As filed with the Securities and Exchange Commission on October 30, 2007

Registration No. 333-_____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

XTL BIOPHARMACEUTICALS LTD.

(Exact Name of Registrant as Specified in Its Charter)

Israel	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

711 Executive Blvd., Suite Q
Valley Cottage, NY 10989
(845) 267-0707

(Address and Telephone Number of Registrant's Principal Executive Offices)

Ron Bentsur
Chief Executive Officer
XTL Biopharmaceuticals Ltd.
711 Executive Blvd., Suite Q
Valley Cottage, NY 10989
Telephone: (845) 267-0707
(Name, address, and telephone number, of agent for service)

Copies to:

Mark F. McElreath	**Ronen Kantor**
Alston & Bird LLP	**Kantor & Co.**
90 Park Avenue	**Oz House**
New York, New York 10016	**14 Abba Hilel Silver (12th Floor)**
Telephone: (212) 210-9595	**Ramat Gan 52506, Israel**
Facsimile: (212) 210-9444	**(011) + 972 3 613 3371**

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the SEC pursuant to Rule 462(e) under the Securities Act, check the following box. ☐

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

CALCULATION OF REGISTRATION FEE[1]

Title of each class of securities to be registered	Amount to be registered	Proposed maximum aggregate price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Ordinary Shares, par value NIS 0.02	72,485,020	$0.178[2]	$12,902,334[2]	$397

[1] A separate registration statement on Form F-6 (Registration No. 333-12696) has been filed for the registration of American Depositary Shares

evidenced by American Depositary Receipts issuable upon the deposit of ordinary shares registered hereby. Each American Depositary Share represents ten ordinary shares.

(2) Estimated solely for the purposes of computing the amount of the registration fee pursuant to Rule 457(c) under the Securities Act based on the average of the high and low prices of the American Depositary Shares, divided by the ten ordinary shares represented thereby, reported on the Nasdaq Global Market on October 29, 2007.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated October 30, 2007.

PROSPECTUS

7,248,502 American Depositary Shares
Each Representing Ten Ordinary Shares

XTL Biopharmaceuticals Ltd.

This prospectus relates to the offer and sale by the Selling Shareholders named herein of up to an aggregate of 72,485,020 ordinary shares in the form of American Depositary Shares, or ADSs, which we refer to herein as "Shares," of XTL Biopharmaceuticals Ltd., an Israeli public limited liability company. Each ADS represents ten ordinary shares. The ADSs are evidenced by American Depositary Receipts, or ADRs. The Selling Shareholders may, from time to time, sell any or all of their ADRs on the Nasdaq Global Market or in private transactions using any of the methods described in the section of this prospectus entitled "Plan of Distribution." We will not receive any proceeds from the sale of ADRs by the Selling Shareholders. We issued these ordinary shares to the Selling Shareholders in a private transaction.

Our ordinary shares are traded on the London Stock Exchange under the symbol "XTL" and on the Tel Aviv Stock Exchange under the symbol "XTL." ADRs representing our ordinary shares are quoted on the Nasdaq Global Market under the symbol "XTLB." On October 29, 2007, the closing price of our ordinary shares on the London Stock Exchange was 8.13 British Pence per share, the closing price of our ordinary shares on the Tel Aviv Stock Exchange was NIS 6.96 per share, and the closing price of our ADRs on the Nasdaq Global Market was $1.80 per ADR.

Investing in these securities involves certain risks. You should refer to the "Risk Factors" included in our annual report on Form 20-F for the year ended December 31, 2006, which is incorporated by reference herein, and carefully consider that information before buying our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2007.

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IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or SEC, on Form F-3 on October 30, 2007. We incorporate by reference herein certain filings with the SEC. You should rely only on the information contained in this prospectus and any filings incorporated by reference herein. We have not authorized anyone to provide you with information different from that contained in this prospectus. This prospectus may be used only where it is legal to sell these securities. You should not assume that the information contained in this prospectus or information incorporated by reference herein or therein, is current as of any date other than the date of such information. Our business, financial condition, results of operations and prospects may have changed since that date.

We urge you to read this prospectus and other offering material together with the additional information described under the heading "Where You Can Find More Information."

The terms "we," "our," "ours" and "us" refer to XTL Biopharmaceuticals Ltd. and our consolidated subsidiaries.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-3 under the Securities Act of 1933, as amended, or the Securities Act, with respect to our ADRs offered hereby. This prospectus, which forms part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. Some items are omitted in accordance with the rules and regulations of the SEC. For further information about us and our ordinary shares and our ADRs, we refer you to the registration statement and the exhibits and schedules to the registration statement filed as part of the registration statement. Statements contained in this prospectus as to the contents of any contract or other document filed as an exhibit are qualified in all respects by reference to the actual text of the exhibit. You may read and copy the registration statement, including the exhibits and schedules to the registration statement, along with any other reports we have filed with the SEC, including our annual reports on Form 20-F and periodic reports on Form 6-K, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You can obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at www.sec.gov, from which you can electronically access the registration statement, including the exhibits and schedules to the registration statement.

We are "incorporating by reference" into this prospectus certain documents we file with the SEC, which means that we can disclose important information to you by referring you to these documents. The information in the documents incorporated by reference is considered to be part of this prospectus. We incorporate by reference:

- our annual report on Form 20-F for the fiscal year ended December 31, 2006, filed with the SEC on March 23, 2007;
- our current reports on Form 6-K filed with the SEC on March 29, 2007 (Film No. 07728344), June 11, 2007, August 15, 2007, August 28, 2007, September 10, 2007, September 17, 2007, September 26, 2007, October 2, 2007, and October 25, 2007;
- all future annual reports on Form 20-F; and
- any future reports on Form 6-K that we so indicate are incorporated by reference, that we may file with or furnish to the SEC under Sections 13(a), 13(c) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act,

until all the securities offered by this prospectus are sold.

Information contained in this prospectus updates, modifies or supersedes, as applicable, the information contained in earlier-dated documents incorporated by reference. Information in documents that we file with the SEC after the date of this prospectus will automatically update and supersede information in this prospectus or in earlier-dated documents incorporated by reference.

Upon written or oral request, we will provide a copy of the documents we incorporate by reference (including any exhibits specifically incorporated by reference in such documents), at no cost, to any person to whom this prospectus is delivered. To request a copy of any or all of these documents, you should write or telephone us at: 711 Executive Blvd., Suite Q, Valley Cottage, New York 10989 (telephone: 845-267-0707). Our primary internet address is www.xtlbio.com. None of the information on our website is incorporated by reference into this prospectus.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain matters discussed in this prospectus may constitute forward-looking statements for purposes of the Securities Act, and the Exchange Act, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements. The words "expect," "anticipate," "intend," "plan," "believe," "seek," "estimate," and similar expressions are intended to identify such forward-looking statements. Our actual results may differ materially from the results anticipated in these forward-looking statements due to a variety of factors, including, without limitation, those discussed under "Risks Factors" in our Annual Report on Form 20-F, as well as factors which may be identified from time to time in our other filings with the SEC, or in the documents where such forward-looking statements appear. All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements.

The forward-looking statements contained in this report reflect our views and assumptions only as of the date this report is signed. Except as required by law, we assume no responsibility for updating any forward-looking statements.

PROSPECTUS SUMMARY

The following is a summary of selected information contained elsewhere in this prospectus. It does not contain all of the information that you should consider before deciding to invest in our ordinary shares or ADRs. You should read this entire prospectus carefully, especially the section entitled "Risk Factors" and the financial statements and the notes to the financial statements at the end of the prospectus. Unless the context requires otherwise, references in this prospectus to "XTLbio," the "Company," "we," "us" and "our" refer to XTL Biopharmaceuticals Ltd. and our wholly-owned subsidiaries, XTL Biopharmaceuticals, Inc. and XTL Development, Inc. We have prepared our consolidated financial statements in United States dollars and in accordance with United States generally accepted accounting principles, or U.S. GAAP. All references herein to "dollars" or "$" are to United States dollars, and all references to "Shekels" or "NIS" are to New Israeli Shekels.

