

FORM 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of Company:**

Kane Biotech Inc. (the "Company")
290-100 Innovation Drive
Winnipeg, Manitoba R3T 6G2

2. **Date of Material Change:**

April 12, 2024

3. **News Release:**

The Company issued a press release regarding the material change on April 15, 2024, a copy of which is attached hereto as Schedule "A".

4. **Summary of Material Change:**

On April 12, 2024, the Company completed the sale of its interest in STEM Animal Health Inc. ("STEM") to Dechra Veterinary Products, Inc. for US \$8,000,000, plus net cash held in STEM (estimated at CND \$600,000) and a working capital adjustment (estimated at CND \$350,000) (the "Transaction"). The Transaction was completed by way of a share purchase agreement between Kane, STEM, Eucphar NV and Dechra dated April 12, 2024.

5. **Full Description Of Material Change:**

The material change is fully described in the press release attached hereto as Schedule "A".

6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:**

Not Applicable.

7. **Omitted Information:**

Not Applicable.

8. **Executive Officer:**

Marc Edwards
President, CEO and Director
Tel: (204) 500-0751

9. **Date of Report**

April 22, 2024.

SCHEDULE "A"



Kane Biotech Announces Closing of the Sale of STEM Animal Health to Dechra Veterinary Products

An important step in Kane becoming a market leader in the growing high-value wound care and dermatological markets.

WINNIPEG, Manitoba, April 15, 2024 (GLOBE NEWSWIRE) -- Kane Biotech Inc. (TSX- V:KNE; OTCQB:KNBIF) ("**Kane**") announces that, it has completed the sale of its interest in STEM Animal Health Inc. to Dechra Veterinary Products, Inc. for US \$8,000,000, plus net cash held in STEM (estimated at CND \$600,000) and a working capital adjustment (estimated at CND \$350,000) (the "**Transaction**"). Overall, it is anticipated that the sale of STEM will net Kane an estimated CND \$11,500,000. The Transaction was completed by way of a share purchase agreement between Kane, STEM, Ecuphar NV and Dechra dated April 12, 2024.

"This transaction not only allows Dechra to continue to deliver our best-in-class Vetrudent pet oral care line, but also provides a significant opportunity to expand our offerings in the e-commerce and pet specialty markets in North and South America as well by leveraging both Kane's expertise and their proven and patented coactiv+™ and DispersinB® technology platforms in a broad range of products and treatments," said Mike Eldred, President, North American Operations of Dechra.

In connection with the Transaction, Kane also entered into a product development agreement, and a transitional manufacturing agreement with STEM. Kane is also eligible for a US \$750,000 sales-based milestone payment if certain sales targets are met by STEM.

"This transaction, which should ultimately net Kane more than \$13 million CND, is an important step in Kane becoming a market leader in the growing high-value wound care and dermatological market," said Marc Edwards, Kane's President and CEO. "It focuses the company, significantly improves our balance sheet and provides the necessary capital to achieve key milestone such as commercial launches and growth globally, as well as our clinical programs in both wound care and acne."

Prior to the completion of the Transaction, Kane received an aggregate of US \$1,525,000 from Dechra as deposits towards the final purchase price.

In connection with the completion of the Transaction, a portion of the net proceeds will be used to repay its loan from Pivot Financial I Limited Partnership of approximately CND \$6.7 million.

In accordance with the policies of the TSX Venture Exchange, the Transaction required the consent of shareholders of Kane holding over 50% of the common shares of Kane due to the fact that the Transaction constituted a sale of more than 50% of Kane's assets, business or undertaking. In connection with the completion of the Transaction, Kane obtained the written consent of shareholders of Kane holding more than 50% of the common shares of Kane.

In connection with the Transaction, Research Capital Corporation acted as Kane's financial advisor and was paid an advisory fee of approximately CND \$120,000. Research Capital is not a Non Arm's Length Party to Kane and no securities of Kane were issued in connection with the Transaction.

The Transaction has received the approval of a majority of Kane's shareholders and the conditional approval of the TSX Venture Exchange. The Transaction remains subject to the final approval of the TSX Venture Exchange.

About Kane Biotech

Kane Biotech Inc. is a biotechnology company engaged in the research, development and commercialization of technologies and products that prevent and remove microbial biofilms. Kane has a portfolio of biotechnologies, intellectual property (67 patents and patents pending, trade secrets and trademarks) and products developed by Kane'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. Kane is listed on the TSX Venture Exchange under the symbol "KNE" and on the OTCQB Venture Market under the symbol "KNBIF".

For more information:

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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 Kane'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 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 with applicable securities regulatory authorities, available at www.sedarplus.ca. Kane cautions that the foregoing list of factors that may affect future results is not exhaustive.