

KANE BIOTECH INC.

Management Information Circular

and

Notice of Annual and Special Meeting of Shareholders

May 3, 2017

This Management Information Circular is furnished in connection with the solicitation of proxies by the board of directors and management of Kane Biotech Inc. (the "Corporation") for use at the annual and special meeting of shareholders to be held on June 7, 2017, at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally by directors, officers and employees of the Corporation. All costs of this solicitation will be borne by the Corporation.

KANE BIOTECH INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 7, 2017**

TO THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “Meeting”) of the holders of common shares of Kane Biotech Inc. (the “Corporation”) will be held at Mount Royal Club, Greville Smith Room, 1175 Sherbrooke St. W., Montreal, Quebec on June 7, 2017, at the hour of 10:00 a.m. (Eastern Daylight Time) for the following purposes:

1. to review the audited financial statements of the Corporation for the year ending December 31, 2016;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint auditors of the Corporation for the ensuing year and to authorize the directors to fix the auditors’ remuneration;
4. to re-approve the Corporation's stock option plan; and
5. to transact such other business as may properly be brought before the Meeting or any adjournment or adjournments thereof.

Shareholders are referred to the accompanying Management Information Circular for more detailed information with respect to the matters to be considered at the Meeting.

Shareholders who do not expect to attend the Meeting in person are requested to date and sign the enclosed form of proxy and return it in the envelope provided for that purpose. All proxies to be used at the Meeting must be received by the Corporation’s Transfer Agent, CST Trust Company at P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department, or by email to proxy@canstockta.com or by facsimile to 416-368-2502 (Toll Free: 1-866-781-3111 Canada & US Only), not less than 48 hours, excluding Saturdays, Sundays and holidays, preceding the Meeting or any adjournment(s) thereof.

The directors have fixed May 3, 2017 as the record date for the Meeting. Holders of common shares of record at the close of business on May 3, 2017 are entitled to receive notice of the Meeting and to vote thereat or at any adjournment(s) thereof.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) “*Philip Renaud*”

Philip Renaud
Chairman

May 3, 2017

**Annual and Special Meeting of Shareholders of Kane Biotech Inc.
To Be Held on June 7, 2017
Management Information Circular**

NOTE: Shareholders who do not hold their shares in their own names as a registered shareholder should read “Voting by Non-Registered Shareholders” within for an explanation of their rights.

Solicitation of Proxies

This Management Information Circular is provided in connection with the solicitation by the board of directors (the “Board of Directors”) and management of Kane Biotech Inc. (the “Corporation”) of proxies for the annual and special meeting (the “Meeting”) of the holders (the “Shareholders”) of common shares (the “Common Shares”) of the Corporation to be held on June 7, 2017, at 10:00 a.m. (Eastern Daylight Time) at Mount Royal Club, Greville Smith Room, 1175 Sherbrooke St W, Montreal, Quebec and at any adjournment(s) thereof for the purposes set out in the accompanying Notice of Annual and Special Meeting (the “Notice”).

This solicitation is made on behalf of the Board of Directors and management of the Corporation. The cost incurred in the preparation and mailing of the Notice, this Management Information Circular and the accompanying form of proxy furnished by the Corporation (the “Instrument of Proxy”) will be borne by the Corporation. In addition to the use of mail, proxies may be solicited by personal interview, telephone or other means of communication by directors, officers and employees of the Corporation, none of whom will be specifically remunerated therefor.

Appointment and Revocation of Proxies

A Shareholder has the right to appoint a nominee (who need not be a Shareholder) to represent that Shareholder at the Meeting, other than the persons designated as management’s nominees in the Instrument of Proxy, by inserting the name of the Shareholder’s chosen nominee in the space provided for such purposes on the Instrument of Proxy, or by completing another proper form of proxy acceptable to the Chairman of the Meeting. Such Shareholder should notify the nominee of the appointment, obtain the consent of the nominee to act as proxy and should instruct the nominee as to how the Shareholder’s Common Shares are to be voted. In any case, the form of proxy should be dated and signed by the Shareholder or the Shareholder’s attorney authorized in writing, with proof of such authorization attached where an attorney signed the proxy form.

A form of proxy will not be valid for the Meeting or any adjournment(s) thereof unless it is completed and delivered to CST Trust Company at P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department, or by email to proxy@canstockta.com or by facsimile to 416-368-2502 (Toll Free: 1-866-781-3111 Canada & US Only), not less than 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment(s) thereof or by depositing such proxy with the Chairman of the Meeting on the date of the Meeting or any adjournment(s) thereof prior to commencement of the Meeting. The instrument appointing a proxy shall be in writing and shall be signed by the Shareholder or the Shareholder’s attorney

authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it, at any time before it is exercised, by an instrument in writing executed by the Shareholder, or by that Shareholder's attorney authorized in writing, and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the date of the Meeting, or any adjournment(s) thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment(s) thereof prior to commencement of the Meeting.

Record Date, Voting Shares and Principal Holders Thereof

The Corporation has fixed May 3, 2017 as the record date for determining Shareholders entitled to receive the Notice and as the record date for the purpose of determining Shareholders entitled to vote at the Meeting. The Corporation will prepare a list of Shareholders as at the close of business on the record date and each Shareholder named in the list will be entitled to vote the Common Shares shown opposite his name on the said list at the Meeting except to the extent that the Shareholder has transferred any of his Common Shares after the record date and (i) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes that he owns the Common Shares and (ii) the transferee of those Common Shares demands by not later than ten (10) days before the Meeting, that his name be included in the list before the Meeting, in which case the transferee will be entitled to vote his Common Shares at the Meeting.