XTL BIOPHARMACEUTICALS LTD.

We are a biopharmaceutical company engaged in the development of therapeutics for the treatment of neuropathic pain and hepatitis C. We are developing Bicifadine, a serotonin and norepinephrine reuptake inhibitor, for the treatment of diabetic neuropathic pain. We are also developing several novel pre-clinical hepatitis C small molecule inhibitors. We also have an active in-licensing and acquisition program designed to identify and acquire additional drug candidates.

Our ordinary shares are traded on the London Stock Exchange under the symbol "XTL," and on the Tel Aviv Stock Exchange under the symbol "XTL." Our ADRs are quoted on the Nasdaq Global Market under the symbol "XTLB." We operate under the laws of the State of Israel, under the Israeli Companies Act, the regulations of the United Kingdom Listing Authority, which governs our listing on the London Stock Exchange, and in the US, we operate subject to the Securities Act, the Exchange Act and the regulations of the Nasdaq Global Market. We expect that the cancellation of the listing of our Ordinary Shares on the Official List of the United Kingdom Listing Authority will take place at 8:00 am (London Time) on October 31, 2007.

Our principal offices are located at 711 Executive Blvd., Suite Q**,** Valley Cottage, New York 10989, and our telephone number is 845-267-0707. The principal offices of XTL Biopharmaceuticals, Inc., our wholly-owned US subsidiary and agent for service of process in the US, are located at 711 Executive Blvd., Suite Q**,** Valley Cottage, New York 10989, and its telephone number is 845-267-0707. Our primary internet address is www.xtlbio.com. None of the information on our website is incorporated by reference into this prospectus.

THE OFFERING

Securities offered hereby	72,485,020 ordinary shares, par value NIS 0.02 per share, in the form of ADRs.
Use of proceeds	We will not receive any proceeds from the sale of ADRs by the Selling Shareholders.
ADRs	Each ADR represents the right to receive ten ordinary shares. See "Description of American Depositary Shares." • The depositary will hold the shares underlying your ADRs. You will have rights as provided in the deposit agreement. • We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our ordinary shares, after deducting its fees and expenses. • You may turn in your ADRs to the depositary in exchange for our ordinary shares. The depositary will charge you fees for any such exchange. • We may amend or terminate the deposit agreement without your consent. If you continue to hold your ADRs, you agree to be bound by the deposit agreement, as amended.
Depositary	The Bank of New York
Timing and Settlement for ADRs	The ADRs will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company, or DTC, in New York, New York. DTC and its direct and indirect participants will maintain records that will show the beneficial interests in the ADRs and facilitate any transfer of the beneficial interests.
Nasdaq Stock Market symbol for ADRs	"XTLB"

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2007 as adjusted to reflect this offering of ordinary shares.

You should read this table in conjunction with "Selected Financial Data" and our consolidated financial statements and related notes included in our most recent annual report and in conjunction with our most recent interim report, included herewith.

(In thousands, except per share amounts)	As of June 30, 2007 (unaudited)	Private Placement November 2007	Pro forma As Adjusted
Cash, cash equivalents and short-term bank deposits	$ 12,636	$ 9,025	$ 21,661
Shareholders' equity:			
Ordinary shares of NIS 0.02 par value (300,000,000 authorized as of June 30, 2007; 500,000,000 authorized pro forma as adjusted; 220,154,349 issued and outstanding as of June 30, 2007; 292,639,369 issued and outstanding pro forma as adjusted)	1,072	363	1,435
Additional paid in capital	137,583	8,662	146,245
Deficit accumulated during development stage	(129,572)	-	(129,572)
Total shareholders' equity	9,083	9,025	18,108
Total capitalization	$ 9,083	$ 9,025	$ 18,108

USE OF PROCEEDS

We will not receive any proceeds from the sale of ADRs by the Selling Shareholders.

SELLING SHAREHOLDERS

The Selling Shareholders received ADRs representing our ordinary shares as the result of a private placement of our ordinary shares in November 2007. Selling Shareholders, including any non-sale transferees, pledges or donees or their successors, may from time to time offer and sell any or all of the ADRs representing ordinary shares pursuant to this prospectus.

The Selling Shareholders may offer all, some or none of the ADRs. Because the Selling Shareholders may offer all or some portion of the ADRs, no estimate can be given as to the amount of ADRs that will be held by the Selling Shareholders upon termination of any sales.

The information in the following table was provided at the time of the private placement in November 2007 subject to various closing conditions. We make no representation as to its accuracy as of the date of this prospectus, as some of these Selling Shareholders may have sold their ADRs without notifying us.

Name and Address of Selling Shareholder	Number of ADRs representing ordinary shares obtained as the result of the private placement and registered hereby	Number of ADRs representing ordinary shares obtained as the result of the private placement and registered hereby beneficially owned as of the date hereof [1]
Gadi Ben Ari 6 Hashaked Street Caesarea, Israel	60,000	0
Cat Trail Private Equity, LLC 8 Wells Hill Road Weston, Connecticut 06883	370,371	0
Clearwater Fund, I L.P. 611 Druid Road East, Suite 200 Clearwater, Florida 33756	185,185	0
Clearwater Offshore Fund, Ltd. c/o GTC Corporate Services, Ltd. Sassoon House Shirley Street & Victoria Avenue P.O. Box 55-5383 Nassau, Bahamas	185,185	0
Delaware Charter Guarantee and Trust Steven Oliviera (Trustee) 18 Fieldstone Ct. New City, New York 10956	375,000	0
Kenneth Hoberman 28 Avenue at Port Imperial #327 West New York, NJ 07657	55,556	0
Iroquois Master Fund Ltd. 641 Lexington Avenue 26th Floor New York, New York 10022	111,112	0
The Israel Aircraft Industries Worker Provident Fund Ben Gurion International Airport, 70100 Israel	750,000	0
Gregory Kiernan 191 King Street Chappaqua, New York 10514	185,186	0

Name and Address of Selling Shareholder	Number of ADRs representing ordinary shares obtained as the result of the private placement and registered hereby	Number of ADRs representing ordinary shares obtained as the result of the private placement and registered hereby beneficially owned as of the date hereof[1]
James D. Kuhn 125 Park Avenue, 11th Floor New York, New York 10017	250,000	0
Meitav Gemel Ltd. Provident Funds Management Museum Tower 4 Berkowitz N Street Tel Aviv, Israel	162,963	0
Meitav Mishan Ltd. Provident Funds Management Museum Tower 4 Berkowitz N Street Tel Aviv, Israel	20,000	0
Meitav Pension Ltd. Museum Tower 4 Berkowitz N Street Tel Aviv, Israel	2,223	0
Meitav Underwriting Ltd. Provident Funds Management Museum Tower 4 Berkowitz N Street Tel Aviv, Israel	111,112	0
James F. Oliviero III 220 Riverside Blvd., Apt 6A New York, New York 10069	5,500	0
Perceptive Life Sciences Master Fund Ltd. 499 Park Avenue 25th Floor New York, New York 10022	925,926	0
ProMed Offshore Fund, Ltd. c/o ProMed Management, Inc. 237 Park Avenue, 9th Floor New York, New York 10017	52,500	0
ProMed Partners, L.P. c/o ProMed Management, Inc. 237 Park Avenue, 9th Floor New York, New York 10017	317,900	0
Punk Ziegel & Co. 520 Madison Avenue New York, New York 10022	370, 371	0

