years
Dividend yield	0%	0%
Weighted-average fair value of options granted	\$0.35	\$0.51

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009 and 2008

Unaudited

7. SHARE CAPITAL AND OTHER PAID-IN CAPITAL [Cont'd]**Warrants**

The changes in the number of warrants outstanding, including special warrants, and their weighted-average exercise prices, for the nine-month period ended March 31, 2009 and 2008 are as follows:

	2009		2008	
	#	\$	#	\$
Balance, beginning of period	10,903,861	1.37	10,633,861	1.39
Granted to revolving credit facility holder [note 4]	211,429	0.49	—	—
Expired	(700,000)	2.10	—	—
Balance, end of period	10,415,290	1.31	10,633,861	1.39

The value of all warrants, except special warrants, is included in Other paid-in capital.

On March 13, 2009, all special warrants listed for trading expired and were delisted, then extended as unlisted warrants to May 12, 2009. Each of these 7,676,554 warrants is exercisable for one common share at \$1.40 per share. The expiry date on a further 1,027,308 broker warrants was also extended to May 12, 2009. Each of the broker warrants is exercisable for one common share and one-half of a warrant to purchase a common share. Each broker warrant is exercisable at \$1.20 per unit. Each full attached warrant is exercisable at \$1.40 per share.

8. SEGMENTED FINANCIAL INFORMATION

The Company's three reportable segments, Animal Health, Human Health and Food Safety are strategic business units that offer different products and require different technology and marketing strategies.

The Company accounts for inter-segment sales on a cost plus basis.

	Current Quarter March 2009				
	Human Health	Animal Health	Food Safety	Corporate	Total
	\$	\$	\$	\$	\$
Sales	—	7,404,949	196	—	7,405,145
Cost of sales	—	3,154,674	116,671	—	3,271,345
Expenses	—	1,803,805	64,664	1,159,041	3,027,510
EBITDA before research and development	—	2,446,470	(181,139)	(1,159,041)	1,106,290
Research & development expenses, gross	2,665,037	433,756	466,712	—	3,565,505
Less: government incentives, net	(357,431)	—	(66,207)	—	(423,638)
Net research and development expenses	2,307,606	433,756	400,505	—	3,141,867
Interest expense, net	—	11,559	—	189,300	200,859
Amortization of property, plant and equipment and intangible assets	300,355	188,186	15,985	27,680	532,206
Amortization of financing expenses	—	—	—	310,445	310,445
Foreign exchange loss	—	—	—	35,137	35,137
Unrealized gain on foreign currency embedded derivatives	—	—	—	—	—
Segment income (loss) before taxes	(2,607,961)	1,812,969	(597,629)	(1,721,603)	(3,114,224)
Inter-segment sales	—	—	—	4,055,512	4,055,512

**NOTES TO INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

March 31, 2009 and 2008

Unaudited

8. SEGMENTED FINANCIAL INFORMATION [Cont'd]

	Last Year Quarter March 2008				Total \$
	Human Health \$	Animal Health \$	Food Safety \$	Corporate \$	
Sales	–	7,174,070	11,900	–	7,185,970
Cost of sales	–	3,027,821	5,489	–	3,033,310
Expenses	–	2,055,377	456,502	1,035,256	3,547,135
EBITDA before research and development	–	2,090,872	(450,091)	(1,035,256)	605,525
Research & development expenses, gross	3,258,247	444,592	713,410	–	4,416,249
Less: government incentives, net	(193,004)	–	(57,655)	–	(250,659)
Net research and development expenses	3,065,243	444,592	655,755	–	4,165,590
Interest expense, net	–	20,135	–	43,733	63,868
Amortization of property, plant and equipment and intangible assets	268,387	206,731	26,525	20,612	522,255
Amortization of financing expenses	–	–	–	283,608	283,608
Foreign exchange loss	–	–	–	(71,387)	(71,387)
Unrealized gain on foreign currency embedded derivatives	–	–	–	191,096	191,096
Segment income (loss) before taxes	(3,333,630)	1,419,414	(1,132,371)	(1,502,918)	(4,549,505)
Inter-segment sales	–	–	–	3,984,195	3,984,195

