

September 28, 2020



Kane Biotech and Animalcare to Form Animal Health Company to Target Biofilm-Related Ailments

Animalcare to Invest \$5 million, Consisting of \$3 million to Acquire One-Third Stake in STEM Animal Health, Kane Biotech's New Animal Health Subsidiary, and \$2 million for Rights to Commercialize Products in Global Veterinary Markets Outside of the Americas

Animalcare to Launch Biofilm Oral Care Range for Companion Animals in European and Asian Markets

WINNIPEG, Manitoba, Sept. 28, 2020 (GLOBE NEWSWIRE) -- Kane Biotech Inc. (TSX-V:KNE; OTCQB:KNBIF) ("Kane Biotech") today announced that it has entered into an agreement with UK-based veterinary products company, Animalcare Group PLC (AIM:ANCR, "Animalcare"), under which the parties will form STEM Animal Health Inc. ("STEM"), a company dedicated to treating biofilm-related ailments in animals.

The agreement will see Animalcare commercialize Kane Biotech's range of oral care products for companion animals in European and Asian markets and collaborate with Kane Biotech on the development of new biofilm treatments for animals.

Under the terms of the agreement, Kane Biotech will create a new subsidiary, STEM, in which Animalcare will invest \$3 million in installments over a period of 48 months to acquire, on entering into the agreement, a one-third plus one share equity interest. STEM will be established with a global license over Kane Biotech's existing range of animal health oral care products and in collaboration with Animalcare will also focus on the research and development of novel animal treatments based on biofilm targeting technology. Animalcare will have licensing rights over future STEM products in Europe and Asia and the option, for a period of six years, to acquire an additional one-sixth stake in the subsidiary for \$4 million, payable to Kane.

STEM is designed to be self-financing from day one and will benefit from revenues already being generated in the US, Canada and South America as well as from Europe and Asia.

Additionally, in exchange for Animalcare receiving the right to commercialize Kane's coactiv+™ and DispersinB® products in global veterinary markets outside the Americas, Animalcare will provide an upfront payment to Kane Biotech along with a series of potential payments linked to various commercial milestones to a combined maximum of CA\$2 million ("Licensing Fee") as well as ongoing royalties.

"We are very excited to partner with Animalcare to establish an animal health company

dedicated to treating biofilms, while further expanding our footprint globally,” said Marc Edwards, President and Chief Executive Officer of Kane Biotech. “This agreement provides STEM Animal Health, Kane Biotech’s first commercialization vehicle, with capital at a valuation that is highly attractive and non-dilutive to existing Kane shareholders. This will accelerate our product development and commercialization globally and is a major step towards defining Kane Biotech as the preeminent global leader in biofilm research and product development. In the months to come, we plan on establishing additional commercialization vehicles for both our wound care and our consumer goods businesses.

“Animalcare has more than 30 years of experience successfully developing, launching and marketing animal health products, so we believe this agreement provides further validation of the strength of our animal health product portfolio and the anti-biofilm technology on which it is based. In addition to Animalcare’s many years of commercial success, its strong relationships with veterinary professionals and focus on customer service makes Animalcare an ideal partner.”

Jenny Winter, Chief Executive Officer of Animalcare commented: “Our collaboration will bring the benefits of Kane Biotech’s anti-biofilm oral and skin care technology to more animals and their owners in more countries around the world. The agreement complements Animalcare’s existing portfolio and drives our future growth strategy by leveraging the Group’s knowledge of our veterinary markets while combining our expertise and resources with Kane Biotech to develop new, differentiated and much-needed solutions to prevent and treat infections.

“The creative structure of the deal befits Kane Biotech’s innovative biofilm technology and underlines the commitment of both parties to a long-term sustainable commercial relationship.”

The closing of the transactions referenced herein remain subject to the final approval of the TSX Venture Exchange.

About Biofilms

Biofilms are formed when bacteria or yeast adhere to surfaces and excrete a resin-like substance that acts as an anchor and provides protection from external factors such as host immune system defenses and antifungal or antibacterial drugs. Biofilms can make bacteria up to 1,000 times more resistant to antibiotics, disinfectants and the host immune system. The anti-biofilm technologies developed by Kane Biotech are designed to prevent and remove biofilms and have a positive impact on human, animal, and environmental health through antimicrobial stewardship.

About Kane Biotech Inc.

Kane Biotech is a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms. Kane Biotech has a portfolio of biotechnologies, intellectual property (52 patents and patents pending, trade secrets and trademarks) and products developed by Kane Biotech’s own biofilm research expertise and acquired from leading research institutions. StrixNB™, DispersinB®, Aledex®, bluestem™, silkstem™, coactiv+™ and Kane® are trademarks of Kane Biotech Inc. Kane Biotech is listed on the TSX Venture Exchange under the symbol

"KNE" and on OTCQB Markets under the symbol "KNBIF".

For more information, please visit www.kanebiotech.com, or contact:

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About Animalcare

Animalcare Group plc is a UK AIM-listed international veterinary sales and marketing organization. Animalcare operates in seven countries and exports to approximately 32 countries in Europe and a further 16 worldwide. The Group is focused on bringing new and innovative products to market through its own development pipeline, partnerships and via acquisition.

For more information about Animalcare, please visit www.animalcaregroup.com or contact

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the 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 Kane Biotech'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 Kane Biotech 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 Kane Biotech with applicable securities regulatory authorities, available at www.sedar.com. Kane Biotech cautions that the foregoing list of factors that may affect future results is not exhaustive.



Source: Kane Biotech Inc.