The authorized capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value of which 45,608,539 Common Shares are issued and outstanding as at the date hereof. It should be noted that on March 10, 2017, the Corporation completed a consolidation of its Common Shares on a five to one basis. A quorum will be present at the Meeting if there are at least two persons present representing not less than 5% of the Common Shares entitled to vote at the Meeting.

Holders of Common Shares are entitled to one vote at the Meeting for each Common Share held.

As at the Effective Date (as herein defined), Mr. Philip Renaud, Chairman and Director, owns, directly or indirectly, or exercises control or direction over, 11,646,854 Common Shares representing approximately 25.54% of the issued and outstanding Common Shares. To the knowledge of the directors and senior officers of the Corporation, no other person or corporation owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Common Shares.

Voting by Non-Registered Shareholders

Only registered Shareholders of the Corporation or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders of the Corporation are "non-registered" Shareholders ("Non-Registered Shareholders") because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary

(an “Intermediary”) that the Non-Registered Shareholder deals with in respect of the Common Shares of the Corporation (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees); or (ii) in the name of a clearing agency (such as CDS Clearing and Depositary Services Inc.) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice, this Management Information Circular and the Instrument of Proxy and the request form (collectively, the “Meeting Materials”) to the applicable clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of one page of instructions which contains a removable label with a bar-code and other information. In order for the Instrument of Proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the Instrument of Proxy, properly complete and sign the Instrument of Proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (b) be given an Instrument of Proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the Instrument of Proxy, this Instrument of Proxy is not required to be signed by the Non-Registered Shareholder when submitting the Instrument of Proxy. In this case, a Non-Registered Shareholder who wishes to submit a proxy should properly complete the Instrument of Proxy and deposit it with CST Trust Company at P.O. Box 721, Agincourt, Ontario, M1S 0A1, Attention: Proxy Department, or by email to proxy@canstockta.com or by facsimile to 416-368-2502 (Toll Free: 1-866-781-3111 Canada & US Only).

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares of the Corporation that they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the Instrument of Proxy and insert the Non-Registered Shareholder’s or such other person’s name in the blank space provided. In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote which is not received by the Intermediary at least seven (7) days prior to the Meeting.

All references to Shareholders in this Management Information Circular and the accompanying Instrument of Proxy and Notice are to Shareholders of record unless specifically stated otherwise.

Voting of Proxies

Each of the persons named in the Instrument of Proxy has been selected by the directors of the Corporation and is a director of the Corporation. Mr. Philip Renaud and Mr. Mark Ahrens-Townsend have indicated their willingness to represent as proxy the Shareholders who appoint them. Each Shareholder may instruct the proxy how to vote the Shareholder's Common Shares by completing the blanks on the Instrument of Proxy. Common Shares represented by properly executed Instruments of Proxy in favour of the person designated on the enclosed form will be voted for, voted against or withheld from voting, as applicable, in accordance with the instructions given on the Instruments of Proxy. ***IN THE ABSENCE OF SUCH INSTRUCTIONS, SUCH COMMON SHARES WILL BE VOTED FOR THE APPROVAL OF ALL RESOLUTIONS IDENTIFIED IN THIS MANAGEMENT INFORMATION CIRCULAR.***

The Instrument of Proxy confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the Notice and with respect to any other matters which may properly come before the Meeting. The Common Shares represented by the proxy will be voted on such matters in accordance with the best judgment of the person voting the Common Shares. As of the Effective Date of this Management Information Circular, the management of the Corporation knows of no such amendment, variation or other matters to come before the Meeting.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as otherwise set out herein, no director or executive officer of the Corporation or proposed nominee for election as a director, or any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in the matters to be acted upon at the Meeting.

Business of the Meeting

I. Election of Directors

The Board of Directors proposes to fix the number of directors of the Corporation at six (6). The Corporation's current directors are Mark Ahrens-Townsend, Marc Edwards, Arvind Joshi, Mark Nawacki, Sarah Prichard, and Philip Renaud.

The proposed directors of the Corporation upon completion of the Meeting are set forth in the table below. The table provides the names of the individuals to be nominated for election as director, their current positions and offices in the Corporation, the period of time that they have been directors of the Corporation, their current principal occupation, their principal occupation during the past five (5) years, and the number of Common Shares of the Corporation which each beneficially owns or over which control or direction is exercised. Other than Philip Renaud and Sarah Prichard, all of the nominees for director are residents of Canada.

Name, Present Office Held and Municipality of Residence	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Direction is Exercised as at the Date of this Management Information Circular	Principal Occupation and Occupation During the Past Five (5) Years
Mark Ahrens-Townsend Winnipeg, MB Director ⁽¹⁾	06/22/2015	600,000	Mr. Ahrens-Townsend was appointed as the President and CEO of the Corporation on May 11, 2015. He has spent over 30 years in the technology, engineering and venture capital industries. For the last 20 years he has held senior executive roles, twice as President and CEO of two publicly traded technology companies, and has also served extensively on the boards and committees of several private and publicly held companies. Mr. Ahrens-Townsend holds B.Sc. (Engineering) and MBA (Finance) degrees from the University of Manitoba.
Marc Edwards St. Lambert, QC Director	06/02/2016	0	Mr. Edwards is the founder and President of VetRx, a Montreal-based technology company specializing in data collection, cleansing, marketing and pharmaceutical compliance for the veterinary industry. Mr. Edwards holds a Bachelor's degree (Finance) from l'Université de Sherbrooke and an MBA from Concordia University.
Arvind Joshi Montreal, QC Director ⁽¹⁾⁽²⁾⁽³⁾	28/11/12	0	Dr. Joshi has finished his mandate as the Interim Chair of the Department of Obstetrics and Gynecology at McGill University and has finished his mandate as the Interim Chief of the Department of Obstetrics and Gynecology at the McGill Health Center. He is presently doing several mandates for the Quebec Ministry of Health and Social Services. He is the former CEO of St. Mary's Hospital Center (1997-2013). He is an Obstetrician-Gynecologist with extra training in Maternal-Fetal medicine and holds a MBA.
Mark Nawacki Montreal, QC Director ⁽¹⁾	8/10/14	133,000	Mr. Nawacki is President and CEO of Searchlight Pharma Inc. a specialty pharma company focused on the acquisition and commercialization of healthcare and pharmaceutical products. He has extensive experience in product licensing, international business expansion and product development activities. Prior to joining as a director of Kane Biotech, he served on the board of directors of international healthcare company Litha Healthcare. Mr. Nawacki also is a director of Intelgenx Technologies Corp. (TSX-V).
Sarah Prichard North Palm Beach, Florida, USA Director ⁽²⁾⁽³⁾	2/04/14	0	Dr. Prichard is the former VP of R&D and Medical, Renal, Baxter Healthcare and Associate Dean of Medicine at McGill University. Her responsibilities included developing Baxter's strategies for the commercialization of new renal business products, global medical affairs and clinical development.