	Current Year-to-Date March 2009				Total \$
	Human Health \$	Animal Health \$	Food Safety \$	Corporate \$	
Sales	–	24,112,686	4,395	–	24,117,081
Cost of sales	–	10,050,208	348,374	–	10,398,582
Expenses	–	5,77,960	804,508	3,169,822	9,752,290
EBITDA before research and development	–	8,284,518	(1,148,487)	(3,169,822)	3,966,209
Research & development expenses, gross	7,834,110	1,366,552	1,395,120	–	10,595,782
Less: government incentives, net	(1,112,024)	–	(317,862)	–	(1,429,886)
Net research and development expenses	6,722,086	1,366,552	1,077,258	–	9,165,896
Interest expense, net	–	37,289	–	430,411	467,700
Amortization of property, plant and equipment and intangible assets	881,289	565,811	36,578	133,334	1,617,012
Amortization of financing expenses	–	–	–	1,270,698	1,270,698
Foreign exchange loss	–	–	–	12,228	12,228
Unrealized gain on foreign currency embedded derivatives	–	–	–	59,693	59,693
Segment income (loss) before taxes	(7,603,375)	6,314,866	(2,262,323)	(5,076,186)	(8,627,018)
Inter-segment sales	–	–	–	12,753,614	12,753,614

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8. SEGMENTED FINANCIAL INFORMATION [Cont'd]

	Last Year-to-Date March 2008				
	Human Health	Animal Health	Food Safety	Corporate	Total
	\$	\$	\$	\$	\$
Sales	–	19,590,365	14,650	–	19,605,015
Cost of sales	–	8,192,850	6,942	–	8,199,792
Expenses	–	5,926,832	1,287,995	3,676,317	10,891,144
EBITDA before research and development	–	5,470,683	(1,280,287)	(3,676,317)	514,079
Research & development expenses, gross	8,448,902	1,404,047	1,793,714	–	11,646,663
Less: government incentives, net	(766,494)	–	(202,748)	–	(969,242)
Net research and development expenses	7,682,408	1,404,047	1,590,966	–	10,677,421
Interest expense, net	–	61,064	–	(7,612)	53,452
Amortization of property, plant and equipment and intangible assets	789,660	596,439	69,510	59,065	1,514,674
Amortization of financing expenses	–	–	–	436,415	436,415
Foreign exchange loss	–	–	–	245,128	245,128
Unrealized gain on foreign currency embedded derivatives	–	–	–	52,893	52,893
Segment income (loss) before taxes	(8,472,068)	3,409,133	(2,940,763)	(4,462,206)	(12,465,904)
Inter-segment sales	–	–	–	10,655,275	10,655,275

9. MANAGEMENT OF CAPITAL

The Company's capital management objectives are to safeguard its ability to continue as a going concern and to fund its research and development activities, to pursue its commercialization efforts and to maintain its ongoing operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of debt or equity, and by entering into strategic partnerships which will generate funds to finance its operations.

In the management of capital, the Company includes the revolving credit facility, shareholders' equity, the Business Development Bank of Canada loan ["BDC"] facility and ANZ Bank mortgage included in long-term debt, and government assistance in the form of interest free loans from the Ministry of Economic Development and Trade and the Department of Agriculture and Agri-Food (Canada).

All future advances on the BDC loan facility, the two government assistance loans and advances from the Industrial Technology Office are capital resources targeted for the scale up of the vaccine production facility in Belleville, Ontario.

	March 31, 2009	June 30, 2008
	\$	\$
Revolving credit facility	5,412,952	2,593,059
Shareholders' equity	10,480,141	16,420,440
Long-term debt (including current portion)	2,096,570	2,123,444
Government assistance loans	2,394,244	–
	20,383,907	21,136,943

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9. MANAGEMENT OF CAPITAL [Cont'd]

The Company is subject to certain financial covenants, measured on an annual basis each June 30th related to its BDC loan.

