

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services Act 1986.

If you have sold or otherwise transferred all your shares in XTL Biopharmaceuticals Ltd ("XTLbio" or the "Company"), please forward this document, together with the accompanying form of proxy, as soon as practicable to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.



(incorporated and registered in the State of Israel under the Israeli Companies Law – 1999 with registered number 52-003947-0)

Notice of Annual General Meeting

Receipt of Financial Statements for 31 December 2005

Appointment of Independent Auditors

Re-appointment of Directors

Notice of an annual general meeting of XTLbio (the "Annual General Meeting"), to be held at the Conference Room of the Company at Building 3, Kiryat Weizmann Science Park, Rehovot, PO Box 370, Israel 76100 at 4:00 p.m. (Israel Time) on 25 October 2006 is set out at the end of this document. Shareholders will find enclosed a proxy card for use at the Annual General Meeting. The proxy card should be completed and returned to the Company at its registered offices, Building 3, Kiryat Weizmann, Rehovot, P.O.Box 370, Israel 76100, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received no later than 4:00 p.m. (Israeli time) on 23 October 2006.

Notice of Annual General Meeting

XTL Biopharmaceuticals Ltd

*(incorporated and registered in the State of Israel under the Israeli Companies Law - 1999
with registered number 52-003947-0)*

Notice is hereby given that the Annual General Meeting (the “**Meeting**”) of XTL Biopharmaceuticals Ltd (“**XTLbio**” or the “**Company**”) will be held at the Conference Room of the Company at Building 3, Kiryat Weizmann Science Park, Rehovot, PO Box 370, Israel 76100 at 4:00 p.m. (Israel Time) on 25 October 2006, to consider, and if thought fit, pass the following resolutions as ordinary resolutions:

1. THAT the Annual Report and Accounts of the Company for the year ended 31 December 2005, be and they are hereby received.
2. THAT Kesselman & Kesselman (PricewaterhouseCoopers), be and are hereby appointed, as the Company’s independent auditors for the financial year ending 31 December 2006 and that the Board of Directors be and are hereby authorised to agree the level of remuneration of the auditors in accordance with the volume and nature of their services.
3. THAT Michael S. Weiss be and is hereby re-appointed as a Director of the Company until the closing of the next annual general meeting.
4. THAT Ben-Zion Weiner be and is hereby re-appointed as a Director of the Company until the closing of the next annual general meeting.
5. THAT William James Kennedy be and is hereby re-appointed as a Director of the Company until the closing of the next annual general meeting.

Recommendation

The Board believe that the resolutions are in the best interests of XTL Biopharmaceuticals Ltd and its Shareholders as a whole and, accordingly, the Board unanimously recommend you to vote in favour of the resolutions set out in this Annual General Meeting notice.

By order of the Board
Ronen Kantor
Company Secretary

Registered Office:
Building 3
Kiryat Weizmann Science Park
Rehovot 76100
Israel

25 September 2006

Notes:

- 1 *A member who is entitled to attend and vote at the meeting may appoint one or more proxies to attend and to vote instead of him or her. A proxy need not be a member of the Company.*
- 2 *To be valid, a form of proxy for use at the Meeting, together with any power of attorney or other authority under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company at its registered office, Building 3, Kiryat Weizmann Science Park, P.O.Box 370, Rehovot 76100, Israel, at least 48 hours before the time for holding the meeting.*
- 3 *Completion and return of a form of proxy will not preclude a shareholder from attending and voting at the Meeting in person if he or she subsequently decides to do so.*



Annual General Meeting ("AGM") Notice Posted to Shareholders

New York, New York, September 26, 2006 - XTL Biopharmaceuticals Ltd. (NASDAQ: XTLB; LSE: XTL; TASE: XTL), a biotechnology company focused on the acquisition, development and commercialization of pharmaceutical products for the treatment of infectious diseases, particularly the treatment of hepatitis C, has posted to shareholders a notice convening its AGM. The AGM will take place at the Conference Room at the Company's Israeli offices at Building 3, Kiryat Weizmann Science Park, Rehovot, Israel 76100, at 4:00 p.m., on October 25, 2006.

