

CANFITE

BioPharma, Ltd.

December 22, 2008

Out License of Rights for CF101 in Korea to Kwang Dong Pharmaceutical Co. Ltd.

Can-Fite Expects to Receive US\$ 1.5 Million from Licensing Fees and Milestone Payments in addition to Substantial Royalties

Additionally, Kwang Dong will also purchase equity in Can-Fite in an amount representing approximately 1% of Can-Fite's outstanding share capital at a premium of 50% above market price

Can-Fite BioPharma Ltd. announced today that it has signed an out license agreement with Kwang Dong Pharmaceutical Co., a Korean company, granting Kwang Dong exclusive rights to develop and commercialize the drug CF101 for rheumatoid arthritis, in Korea. CF101, Can-Fite's lead drug, is currently being tested in a multi-national Phase IIb study for its therapeutic activity in the treatment of rheumatoid arthritis and in two Phase IIa studies: one for the treatment of psoriasis and the other for dry eye syndrome.

The terms of the license include an upfront payment as well as milestone payments to Can-Fite in an aggregate amount of US\$ 1.5M; and certain royalties on sales. Additionally, Kwang Dong will also purchase equity in Can-Fite in an amount representing **approximately** 1% of Can-Fite's outstanding share capital at a premium of 50% above market price.

Kwang Dong is among the largest pharmaceutical companies in Korea and is highly experienced in introducing drugs, originating from foreign sources, into Korea.

Dr. Pnina Fishman, Can-Fite's CEO, noted that Can-Fite is very pleased to enter into a long-term mutually beneficial relationship with Kwang Dong. "We are very honored for the confidence that such an esteemed company placed in Can-Fite and in its product", said Dr. Fishman.

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 Prof. Pnina Fishman, an investigator from Rabin Medical Center, and patent attorney Dr. Ilan Cohn, a senior partner at Reinhold Cohn and Partners, Israel's largest patent attorneys firm. Prof. Pnina Fishman serves as the CEO of Can-Fite. The Company was founded on the basis of scientific findings made by Prof. Pnina Fishman and focuses on the development of molecule-based drugs that bind to receptors of cancerous or inflammatory cells and inhibit their development.

Can-Fite's development pipeline currently has two drugs: CF101 and CF102. The company is simultaneously conducting several preclinical and clinical trials with the two drugs for various indications. CF101 is being studied for the treatment of rheumatoid arthritis (Phase IIb), dry eye syndrome (Phase II) and psoriasis (Phase II). Can-Fite develops CF102 for the treatment of liver conditions, including liver cancer, hepatitis infections and liver tissue regeneration.