Considering the recent financial market conditions and the increasing difficulties for companies to obtain financing, the Company is reviewing its overall capital management strategy, in order to ensure that the Company has enough cash and cash equivalents to finance its operations and capital needs.

The Company has described its initiatives in note 1, however, other initiatives may have to be undertaken should these prove unsuccessful.

10. FINANCIAL INSTRUMENTS**Classification of financial instruments**

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the “Financial Instruments – Recognition and Measurement” section of note 3 to the Company’s 2008 consolidated financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses are recognized. As at March 31, 2009, the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

	Held for trading \$	Loans and receivables \$	Other financial liabilities \$	Total carrying value \$	Fair value \$
Financial assets¹					
Cash and cash equivalents	4,339,598	–	–	4,339,598	4,339,598
Accounts receivable ²	–	5,142,771	–	5,142,771	5,142,771
Long-term accounts receivable	–	989,947	–	989,947	989,947
	4,339,598	6,132,718	–	10,472,316	10,472,316
Financial liabilities					
Revolving credit facility	–	–	5,412,952	5,412,952	5,412,952
Accounts payable and accrued ³ liabilities	–	–	7,708,823	7,708,823	7,708,823
Long-term debt ⁴	–	–	1,848,638	1,848,638	1,848,638
Government assistance loans	–	–	2,394,244	2,394,244	2,394,244
	–	–	17,364,657	17,364,657	17,364,657

¹The financial assets have been pledged as collateral in connection with the revolving credit facility.

²Excluding non-financial assets comprised of employee advances, provincial and federal sales taxes and tax credits receivable totaling \$1,077,805.

³Excluding non-financial liabilities comprised of provincial and federal sales and capital taxes, accruals that are not contractual obligations and amounts that will be settled in shares totaling \$2,807,593.

⁴Excluding financing expenses recorded as a reduction of the loan balance totaling \$78,456.

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10. FINANCIAL INSTRUMENTS [Cont'd]**Fair values**

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. Accordingly, the estimated fair values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies. The methods and assumptions used to estimate the fair value of financial instruments are described below:

- Given their short-term maturity, the fair value of cash and cash equivalents, accounts receivable, the revolving credit facility and accounts payable and accrued liabilities approximate their carrying values.
- Long-term receivables are carried at amortized cost. As each component has been discounted at a rate the Company would expect for similar receivables, the amortized cost approximates fair value.
- The fair value of long-term debt is approximately equal to the carrying value due to the variable rates of interest charged on these loans.
- Government assistance loans are carried at their amortized cost, which approximates fair value due to the use of discount rates the Company would expect for similar loans.

Foreign currency risk

The Company operates internationally and a substantial portion of its revenue from product sales is denominated in US dollars, Euros and Australian dollars. This results in financial risk due to fluctuations in the value of the Canadian dollar relative to these currencies. The Company has a natural hedge for a portion of this risk, in that many of its expenditures are in US dollars, Euros and Australian dollars. Fluctuations in payments made for the Company's products could cause unanticipated fluctuations in the Company's consolidated operating results. At March 31, 2009, the Company has not entered into any currency hedging contracts to manage foreign currency risk.

The significant balances in foreign currencies are as follows:

	U.S. dollars		Euros	
	March 31 2009 \$	June 30 2008 \$	March 31 2009 €	June 30 2009 €
Cash and cash equivalents	1,420,646	940,058	168,380	397,574
Accounts receivable	2,527,215	2,549,626	438,725	636,146
Revolving credit facility	(4,395,474)	(3,125,522)	-	-
Accounts payable and accrued liabilities	(3,159,096)	(2,522,494)	(227,111)	(460,792)
	(3,606,709)	(2,158,332)	379,994	572,928
	AUS dollars		NZL dollars	
	March 31 2009 \$	June 30 2008 \$	March 31 2009 \$	June 30 2008 \$
Cash and cash equivalents	111,672	133,844	-	-
Accounts receivable	609,983	481,113	152,444	-
Accounts payable and accrued liabilities	(450,170)	(331,072)	(38,804)	(62,692)
Long-term debt	(474,195)	(470,610)	-	-
	(202,710)	(186,725)	113,640	(62,692)