At the AGM it is proposed that:

- the annual reports for the year ended 31 December 2005 be received;
- Kesselman & Kesselman (PricewaterhouseCoopers) be reappointed as the Company's auditors; and
- Messrs Michael Weiss, Ben Zion Weiner and William Kennedy be re-appointed as Directors of the Company.

Contacts:

XTL

Ron Bentsur, Chief Executive Officer Tel: +1 (212) 531-5960

ABOUT XTL BIOPHARMACEUTICALS LTD.

XTL is engaged in the acquisition, development and commercialization of therapeutics for the treatment of infectious diseases, with a focus on hepatitis C. XTL 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. XTL 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. XTL's hepatitis C pipeline also includes several families of pre-clinical hepatitis C small molecules. XTL is publicly traded on the Nasdaq, London, and Tel-Aviv Stock Exchanges (NASDAQ: XTLB; LSE: XTL; TASE: XTL).

XTL Biopharmaceuticals Ltd

(the "Company")

Proxy form for use at the Annual General Meeting of the Company to be held on 25 October 2006 at 4:00 p.m. (Israel time)

I/We of
being (a) holder(s) of the number of ordinary shares of NIS0.02 each in the Company set out below hereby appoint the chairman of

the Meeting or
as my/our prox(y)(ies) to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at XTL Biopharmaceuticals Ltd., Kiryat Weizmann Science Park, Building 3, 3 Hasapir St., Rehovot, Israel 76100 at 4:00 p.m. (Israel Time) on 25 October 2006, and at any adjournment thereof (the "Meeting"). My/our prox(y)(ies) (is)/(are) to vote in the following way by inserting "X" in the appropriate boxes:

No.	Type of Resolution	Resolution	For	Against	Abstain
1.	Ordinary Resolution	To receive the Annual Report and Accounts of the Company for the year ended 31 December 2005			
2.	Ordinary Resolution	To appoint the auditors and authorise the fixing of their remuneration			
3.	Ordinary Resolution	To re-appoint Michael Weiss as a Director of the Company			
4.	Ordinary Resolution	To re-appoint Ben-Zion Weiner as a Director of the Company			
5.	Ordinary Resolution	To re-appoint William Kennedy as a Director of the Company			

Shareholding Ordinary Shares (*please insert number*)

Signature(s) Date2006

Notes for completion of proxy form

1. Please indicate, by placing "X" in the appropriate space, how you wish your votes to be cast in respect of each of the Resolutions. If this form is duly signed and returned, but without any specific direction as to how you wish your votes to be cast, your proxy may vote or abstain, at his or her discretion.
2. In the case of joint shareholders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s).
3. This proxy must be executed by the shareholder(s) or his/her/their attorney duly authorised in writing.
4. Any shareholder holding shares of the Company on the close of business on 25 September, 2006, shall be entitled to attend and vote at the Meeting. Such shareholder may appoint one or more proxies to attend and to vote instead of him or her. A proxy need not be a shareholder of the Company.
5. To be valid, an original form of proxy for use at the Meeting, duly signed and executed, together with any power of attorney (if any) or other authority under which it is signed (if any), or a notarially certified copy of such proxy, power or authority (as applicable), must be deposited at Kantor & Co. - Law Offices OZ HOUSE, 12th Floor 14 Abba Hillel Street Ramat Gan, ISRAEL 52506, at least 48 hours before the time for holding the Meeting (4:00 p.m. (Israel Time) on 23 October 2006).
6. Completion and return of a form of proxy will not preclude a shareholder from attending and voting at the Meeting in person if he or she subsequently decides to do so.
7. The approval of all ordinary resolutions proposed at the Meeting shall require a majority vote at the Meeting.

XTL BIOPHARMACEUTICALS LTD.
At: Kantor & Co. - Law Offices
OZ HOUSE, 12th Floor
14 Abba Hillel Street
Ramat Gan,
ISRAEL 52506