

Kane Biotech Announces Issuance of Common Shares in Payment of Outstanding Interest

WINNIPEG, Manitoba – December 31, 2015 – Kane Biotech Inc. (TSX-V:KNE) (the “Corporation”) announced that on December 30, 2015, it issued 251,392 common shares of the Corporation (“Common Shares”) in payment of \$12,569.62 in interest owing on the Corporation’s \$500,000 2 year 10% convertible redeemable unsecured note (the “Note”) as at December 18, 2015. Pursuant to the terms of the Note, the Corporation has the option to issue Common Shares in lieu of cash in payment of interest on the Note at a deemed price per share equal to the market price of the Common Shares on the applicable interest payment date, subject to a minimum price of \$.05 per share and the approval of the TSX Venture Exchange (the “Exchange”). The approval of the Exchange for the issuance of the Common Shares was obtained by the Corporation on December 30, 2015. The Common Shares issued by the Corporation are restricted from transfer for a period of four months from the date of issuance in accordance with applicable securities laws and TSX Venture Exchange policies.

The holder of the Note is Philip Renaud, a director and the Chairman of the Corporation. As Mr. Renaud is a director and Chairman of the Corporation, the issuance of the Common Shares to Mr. Renaud in payment of interest owing to him is considered to be a “related party transaction” for the purposes of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). In accordance with MI 61-101, the Corporation is not required to obtain a formal valuation or minority approval of the transaction due to the fact that it may rely on an exemption to those requirements contained in MI 61-101, namely that the fair market value of the transaction is not more than 25% of the market capitalization of the Corporation.

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

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

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: the Corporation'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 the Corporation's filings with Canadian securities regulatory authorities, as well as the Corporation's ability to anticipate and manage the risks associated with the foregoing. The Corporation cautions that the foregoing list of important factors that may affect future results is not exhaustive. When relying on the Corporation's forward-looking statements to make decisions with respect to the Corporation's, 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, the Corporation cannot provide assurance that actual results will be consistent with these forward-looking statements. The Corporation undertakes no obligation to update or revise any forward-looking statement.