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10. FINANCIAL INSTRUMENTS [Cont'd]

Based on the above net exposure as at March 31, 2009, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the other currencies would have resulted in the following impact on net loss and comprehensive loss as follows:

	Canadian dollar	
	Appreciate 10% \$	Depreciate 10% \$
Against the U.S. dollar	453,363	(453,363)
Against the Euro	(63,406)	63,406
Against the AUS dollar	17,626	(17,626)
Against the NZL dollar	(8,122)	8,122
Decrease (increase)	399,461	(399,461)

Credit risk

Credit risk is the risk of an unexpected loss if a counterparty to a financial instrument fails to meet its contractual obligations.

The Company monitors the credit risk and credit standing of counterparties on a regular basis. Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of customers and their dispersion across many geographic areas. Of total trade receivables as at March 31, 2009 of \$4.9 million, 58% are aged as current, 17% are aged between one and thirty days past due, 13% are aged between thirty-one and sixty days past due and 12% are aged sixty-one or more days past due. As at March 31, 2009, accounts receivable with respect to government incentives represented 6% of current assets [June 30, 2008 - 10%]. At March 31, 2009, one customer comprised 10% of trade receivables [June 30, 2008 - one customer, 10%].

Cash is held with one Canadian chartered bank, two U.S. banks, one Irish bank and one Australian bank. Cash equivalents are held in banker's acceptance notes in a second Canadian chartered bank.

The maximum extent of the Company's exposure to credit risk is the aggregate carrying value of the Company's financial assets.

Liquidity risk [see going concern uncertainty - note 1]

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective is to provide for expected cash requirements and accommodate for changes in liquidity needs.

The Company manages this risk by managing its capital structure, through continuous monitoring of its actual and projected cash flows.

The following are the contractual maturities of financial liabilities at March 31, 2009:

	Total \$	Less than 1 year \$	1-3 years \$	4-5 years \$	More than 5 years \$
Revolving credit facility	5,412,952	5,412,952	-	-	-
Accounts payable and accrued liabilities	7,708,823	7,708,823	-	-	-
Long-term debt	1,848,638	557,646	1,011,230	89,159	190,603
Government assistance loans	3,130,937	-	-	199,121	2,931,816
	18,101,350	13,679,421	1,011,230	288,280	3,122,419

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10. FINANCIAL INSTRUMENTS [Cont'd]**Interest rate risk**

Financial instruments that potentially subject the Company to cash flow interest rate risk are those assets and liabilities with a variable interest rate. Accounts receivable, accounts payable and accrued liabilities bear no interest. The revolving credit facility and both the BDC and ANZ loan facilities which are included in long-term debt have variable interest rates. Based on the value of these variable interest-bearing liabilities as of March 31, 2009, an assumed 25 basis point increase or decrease in interest rates during the nine-month period ended March 31, 2009 would have resulted in decreases (increases) in net loss and comprehensive loss as follows:

	Interest rate	
	Increase 25 pts. \$	Decrease 25 pts. \$
Decrease (increase) in net loss and comprehensive loss	(12,641)	12,641

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. Certain cash equivalents bear interest at a fixed rate but are not deemed significant due to the short term of the investment. Long-term accounts receivable bear no interest but are carried at amortized cost, calculated using discount rates appropriate to each component. The Company's obligations under capital leases are at fixed rates of interest. The Company's government assistance loans are interest-free as described in note 5. They are carried at amortized cost, calculated using discount rates appropriate to each component.

11. RELATED PARTY TRANSACTIONS

During the first nine months of Fiscal 2009, the Company made interest only payments of \$13,044 and seven lease payment of \$16,667 to a company controlled by the CEO who is also a Director of the Company [2008 - nine lease payments of \$16,667 per month]. These transactions are recorded at the exchange amount.

12. SUBSEQUENT EVENTS

Subsequent to the end of the March 31, 2009 quarter, the maturity date of the revolving credit facility was formalized as June 30, 2009. A fee of US \$400,000 is payable in cash for this amendment [note 4].

