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Can-Fite Completes NIS 40 Million Private Placement of Shares and Options Within One Day

**Due to over-subscription during the rapid issuance, the Company
resolved to increase the capital-raising round by 19% more than
originally planned**

The placement proceeds are designated for ongoing research into the efficacy of the CF102 drug for the treatment of Hepatitis B and C, and the commencement of pre-clinical trials on the new drug

Can-Fite CEO Prof. Pnina Fishman: “We thank our institutional investors for the great confidence they have shown in the Company. We are currently in full swing of enterprise and development, and the additional resources we have recruited will enable us to continue vigorously expanding the Company’s product pipeline. At the same time, Can-Fite will continue progressing with the development of products already at various stages of clinical development, for the completion of which we have adequate resources.

Biotechnology company Can-Fite successfully completed a private placement to institutional investors of 32 million shares and 12.8 million options in an aggregate volume of some NIS 40 million. Can-Fite completed the capital raising round in a single day; and in view of over-subscription recorded during the issuance, resolved on a 19% increase in volume as compared with the original plan, whereby the Company proposed to raise some NIS 34 million. As a result of the private placement, Can-Fite almost doubled its shareholders’ equity, which amounted at the end of 2006 to some NIS 38 million. It will be noted that the issued securities will be registered for trading once the approval of the Tel-Aviv Stock Exchange is received; and the Company will take steps to unblock the shares over the next few months.

Among the investors taking part in the issuance were the investment houses of Prisma, Yellin-Lapidot, and Tamir Fishman, as well as the provident funds of the Israel Aircraft Industries and Bank Otzar Hehayal.

The proceeds of the private placement are expected to serve Can-Fite for the expansion of the product basket it is developing, and primarily its ongoing research and development into the efficacy of the CF102 drug for the treatment of Hepatitis B and C, as also for the commencement of pre-clinical trials on another drug, third in number, that the Company has developed on the basis of its cooperation with the US National Institutes of Health (NIH).

Can-Fite is developing its first drug, namely the CF101, for four medical indications in the inflammatory diseases field, including rheumatoid arthritis (on which Phase IIB clinical trials have commenced in the United States), Dry-Eye Syndrome, (on which Phase II trials have commenced in Israel), psoriasis (initial development phase) and uveitis eye disease. The Company has also commenced development of the CF102 drug for the treatment of liver cancer. **The funds available to the Company prior to the private placement are expected to be sufficient to enable it to complete its ongoing clinical trials on all of the abovementioned indications.**

Last month Can-Fite reported that in collaboration with a laboratory at the Temple University, CF102, the company second drug candidate was found to be active also against the Hepatitis B virus. The Company defined this discovery as a “breakthrough” opening up a market potential of some \$ 3 billion. The Company expects to commence Phase 1 clinical trials on this indication as early as the end of 2007, to which end, inter alia, it recruited yesterday’s abovementioned private placement resources.

Can-Fite CEO Prof. Pnina Fishman, said today: “We thank our institutional investors for the great confidence they have shown in the Company. We are currently in full swing of enterprise and development, and the additional resources we have recruited will enable us to continue vigorously expanding the Company’s product pipeline. At the same time, Can-Fite will continue progressing with the development of products already at various stages of clinical trials, for the completion of which we have adequate resources”.

Can-Fite Biopharma Ltd is a public company traded on the Tel-Aviv Stock Exchange. The Company, which commenced business activity in 2000, was founded by researcher Prof. Pnina Fishman and patent attorney Dr. Ilan Cohn. The Company focuses on the development of molecule-based drugs that inhibit the development of cancerous or inflammatory cells. Target markets for the Company’s drugs are estimated at billions of dollars.

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