Name and Address of Selling Shareholder	Number of ADRs representing ordinary shares obtained as the result of the private placement and registered hereby	Number of ADRs representing ordinary shares obtained as the result of the private placement and registered hereby benefically owned as of the date hereof[1]
Quogue Capital LLC 1285 Avenue of Americans, 35th Floor New York, New York 10019	925,000	0
SCO Capital Partners, L.P. 1285 Avenue of the Americas, 35th Floor New York, New York 10019	370,371	0
Senvest Israel Partners LP 110 East 55th Street, Suite 1600 New York, NY 10022	111,112	0
Senvest Master Fund LP 110 East 55th Street Suite 1600 New York, New York 10022	111,112	0
Sonostar Capital Partners LLC 191 King Street Chappaqua, NY 10514	148,149	0
TMW Capital, LLC 48 Route 25A, Suite 305 Smithtown, New York 11787	296,297	0
David TuBoul Gilboa Street #4 Reut, Israel	75,000	0
Versant Capital Management LLC 45 Rockefeller Plaza Suite 2074 New York, New York 10111	370,371	0
Brian S. Waterman 2 East End Avenue New York, New York 10075	105,000	0
Maniv (Brunstein) Business Promotion and Development Ltd. Habanim 40 St. Ramat-Hasharon, Israel 47223	75,000	0
M.D.K. Inc. 101 Central Park West, Apt. PHC New York, New York 10023	75,000	0
Eyal Carmon POB 6122 Ramat-Hasharon U7284 Israel	90,000	0
Total	7,248,502	0

[1] Assumes sale of all of the ADRs representing ordinary shares obtained as a result of the private placement, registered and offered hereby.

PLAN OF DISTRIBUTION

The Selling Shareholders and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their ADRs on any stock exchange, market or trading facility on which the ADRs are traded or in private transactions. These sales may be at fixed or negotiated prices. The Selling Shareholders may use any one or more of the following methods when selling ADRs:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the ADRs as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales created after the date of the private placement;
- broker-dealers may agree with the Selling Shareholders to sell a specified number of such ADRs at a stipulated price per ADR;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The Selling Shareholders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus. Broker-dealers engaged by the Selling Shareholders may arrange for other brokers dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Shareholders (or, if any broker-dealer acts as agent for the purchaser of ADRs, from the purchaser) in amounts to be negotiated. The Selling Shareholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The Selling Shareholders may from time to time pledge or grant a security interest in some or all of the ADRs owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the ADRS from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of Selling Shareholders to include the pledgee, transferee or other successors in interest as Selling Shareholders under this prospectus.

The Selling Shareholders also may transfer the ADRs in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The Selling Shareholders and any broker-dealers or agents that are involved in selling the ADRs may be deemed to be “underwriters” within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the ADRs purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. The Selling Shareholders have informed us that none of them have any agreement or understanding, directly or indirectly, with any person to distribute the ADRs.

We are required to pay all fees and expenses that we incur incident to the registration of the ADRs. We have agreed to indemnify the Selling Shareholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

EXPENSES OF THE ISSUE

The table below itemizes the expenses paid by us in connection with the registration and issuance of the securities being registered by this prospectus.

Placement Agents	$	685,000
Securities and Exchange Commission Registration Fee	$	397
Legal Fees and Expenses	$	40,000
Accountants' Fees and Expenses	$	20,000
Printing and Duplicating Expenses	$	5,000
Miscellaneous Expenses	$	9,603
Total	$	760,000

DESCRIPTION OF SHARE CAPITAL

Share Capital

As of June 30, 2007 and as of September 30, 2007, we had 300,000,000 ordinary shares, par value NIS 0.02, authorized and 220,154,349 and 220,156,932 ordinary shares issued and outstanding, respectively. On October 2, 2007, our shareholders approved an increase in the authorized capital stock of XTL, and we now have, as of the date hereof, authorized capital stock of the company consisting of 500,000,000 ordinary shares. All of the outstanding shares are issued and fully paid.

As of September 30, 2007 an additional 55,516,243 options and warrants were issuable upon the exercise of outstanding options and warrants to purchase our ordinary shares. The exercise price of the options and warrants outstanding is between $0.106 and $2.110 per share.

As of December 31, 2002, we had 300,000,000 ordinary shares, par value NIS 0.02, authorized and 111,165,364 ordinary shares issued and outstanding. Since such date and through September 30, 2007, we have issued an aggregate of 5,000,746 ordinary shares upon the exercise of options. In addition, in August 2004, we issued 56,009,732 ordinary shares pursuant to a placing and open offer for new ordinary shares on the London Stock Exchange, in September 2005, we issued 1,314,420 ordinary shares pursuant to a license agreement and an asset purchase agreement with VivoQuest Inc., and in May 2006, we issued 46,666,670 ordinary shares pursuant to a private placement.

DESCRIPTION OF AMERICAN DEPOSITARY RECEIPTS

American Depository Shares

On the effective date of the registration statement of which this prospectus is a part, we issued and deposited the ordinary shares registered hereby with Bank Hapoalim B.M., The Bank of New York's custodian in Tel Aviv, Israel. The Bank of New York in turn issued to the Selling Shareholders American Depositary Receipts, or ADRs, representing American Depositary Shares, or ADSs. One ADR represents an ownership interest in ten of our ordinary shares. Each ADR also represents securities, cash or other property deposited with The Bank of New York but not distributed to ADR holders. The Bank of New York's Corporate Trust Office is located at 101 Barclay Street, New York, NY 10286, U.S.A. Their principal executive office is located at One Wall Street, New York, NY 10286, U.S.A.

You may hold ADRs either directly or indirectly through your broker or other financial institution. If you hold ADRs directly, you are an ADR holder. This description assumes you hold your ADRs directly. If you hold the ADRs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADR holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Because The Bank of New York will actually hold the ordinary shares, you must rely on it to exercise the rights of a shareholder. The obligations of The Bank of New York are set out in a deposit agreement among us, The Bank of New York and you, as an ADR holder. The agreement and the ADRs are generally governed by New York law.

The following is a summary of the agreement. Because it is a summary, it does not contain all the information that may be important to you. For more complete information, you should read the entire agreement and the ADR. Directions on how to obtain copies of these are provided in the section entitled "Where You Can Find More Information."

Share Dividends and Other Distributions

The Bank of New York has agreed to pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADRs represent.

Cash. The Bank of New York will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the U.S. If that is not possible or if any approval from any government or agency thereof is needed and cannot be obtained, the agreement allows The Bank of New York to distribute the foreign currency only to those ADR holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADR holders who have not been paid. It will not invest the foreign currency and it will not be liable for the interest.

Before making a distribution, any withholding taxes that must be paid under U.S. law will be deducted. See "Taxation—United States Federal Income Tax Considerations—Taxation of Dividends Paid On Ordinary Shares." The Bank of New York will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when The Bank of New York cannot convert the foreign currency, you may lose some or all of the value of the distribution.

Shares. The Bank of New York may distribute new ADRs representing any shares we may distribute as a dividend or free distribution, if we furnish it promptly with satisfactory evidence that it is legal to do so. The Bank of New York will only distribute whole ADRs. It will sell shares which would require it to use a fractional ADR and distribute the net proceeds in the same way as it does with cash. If The Bank of New York does not distribute additional ADRs, each ADR will also represent the new shares.

Rights to receive additional shares. If we offer holders of our ordinary shares any rights to subscribe for additional shares or any other rights, The Bank of New York may make these rights available to you. We must first instruct The Bank of New York to do so and furnish it with satisfactory evidence that it is legal to do so. If we do not furnish this evidence and/or give these instructions, and The Bank of New York decides it is practical to sell the rights, The Bank of New York will sell the rights and distribute the proceeds, in the same way as it does with cash. The Bank of New York may allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them. If The Bank of New York makes rights available to you, upon instruction from you, it will exercise the rights and purchase the shares on your behalf. The Bank of New York will then deposit the shares and issue ADRs to you. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay.

U.S. securities laws may restrict the sale, deposit, cancellation and transfer of the ADRs issued after exercise of rights. For example, you may not be able to trade the ADRs freely in the U.S. In this case, The Bank of New York may issue the ADRs under a separate restricted deposit agreement which will contain the same provisions as the agreement, except for the changes needed to put the restrictions in place.