Philip Renaud London, England Chairman, Director ⁽¹⁾⁽²⁾⁽³⁾	15/09/10	11,646,854	Mr. Renaud is Managing Director of LB Advisors, a European investment advisory firm involved in private financings. Mr. Renaud has been instrumental in securing many private equity financings and has an extensive European and North American network. Mr. Renaud is director of Diagnos Inc. and Sierra Metals Inc.
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Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Governance Committee.

Each director will hold office until the next annual meeting of the Corporation, unless his or her office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the Instrument of Proxy as nominee to vote the Common Shares represented by proxy for the election of any other person or persons as directors.

For the purposes of this section “Order” means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for more than 30 consecutive days.

None of the proposed directors is, as of the date of this Management Information Circular, or has been, within ten years before the date of this Management Information Circular, a director or executive officer of any company or other entity that:

- (a) was subject to an Order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer; or
- (c) while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or director appointed to hold its assets.

II. Appointment of Auditors

Management proposes to nominate MNP LLP, Chartered Accountants, of Winnipeg, Manitoba, the present auditors of the Corporation, as the auditors of the Corporation to hold office until the close of the next annual meeting of Shareholders. MNP LLP was first appointed auditors of the Corporation on November 8, 2012. Management further proposes that the Board of Directors be authorized to fix the remuneration of the auditors.

III. Re-Approval of Stock Option Plan

At the Meeting, the Shareholders will be asked to re-approve the Corporation's stock option plan (the "Plan").

At the Corporation's previous annual and special meeting held on June 2, 2016, the Shareholders re-approved the Plan. The Plan provides that the aggregate number of Common Shares reserved for issuance under the Plan, together with any stock options outstanding, will represent a maximum of 10% of the number of issued and outstanding Common Shares at any time. This is referred to as a "rolling" plan and, under the rules of the TSX Venture Exchange (the "Exchange"), the Plan must be approved by the Shareholders at each successive annual meeting of Shareholders. As of the date of this Management Information Circular, the Corporation has 45,608,539 Common Shares issued and outstanding. Accordingly, if the Plan is re-approved, there will be 4,560,854 Common Shares reserved for issuance pursuant to the Plan. This number is subject to adjustment for any increase or decrease in the number of issued and outstanding Common Shares such that the number of Common Shares that may be reserved for issuance pursuant to the Plan shall be equal to 10% of the issued and outstanding Common Shares of the Corporation.

At the Meeting, the Shareholders will be asked to re-approve the Plan. If approval of the Plan or a modified version thereof is not obtained, the Corporation will not proceed to grant further options under the Plan.

The Plan will be available for inspection at the Meeting. The directors recommend that the Shareholders re-approve the Plan.

IV. Other Business

While there is no business other than that mentioned in the Notice to be presented to the Shareholders at the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting, or any adjournment(s) thereof, in accordance with the discretion of the persons authorized to act thereunder.

Executive Compensation

All references in this Management Information Circular to “\$” or “dollars” refers to Canadian dollars, unless otherwise noted.

In this section entitled “Executive Compensation”:

“Named Executive Officer” or “NEO” means the following individuals: (a) each Chief Executive Officer (“CEO”) of the Corporation (or person acting in a similar capacity) during any part of the most recently completed financial year of the Corporation; (b) each Chief Financial Officer (“CFO”) of the Corporation (or person acting in a similar capacity) during any part of the most recently completed financial year of the Corporation; (c) each of the Corporation’s three most highly compensated executive officers (or persons acting in a similar capacity), other than the CEO and CFO, at the end of the most recently completed financial year of the Corporation whose total compensation was, individually, more than \$150,000; and (d) any additional individual who would be a Named Executive Officer under (c) but for the fact that the individual was not serving as an executive officer of the Corporation, nor acting in a similar capacity, as at the end of the most recently completed financial year. During its most recently completed financial year, the Corporation had two Named Executive Officers: (i) Mark Ahrens-Townsend, who has acted as the Corporation’s President and CEO since May 11, 2015; and (ii) Audrey Goertzen, who acted as the Corporation’s CFO from January 4, 2016 to February 24, 2017.

“Option-based Award” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

“Share-based Award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, share equivalent units, and other securities.

Compensation Discussion and Analysis

To assist the Board of Directors of the Corporation in determining the appropriate level of compensation for the directors and NEOs, the Board of Directors has established the Compensation Committee. This committee recommends to the Board of Directors what it considers to be the appropriate compensation for the NEOs based primarily on a comparison of the remuneration paid by the Corporation with the remuneration paid by other public companies that the Compensation Committee feels are similarly placed within the life sciences industry, while factoring in the financial position of the Corporation and local cost of living.

