

FORM 51-102F3

MATERIAL CHANGE REPORT

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

Kane Biotech Inc. (the "Company")
162 – 196 Innovation Drive
Winnipeg, Manitoba R3T 2N2

2. **Date of Material Change:**

December 19, 2019

3. **News Release:**

The Company issued a press release regarding the material change on December 19, 2019, a copy of which is attached hereto as Schedule "A".

4. **Summary of Material Change:**

The Company announces closing of first tranche of its non-brokered private placement, initially announced on December 4, 2019.

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**

December 20, 2019.

SCHEDULE "A"

Kane Biotech Announces Closing of First Tranche of Private Placement

Not for distribution to U.S. news wire services or dissemination in the United States

WINNIPEG, Manitoba, December 19, 2019 (GLOBE NEWSWIRE) – Kane Biotech Inc. (TSX-V:KNE) (the "Company" or "Kane Biotech") is pleased to announce that it has closed the first tranche (the "First Tranche") of its non-brokered private placement offering (the "Offering") announced previously on December 4, 2019, and has issued 17,918,137 units of the Company ("Units") at a price of \$0.14 per Unit to raise gross proceeds of \$2,508,539.18. Each Unit consists of one common share of the Company (a "Common Share") and one-half of one Common Share purchase warrant (a "Warrant"), with each whole Warrant entitling the holder thereof to purchase one additional Common Share at an exercise price of \$0.18 per Common Share until December 19, 2021.

The Company expects to close one or more additional tranches of the Offering for aggregate gross proceeds of up to \$3,500,000.

A number of directors and officers of the Company, including the Chairman of the Board of Directors, Philip Renaud; Director, President and Chief Executive Officer, Marc Edwards; Chief Financial Officer, Raymond Dupuis, and Chief Scientific Officer, Dr. Gordon Guay, participated for a total \$494,999.68 (3,535,712 Units) in the First Tranche (the "Insider Subscriptions"). The Insider Subscriptions are deemed to be a "related party transaction" as defined under Multilateral Instrument 61-101- *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The Company is exempt from the formal valuation and minority approval requirements for related party transactions pursuant to Subsection 5.5(a) and Subsection 5.7(a) of MI 61-101, respectively.

The net proceeds of the Offering will be used for business development, technology and product commercialization, patent and trademark filings, regulatory expenses, clinical trials and general working capital.

The securities issued in the First Tranche of the Offering will be subject to a hold period of four months plus a day expiring April 20, 2020. In connection with the First Tranche of the Offering, the Company paid compensation to an eligible finder consisting of a cash commission of \$8,008 and 35,750 compensation warrants (the "Broker Warrants"). Each Broker Warrant is exercisable into one Common Share at \$0.18 per Common Share until December 19, 2021. The Broker Warrants are also subject to the Call Right (as defined below).

In the event that the Common Shares traded on the TSX-V have a closing price at or exceeding \$0.25 per Common Share for five (5) consecutive trading days, the Company reserves the right to call the Warrants at their exercise price of \$0.18 per Warrant (the "Call Right"). If the Company wishes to exercise its Call Right, the Company must provide written notice to the holders of the Warrants that it is calling the Warrants. Investors will have thirty (30) days from the date of such notice to exercise the Warrants and, in the event that any Warrants are not exercised, such Warrants shall be cancelled. Holders of Warrants shall be restricted from exercising any number of Warrants that will cause the holder to own such number of Common Shares that will equal or exceed 20% of the then issued and outstanding shares.

This press release does not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall it constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or any state securities laws, and may not be offered or sold in the United States or to U.S. persons unless registered or exempt therefrom.

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. The Company has a portfolio of biotechnologies, intellectual property (56 patents and patents pending, trade secrets and trademarks) and products developed by the Company's own biofilm research expertise and acquired from leading research institutions. StrixNB™, DispersinB®, bluestem™, AloSera™, coactive+™ and Kane® are trademarks of Kane Biotech Inc. The Company is listed on the TSX Venture Exchange under the symbol "KNE."

For more information, please visit www.kanebiotech.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 laws. 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 the Company'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 the Company to protect its intellectual property and dependence on its strategic partners; and (d) capital structure, including its lack of dividends on its Shares, volatility of the market price of its Shares and public company costs. Further information about these and other risks and uncertainties can be found in the disclosure documents filed by the Company with applicable securities regulatory authorities, available at www.sedar.com. The Company cautions that the foregoing list of factors that may affect future results is not exhaustive.