



January 24, 2006

**Can-Fite BioPharma Signed a Cooperative
Research and Development Agreement (CRADA)
with the US National Institute of Health (NIH)**

Can-Fite BioPharma announced today on the signing of a Cooperative Research and Development Agreement (CRADA) with the National Institute of Health in the US. The CRADA relates to new small molecules that are agonists of the A₃ adenosine receptor (A₃AR), invented in the laboratory of Prof. Kenneth A. Jacobson from the NIH. The A₃AR is the prime target of Can-Fite's drug development efforts. The focus of the CRADA will be to identify such agonists with potential therapeutic use in the treatment of autoimmune inflammatory diseases and cancer.

Prof. Jacobson is a world renowned medicinal chemist with interests in the structure and pharmacology of receptors and in developing drugs that interact with G protein-coupled receptors (GPCRs), to which the A₃AR belongs. He is a leading scientist in research relating to the A₃AR and devoted much of his research to these receptors and to the synthesis of molecules that interact with them. He was the first scientist to synthesize agonists and antagonists to this receptor. One such agonist is CF101, Can-Fite's lead drug that was exclusively licensed by Can-Fite from the NIH and is scheduled to enter Phase IIb clinical studies in the 2nd quarter of 2006.

The CRADA will provide the company with a unique access to a new class of small molecule agonists to the A₃AR that emerge from Prof. Jacobson's laboratory and hence with the ability to enrich its pipeline of small molecule drugs. Prof. Pnina Fishman, Can-Fite's CEO indicated that she and the Can-Fite team are very pleased to collaborate with a scientist and a research institute of this caliber and stated her confidence that the CRADA will bear fruits that will be very beneficial to Can-Fite.

About Can-Fite

Can-Fite BioPharma Ltd. is a public company, traded on the Tel-Aviv Stock Exchange that is headquartered in Petach-Tikva, Israel. The company, which began its operations at the end of 2000 was founded based on the work by Professor Pnina Fishman, formerly a Tumor Immunologist in the Rabin Medical Center and currently the company's CEO, together with Dr Ilan Cohn, Patent Attorney and Senior Partner at Reinhold Cohn and Partners, a leading Israeli Patent Attorney firm. The Company has research laboratories and offices in Israel. The Company's lead drug, CF101, for the treatment of rheumatoid arthritis is currently in Phase II clinical trials and to date went through clinical trials in the USA, UK and Israel.

About CF101

CF101 is a small molecule, which is administered to patients orally. This drug, which is developed for the treatment of rheumatoid arthritis, was tested to date in clinical trials in the USA, UK and Israel. The drug is active against a wide variety of autoimmune and cancer diseases and has a preferential safety profile. The drug's main advantage is in its ability to specifically attack pathological cells without affecting healthy ones. In addition, the fact that the drug is administered orally in the form of a capsule creates a huge advantage vs. current treatments which are administered by IV infusion or injection, at much higher costs.

Rheumatoid arthritis (RA) is a severe and chronic autoimmune disease that affects more than 1% of the population in the Western World. The disease is characterized mainly by inflammation of the lining, or synovium, of the joints that can lead to long-term joint damage, resulting in chronic pain, loss of function and disability. The market of disease modifying anti-rheumatic drugs is estimated to be about US\$ 5 billion and is expected to rise to about \$7 billion by 2007.

More information can be found at www.canfite.com