



Bioniche Life Sciences Inc. Annual Meeting of Shareholders

November 9, 2010

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Agenda

- ❖ Dr. Alvaro Morales – About Bladder Cancer
- ❖ The Year in Review
- ❖ Partnership with Endo
- ❖ Vaccine Manufacturing Centre Progress
- ❖ Fiscal 2011 Q1 Results
- ❖ Share Capital
- ❖ Growth Opportunities
- ❖ Value Creating Events
- ❖ Questions & Answers
- ❖ Reception

Welcome to Dr. Alvaro Morales

- ❖ Professor, Departments of Urology & Oncology Queen's University - Kingston, Ontario
- ❖ Director, Centre for Applied Urological Research (Queen's)
- ❖ Author of more than 300 peer-reviewed publications and three books
- ❖ Hobbies include golf and coin collecting

Intravesical Mycobacterial Cell Wall-DNA Complex in the Treatment of Carcinoma In Situ of the Bladder After Standard Intravesical Therapy Has Failed

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Abbreviations and Acronyms

AE = adverse event
BCG = bacillus Calmette-Guérin
CIS = carcinoma in situ
EE = efficacy evaluable
ITT = intent to treat
MCC = mycobacterial cell wall-DNA complex
MCWE = mycobacterial cell wall extract
SAE = serious adverse event
UTI = urinary tract infection

Submitted for publication August 1, 2008.
Study received research ethics committee approval from each participating site.

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[†] Financial interest and/or other relationship with Société, Solvay and Pare Fabre.

For other articles on related topics see pages 1361, 1372 and 1381.

Purpose: We assessed the clinical efficacy and safety of mycobacterial cell wall-DNA complex after intravesical administration in patients with carcinoma in situ in whom prior therapy with bacillus Calmette-Guérin failed or in those who were treatment naïve.

Materials and Methods: Patients received 6 weekly instillations of 4 or 8 mg mycobacterial cell wall-DNA complex (formulated as an emulsion) followed by 3 weekly instillations at weeks 12 and 24. Efficacy and safety were evaluated throughout the treatment phase and at months 12 and 18.

Results: A total of 55 patients (mean age 74 years, 74.6% male) received 4 mg (25) or 8 mg (30) mycobacterial cell wall-DNA complex emulsion. All patients were previously treated with bacillus Calmette-Guérin except for 8 who were treatment naïve and 2 who received chemotherapy. In the intent to treat population the complete response rate was 27.3% at weeks 12 and 26 in the 4 mg group while 46.4% of patients receiving 8 mg had a complete response at both points. Mycobacterial cell wall-DNA complex was well tolerated by both dose groups. Overall 90% of all adverse events were mild to moderate in severity.

Conclusions: Mycobacterial cell wall-DNA complex has shown antineoplastic activity in patients with bladder cancer with less toxicity than that associated with bacillus Calmette-Guérin administration. The tolerance and efficacy of mycobacterial cell wall-DNA complex might hold promise for the treatment of carcinoma in situ of the bladder.

Key Words: urinary bladder neoplasms; carcinoma in situ; mycobacterium; cell wall; administration, intravesical

INTRAVESICAL instillation of biological or chemotherapeutic agents is a routine approach in the treatment of non-muscle invasive bladder cancer.¹ Live bacillus Calmette-Guérin is recognized as particularly effective in patients with carcinoma in situ of the bladder.² Although the precise mechanisms of action remain unclear, it is believed that BCG elicits a strong localized immune response leading to eradication of residual tumor cells.³ Despite a relatively

high efficacy 30% to 40% of bladder cancers are refractory to BCG leaving these patients with a poor long-term prognosis.⁴ 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.⁵

Recent interest has focused on the potential use of mycobacterial cell wall preparations capable of eliciting clinical

The Year in Review

- ❖ Exercise of global rights option to *Urocidin*TM by Endo
- ❖ US\$14 million in milestone payments from Endo
- ❖ Partnership with Bayer Australia
- ❖ Endo decision to proceed with a second Phase III trial with *Urocidin*TM
- ❖ In-Licensing for Animal Health:
 - ❖ Trophogen
 - ❖ University of Ottawa
- ❖ A top Canadian employer

14 of 50
BEST
SMALL &
MEDIUM
EMPLOYERS IN CANADA



Partnership with Endo



- ❖ Endo now responsible for 100% of external development costs for *Urocidin*TM
- ❖ Endo now leads the clinical development program for *Urocidin*TM:
 - External communications
 - Regulatory interactions
 - Clinical trial site monitoring
 - Structure and timing of future clinical trials
- ❖ Bioniche may pursue other MCC indications; Endo has right of first negotiations for new urologic and pelvic indications

Vaccine Manufacturing Centre Progress



Another exterior view.