To date, the Corporation has relied on internal discussion at the Board of Directors level, based on recommendations of the Compensation Committee, and direct negotiations to establish the amount of total compensation paid to the President and CEO. The Corporation’s compensation program for the President and CEO consists of a base salary, an incentive compensation plan, employee group benefit plan and long-term compensation. The Corporation uses all four elements to retain the President and CEO and to align the personal interests of the President and CEO with the interests of the Shareholders.

The base salary provides compensation for discharging job duties and recognizes the skill sets and capabilities of the President and CEO. The Corporation's goal is to pay competitive base salaries for all positions whenever possible. The Corporation recognizes that sometimes it may be limited by financial resources as a result of operating in the life sciences sector. The President and CEO's salary is reviewed on an annual basis by the Compensation Committee, and if deemed appropriate, any changes in salary for the upcoming year are negotiated as set out above then approved and ratified by the Board of Directors.

The incentive compensation plan of the CEO was developed by the Compensation Committee in consultation with the CEO and provides the CEO the opportunity to earn an additional \$75,000 per annum beyond his base salary on the achievement of 100% of certain annual target objectives mutually agreed to by the Board of Directors and the CEO. New target objectives are developed by the Compensation Committee and CEO and set for each fiscal year of the Corporation. The achievement of a minimum of 80% of the incentive compensation plan's target objectives for a particular year is required for any payment to be made to the CEO. If the targets are exceeded, the CEO has the potential to received payments in excess of \$75,000.

The long-term compensation component of the Corporation's compensation program consists of granting stock options under the Plan which is administered by the Board of Directors and is designed to give each option holder an interest in preserving and maximizing Shareholder value in the longer term, to enable the Corporation to attract and retain individuals with experience and ability, and to reward individuals for current performance and expected future performance. The Compensation Committee considers stock option grants when reviewing each NEO's compensation package as a whole.

The allocation of stock options is regarded as an important element to attract and retain NEOs for the long term and it aligns their interests with Shareholders.

The Board of Directors has not considered the implications of the risks associated with the Corporation's compensation policies and practices.

NEOs and directors are permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly, by the NEO or director.

Share-based Awards and Option-based Awards

The Corporation has established the Plan in order to attract and retain directors, executive officers employees and significant contractors, who will be motivated to work towards ensuring the success of the Corporation. The Board of Directors has full and complete authority to interpret the Plan, to establish applicable rules and regulations applying to it and to make all other determinations it deems necessary or useful for the administration of the Plan, provided that such interpretations, rules, regulations and determinations are consistent with the rules of all stock exchanges on which the Corporation's securities are then traded and with all relevant securities legislation.

Option-based Awards for the CEO and CFO, as well as the directors, are determined by the Compensation Committee and the Board of Directors. The granting of Option-based Awards to all other employees of the Corporation is delegated from the Board of Directors to the CEO and

CFO and determined by the CEO and CFO up to a designated limit set by the Board of Directors. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibility and the importance of the position to the Corporation's overall success. The aggregate number of stock options which may be issued under the Plan is limited by the terms of the Plan and cannot be increased without Shareholder approval.

Individuals eligible to participate under the Plan will be determined by the Board of Directors. No options granted under the Plan may be exercised at any time beyond a maximum period of five years following the date of their grant unless specifically provided by the Board of Directors and approved by the relevant stock exchange, but in no event for a period exceeding ten years following the date of their grant. The Board of Directors designates, at its discretion, the individuals to whom stock options are granted under the Plan and determines, or delegates the CEO and CFO to determine, the number of Common Shares covered by each of such options, the grant date, the exercise price of each option, the expiry date, the vesting schedule and any other matter relating thereto, in each case in accordance with the applicable rules and regulations of the regulatory authorities. The Board of Directors takes into account previous grants of options when considering new grants.

The Corporation does not have any Share-based Awards issued and outstanding and does not anticipate issuing any Share-based Awards in the near future.

Compensation Governance

The Board of Directors has established a Compensation Committee whose current members are Arvind Joshi, Sarah Prichard (Chair) and Philip Renaud. Arvind Joshi and Sarah Prichard are independent as determined in accordance with National Instrument 52-110 *Audit Committees* ("NI 52-110"). Philip Renaud is not considered to be independent because he is a control person of the Corporation.

Arvind Joshi has significant direct experience related to executive compensation having been the CEO of St. Mary's Hospital Center in Montreal for 16 years. Sarah Prichard has significant direct experience related to executive compensation matters in her previous roles as Vice-President Medical and Research and Development at Baxter Healthcare and Associate Dean of Medicine at McGill University. Philip Renaud has significant direct experience related to executive compensation having been the Chairman of the Board and a director of numerous publicly traded companies. He is also Managing Director of LB Advisors.

The Compensation Committee's responsibilities include assessing the performance and determining the remuneration of the President and CEO of the Corporation and reviewing the adequacy and form of compensation of directors, based on its assessment of the responsibilities and risks involved in being an effective director.

Executive Compensation-Related Fees

On February 20, 2015 Ernst David International, an executive search consultancy firm, was retained by the Board of Directors to assist the Compensation Committee and Board of Directors in the recruitment of, and in determining the compensation for, a new President and CEO. Ernst David International was paid a fee of \$53,876 by the Corporation for their services as a compensation consultant in 2015. No other services have been provided to the Corporation by

Ernst David International. No fees were paid to Ernst David International by the Corporation in 2016.

