



XTL Receives Staff Letter from NASDAQ
XTL May Transfer its ADR Listing to the NASDAQ Capital Market

Valley Cottage, New York, August 28, 2007 - XTL Biopharmaceuticals Ltd. (NASDAQ: XTLB; LSE: XTL; TASE: XTL), a biopharmaceutical company engaged in the acquisition, development and commercialization of therapeutics for the treatment of unmet medical needs, particularly neuropathic pain and hepatitis C, today announced the receipt on August 23, 2007, of a NASDAQ Staff Deficiency Letter indicating that, according to the Company's financial statements for the six months ended June 30, 2007, XTL no longer complies with the minimum \$10 million shareholders' equity requirement for continued listing on The NASDAQ Global Market as set forth in Marketplace Rule 4450(a)(3).

The Company intends to respond to NASDAQ with information that may enable the Company to maintain its listing on The NASDAQ Global Market; however, if the Company's plan for compliance is not satisfactory, the Company has the option to transfer its ADR listing to the NASDAQ Capital Market, previously called the NASDAQ SmallCap Market.

The NASDAQ Capital Market is a continuous trading market that operates in the same manner as The NASDAQ Global Market. The NASDAQ Capital Market is not related to, nor does it operate similarly to the over-the-counter markets including the OTCBB and Pink Sheets. Should the Company transfer its ADR listing to The NASDAQ Capital Market, its trading symbol on NASDAQ would remain "XTLB," and the Company does not expect any interruption in the trading of its ADRs.

The NASDAQ Capital Market includes over 500 issuers of a wide range of capitalization sizes. A NASDAQ Capital Market security satisfies all applicable qualification requirements for NASDAQ securities, and all companies listed on The NASDAQ Capital Market must meet certain financial requirements and adhere to NASDAQ's corporate governance standards.

ABOUT XTL BIOPHARMACEUTICALS LTD.

XTL Biopharmaceuticals Ltd. ("XTL") is engaged in the acquisition, development and commercialization of therapeutics for the treatment of neuropathic pain and hepatitis C. XTL is developing Bicifadine, a serotonin and norepinephrine reuptake inhibitor, for the treatment of neuropathic pain. XTL is also developing several novel pre-clinical hepatitis C small molecule inhibitors. XTL also has an active in-licensing and acquisition program designed to identify and acquire additional drug candidates. XTL is publicly traded on the NASDAQ, London, and Tel-Aviv Stock Exchanges (NASDAQ: XTLB; LSE: XTL; TASE: XTL).

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Cautionary Statement

Some of the statements included in this press release, particularly those anticipating continued trading of the Company's ADRs on the NASDAQ Global Market, the potential transfer of trading to

the NASDAQ Capital Market, the expected uninterrupted trading of the ADR, and the Company's ability to comply with NASDAQ Capital Market listing requirements, may be forward-looking statements that involve a number of risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Risk factors that could adversely affect our operations are identified from time to time in our reports filed with the Securities and Exchange Commission and the London Stock Exchange, including our annual report on Form 20-F filed with the Securities and Exchange Commission on March 23, 2007. Any forward-looking statements set forth in this press release speak only as of the date of this press release. We do not intend to update any of these forward-looking statements to reflect events or circumstances that occur after the date hereof. This press release and prior releases are available at <http://www.xtlbio.com>. The information in our website is not incorporated by reference into this press release and is included as an inactive textual reference only.