Revenue Highlights

Q1 Fiscal 2011

GEOGRAPHIC DISTRIBUTION OF CONSOLIDATED REVENUES BY BUSINESS UNITS

(expressed in millions of Canadian dollars)

For the three months September 30	2011 \$	2010 \$	Growth %
Animal Health - Canada	1.7	1.5	15%
Animal Health - USA	3.4	2.9	17%
Animal Health - Australia	1.3	0.8	53%
Animal Health - Eu	0.2	0.7	-66%
<i>Sub total - Animal Health</i>	6.6	5.9	12%
Gain on sale of intangible assets	-	0.9	
Licensing and research collaboration	1.2	0.3	249%
Total reported revenues	7.8	7.1	9%

Balance Sheet Highlights

Q1 Fiscal 2011

For the period ended <i>in millions \$</i>	Sept 2010	June 2010
Assets		
<u>Current</u>		
Cash	6.3	11.1
Receivables & Inventory	7.5	8.6
Other Current Assets	8.5	7.7
	<u>22.4</u>	<u>27.4</u>
<u>Long-Term</u>		
Tangible	20.1	16.6
Intangible and Others	8.1	8.1
Total Assets	<u><u>50.5</u></u>	<u><u>52.1</u></u>
Liabilities and Shareholders' Equity		
<u>Current</u>		
Payables	8.8	9.7
Current Portion of L-T Debt & Others	2.3	1.2
Current Portion of non-refundable deferred revenue	1.5	1.5
	<u>12.6</u>	<u>12.4</u>
<u>Long-Term</u>		
Senior Debt & Loans	2.5	2.5
Gov't Assistance Loans	8.8	7.0
Deferred Gov't Incentives	2.4	2.4
Non-refundable deferred revenue	19.0	19.4
	<u>45.3</u>	<u>43.6</u>
<u>Shareholders' Equity</u>		
Share Capital	105.6	105.4
Deficit	(100.4)	(96.9)
	<u>50.5</u>	<u>52.1</u>

- \$6.3M in cash.
- Strong working capital.
- 11% increase in total reported revenues over Q1 Fiscal 2010.
- Total basic and fully-diluted loss per share is (\$0.05) vs. (\$0.09) in Q1 Fiscal 2010.

Share Capital (Nov. 9, 2010)

Common Shares Outstanding	80.5 million
Options (average strike C\$1.00)*	5.3 million
Warrants (average strike C\$0.92)* *	0.6 million
F.D. Common Share Equivalents	86.4 million

* If fully exercised, C\$5.3 million of capital would be raised. The exercisable portion of these options is 1.4 million at an average exercise price of \$1.13, which would raise \$1.6 million if exercised.

** If fully exercised, \$0.6 million of capital would be raised.

Corporate Growth Opportunities

Human Health

Commercialization of Bladder Cancer

- ❖ Endo to complete Phase III trials and secure regulatory approvals
- ❖ BNC to generate revenues from milestone payments and commercial supply of *Urocidin*TM

Advancement of New MCC Indications

- ❖ To pursue development of new MCC-based products
- ❖ Partnering of non-intravesical MCC products

Value-Creation from Oligonucleotide (“Oligo”) Technologies

- ❖ Undertake partnering of Oligo technologies and patents
- ❖ Create valuable royalty interest from Oligo platform

Corporate Growth Opportunities

Animal Health

Internal Product Pipeline

- ❖ *Rhodococcus equi* vaccine
- ❖ MCC canine oncology/bovine applications
- ❖ Low Molecular Weight Hyaluronic Acid (HA)

In-Licensing Opportunities – we are actively looking for:

- ❖ Technologies that fit with core capabilities in animal reproduction
- ❖ Technologies that fit with core capabilities in the equine field
- ❖ Technologies that complement our Companion Animal product line

Corporate Growth Opportunities

Food Safety

U.S. registration of *E. coli* O157 vaccine (conditional license)

- ❖ Early 2011

First marquee orders from the United States

- ❖ Upon conditional licensure

International registrations of the *E. coli* O157 vaccine

- ❖ To follow U.S. full licensure

Development of additional food safety vaccines

- ❖ *Salmonella, Campylobacter, Listeria*

Value Creating Events

anticipated timing – subject to change

Timing (calendar year)	Events	Achieved
Q4, 2008	Full registration of <i>E. coli</i> cattle vaccine in Canada	yes
Q1, 2009	<i>Urocidin</i> TM Phase III trial refractory recruitment completed	yes
Q3, 2009	Closing of partnership agreement for <i>Urocidin</i> TM	yes
2009/2010	Achievement of pre-commercialization milestone payments for <i>Urocidin</i> TM	yes (3)
2010	Results of refractory Phase III NMI bladder cancer trial	
2011	Conditional license for <i>E. coli</i> cattle vaccine in the U.S.; first U.S. sales	
2011	Belleville, ON vaccine manufacturing centre operational	
2011	In-licensing of new products for Animal Health	
2011/2012	Securing non-dilutive financing to scale-up MCC manufacturing	

Questions & Answers



Thank-you for attending.

*Please join us for a Reception
in the Great Room.*