

August 16, 2007



Kane Biotech Closes Private Placement

WINNIPEG, MANITOBA -- (MARKET WIRE) -- 08/16/07 -- Kane Biotech Inc. (TSX VENTURE: KNE), a biotechnology company engaged in the development of products that prevent and disperse microbial biofilms, has closed its previously announced private placement (the "Offering") with aggregate gross proceeds to the Company of \$670,000 from the sale of 1,675,000 units (the "Units") at a price of \$0.40 per Unit. Each Unit is comprised of one common share (a "Share") and one-half of one Share purchase warrant (a "Warrant"). Each whole Warrant entitles the holder thereof to purchase one Share at a price of \$0.60 for a period of eighteen months from the date of issuance of the Warrant. The net proceeds of the Offering shall be used for research and development and working capital purposes.

Certain persons assisted the Company by introducing potential subscribers for the Offering and were paid a finder's fee of 8% of the total subscription proceeds received from subscribers introduced to the Company by each particular person. Additionally, these persons were issued compensation warrants ("Compensation Warrants") equal to 7% of the total number of Units subscribed for by subscribers introduced to the Company by each particular person. Each Compensation Warrant entitles the holder thereof to purchase one Share at a price of \$0.50 per Share for a period of twelve months from the date of issue.

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

About Kane Biotech Inc.

Kane Biotech is a biotechnology company engaged in the development of products to prevent and disperse bacterial biofilms. Biofilms develop when bacteria, and other microorganisms, form a protective matrix that acts as a shield against attack. When in a biofilm, bacteria become highly resistant to antibiotics, biocides, disinfectants, high temperatures and host immune responses. This resiliency contributes to human health problems such as recurrent urinary tract infections, medical device associated infections and tooth decay.

Kane Biotech Inc. uses a patent protected technology based on molecular mechanisms of biofilm formation and methods for finding compounds that inhibit or disrupt biofilms. The Company has evidence that this technology has potential to significantly improve the ability to prevent and/or destroy biofilms in several medical and industrial applications.

Caution Regarding Forward-Looking Information

Certain statements contained in this press release constitute forward-looking information within the meaning of applicable Canadian provincial securities legislation (collectively, "forward-looking statements"). These forward-looking statements relate to, among other things, our objectives, goals, targets, strategies, intentions, plans, beliefs, estimates and

outlook, including, without limitation, our anticipated future operating results, and can, in some cases, be identified by the use of words such as "believe," "anticipate," "expect," "intend," "plan," "will," "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements.

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. Important factors that could cause actual results to differ materially from these expectations include, among other things: Kane's early stage of development, lack of product revenues and history of operating losses, uncertainties related to clinical trials and product development, rapid technological change, uncertainties related to forecasts, competition, potential product liability, additional financing requirements and access to capital, unproven markets, supply of raw materials, income tax matters, management of growth, partnerships for development and commercialization of technology, effects of insurers' willingness to pay for products, system failures, dependence on key personnel, foreign currency risk, risks related to regulatory matters and risks related to intellectual property and other risks detailed from time to time in Kane's filings with Canadian securities regulatory authorities, as well as Kane's ability to anticipate and manage the risks associated with the foregoing. Kane cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on Kane's forward-looking statements to make decisions with respect to Kane, investors and others should carefully consider the foregoing factors and other uncertainties and potential events.

These risks and uncertainties should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this press release are based upon what management believes to be reasonable assumptions, Kane cannot provide assurance that actual results will be consistent with these forward-looking statements. Kane undertakes no obligation to update or revise any forward-looking statement.

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

Contacts:

Kane Biotech Inc.

Justin Gagnon

Manager, Investor Relations

(204) 478-5602

(204) 453-1314 (FAX)

Email: jgagnon@kanebiotech.com

Website: www.kanebiotech.com