Also subsequent to the quarter end, the Company received a \$278,000 advance on an existing government assistance arrangement to facilitate and expedite the scale-up of the *E. coli* vaccine production facility at the Company's Belleville, Ontario location. The proceeds from this advance can only be used on admissible costs associated with the expansion project.

CORPORATE DATA

BOARD OF DIRECTORS

GRAEME MCRAE (3) (4) (6)
Chairman, President and CEO
Bioniche Life Sciences Inc.

STANLEY ALKEMADE, D.V.M. (4) (5) (6)
President, BioMedEx Inc.

ARMEN APRIKIAN, M.D., F.R.C.S. (C) (OBSERVER) (4)
Head, Division of Urology, Department of Surgery, McGill University
& Interim Chief, Department of Oncology, McGill University Health Centre

ALBERT BERALDO (1) (2) (6)
President, Alveda Pharmaceuticals Inc.

MARGARET CUNNINGHAM, PH.D. (1) (6)
Director of the School of Business, Associate Dean, and R. A. Jodrey Chair, Faculty of Management,
Dalhousie University, Halifax, Nova Scotia

PIERRE-YVES DESBIENS, C.A., MBA (1) (2) (6)
Vice-President, Finance, PureCell Technologies Inc.

JAMES JOHNSON PH.D. (4) (6)
Partner, King & Spalding LLP

LYLE VANCLIEF (3) (6)
Agricultural and Agri-Food Consultant

- 1 Member of the Audit Committee
- 2 Member of the Compensation Committee
- 3 Member of the Corporate Governance and Nominating Committee
- 4 Member of the Scientific Audit Committee
- 5 Member of the Risk Management Committee
- 6 Each Director has been elected to hold office until the date of the Company's next Annual Meeting of Shareholders

EXECUTIVE MANAGEMENT

Graeme McRae
Chairman, President and CEO

Cindy Benning
Vice-President, Operations, Corporate Quality and Regulatory Affairs

François Charette, M.D., MBA
Senior Vice-President and Chief Medical Officer

Rick Culbert
President, Bioniche Food Safety

Mohamed Elrafih
Vice-President, Manufacturing Operations

Andrew Grant
Divisional President, Bioniche Animal Health Export Sales,
Europe & Australia

Cameron Groome
Executive Vice-President, Corporate & Strategic Development

Bruce McLeod
Vice-President, Human Resources

Patrick Montpetit, CA, CF
Vice-President, Finance and Chief Financial Officer

Jim Phillips
President, Bioniche Animal Health (Global)

Nigel C. Phillips, Ph.D.
Senior Vice-President, Scientific Affairs and Chief Scientific Officer

Dragan Rogan, Ph.D.
Vice-President, Research & Development
Animal Health

Jennifer Shea
Vice-President, Communications, Investor & Government Relations

Rick Sutin
Corporate Secretary (interim)

Dr. Gary Weber
President, Bioniche Food Safety (U.S.)