Other Distributions. The Bank of New York will send to you anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, The Bank of New York has a choice. It may decide to sell what we distributed and distribute the net proceeds in the same way as it does with cash or it may decide to hold what we distributed, in which case the ADRs will also represent the newly distributed property.

The Bank of New York is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADR holders. We have no obligation to register ADRs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADRs, shares, rights or anything else to ADR holders. This means that you may not receive the distribution we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.

Deposit, Withdrawal and Cancellation

The Bank of New York will issue ADRs if you or your broker deposit shares or evidence of rights to receive shares with the custodian upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees. The Bank of New York will register the appropriate number of ADRs in the names you request and will deliver the ADRs at its office to the persons you request.

You may turn in your ADRs at The Bank of New York's office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, The Bank of New York will deliver (1) the underlying shares to an account designated by you and (2) any other deposited securities underlying the ADR at the office of the custodian; or, at your request, risk and expense, The Bank of New York will deliver the deposited securities at its office.

Voting Rights

You may instruct The Bank of New York to vote the shares underlying your ADRs but only if we ask The Bank of New York to ask for your instructions. Otherwise, you won't be able to exercise your right to vote unless you withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares.

If we ask for your instructions, The Bank of New York will notify you of the upcoming vote and arrange to deliver our voting materials to you. The materials will (1) describe the matters to be voted on and (2) explain how you, on a certain date, may instruct The Bank of New York to vote the shares or other deposited securities underlying your ADRs as you direct. For instructions to be valid, The Bank of New York must receive them on or before the date specified. The Bank of New York will try, as far as practical, subject to Israeli law and the provisions of our Articles of Association, to vote or to have its agents vote the shares or other deposited securities as you instruct. The Bank of New York will only vote or attempt to vote as you instruct. However, if The Bank of New York does not receive your voting instructions, it will deem you to have instructed it to give a discretionary proxy to vote the shares underlying your ADRs to a person designated by us provided that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which we inform The Bank of New York that (x) we do not wish such proxy given, (y) substantial opposition exists, (z) such matter materially affects the rights of the holders of the shares underlying the ADRs.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct The Bank of New York to vote your shares. In addition, The Bank of New York and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise your right to vote and there may be nothing you can do if your shares are not voted as you requested.

Rights of Non-Israeli Shareholders to Vote

Our ADSs may be freely held and traded pursuant to the General Permit and the Currency Control Law. The ownership or voting of ADSs by non-residents of Israel are not restricted in any way by our Articles of Association or by the laws of the State of Israel.

Fees and Expenses

ADR holders must pay:	*For:*
$5.00 (or less) per 100 ADSs (or portion thereof)	Each issuance of an ADS, including as a result of a distribution of shares or rights or other property. Each cancellation of an ADS, including if the agreement terminates.
$0.02 (or less) per ADS	Any cash payment.
Registration or Transfer Fees	Transfer and registration of shares on the share register of the Foreign Registrar from your name to the name of The Bank of New York or its agent when you deposit or withdraw shares.
Expenses of The Bank of New York	Conversion of foreign currency to U.S. dollars. Cable, telex and facsimile transmission expenses. Servicing of shares or deposited securities.
$0.02 (or less) per ADS per calendar year (if the depositary has not collected any cash distribution fee during that year)	Depositary services.
Taxes and other governmental charges	As necessary The Bank of New York or the Custodian have to pay on any ADR or share underlying an ADR, for example, stock transfer taxes, stamp duty or withholding taxes.
A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the ordinary shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADR holders.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADRs or on the deposited securities underlying your ADRs. The Bank of New York may refuse to transfer your ADRs or allow you to withdraw the deposited securities underlying your ADRs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities underlying your ADRs to pay any taxes owed and you will remain liable for any deficiency. If it sells deposited securities, it will, if appropriate, reduce the number of ADRs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes.

Reclassifications, Recapitalizations and Mergers

If we:	*Then:*
Change the nominal or par value of our shares; Reclassify, split up or consolidate any of the deposited securities; Distribute securities on the shares that are not distributed to you; or Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or takes any similar action.	The cash, shares or other securities received by The Bank of New York will become deposited securities. Each ADR will automatically represent its equal share of the new deposited securities. The Bank of New York may, and will if we ask it to, distribute some or all of the cash, shares or other securities it received. It may also issue new ADRs or ask you to surrender your outstanding ADRs in exchange for new ADRs, identifying the new deposited securities.

Amendment and Termination

We may agree with The Bank of New York to amend the agreement and the ADRs without your consent for any reason. If the amendment adds or increases fees or charges, except for taxes and other governmental charges or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses, or prejudices an important right of ADR holders, it will only become effective thirty days after The Bank of New York notifies you of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADR, to agree to the amendment and to be bound by the ADRs and the agreement is amended.

The Bank of New York will terminate the agreement if we ask it to do so. The Bank of New York may also terminate the agreement if The Bank of New York has told us that it would like to resign and we have not appointed a new depositary bank within ninety days. In both cases, The Bank of New York must notify you at least ninety days before termination.

After termination, The Bank of New York and its agents will be required to do only the following under the agreement: (1) advise you that the agreement is terminated, and (2) collect distributions on the deposited securities and deliver shares and other deposited securities upon cancellation of ADRs. After termination, The Bank of New York will, if practical, sell any remaining deposited securities by public or private sale. After that, The Bank of New York will hold the proceeds of the sale, as well as any other cash it is holding under the agreement for the pro rata benefit of the ADR holders that have not surrendered their ADRs. It will not invest the money and will have no liability for interest. The Bank of New York's only obligations will be to account for the proceeds of the sale and other cash. After termination our only obligations will be with respect to indemnification and to pay certain amounts to The Bank of New York.

Limitations on Obligations and Liability to ADR Holders

The agreement expressly limits our obligations and the obligations of The Bank of New York, and it limits our liability and the liability of The Bank of New York. We and The Bank of New York:

- are only obligated to take the actions specifically set forth in the agreement without negligence or bad faith;
- are not liable if either is prevented or delayed by law or circumstances beyond their control from performing their obligations under the agreement;
- are not liable if either exercises discretion permitted under the agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADRs or the agreement on your behalf or on behalf of any other party; and

- may rely upon any documents they believe in good faith to be genuine and to have been signed or presented by the proper party.

In the agreement, we and The Bank of New York agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before The Bank of New York will issue or register transfer of an ADR, make a distribution on an ADR, or make a withdrawal of shares, The Bank of New York may require payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the:

- transfer of any shares or other deposited securities;
- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary, and
- compliance with regulations it may establish, from time to time, consistent with the agreement, including presentation of transfer documents.

The Bank of New York may refuse to deliver, transfer, or register transfers of ADRs generally when the books of The Bank of New York or our books are closed, or at any time if The Bank of New York or we think it advisable to do so. You have the right to cancel your ADRs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (1) The Bank of New York or we have closed its transfer books; (2) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (3) we are paying a dividend on the shares; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADRs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the agreement.

Pre-Release of ADRs

In certain circumstances, subject to the provisions of the agreement, The Bank of New York may issue ADRs before deposit of the underlying shares. This is called a pre-release of the ADR. The Bank of New York may also deliver shares upon cancellation of pre-released ADRs (even if the ADRs are cancelled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying shares are delivered to The Bank of New York. The Bank of New York may receive ADRs instead of shares to close out a pre-release. The Bank of New York may pre-release ADRs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made must represent to The Bank of New York in writing that it or its customer owns the shares or ADRs to be deposited; (2) the pre-release must be fully collateralized with cash or other collateral that The Bank of New York considers appropriate; and (3) The Bank of New York must be able to close out the pre-release on not more than five business days' notice. In addition, The Bank of New York will limit the number of ADRs that may be outstanding at any time as a result of prerelease, although The Bank of New York may disregard the limit from time to time, if it thinks it is appropriate to do so.

