For Release

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Exalenz Bioscience expands its breath testing technology into the potential billion dollar liver diagnostic market

Exalenz Bioscience's (EXEN) Board of Directors has approved pursuing the development of liver diagnostics in four medical indications: Clinically Significant Portal Hypertension (CSPH), Nonalcoholic Steatohepatitis (NASH), Hepatocellular Carcinoma (HCC), and Acute Liver Failure (ALF).

Exalenz, which develops and markets unique diagnostic and monitoring systems for the diagnosis and management of digestive tract and liver diseases, reports today that the company's Board of Directors has approved a strategic and tactical plan, expanding and accelerating the company's activity in the field of liver diagnostics.

Exalenz is expected to commence its pivotal Phase III trial in the third quarter of 2014, for the diagnosis of clinically significant portal hypertension (CSPH). Working with the FDA, Exalenz has developed an approach to the diagnosis of CSPH comparing breath testing to HVPG (Hepatic Vein Venus Pressure) that will be submitted with the conclusion of the clinical study. CSPH is considered the accepted indication for liver cirrhosis severity assessment. The market potential for the developed diagnostic test is estimated by Exalenz at 100 million USD a year.

Since several companies are presently at the clinical stages of developing drugs for NASH (Nonalcoholic Steatohepatitis) and are actively seeking a non-invasive test for diagnosis and follow up, Exalenz has started discussions with some of these companies, for the purpose of integrating its diagnostic, non-invasive test for NASH. In the United States, 20–30% of the population suffers from fatty liver disease and 5-6% suffer from a development of liver inflammation and/or damage to the liver tissue (NASH). The studies performed by the company to date (Phase IIa) demonstrate high correlation between the results of the Exalenz breath test and liver biopsy. The company estimates the market for this indication at $2.6B.

Liver cancer is the sixth most common cancer in the world, third in cancer mortality rate, with high prevalence in China. Exalenz will be starting a Phase II clinical trial in China for the diagnosis of liver cancer (HCC) in the second half of 2014. The efficacy

of the Exalenz breath test for detection of HCC was tested in an initial clinical study and was found to have a very high correlation with imaging tests (MRI or CT). The company estimates the market value of this test at 380 million USD, in China alone.

The company is planning to participate in a multi-center NIH funded study for monitoring of acute liver failure patients (ALF).

Larry Cohen, the CEO of Exalenz said, "We are excited about our Board's decision to renew and accelerate the liver diagnostic program in Exalenz and are determined to pursue the potential of our unique BreathID technology in a number of indications. The Exalenz breath test has shown early evidence of efficacy as a diagnostic and a follow up tool for liver patients in a non-invasive, convenient and valuable manner for both patients and the healthcare industry. "Furthermore, says Larry, our track record in penetrating the H. pylori breath testing market into hundreds of medical centers in the US, indicates our ability to bring these exiting applications to the market."

In addition, the company reported a 40% growth in sales in Q1, 2014, of the BreathID Hp system for the detection of H. pylori, and aims for an over 50% growth in 2015.

These activities are expected to strengthen the business and competitive position of Exalenz and create an infrastructure for the company's commercial launch in liver testing for the future.

About Exalenz Bioscience:

Exalenz Bioscience develops diagnostic and monitoring systems that use the breath to diagnose and help manage GI and liver conditions. The company's flagship BreathID Hp product detects the presence of the H. pylori bacteria, the cause of various illnesses including gastric cancer. Exalenz holds regulatory approvals in Europe, the US and Israel for H. pylori detection, and is currently in the process of obtaining approvals for additional applications.

Forward-looking information: estimates made by the company included in this publication are considered forward-looking information and there is no assurance that said information will be realized. Company estimates are based on various business assumptions, experience and professional information. These estimates may not be realized, in whole or in part, or may be realized in a manner significantly different from that anticipated by the company, for various reasons, including reasons not within the control of the company.