

XTL Provides Update on HepeX-B Program

New York, NY, July 19, 2006 - XTL Biopharmaceuticals, Ltd. (NASDAQ: XTLB, LSE: XTL, TASE: XTL) provided today an update on HepeX-B - a drug candidate for the prevention of re-infection with Hepatitis B following liver transplantation.

HepeX-B™ was discovered and developed by XTL, and was licensed to Cubist Pharmaceuticals in June 2004.

In December 2005, Cubist announced the positive results of a Phase 2B study with HepeX-B, based on which Cubist planned to meet with the FDA to discuss a proposed Phase 3 trial design.

During its quarterly investor conference call held earlier today, Cubist reported that the FDA direction on the regulatory pathway for approval creates both operational and economic challenges. The size of the safety population the FDA is looking for translates to an extremely lengthy development timeline, as there are only about 500 liver transplants due to hepatitis B each year--across the U.S. and Europe. At this point, Cubist has decided not to make any further investment in the HepeX-B program while the company evaluates strategic options for HepeX-B.

Ron Bentsur, XTL's CEO, commented: "While we are disappointed, we consider the economic impact of Cubist's decision on XTL to be nominal as due to the size of the market for HepeX-B, we do not believe that the potential royalties from Cubist constituted a value driver for XTL. The key value drivers for XTL remain the two clinical programs in Hepatitis C, the pre-clinical program for Hepatitis C, and our in-licensing program."

ABOUT XTL BIOPHARMACEUTICALS, LTD.

XTLbio is engaged in the acquisition, development and commercialization of therapeutics for the treatment of infectious diseases, with a focus on hepatitis C. XTLbio is developing XTL-2125 - a small molecule, non-nucleoside inhibitor of the hepatitis C virus polymerase - presently in Phase 1 clinical trials in patients with chronic hepatitis C. XTLbio is also developing XTL-6865 - a combination of two monoclonal antibodies against the hepatitis C virus - presently in Phase 1 clinical trials in patients with chronic hepatitis C. XTLbio's hepatitis C pipeline also includes several families of pre-clinical hepatitis C small molecules. XTLbio is publicly traded on the Nasdaq, London, and Tel-Aviv Stock Exchanges (NASDAQ: XTLB; LSE: XTL; TASE: XTL).