Inspection of Books of the Depositary

Under the terms of the agreement, holders of ADRs may inspect the transfer books of the depositary at any reasonable time, provided that such inspection shall not be for the purpose of communicating with holders of ADRs in the interest of a business or object other than either our business or a matter related to the deposit agreement or ADRs.

Book-Entry Only Issuance - The Depository Trust Company

The Depository Trust Company, or DTC, New York, New York, will act as securities depository for the ADRs. The ADRs will be represented by one global security that will be deposited with and registered in the name of Cede & Co. (DTC's partnership nominee), or such other name as may be requested by an authorized representative of DTC. This means that we will not issue certificates to you for the ADRs. One global security will be issued to DTC, which will keep a computerized record of its participants (for example, your broker) whose clients have purchased the ADRs. Each participant will then keep a record of its clients. Unless it is exchanged in whole or in part for a certificated security, a global security may not be transferred. However, DTC, its nominees, and their successors may transfer a global security as a whole to one another. Beneficial interests in the global security will be shown on, and transfers of the global security will be made only through, records maintained by DTC and its participants.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the provisions of Section 17A of the Exchange Act . DTC holds securities that its participants (direct participants) deposit with DTC. DTC also records the settlement among direct participants of securities transactions, such as transfers and pledges, in deposited securities through computerized records for direct participant's accounts. This eliminates the need to exchange certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

DTC's book-entry system is also used by other organizations such as securities brokers and dealers, banks and trust companies that work through a direct participant. The rules that apply to DTC and its participants are on file with the SEC.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation, or DTCC. DTCC is, in turn, owned by a number of DTC's direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc.

When you purchase ADRs through the DTC system, the purchases must be made by or through a direct participant, who will receive credit for the ADRs on DTC's records. Since you actually own the ADRs, you are the beneficial owner and your ownership interest will only be recorded on the direct (or indirect) participants' records. DTC has no knowledge of your individual ownership of the ADRs. DTC's records only show the identity of the direct participants and the amount of ADRs held by or through them. You will not receive a written confirmation of your purchase or sale or any periodic account statement directly from DTC. You will receive these from your direct (or indirect) participant. Thus the direct (or indirect) participants are responsible for keeping accurate account of the holdings of their customers like you.

We will wire dividend payments to DTC's nominee, and we will treat DTC's nominee as the owner of the global security for all purposes. Accordingly, we will have no direct responsibility or liability to pay amounts due on the global security to you or any other beneficial owners in the global security.

Any redemption notices will be sent by us directly to DTC, who will in turn inform the direct participants, who will then contact you as a beneficial holder.

It is DTC's current practice, upon receipt of any payment of dividends or liquidation amount, to credit direct participants' accounts on the payment date based on their holdings of beneficial interests in the global securities as shown on DTC's records. In addition, it is DTC's current practice to assign any consenting or voting rights to direct participants whose accounts are credited with preferred securities on a record date, by using an omnibus proxy. Payments by participants to owners of beneficial interests in the global securities, and voting by participants, will be based on the customary practices between the participants and owners of beneficial interests, as is the case with the ADRs held for the account of customers registered in "street name." However, payments will be the responsibility of the participants and not of DTC or us.

ADRs represented by a global security will be exchangeable for certificated securities with the same terms in authorized denominations only if:

- DTC is unwilling or unable to continue as depositary or if DTC ceases to be a clearing agency registered under applicable law and a successor depositary is not appointed by us within 90 days; or
- we determine not to require all of the ADRs to be represented by a global security.

If the book-entry only system is discontinued, the transfer agent will keep the registration books for the ADRs at its corporate office.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources we believe to be reliable, but we take no responsibility for the accuracy thereof.

INDEMNIFICATION FOR LIABILITIES

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

LEGAL MATTERS

Our legal advisers are Alston & Bird LLP, 90 Park Avenue, New York, New York 10016, United States of America, and Kantor & Co., Oz House, 14 Abba Hilel Silver (12th Floor), Ramat Gan 52506, State of Israel.

EXPERTS

The financial statements of XTL Biopharmaceuticals Ltd. as of December 31, 2006 and 2005, and for each of the years in the three-year period ended December 31, 2006, and for the period from March 9, 1993 (inception) to December 31, 2006 included in this prospectus on Form F−3 have been so included in reliance on the report of Kesselman & Kesselman, a member of PricewaterhouseCoopers International Ltd., an independent registered public accounting firm, Trade Tower, 25 Hamered Street, Tel Aviv 68125, Israel, except with respect to the period from March 9, 1993 to December 31, 2000 which is included in reliance on the report of Somekh Chaikin a member firm of KPMG International, an independent registered public accounting firm, KPMG Millennium Tower, 17 Ha'arba'a Street, Tel Aviv, 64739, Israel, which reports are incorporated by reference herein and upon the authority of said firms as experts in auditing and accounting.

With respect to the unaudited financial information of XTL Biopharmaceuticals Ltd. for the six month periods ended June 30, 2007 and 2006 included with this prospectus, Kesselman & Kesselman, a member of PricewaterhouseCoopers International Ltd., reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated August 14, 2007, included herewith, states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Kesselman & Kesselman, a member of PricewaterhouseCoopers International Ltd., is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for their report on the unaudited financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by Kesselman & Kesselman, a member of PricewaterhouseCoopers International Ltd., within the meanings of Sections 7 and 11 of the Act.

PRICEWATERHOUSECOOPERS

Kesselman & Kesselman
Certified Public Accountants
Trade Tower, 25 Hamered Street
Tel Aviv 68125 Israel
P.O Box 452 Tel Aviv 61003
Telephone +972-3-7954555
Facsimile +972-3-7954556

August 14, 2007

The Board of Directors of
XTL Biopharmaceuticals Ltd.

Re: Review of unaudited interim consolidated financial statements
for the six months ended June 30, 2007

At your request, we have reviewed the interim consolidated balance sheet of XTL Biopharmaceuticals Ltd. (hereafter - the Company) and its subsidiaries at June 30, 2007 and the interim consolidated statements of operations, changes in shareholders' equity and cash flows for the six month period then ended. We have also reviewed the consolidated statements of operations and cash flows for the period from March 9, 1993 (incorporation date) to June 30, 2007 (the amounts included therein, which relate to the period through December 31, 2000, are based on the financial statements for 2000, which were audited by another accounting firm). These interim condensed consolidated financial statements are the responsibility of the Company's management.

Our review was performed in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

In performing our review, nothing came to our attention that indicated that material adjustments should be made to the interim condensed consolidated financial statements referred to above in order for them to be considered as having been prepared in accordance with the accounting principles generally accepted in the United States.

