

August 5, 2009



Kane Biotech Announces Amendment to Warrant Terms and Early Exercise Warrant Incentive Program

WINNIPEG, MANITOBA -- (MARKET WIRE) -- 08/05/09 -- Kane Biotech Inc. (TSX VENTURE: KNE) (the "Company"), a biotechnology company engaged in the development of products that prevent and disperse microbial biofilms announces that it intends to amend the terms of 3,100,000 common share purchase warrants of the Company (the "Warrants") which are currently outstanding, subject to receipt of all necessary regulatory approvals, including that of the TSX Venture Exchange. Each Warrant currently has an eighteen month term and entitles the holder thereof to acquire one common share of the Company (a "Common Share") at a price of \$0.40 until August 28, 2009. The Warrants will be amended such that each Warrant shall entitle the holder to acquire one Common Share at a price of \$0.12 for a further 21 days expiring on September 18, 2009. The Warrants were issued as part of a private placement offering by the Company which closed on February 28, 2008 pursuant to which 6,200,000 units ("Units") were sold at \$0.25 per Unit for gross proceeds of \$1,550,000. Each Unit consisted of one Common Share and one-half of one Warrant. Insiders of the Company purchased 65,000 Units and own 32,500 Warrants representing 1.05% of the outstanding Warrants.

In addition, the Company announces an early exercise warrant incentive program (the "Program") designed to encourage the exercise of all the Warrants. The Program will be open for a 44 day period commencing August 6, 2009 and ending September 18, 2009 (the "Warrant Exercise Period"). Each Warrant exercised in accordance with the terms of the Program will entitle the exercising holder to receive one Common Share and one-half of one Common Share purchase warrant (an "Incentive Warrant"). Each whole Incentive Warrant will have a term of 18 months and will entitle the holder to purchase one Common Share at a price of \$0.14 for the first six months of its term and at a price of \$0.22 for the remainder of its term. The Incentive Warrants and any Common Shares issuable on the exercise thereof will be subject to a four month hold period commencing on the date of issuance of the Incentive Warrants pursuant to applicable Canadian securities laws.

If all Warrants are exercised on or before the expiry of the Warrant Exercise Period, the Company expects it will:

- receive gross proceeds of up to \$372,000;
- issue up to 3,100,000 Common Shares; and
- issue up to 1,550,000 Incentive Warrants.

Warrant holders who elect to participate in the Program will be required to deliver to the Company the following:

- (i) a duly executed warrant amendment, exercise and subscription agreement (the "Amendment Agreement");
- (ii) the original certificate representing the Warrants being exercised; and
- (iii) the applicable aggregate exercise price payable to the Company by way of certified cheque, bank draft or wire transfer.

The terms and conditions of the Program and the method of exercising Warrants pursuant to the Program will be set forth in the Amendment Agreement, which will be mailed to the registered address of each Warrant holder and posted on SEDAR. The summary of the Program herein is subject in its entirety to the terms and conditions of the Amendment Agreement. Only Warrant holders who are "accredited investors" under applicable securities laws or who provide satisfactory evidence that they meet the requirements of a similar exemption from the prospectus and registration requirements of applicable securities laws may participate in the Program.

About Kane Biotech Inc.

Kane Biotech is a biotechnology company engaged in the development of products to prevent and disperse 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 uses patent protected technologies based on molecular mechanisms of biofilm formation/dispersal and methods for finding compounds that inhibit or disrupt biofilms. The Company has evidence that these technologies have 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.

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