

PRESS RELEASE

RedHill Biopharma Acquires Exclusive Rights to a MAP Bacterium Companion Diagnostic Test for its RHB-104 (Crohn's) Drug

The Company is Preparing Two Parallel Placebo-Controlled, Double-Blind Clinical Trials with RHB-104 for the Treatment of Crohn's Patients who are MAP-Infected (a Phase II/III Trial in the US, and a European Phase III Trial)

Tel Aviv, September 19th, 2011 - RedHill Biopharma Ltd. (TASE: RDHL), an emerging Israeli biopharmaceutical company focusing primarily on development and acquisition of late clinical-stage new formulations of existing drugs, announced the acquisition of an exclusive license from the University of Central Florida Research Foundation, Inc. (UCF) to a patent-protected diagnostic test for the detection of the MAP bacterium (*Mycobacterium avium paratuberculosis*). MAP is estimated to be found in 40%-50% of patients who suffer from Crohn's disease - an inflammatory disorder of the gastrointestinal tract, affecting approximately 700,000 patients in the US alone, with currently no available cure.

RedHill's RHB-104 drug is intended to treat Crohn's patients with MAP bacterium, which is considered to be one of the possible causes for the disease.

As part of the planned clinical trials, RedHill will screen Crohn's patients for MAP infection. The test may also be used by RedHill for future commercial purposes as a companion diagnostic with RHB-104.

Under the license agreement, in consideration for an exclusive license for all indications and medical applications, RedHill shall pay UCF an upfront payment, as well as future net sales royalties of 7%-20%.

Following the recent announcements of RedHill's engagement in a manufacturing agreement and an engagement with a global Clinical Research Organization (CRO), the Company is currently preparing two parallel placebo-controlled, double-blind clinical trials with RHB-104 for the treatment of Crohn's patients who are MAP-infected (a Phase II/III trial in the US, and a European Phase III trial). RedHill further announced that the costs of the two clinical trials are estimated at \$11-\$13 million, and that in view of such costs, the Company believes it has the necessary financial resources to support the completion of both clinical trials toward the obtainment of marketing approvals in the US and Europe.

Patrick Mclean, RHB-104 Product Manager said today: "Acquiring the exclusive rights to UCF's diagnostic test represents a key milestone in the continuous development of a new treatment for Crohn's patients. Detecting the MAP bacterium and screening relevant Crohn's patients should allow RedHill to advance the development of RHB-104 toward future commercialization. The UCF team of researchers, led by Dr. Saleh Naser, is a global academic leader in MAP detection research, and we are grateful to have been given the opportunity to cooperate with them".

Dr. M.J. Soileau, Vice President of Research and Commercialization, at UCF, added today: "The University of Central Florida is very pleased with the opportunity to partner with RedHill Biopharma. The combination of UCF's leading MAP detection technology and the RedHill's team successful track record of developing drugs to bring to market holds a promise of an effective therapy for Crohn's patients."

About Crohn's Disease:

Crohn's disease is an inflammatory disorder of the gastrointestinal tract that affects approximately 700,000 Americans. Common symptoms of Crohn's include severe abdominal pain, diarrhea and rectal bleeding. There is currently no cure for Crohn's disease and current treatments are targeted at suppressing inflammation, thus offering symptomatic relief for a limited period of time. Consequently, it is estimated that two-thirds to three-quarters of patients with Crohn's disease will require surgery at some point during their lives¹.

About RedHill Biopharma Ltd.:

RedHill Biopharma is an emerging Israeli biopharmaceutical company focused primarily on development and acquisition of late clinical-stage new formulations of existing drugs. The Company's current product pipeline includes a once-daily formulation of a leading congestive heart failure and high blood pressure drug, a once-daily formulation of a leading chemotherapy induced nausea and vomiting prevention drug, an oral thin film formulation of a leading triptan for the treatment of acute migraine, a combination therapy for the treatment of MAP infection in Crohn's and two additional gastrointestinal drugs. The Company's team includes prominent pharmaceutical experts. For more information please visit: www.redhillbio.com.

About the University of Central Florida:

The University of Central Florida is a metropolitan research university that ranks as the second largest in the US with more than 56,000 students. UCF's first classes were offered in 1968. The university offers impressive academic and research environments that power the region's economic development. UCF's culture of opportunity is driven by its diversity, Orlando environment, history of entrepreneurship and the youth, relevance and energy. For more information please visit <http://www.ucf.edu>.

This Press Release does not constitute an offer or solicitation to acquire and/or sell the Company's securities or to participate in any investment in the Company. Statements in this Press Release that are not historical facts are forward-looking statements based on current expectations of future events and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. All of these forward-looking statements are subject to risks and uncertainties that may change at any

¹ See Crohn's & Colitis Foundation of America's website at <http://www.cdfa.org>.

time, and, therefore, actual results may differ materially from those expected. All forward-looking statements included in this Press Release are made only as of the date of this Press Release. We assume no obligation to update any written or oral forward-looking statement made by us or on our behalf as a result of new information, future events or other factors.

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