Exalenz Bioscience Announces Collaboration with Conatus Pharmaceuticals to Use BreathID® to Monitor Patients with Cirrhosis Associated with NASH

Company's non-invasive BreathID® System to be used to quantitate liver function in Conatus Phase IIb clinical trial of emricasan

Currently no approved non-invasive diagnostic tests exist to diagnose or monitor NASH which affects 2-5% of the US population

Modi'in, Israel – August 29, 2016 – Exalenz Bioscience (TASE: EXEN), a leader in developing and marketing non-invasive medical devices for diagnosing and monitoring a range of gastrointestinal and liver diseases, today announced a collaboration with Conatus Pharmaceuticals Inc. (Nasdaq: CNAT) to use the BreathID® Methacetin Breath Test (MBT) to monitor patients in a planned Phase IIb clinical trial evaluating emricasan. Emricasan is an investigational treatment for patients with chronic liver disease, being developed by Conatus.

The ENCORE-PH multicenter, randomized, double-blind, placebo-controlled clinical trial, expected to begin in 2016, is designed to evaluate the safety and efficacy of emricasan in patients with liver cirrhosis associated with nonalcoholic steatohepatitis (NASH) and severe portal hypertension. Enrolled participants will receive two breath-based tests: the first during the screening stage and the second at week 24. The results will be used to investigate the clinical utility of the BreathID® MBT at quantitating improvements in liver function compared with standard medical tests including hepatic venous pressure gradient (HVPG) and Model for End-stage Liver Disease (MELD) score. Exalenz recently received approval from the U.S. Food and Drug Administration (FDA) of an investigational device exemption (IDE) for the trial.

"To date, emricasan has been studied in more than 650 subjects in 16 clinical trials across a broad range of liver diseases," said David T. Hagerty, M.D., Conatus' Executive Vice President, Clinical Development. "In multiple clinical trials, emricasan has demonstrated statistically significant improvements in clinically important validated surrogate endpoints of portal hypertension and liver function. We are pleased to be partnering with Exalenz Bioscience to further validate how their novel, non-invasive, breath-based technology can be used to monitor patients treated for NASH cirrhosis. The data from the BreathID® will provide valuable information to Conatus in the development of novel medicines to treat liver disease, and in bringing new non-invasive diagnostic options to patients."

"It has been reported that NASH affects 2 to 5 percent of the U.S. population," said Raffi Werner, chief executive officer of Exalenz Bioscience, "in addition to the 10 to 20 percent of the population with fatty liver without inflammation. Currently the only valid measures for diagnosis and follow up are invasive liver biopsy and HVPG. We are honored to collaborate with Conatus in the upcoming multicenter clinical trial and

believe that our non-invasive, operator-independent, breath-based test has the potential to assist clinicians to conveniently and cost-effectively monitor the effect of therapy at the point of care."

This collaboration is the latest addition to Exalenz's growing clinical pipeline of investigational diagnostic applications utilizing BreathID® to diagnose serious liver diseases. In addition to three trials related to NASH diagnostics and monitoring, the company has ongoing clinical trials for detection of hepatocellular carcinoma (HCC), diagnosis of clinically significant portal hypertension (CSPH) and monitoring of acute liver failure (ALF).

About Exalenz Bioscience:

Exalenz Bioscience develops and markets diagnostic and monitoring systems that use the breath to diagnose and help manage gastrointestinal and liver conditions. The company's flagship BreathID® Hp test detects the presence of the H. pylori bacteria, associated with various illnesses including gastric cancer and is in use in over 350 US medical centers. Exalenz holds regulatory approvals in Europe, the United States, China and Israel for H. pylori detection and is currently in the process of obtaining approvals for additional applications. Additional information is available at www.exalenz.com.

About Conatus Pharmaceuticals

Conatus is a biotechnology company focused on the development and commercialization of novel medicines to treat liver disease. Conatus is developing its lead compound, emricasan, for the treatment of patients with chronic liver disease. Emricasan is a first-in-class, orally active pan-caspase protease inhibitor designed to reduce the activity of enzymes that mediate inflammation and apoptosis. Conatus believes that by reducing the activity of these enzymes, emricasan has the potential to interrupt the disease progression across the spectrum of liver disease. Additional information is available at www.conatuspharma.com.

About Nonalcoholic Steatohepatitis (NASH)

NASH is a progressive form of nonalcoholic fatty liver disease (NAFLD), characterized by inflammation caused by excess fat in liver cells that is not related to alcohol consumption[1][i]. NASH dramatically increases the risks of cirrhosis, liver failure, and hepatocellular carcinoma (HCC), and is an increasingly frequent reason for liver transplantation[2][ii]. Currently, a liver biopsy is the only way to definitively diagnose the condition.

Forward-looking Statement

This press release contains forward-looking statements with respect to plans, projections or future performance of the Company, the occurrence of which involves certain risks and uncertainties, some of which may not be under the control of Exalenz, including, but not limited to, changes in regulatory environment, Exalenz's success in implementing its research, development, sales, marketing and manufacturing plans, protection and validity of patents and other intellectual property rights, the impact of currency exchange rates and the effect of competition.

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[1][i] http://www.liverfoundation.org/abouttheliver/info/nafld/

[2][ii] http://www.worldgastroenterology.org/assets/export/userfiles/2012_NASH%20and%20NAFLD_Final_long.pdf

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