Summary Compensation Table

The following table is a summary of the compensation paid to the NEOs of the Corporation during the financial years ended December 31, 2015 and 2016 for services rendered to the Corporation.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$) ⁽³⁾	Non-Equity incentive plan compensation (\$)		Pension Value (\$)	All other Compensation (\$) ⁽⁴⁾	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Mark Ahrens-Townsend President & CEO ⁽¹⁾	2016	225,000	Nil	69,160	Nil	Nil	Nil	4,888	299,048
	2015	145,737	Nil	Nil	Nil	Nil	Nil	Nil	145,737
Audrey Goertzen, CFO ⁽²⁾	2016	113,400	Nil	30,070	Nil	Nil	Nil	2,716	146,186

Notes:

- (1) On May 11, 2015, Mark Ahrens-Townsend was appointed as the President and CEO of the Corporation.
- (2) On January 4, 2016, Audrey Goertzen was appointed as the CFO of the Corporation. Ms. Goertzen resigned as CFO on February 24, 2017.
- (3) The grant date fair value of these options has been calculated using the Black-Scholes model. See discussion below.
- (4) These funds represent the value of benefits received by the NEOs under the Corporation's standard company benefits plan.

The Corporation has estimated the “grant date fair value” amounts in the “Option-based Awards” column above using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors, including the exercise price of the option, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security, the expected life of the option, forfeitures, dividend yield and the risk-free rate of return. The weighted average assumptions used in the pricing model are as follows: expected option life – 5.0 years; risk free interest rate – 1.17%; dividend yield – nil; expected volatility – 99.09%. The fair value is determined in accordance with IFRS 2 *Share-based Payment* – as per Form 51-102F6.

Narrative Discussion

Mark Ahrens-Townsend was hired as the President and Chief Executive Officer of the Corporation on May 11, 2015. Pursuant to an employment agreement with the Corporation dated May 11, 2015 (the “Ahrens-Townsend Agreement”), Mr. Ahrens-Townsend is paid \$225,000 per annum in equal monthly installments of \$18,750. Mr. Ahrens-Townsend may also be entitled to receive additional payments pursuant to the incentive compensation plan for the CEO. See “Executive Compensation – Compensation Discussion and Analysis”. The Ahrens-Townsend Agreement also contains non-competition and non-solicitation restrictions on Mr. Ahrens-Townsend during the term of the agreement and for a period of two years thereafter.

Audrey Goertzen was hired as the Chief Financial Officer of the Corporation on January 4, 2016. Pursuant to an offer of employment with the Corporation dated November 15, 2015, Ms.

Goertzen was paid \$108,000 per annum in semi-monthly installments. Her salary was increased to \$115,200 per annum April 1, 2016. Ms. Goertzen was also entitled to receive a bonus of 15% of her salary based on the achievement of certain goals. In addition, Ms. Goertzen was entitled to receive options to purchase Common shares as approved by the Board of Directors. Ms. Goertzen resigned as Chief Financial Officer of the Corporation on February 24, 2017.

Incentive Plan Awards

The following table sets out, for each NEO, the stock options (Option-based Awards) outstanding as at December 31, 2016 after giving effect to the Corporation's consolidation of the Common Shares on a five to one basis on March 10, 2017. No NEO exercised stock options during the fiscal year ended December 31, 2016. The closing price of the Corporation's Common Shares on the Exchange was \$0.025 on December 31, 2016 (\$0.125 after giving effect to the Common Share consolidation). The Corporation does not have any Share-based Awards issued and outstanding.

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Mark Ahrens-Townsend	230,000	0.40	January 5, 2021	Nil
	299,000	0.30	May 31, 2021	Nil
Audrey Goertzen	100,000	0.40	May 25, 2017 ⁽²⁾	Nil
	130,000	0.30	May 25, 2017 ⁽²⁾	Nil

Notes:

- (1) Value is calculated based on the difference between the closing market price of the Common Shares on the Exchange on December 31, 2016, which was \$0.025 (\$0.125 after giving effect to the five to one Common Share consolidation that took place on March 10, 2017), and the exercise price of the options, multiplied by the number of options.
- (2) Audrey Goertzen resigned as CFO on February 24, 2017. In accordance with the terms of the Plan, her stock options expire 90 days after her resignation as CFO.

The Option-based Awards referenced above consist of stock options issued pursuant to the Plan. For a description of the terms of the Plan, see "Business of the Meeting – Re-Approval of Stock Option Plan".

Incentive Plan Awards – value vested or earned during the year

The following table shows the incentive plan awards value vested during 2016 as well as the annual cash incentive earned for each NEO. The Corporation does not have any Share-based Awards issued and outstanding.

Name	Option-based Awards – Value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Mark Ahrens-Townsend	Nil	Nil
Audrey Goertzen	Nil	Nil

Note:

- (1) The amount represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the market price of the Common Shares underlying the options on the Exchange on the vesting date and the exercise price of the options.

Narrative Discussion

All Option-based Awards are issued pursuant to the Plan. For a summary of the Plan see “Business of the Meeting – Re-Approval of Stock Option Plan”.

Pension Plan Benefits

The Corporation does not have a pension plan, retirement plan or deferred compensation plan.

Termination and Change of Control Benefits

The services of Mark Ahrens-Townsend as President and CEO of the Corporation are provided pursuant the Ahrens-Townsend Agreement. Pursuant to the Ahrens-Townsend Agreement, in the event that Mr. Ahrens-Townsend is terminated by the Corporation without cause, Mr. Ahrens-Townsend shall be entitled to receive a lump sum payment equal to:

- (a) one and one-half times his then current base salary;
- (b) any compensation payment due to him pursuant to the incentive compensation plan for the current fiscal year, pro rata based on the date of termination; and
- (c) any unpaid vacation entitlement as at the date of termination,

less any income tax and other applicable deductions. If Mr. Ahrens-Townsend had been terminated without cause as at December 31, 2016, he would have been entitled to a lump sum payment of \$337,500.