STOCK LISTING:
Toronto Stock Exchange
Symbol: BNC

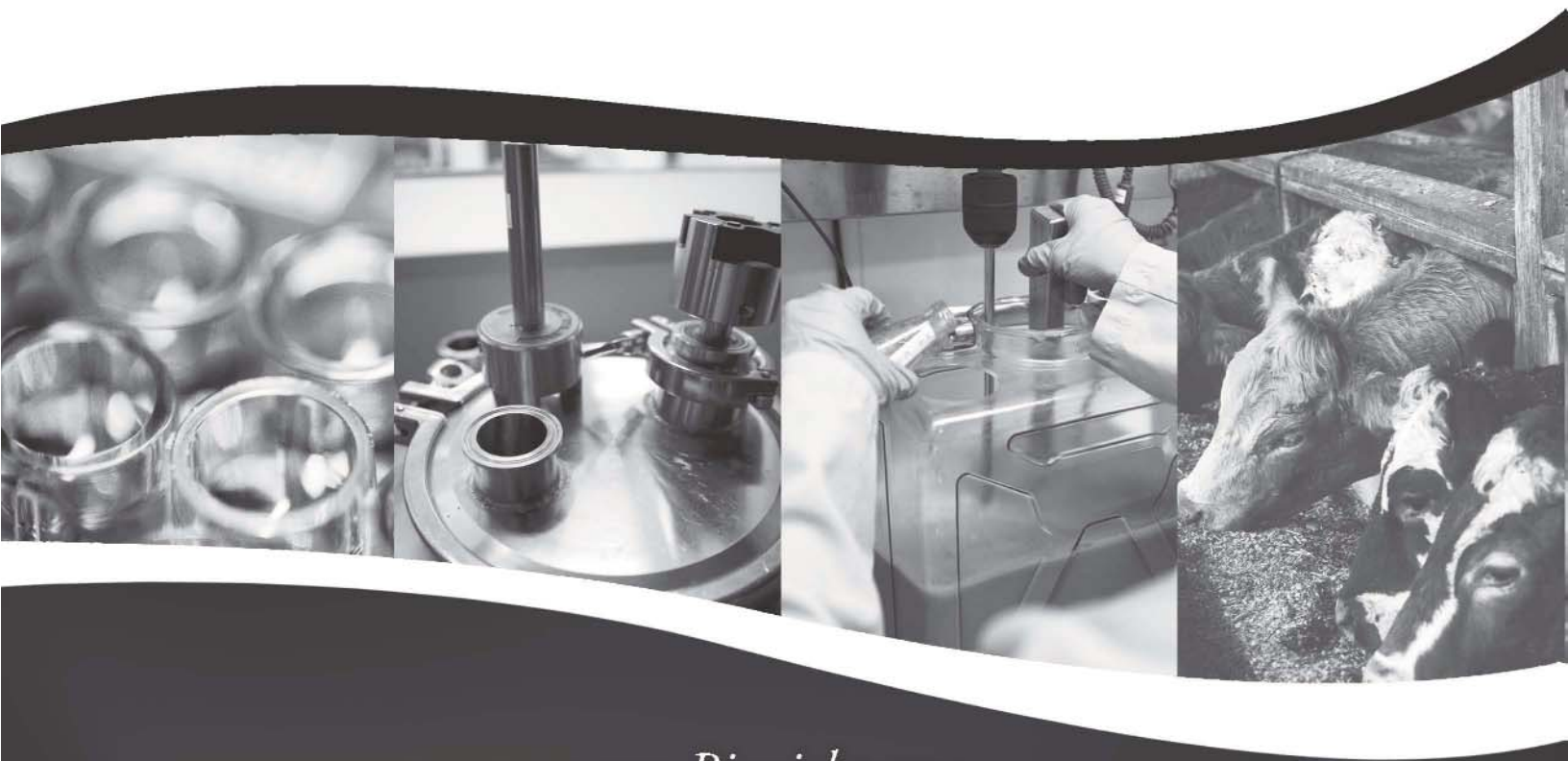
LEGAL COUNSEL:
Ogilvy, Renault
Toronto, Ontario, Canada

AUDITORS:
Ernst & Young, LLP
Montreal, Quebec, Canada

TRANSFER AGENT:
CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario M5C 2W9
Tel: (416) 643-5500
Toll-free: (800) 387-0825
Fax: (416) 643-5501

SHAREHOLDER INQUIRIES:
Inquiries related to stock transfer or lost certificates and notices of address change should be directed to the Transfer Agent noted above. General information regarding the Company, recent news releases, and SEDAR filings are available via our Internet website at www.Bioniche.com, through our Corporate Communications, Investor and Government Relations office at (613) 966-8058, or by e-mail at info@Bioniche.com.

GENERAL & INVESTOR INQUIRIES:
Jennifer Shea
Vice-President, Communications, Investor & Government Relations
Bioniche Life Sciences Inc.
P.O. Box 1570
Belleville, Ontario, Canada
K8N 5J2
Tel: (613) 966-8058 ext. 1250
Fax: (613) 966-4177
Jennifer.Shea@Bioniche.com



www.Bioniche.com



P.O. Box 1570
Belleville, Ontario
Canada, K8N 5J2

Tel.: 613 966-8058
Fax: 613 966-4177