The condensed interim consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the condensed interim consolidated financial statements, the Company incurred significant losses from operations and has an accumulated deficit at June 30, 2007 which raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Sincerely yours,

/s/ Kesselman & Kesselman
Kesselman & Kesselman
Certified Public Accountants (Israel)
A Member of PricewaterhouseCoopers International Limited
Tel-Aviv, Israel

XTL BIOPHARMACEUTICALS LTD.
(A Development Stage Company)
Consolidated Balance Sheets as of June 30, 2007 and 2006 (unaudited), and December 31, 2006 (audited)
(in thousands of US dollars, except share amounts)

	June 30,		December 31,
	2007	2006	2006
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	2,451	32,172	4,400
Short-term bank deposits	10,185	--	20,845
Trading securities	--	--	102
Property and equipment (held for sale) -- net	35	43	18
Deferred tax asset	--	--	29
Other receivables and prepaid expenses	651	644	702
T o t a l current assets	13,322	32,859	26,096
EMPLOYEE SEVERANCE PAY FUNDS	42	173	98
RESTRICTED LONG-TERM DEPOSITS	53	119	172
PROPERTY AND EQUIPMENT -- net	128	620	490
INTANGIBLE ASSETS -- net	18	32	25
DEFERRED TAX ASSET	--	--	19
T o t a l assets	13,563	33,803	26,900
Liabilities and shareholders' equity			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	3,130	2,705	3,003
Deferred gain	399	399	399
Other current liabilities	565	--	--
T o t a l current liabilities	4,094	3,104	3,402
LIABILITY IN RESPECT OF EMPLOYEE SEVERANCE OBLIGATIONS	188	444	340
DEFERRED GAIN	198	598	398
COMMITMENTS AND CONTINGENCIES			
T o t a l liabilities	4,480	4,146	4,140
SHAREHOLDERS' EQUITY:			
Ordinary shares of NIS 0.02 par value (authorized 300,000,000 as of June 30, 2007, June 30, 2006 and December 31, 2006, issued and outstanding 220,154,349, 220,069,801 and 220,124,349 as of June 30, 2007, June 30, 2006 and December 31, 2006, respectively)	1,072	1,072	1,072
Additional paid in capital	137,583	135,667	136,611
Deficit accumulated during the development stage	(129,572)	(107,082)	(114,923)
T o t a l shareholders' equity	9,083	29,657	22,760
T o t a l liabilities and shareholders' equity	13,563	33,803	26,900

Date of approval of the interim financial statements: August 14, 2007.

/s/ Michael Weiss
Michael Weiss
Chairman of the
Board of Directors

/s/ Ron Bentsur
Ron Bentsur
Chief Executive Officer

The accompanying notes are an integral part of the condensed financial statements.

XTL BIOPHARMACEUTICALS LTD.
(A Development Stage Company)
Interim Consolidated Statements of Operations
for the Six Months Ended June 30, 2007 and 2006 (unaudited)
(in thousands of US dollars, except share and per share amounts)

	Six months ended June 30,		Period from March 9, 1993* to June 30,
	2007	**2006**	**2007**
REVENUES:			
Reimbursed out-of-pocket expenses	--	--	6,012
License	227	227	1,320
	227	227	7,332
COST OF REVENUES:			
Reimbursed out-of-pocket expenses	--	--	6,012
License (with respect to royalties)	27	27	167
	27	27	6,179
GROSS MARGIN	200	200	1,153
RESEARCH AND DEVELOPMENT COSTS (includes non-cash stock option compensation of $66 and $107, for the six months ended June 30, 2007 and 2006, respectively)	12,118	5,008	105,237
L E S S - PARTICIPATIONS	56	--	11,006
	12,062	5,008	94,231
IN-PROCESS RESEARCH AND DEVELOPMENT COSTS	--	--	1,783
GENERAL AND ADMINISTRATIVE EXPENSES (includes non-cash stock option compensation of $892 and $1,105, for the six months ended June 30, 2007 and 2006, respectively)	2,523	2,532	37,111
BUSINESS DEVELOPMENT COSTS (includes non-cash stock option compensation of $11 and $1, for the six months ended June 30, 2007 and 2006, respectively, and also includes stock appreciation rights compensation of $565 for the six months ended June 30, 2007)	828	168	5,982
OPERATING LOSS	15,213	7,508	137,954
FINANCIAL AND OTHER INCOME, net	351	323	8,635
LOSS BEFORE INCOME TAXES	14,862	7,185	129,319
INCOME TAXES	(213)	106	253
LOSS FOR THE PERIOD	14,649	7,291	129,572
BASIC AND DILUTED LOSS PER ORDINARY SHARE	$ 0.07	$ 0.04	
WEIGHTED AVERAGE NUMBER OF SHARES USED IN COMPUTING BASIC AND DILUTED LOSS PER ORDINARY SHARE	220,145,233	183,085,938	

* Incorporation date see Note 1.

The accompanying notes are an integral part of the condensed financial statements.

XTL BIOPHARMACEUTICALS LTD.
(A Development Stage Company)
Interim Consolidated Statements of Changes in Shareholders' Equity
for the Six Months Ended June 30, 2007 (unaudited)
(in thousands of US dollars, except share amounts)

	Ordinary shares		Additional paid in capital
	Number of shares	Amount	
BALANCE AT DECEMBER 31, 2006	220,124,349	1,072	136,611
CHANGES DURING THE SIX MONTHS ENDED JUNE 30, 2007:			
Comprehensive loss - loss for the period	--	--	--
Non-employee stock option compensation expenses	--	--	5
Employee stock option compensation expenses	--	--	964
Exercise of stock options	30,000	**	3
BALANCE AT JUNE 30, 2007	220,154,349	1,072	137,583

	Deficit accumulated during the development stage	Total
BALANCE AT DECEMBER 31, 2006	(114,923)	22,760
CHANGES DURING THE SIX MONTHS ENDED JUNE 30, 2007:		
Comprehensive loss - loss for the period	(14,649)	(14,649)
Non-employee stock option compensation expenses	--	5
Employee stock option compensation expenses	--	964
Exercise of stock options	--	3
BALANCE AT JUNE 30, 2007	(129,572)	9,083

** Represents an amount less than $1,000.

The accompanying notes are an integral part of the financial statements.

XTL BIOPHARMACEUTICALS LTD.
(A Development Stage Company)
Interim Consolidated Statements of Cash Flows
for the Six Months Ended June 30, 2007 and 2006 (unaudited)
(in thousands of US dollars)

	Six months ended June 30,		Period from March 9, 1993* to June 30,
	2007	**2006**	**2007**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss for the period	(14,649)	(7,291)	(129,572)
Adjustments to reconcile loss to net cash used in operating activities:			
Depreciation and amortization	69	114	3,141
Linkage difference on restricted long-term deposits	(2)	(4)	(9)
Acquisition of in process research and development	--	--	1,783
Gain on disposal of property and equipment	(53)	(25)	(92)
Increase (decrease) in liability in respect of employee severance obligations	(49)	35	1,187
Impairment charges	95	--	475
Gain from sales of investment securities	--	--	(410)
Other income related to exchange of shares	--	--	(100)
Loss from trading securities	48	--	46
Stock option based compensation expenses	969	1,213	6,427
Stock appreciation rights compensation expenses	565	--	565
Gain on amounts funded in respect of employee severance pay funds	--	--	(92)
Deferred tax asset	48	--	--
Changes in operating assets and liabilities:			
Decrease (increase) in other receivables and prepaid expenses	5	38	(604)
Increase in accounts payable and accrued expenses	132	449	3,049
Increase (decrease) in deferred gain	(200)	(200)	597
Net cash used in operating activities	(13,022)	(5,671)	(113,609)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease (increase) in short-term deposits	10,660	--	(10,185)
Decrease (increase) in restricted deposits	121	(5)	(44)
Investment in investment securities	--	--	(3,363)
Proceeds from sales of investment securities	--	--	3,773
Proceeds from sales of trading securities	54	--	54
Employee severance pay funds	(6)	(12)	(915)
Purchase of property and equipment	(47)	(16)	(4,089)
Proceeds from disposals of property and equipment	288	33	540
Acquisition in respect of license and purchase of assets	--	--	(548)
Net cash provided by (used in) investing activities	11,070	--	(14,777)

XTL BIOPHARMACEUTICALS LTD.
(A Development Stage Company)
Interim Consolidated Statements of Cash Flows
for the Six Months Ended June 30, 2007 and 2006 (unaudited) (continued)
(in thousands of US dollars)

	Six months ended June 30,		Period from March 9, 1993* to June 30,
	2007	**2006**	**2007**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Issuance of share capital - net of share issuance expenses	--	24,391	128,734
Exercise of share warrants and stock options	3	92	2,103
Proceeds from long-term debt	--	--	399
Proceeds from short-term debt	--	--	50
Repayment of long-term debt	--	--	(399)
Repayment of short-term debt	--	--	(50)
Net cash provided by financing activities	3	24,483	130,837
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,949)	18,812	2,451
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	4,400	13,360	--
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,451	32,172	2,451
Supplementary information on investing and financing activities not involving cash flows -			
Issuance of ordinary shares in respect of license, and purchase of assets	--	--	1,391
Conversion of convertible subordinated debenture into shares	--	--	1,700
Supplemental disclosures of cash flow information:			
Income taxes paid	166	63	623
Interest paid	--	--	350

* Incorporation date see Note 1.