In addition, in the event of a “Change of Control” (as defined below) of the Corporation, Mr. Ahrens-Townsend shall be entitled to terminate the Ahrens-Townsend Agreement within 90 days of the Change of Control by providing 30 days written notice to the Board of Directors.

In the event that Mr. Ahrens-Townsend terminates the Ahrens-Townsend Agreement following a Change of Control, he shall be entitled to receive a lump sum payment equal to:

- (a) one and one-half times his then current base salary;
- (b) the compensation payment due to him pursuant to the CEO incentive compensation plan for the current fiscal year as if such incentive compensation plan had been achieved for that fiscal year, pro rata based on the date of termination; and
- (c) any unpaid vacation entitlement as at the date of termination,

less any income tax and other applicable deductions. If there had been a Change of Control of the Corporation and Mr. Ahrens-Townsend had elected to terminate the Ahrens-Townsend Agreement as at December 31, 2016, Mr. Ahrens-Townsend would have been entitled to a lump sum payment of \$412,500.

For the purposes of this section, “Change of Control” means:

- (a) the transfer to a third party (other than to a related entity of the Corporation) of all or substantially all of the Corporation’s assets;
- (b) the acquisition directly or indirectly by any person or group of persons acting jointly or in concert, as such terms are defined in *The Securities Act* (Manitoba) of Common Shares which, when added to all other Common Shares at the time held directly or indirectly by such person or persons acting jointly or in concert, totals for the first time 50% of the outstanding Common Shares. Notwithstanding the foregoing, this clause shall not apply to any acquisition of Common Shares by Philip Renaud or persons acting jointly or in concert with him;
- (c) the removal, by extraordinary resolution of the Shareholders, of more than 51% of the then incumbent directors of the Corporation; or
- (d) the election of the majority of directors to the Board of Directors who were not nominees of the incumbent Board of Directors at the time immediately preceding such election, unless the incumbent Board of Directors voted to nominate all such non-incumbent directors for election as directors.

Audrey Goertzen did not have any termination or change of control benefits in her offer of employment with the Corporation.

Director Compensation

The following section sets forth the compensation paid by the Corporation to its directors who were not NEOs during the most recently completed financial year. The compensation paid to Mark Ahrens-Townsend, who was a director during the most recently completed financial year of the Corporation, is set forth above.

Director Compensation Table

The following table sets out, for each director, compensation earned for the fiscal year ended December 31, 2016. The Corporation does not have any Share-based Awards issued and outstanding.

Name	Fees earned (\$)	Option-based Awards (\$) ⁽¹⁾	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Marc Edwards ⁽²⁾	11,250	15,035	Nil	Nil	Nil	26,285
Arvind Joshi	9,000	8,458	Nil	Nil	Nil	17,458
Mark Nawacki	9,000	8,458	Nil	Nil	Nil	17,458
Sarah Prichard	9,000	8,458	Nil	Nil	Nil	17,458
Philip Renaud	12,000	14,097	Nil	Nil	Nil	26,097

Notes:

- (1) The grant date fair value of these options has been calculated using the Black-Scholes model. See discussion below.
- (2) Marc Edwards was elected as a director on June 2, 2016.

The Corporation has estimated the “grant date fair value” amounts in the “Option-based Awards” column above using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors, including the exercise price of the option, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security, the expected life of the option, forfeitures, dividend yield and the risk-free rate of return. The fair value is determined in accordance with IFRS 2 *Share-based Payment* – as per Form 51-102F6.

Narrative Discussion

In addition to stock option awards, compensation to directors is also comprised of quarterly fees of \$2,250 for their duties as directors and members of sub-committees. The Chairman of the Board of Directors’ quarterly fees are \$3,000. The Chairman of any sub-committee is entitled to an additional \$250 per quarter.

Incentive Plan Awards

The following table sets out, for each director, the stock options (Option-based Awards) outstanding as at December 31, 2016 after giving effect to the Corporation’s consolidation of the Common Shares on a five to one basis on March 10, 2017. The Corporation does not have any Share-based Awards issued and outstanding.

Name	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾
Marc Edwards	50,000	0.40	January 5, 2021	Nil
	65,000	0.30	May 31, 2021	Nil
Arvind Joshi	250,000	0.70	February 7, 2018	Nil
	300,000	0.35	January 12, 2020	Nil
	390,000	0.30	May 31, 2021	Nil
Mark Nawacki	50,000	0.25	November 19, 2019	Nil
	60,000	0.35	January 12, 2020	Nil
	78,000	0.30	May 31, 2021	Nil
Sarah Prichard	20,000	0.50	June 9, 2019	Nil
	60,000	0.35	January 12, 2020	Nil
	78,000	0.30	May 31, 2021	Nil
Philip Renaud	100,000	0.70	February 7, 2018	Nil
	100,000	0.35	January 12, 2020	Nil
	130,000	0.30	May 31, 2021	Nil

Note:

- (1) Value is calculated based on the difference between the closing market price of the Common Shares on the Exchange on December 31, 2016, which was \$0.025 (\$0.125 after giving effect to the five to one Common Share consolidation that took place on March 10, 2017), and the exercise price of the options, multiplied by the number of options.

Incentive Plan Awards – value vested or earned during the year

The following table shows the incentive plan awards value vested during 2016 as well as the annual cash incentive earned for each director during 2016.

Name	Option-based Awards – Value vested during the year (\$) ⁽¹⁾	Non-equity incentive plan compensation – Value earned during the year (\$)
Marc Edwards	Nil	Nil
Arvind Joshi	Nil	Nil
Mark Nawacki	Nil	Nil
Sarah Prichard	Nil	Nil
Philip Renaud	Nil	Nil

Note:

- (1) The amount represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date, based on the difference between the market price of the Common Shares underlying the options on the Exchange on the vesting date and the exercise price of the options. All stock options were out-of-the money at their respective vesting dates.

