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Kane Biotech Announces Agreement in Principle for the Sale of its Interest in STEM Animal Health

Transaction will strengthen balance sheet and refocus company

WINNIPEG, Manitoba, April 11, 2024 (GLOBE NEWSWIRE) -- Kane Biotech Inc. (TSX-V:KNE; OTCQB:KNBIF) (the “**Company**” or “**Kane Biotech**”) announces today that it has reached an agreement in principle for the sale of its entire interest (the “**Interest**”) in STEM Animal Health Inc. (“**STEM**”) to a third party multi-national pharmaceutical company (the “**Purchaser**”) on a cash-free debt-free basis for US \$8,000,000 (the “**Transaction**”), subject to adjustments in accordance with the terms of the agreement in principle, as well as other consideration including the net cash held in STEM (estimated at CAD \$600,000) and a working capital adjustment (estimated at CAD \$350,000). Overall, it is anticipated that the sale of STEM Animal Health will net Kane Biotech in excess of CAD \$11,500,000 (including the cash deposits already received, as noted below). The Purchaser is not a Non-Arm’s Length Party (as that term is defined by the TSX Venture Exchange) of the Company.

In connection with the Transaction, but not included in the net amount of the sale, the Company will be eligible for a US \$750,000 sales-based milestone payment and will also be entering into product development and transitional manufacturing agreements with STEM.

The Company anticipates using the net proceeds from the Transaction to repay its outstanding loan to Pivot Financial I Limited Partnership in the amount of approximately CAD \$6,700,000, and for general working capital purposes.

Prior to the completion of the Transaction, as previously announced, the Company received an aggregate of US \$1,525,000 from the Purchaser in cash deposits that it applied towards the sale price for the Interest. Accordingly, the Company is expected to receive US \$6,475,000 upon the completion of the Transaction.

“We are pleased with the outcome of this transaction,” said Marc Edwards, President & CEO of Kane Biotech. “Kane Biotech will be receiving full value for the successful animal health business that it created allowing the Company to significantly strengthen its balance sheet and narrow its focus on human health biofilm solutions.”

Prior to the completion of the Transaction, the Company owned a 2/3 interest in STEM. The remaining 1/3 interest was owned by an arm’s length third party.

In accordance with the policies of the TSX Venture Exchange, the Transaction must be consented to by shareholders of the Company holding over 50% of the common shares of

the Company due to the fact that the Transaction constitutes a sale of more than 50% of the Company's assets, business or undertaking. The Company anticipates that it will be able to satisfy this requirement through the written consent of shareholders of the Company holding more than 50% of the common shares of the Company.

The closing of the Transaction is subject to the approval of the TSX Venture Exchange.

About Kane Biotech

Kane Biotech is a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms. The Company has a portfolio of biotechnologies, intellectual property (67 patents and patents pending, trade secrets and trademarks) and products developed by the Company's own biofilm research expertise and acquired from leading research institutions. StrixNB™, DispersinB®, Aledex™, bluestem™, bluestem®, silkstem™, goldstem™, coactiv+™, coactiv+®, DermaKB™, DermaKB Biofilm™, and revyve™ are trademarks of Kane Biotech Inc. The Company is listed on the TSX Venture Exchange under the symbol "KNE" and on the OTCQB Venture Market under the symbol "KNBIF".

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Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Caution Regarding Forward-Looking Information

This press release contains certain statements regarding Kane Biotech Inc. that constitute forward-looking information under applicable securities law. These statements reflect management's current beliefs and are based on information currently available to management. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. These risks and uncertainties include, but are not limited to, risks relating to the Company's: (a) financial condition, including lack of significant revenues to date and reliance on equity and other financing; (b) business, including its early stage of development, government regulation, market acceptance for its products, rapid technological change and dependence on key personnel; (c) intellectual property including the ability of the Company to protect its intellectual property and dependence on its strategic partners; and (d) capital structure, including its lack of dividends on its common shares, volatility of the market price of its common shares and public company costs. Further information about these and other risks and uncertainties can be found in the disclosure documents filed by the Company with applicable securities regulatory authorities, available at www.sedarplus.ca. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive.



Source: Kane Biotech Inc.