The accompanying notes are an integral part of the condensed financial statements.

XTL BIOPHARMACEUTICALS LTD.
(A Development Stage Company)
Notes to Interim Consolidated Financial Statements as of June 30, 2007 (unaudited)

Note 1 - General

BASIS OF PRESENTATION

XTL Biopharmaceuticals Ltd. (the "Company") is 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. The Company was incorporated under the Israel Companies Ordinance on March 9, 1993. The Company is a development stage company in accordance with Statement of Financial Accounting Standards ("SFAS") No. 7 "Accounting and Reporting by Development Stage Enterprises."

In September 2005, the Company licensed from VivoQuest Inc. ("VivoQuest"), a United States ("US") privately-held company, perpetual, exclusive, and worldwide rights to VivoQuest's intellectual property and technology, covering a proprietary compound library, which includes VivoQuest's lead hepatitis C compounds. In addition, the Company also acquired from VivoQuest certain assets.

The Company has a wholly-owned subsidiary in the US, XTL Biopharmaceuticals, Inc. ("Subsidiary"), which was incorporated in 1999 under the laws of the State of Delaware. Subsidiary is primarily engaged in development activities and business development. Subsidiary also has a wholly-owned subsidiary, XTL Development, Inc. ("XTL Development"), which was incorporated in 2007 under the laws of the State of Delaware and is engaged in development activities. See Note 4 in regards to XTL Development's agreement with DOV Pharmaceutical, Inc. ("DOV").

Through June 30, 2007, the Company has incurred losses in an aggregate amount of US $129.6 million. Such losses have resulted from the Company's activities as a development stage company. It is expected that the Company will be able to finance its operations from its current reserves through 2007. Continuation of the Company's current operations after utilizing its current cash reserves is dependent upon the generation of additional financial resources either through agreements for the commercialization of its product portfolio or through external financing. These matters raise substantial doubt about the Company's ability to continue as a going concern.

The Company has not generated any revenues from its planned principal operations and is dependent upon significant financing to provide the working capital necessary to execute its business plan. If the Company determines that it is necessary to seek additional funding, there can be no assurance that the Company will be able to obtain any such funding on terms that are acceptable to it, if at all.

The interim financial statements at June 30, 2007 ("the interim statements") were drawn up in condensed form, in accordance with US generally accepted accounting principles ("GAAP") for interim financial information. Thus, the accounting principles applied in preparation of the interim statements are consistent with those applied in the preparation of annual financial statements. Nevertheless, the interim statements do not include all the information and explanations required for annual financial statements. Certain comparative figures have been reclassified to conform to the current period presentation.

STOCK - BASED COMPENSATION

The Company accounts for equity instruments issued to employees and directors in accordance with Statement of Financial Accounting Standards ("SFAS") No. 123R "Share - Based Payment" ("SFAS 123R"). SFAS 123R addresses the accounting for share-based payment transactions in which a company obtains employee services in exchange for (a) equity instruments of a company or (b) liabilities that are based on the fair value of a company's equity instruments or that may be settled by the issuance of such equity instruments. SFAS 123R requires instead that such transactions be accounted for using the grant-date fair value based method.

The Company accounts for equity instruments issued to third party service providers (non-employees) in accordance with the fair value method prescribed by SFAS 123R, and the provisions of Emerging Issues Task Force Issue ("EITF") No. 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services" ("EITF 96-18").

The Company accounts for the transaction advisory fee in the form of stock appreciation rights (see Note 5) in accordance with the provisions of EITF 96-18 and by the provisions of EITF No. 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" ("EITF 00-19").

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as they are incurred and consist primarily of salaries and related personnel costs, fees paid to consultants and other third-parties for clinical and laboratory development, license and milestone fees, and facilities-related and other expenses relating to the design, development, testing, and enhancement of product candidates.

In connection with the purchase of assets, amounts assigned to intangible assets to be used in a particular research and development project that have not reached technological feasibility and have no alternative future use are charged to in-process research and development costs at the purchase date.

REVENUE RECOGNITION

The Company recognizes the revenue from its licensing agreement with Cubist Pharmaceuticals, Inc. ("Cubist") under the provisions of the EITF No. 00-21 "Revenue Arrangements with Multiple Deliverables" and Staff Accounting Bulletin ("SAB") No. 104 "Revenue Recognition." Under those pronouncements, companies are required to allocate revenues from multiple-element arrangements to the different elements based on sufficient objective and reliable evidence of fair value. Since the Company does not have the ability to determine the fair value of each unit of accounting, the agreement was accounted for as one unit of accounting, after failing the separation criteria, and the Company recognizes each payment on the abovementioned agreement ratably over the expected life of the arrangement. See also Note 6 - Subsequent Events.

INCOME TAXES

On January 1, 2007, the Company adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"). FIN 48 clarifies the criteria for recognizing tax benefits related to uncertain tax positions under SFAS No. 109, "Accounting for Income Taxes," and requires additional financial statement disclosure. In summary, FIN 48 prescribes a new recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

The adoption of FIN 48 has had no impact on the Company's consolidated results of operations and financial position, since the Company has had no uncertain tax positions that fall within FIN 48.

In addition, the Company's practice will be to recognize interest and penalties related to tax contingencies as income tax expense. As of January 1, 2007, tax contingencies include an immaterial amount related to interest and penalties none of which related to the adoption of FIN 48.

The Company files income tax returns in Israel. The Company received tax assessments for the years up to and including the 1998 tax year. The Company's tax returns until 2002 are considered final.

The Company and Subsidiary file income tax returns in the US federal jurisdiction and in various states. The Company files US income tax returns since it had a permanent establishment in the US, which began in 2005. For those returns, the statute of limitations has expired for years prior to 2003. Tax years 2003 through 2006 are subject to examination by the federal and state taxing authorities, respectively. There are no income tax examinations currently in process, and the Subsidiary has not been audited for tax purposes since incorporation.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS IN THE UNITED STATES

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS 157"), which provides guidance for using fair value to measure assets and liabilities. The standard also responds to investors' requests for more information about (1) the extent to which companies measure assets and liabilities at fair value, (2) the information used to measure fair value, and (3) the effect that fair value measurements have on earnings. SFAS 157 will apply whenever another standard requires (or permits) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value to any new circumstances. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 (January 1, 2008 for the Company), and interim periods within those fiscal years. The Company is evaluating the potential impact of the new standard on its consolidated financial statements and disclosures.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS 159"). SFAS 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. The objective of SFAS 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective for fiscal years beginning after November 15, 2007 (January 1, 2008 for the Company). The Company is evaluating the potential impact of the new standard on its consolidated financial statements and disclosures.

FUNCTIONAL CURRENCY

The currency of the primary economic environment in which the operations of the Company are conducted is the US dollar ("$" or "dollar"). Most of the Company's expenses and revenues are incurred in dollars. A significant part of the Company's capital expenditures and most of its external financing is in dollars. The Company holds most of its cash, cash equivalents and bank deposits in dollars. Thus, the functional currency of the Company is the dollar.

Since the dollar is the primary currency in the economic environment in which the Company operates, monetary accounts maintained in currencies other than the dollar (principally "cash and cash equivalents" and "accounts payable and accrued expenses") are remeasured using the representative foreign exchange rate at the balance sheet date. Operational accounts and nonmonetary balance sheet accounts are measured and recorded at the rate in effect at the date of the transaction. The effects of foreign currency remeasurement are reported in current operations (as "financial and other income - net") and have not been material to date. At June 30, 2007, the exchange rate of one dollar was New Israeli Shekel ("NIS") 4.249 (NIS 4.225 at December 31, 2006 and NIS 4.44 at June 30, 2006).