Securities Authorized for Issuance Under Equity Compensation Plans

Set forth below is a summary as at the end of the Corporation's most recently completed financial year of all securities to be issued pursuant to the Plan, being the only equity compensation plan of the Corporation, after giving effect to the consolidation of the Common Shares on a five to one basis which took place on March 10, 2017.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of Common Shares remaining available for future issuance under equity compensation plans (excluding Common Shares reflected in column (a))
Equity compensation plans approved by security holders ⁽¹⁾	3,255,500	\$0.40	1,297,328 ⁽²⁾
Equity compensation plans not approved by security holders	Nil	NA	NA
Total	3,255,500	\$0.40	1,297,328

Notes:

- (1) The only equity compensation plan of the Corporation is the Plan.
- (2) The maximum number of Common Shares to be issued pursuant to the Plan is limited to an aggregate amount equal to 10% of the issued and outstanding Common Shares, from time to time.

For a summary of the terms of the Plan see “Business of the Meeting – Re-Approval of Stock Option Plan”.

Indebtedness of Directors, Executive Officers and Senior Officers

As of the date hereof, none of the directors, executive officers, senior officers, or other members of management or their respective associates or affiliates, of the Corporation, is or has been indebted to the Corporation or its subsidiaries.

Interest of Informed Persons in Material Transactions.

Except as disclosed herein, no informed person of the Corporation and no proposed nominee for election as a director of the Corporation or any associates or affiliates of the foregoing persons has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction material to the Corporation since the commencement of the Corporation’s last financial year.

Management Contracts

There are no management functions of the Corporation which are to any substantial degree performed by a person other than the directors or senior officers of the Corporation.

Audit Committee

Composition

The Audit Committee of the Corporation is currently comprised of Mark Ahrens-Townsend, Arvind Joshi, Mark Nawacki (Chair) and Philip Renaud. In the view of management of the Corporation, Arvind Joshi and Mark Nawacki are independent as determined in accordance with NI 52-110. Mark Ahrens-Townsend is not independent as determined in accordance with NI 52-110 because he is the President and CEO of the Corporation. Philip Renaud is not independent as determined in accordance with NI 52-110 because he is a control person of the Corporation. In the view of management of the Corporation, each member of the Audit Committee is financially literate as determined in accordance with NI 52-110.

Charter

The Charter of the Audit Committee is attached hereto as Schedule A.

Relevant Education and Experience

Arvind Joshi, Mark Nawacki and Philip Renaud have each been involved in the life sciences and finance industry for more than thirty years and while serving as senior executives for established biotech organizations have gained significant experience reviewing, understanding and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements. Similarly, Mark Ahrens-Townsend has held senior executive and board director roles in publicly traded technology companies and in venture capital related companies for over 20 years. He has had extensive involvement in accounting and finance issues with several companies over this period.

Audit Committee Oversight

At no time since the commencement of the Corporation's financial year ended December 31, 2016 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's financial year ended December 31, 2016 has the Corporation relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), section 6.1.1(4) of NI 52-110 (*Circumstance Affecting the Business or Operations of the Venture Issuer*), section 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*), Section 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval of Policies and Procedures

The Audit Committee must pre-approve all non-audit services to be provided to the Corporation or its subsidiaries by its external auditors. The Audit Committee may delegate to one or more members of the Audit Committee the authority to pre-approve non-audit services, provided that the member(s) report(s) to the Audit Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Audit Committee from time to time.

External Auditors Service Fees

During the last two completed financial years of the Corporation, the Corporation has incurred fees from its external auditors as follows:

Service Provider	Year	Audit Fees (\$)	Audit Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
MNP LLP	2015	21,900	1,533	Nil	Nil
MNP LLP	2016	27,000	1,890	Nil	Nil

The Corporation is relying upon the exemption contained in section 6.1 of NI 52-110 on the basis that it is a venture issuer under that instrument.

Corporate Governance

Board of Directors

The Board of Directors of the Corporation has established a Corporate Governance Policy that describes the basic approach of the Corporation to corporate governance. The Board of Directors is currently comprised of six directors. The Corporation currently has four independent directors, Arvind Joshi, Mark Nawacki, Sarah Prichard and Marc Edwards, as determined in accordance with NI 52-110. Mark Ahrens-Townsend is not an independent director, as determined in accordance with NI 52-110, because he is the President and CEO of the Corporation. Philip Renaud is not an independent director, as determined in accordance with NI 52-110, because he is a control person of the Corporation. The Board of Directors meets on a regular basis, not less than four times per year, with management involved only as necessary. This ensures the independence of the Board of Directors from management.

Directorships

The following directors of the Corporation are also directors of other reporting issuers as set forth below.

Philip Renaud is currently a director of Diagnos Inc. and Sierra Metals Inc.

Orientation and Continuing Education

The Board of Directors has established a Governance Committee that is responsible for the orientation and education of all new recruits to the Board of Directors. This committee encourages the directors to take part in relevant education programs offered by appropriate regulatory bodies.

Ethical Business Conduct

The Board of Directors has enacted a Whistleblower Policy to encourage and promote a corporate culture of ethical business conduct.

Nomination of Directors

The Governance Committee is responsible for recruiting and nominating new members to the Board of Directors and planning for the succession of directors. The Governance Committee

considers the advice and input from all directors regarding the qualifications of potential directors and the specific needs, expertise or vacancies required to be filled among the Board of Directors.

Compensation

The Compensation Committee's mandate includes assessing the performance and determining the remuneration of the President and CEO of the Corporation and reviewing the adequacy and form of compensation of directors, based on an assessment of the responsibilities and risks involved in being an effective director. See "Executive Compensation – Compensation Discussion and Analysis".

Other Board Committees

The Board of Directors has no standing committees other than the Audit Committee, the Compensation Committee and the Governance Committee.

For a summary of the functions and responsibilities of the Audit Committee, see "Audit Committee".

For a summary of the functions and responsibilities of the Compensation Committee, see "Executive Compensation – Compensation Governance".

The Governance Committee of the Corporation is responsible for developing on behalf of the Corporation, its corporate governance principles to foster a healthy governance culture at the Corporation. The Governance Committee is comprised of Philip Renaud and Sarah Prichard. The Governance Committee's key responsibilities include:

- (a) the development of, and compliance with, corporate governance policies and procedures;
- (b) recruiting and nominating new members to the Board of Directors and planning for the succession of directors;
- (c) assessing the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors and the contributions of individual directors; and
- (d) orientation and education of all new recruits to the Board of Directors.

Assessments

The Governance Committee is entrusted with the task of assessing the effectiveness of the Board of Directors as a whole, the committees of the Board of Directors and the contributions of individual directors. This committee makes recommendations with respect to the effectiveness of the entire Board of Directors, individual members and committees of the Board of Directors when appropriate.

Effective Date

Unless otherwise indicated herein, the information contained in this Management Information Circular is given as of May 3, 2017. The term “Effective Date” as used in this Management Information Circular means May 3, 2017.

The final date by which the Corporation must receive Shareholder proposals for the annual meeting of Shareholders to be held in 2018 is February 2, 2018. All proposals should be sent by registered mail to the Chief Executive Officer of the Corporation at the address set forth below.

Additional Information

Additional information regarding the Corporation can be found on SEDAR (www.sedar.com). Shareholders may contact the Corporation at 162-196 Innovation Drive, Winnipeg, Manitoba, R3T 2N2 Attention: Mark Ahrens-Townsend, CEO, in order to receive copies of the Corporation's financial statements and MD&A. Financial information is provided in the Corporation's comparative financial statements and MD&A for its most recently completed financial year.

Approval of the Directors

The contents and the distribution of this Management Information Circular have been approved by the Board of Directors.

Certificate

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED this 3rd day of May, 2017.

KANE BIOTECH INC.

“Philip Renaud”

Per: _____

Philip Renaud
Chairman

SCHEDULE A**KANE BIOTECH INC.
AUDIT COMMITTEE CHARTER****Role and Objective**

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of Kane Biotech Inc. ("Kane Biotech") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information. The objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of Kane Biotech and related matters;
2. To provide effective communication between directors and external auditors;
3. To enhance the external auditors' independence; and
4. To increase the credibility and objectivity of financial reports.

Membership of Committee

1. The Committee shall be comprised of at least three (3) directors of Kane Biotech. At least two of the directors on the Committee shall be "independent" as such term is used in National Instrument 52-110 – Audit Committees.
2. The Board shall have the power to appoint the Committee Chairman.

Meetings

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
2. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board.
3. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken.
4. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.
5. The Committee shall meet with the external auditors at least once per year (in connection with the preparation of the yearend financial statements) and at such other times as the external auditors and the Committee consider appropriate.

Mandate and Responsibilities of Committee

1. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.
2. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to Kane Biotech' internal control system:
 - identifying, monitoring and mitigating business risks; and
 - ensuring compliance with legal, ethical and regulatory requirements.
3. It is a responsibility of the Committee to review the annual financial statements of Kane Biotech prior to their submission to the Board for approval. The process should include but not be limited to:
 - reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;
 - reviewing significant accruals or other estimates such as the ceiling test calculation;
 - reviewing accounting treatment of unusual or non-recurring transactions;
 - ascertaining compliance with covenants under loan agreements;
 - reviewing disclosure requirements for commitments and contingencies;
 - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - reviewing unresolved differences between management and the external auditors; and
 - obtaining explanations of significant variances within comparative reporting periods.
4. The Committee is to review the financial statements (and make a recommendation to the Board with respect to their approval), prospectuses, management discussion and analysis and all public disclosure containing audited or unaudited financial information before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Kane Biotech' disclosure of all other financial information and shall periodically access the accuracy of those procedures.
5. With respect to the appointment of external auditors by the Board, the Committee shall:
 - recommend to the Board the appointment of the external auditors;
 - recommend to the Board the terms of engagement of the external auditors, including the compensation of the external auditors and a confirmation that the external auditors shall report directly to the Committee; and
 - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
6. The Committee shall review with external auditors (and the internal auditor if one is appointed by Kane Biotech) their assessment of the internal controls of Kane Biotech, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their

plan for their audit and, upon completion of the audit, their reports upon the financial statements of Kane Biotech and its subsidiaries.

7. The Committee must pre-approve all non-audit services to be provided to Kane Biotech or its subsidiaries by the external auditors. The Committee may delegate to one or more members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.
8. The Committee shall review risk management policies and procedures of Kane Biotech (i.e. hedging, litigation and insurance).
9. The Committee shall establish a procedure for:
 - the receipt, retention and treatment of complaints received by Kane Biotech regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees and agents of Kane Biotech of concerns regarding questionable accounting or auditing matters.
10. The Committee shall review and approve Kane Biotech' hiring policies regarding employees and former employees of the present and former external auditors of Kane Biotech.
11. The Committee shall have the authority to investigate any financial activity of Kane Biotech. All employees and agents of Kane Biotech are to cooperate as requested by the Committee.
12. The Committee may retain any person having special expertise and/or obtain independent professional advice to assist in satisfying their responsibilities at the expense of Kane Biotech without any further approval of the Board.