Note 2 - Shareholders' Equity

On April 26, 2007, the Company's board of directors granted options to its employees and consultants to purchase a total of 500,000 ordinary shares at an exercise price equal to $0.374 per share (a price equal to the closing price of the Company's American Depositary Receipts ("ADRs"), representing American Depositary Shares ("ADSs"), on the grant date, divided by ten). These options are exercisable for a period of ten years from the date of issuance, and granted under the Company's 2001 Share Option Plan. The options vest annually over a period of one to four years.

Note 3 - Property and Equipment

The Company leased an aggregate of approximately 1,776 square meters of office and laboratory facilities in Rehovot, Israel, pursuant to a lease agreement that was set to expire in April 2007. On February 28, 2007, the Company exercised an option to renew the lease and to downsize the facilities to 414 square meters of office space; the renewed lease expires in April 2008, with an option to extend for an additional year through April 2009.

Subsequent to renewing the lease, the Company determined to dispose of certain unused assets (primarily lab equipment). Under the provisions of SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"), the Company's management reviewed the carrying value of certain property and equipment (primarily laboratory equipment), and recorded an impairment charge in an amount of $95,000 for the six months ended June 30, 2007.

As of June 30, 2007, the Company's unused assets (primarily lab equipment) which are held-for-sale were classified as current assets at their net book value of $35,000. The Company expects to dispose of these assets during the remainder of 2007.

Note 4 - License Agreement with DOV Pharmaceutical, Inc.

In January 2007, XTL Development signed an agreement with DOV to in-license the worldwide rights for Bicifadine, a serotonin and norepinephrine reuptake inhibitor (SNRI) (the "DOV Transaction"). XTL Development intends to develop Bicifadine for the treatment of neuropathic pain - a chronic condition resulting from damage to peripheral nerves.

In accordance with the terms of the license agreement, XTL Development made an initial up-front payment of $7.5 million in cash, which was expensed in “Research Development Costs” in the Company’s consolidated statements of operations for the six month period ended June 30, 2007. In addition, XTL Development will make milestone payments of up to $126.5 million, in cash and/or ordinary shares of the Company over the life of the license, of which up to $115 million will be due upon or after regulatory approval of the product. XTL Development is also obligated to pay royalties to DOV on net sales of Bicifadine.

Note 5 - Transaction Advisory Fee Structured in the Form of Stock Appreciation Rights

In January 2007, XTL Development committed to pay a transaction advisory fee to third party intermediaries in regards to the DOV Transaction. The transaction advisory fee was structured in the form of stock appreciation rights (“SARs”) in the amount equivalent to (i) 3% of the Company’s fully diluted ordinary shares at the close of the transaction (representing 8,299,723 ordinary shares), vesting one year after the close of the transaction, and (ii) 7% of the Company’s fully diluted ordinary shares at the close of the transaction (representing 19,366,019 ordinary shares), vesting following successful Phase III clinical trial results or the acquisition of the Company. Payment of the SARs by XTL Development can be satisfied, at the Company’s discretion, in cash and/or by issuance of the Company’s registered ordinary shares. Upon the exercise of a SAR, the amount paid by the Company will be an amount equal to the amount by which the fair market value of one ordinary share of the Company on the exercise date exceeds the $0.34 grant price for such SAR (fair market value equals (i) the greater of the closing price of an ADR on the exercise date or (ii) the preceding five day ADR closing price average, divided by ten). The SARs expire on January 15, 2017. In the event of the termination of the license agreement under the DOV Transaction, any unvested SARs shall expire. In accordance with EITF 96-18 and EITF 00-19, the Company records SAR compensation expense which is included in Business Development Costs based on the fair value of the SAR at the reporting date, and the liability has been recorded as “other current liabilities” on its Consolidated Balance Sheet. The SAR compensation will be revalued, based on the then current fair value, at each subsequent reporting date, until payment of the stock appreciation rights have been satisfied.

Note 6 - Subsequent Events

On July 19, 2007, Cubist terminated the HepeX-B license agreement with the Company. As a result, during the subsequent reporting period, the Company will write-off the deferred gain of $597,000 and record license revenues of $680,000 and cost of revenues of $83,000.

In July 2007, the Company entered into an agreement with a clinical research organization regarding its planned Phase IIb study for Bicifadine in diabetic neuropathic pain.

On August 14, 2007, the Company’s Board of Directors, convened a shareholders meeting for September 25, 2007 in order for shareholders to approve that: (i) the registered share capital of the Company be increased from 300,000,000 Ordinary Shares to 500,000,000 Ordinary Shares, NIS 0.02 nominal value each, and (ii) the listing of the Company’s Ordinary Shares on the Official List of the United Kingdom Listing Authority be cancelled.

PROSPECTUS
, 2007

7,248,502 American Depositary Shares

Each Representing Ten Ordinary Shares

XTL Biopharmaceuticals Ltd.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 8. Indemnification of Directors and Officers

Israeli law permits a company to insure an office holder in respect of liabilities incurred by him or her as a result of an act or omission in the capacity of an office holder for:

- a breach of the office holder's duty of care to the company or to another person;
- a breach of the office holder's fiduciary duty to the company, provided that he or she acted in good faith and had reasonable cause to believe that the act would not prejudice the company; and
- a financial liability imposed upon the office holder in favor of another person.

Moreover, a company can indemnify an office holder for any of the following obligations or expenses incurred in connection with the acts or omissions of such person in his or her capacity as an office holder:

- monetary liability imposed upon him or her in favor of a third party by a judgment, including a settlement or an arbitral award confirmed by the court; and
- reasonable litigation expenses, including attorneys' fees, actually incurred by the office holder or imposed upon him or her by a court, in a proceeding brought against him or her by or on behalf of the company or by a third party, or in a criminal action in which he or she was acquitted, or in a criminal action which does not require criminal intent in which he or she was convicted; furthermore, a company can, with a limited exception, exculpate an office holder in advance, in whole or in part, from liability for damages sustained by a breach of duty of care to the company.

The Registrant's Articles of Association allow for insurance, exculpation and indemnification of office holders to the fullest extent permitted by law. The Registrant has entered into indemnification, insurance and exculpation agreements with its directors and executive officers, following shareholder approval of these agreements. The Registrant has directors' and officers' liability insurance covering its officers and directors for a claim imposed upon them as a result of an action carried out while serving as an officer or director, for (a) the breach of duty of care towards the Registrant or towards another person, (b) the breach of fiduciary duty towards the Registrant, provided that the officer or director acted in good faith and had reasonable grounds to assume that the action would not harm the Registrant's interests, and (c) a monetary liability imposed upon him in favor of a third party.

Item 9. Exhibits

Exhibit Number	Description
1.1	Form of Securities Purchase Agreement, dated October 25, 2007, by and among XTL Biopharmaceuticals Ltd., and the purchasers named therein
1.2	Form of Registration Rights Agreement, dated October 25, 2007, by and among XTL Biopharmaceuticals Ltd. and the purchasers named therein
1.3	Escrow Agreement, dated October 25, 2007, by and among XTL Biopharmaceuticals Ltd., the Placement Agents named therein, and Wilmington Trust Company as escrow agent
4.1	Form of Share Certificate (including both Hebrew and English translations) †
4.2	Form of American Depositary Receipt (included as Exhibit A in Exhibit 4.3)*
4.3	Form of Deposit Agreement, by and between XTL Biopharmaceuticals Ltd., The Bank of New York, as Depositary, and each holder and beneficial owner of American Depositary Receipts issued thereunder *
5.1	Opinion of Kantor & Co. regarding legality of the ADRs
23.1	Consent of Kantor & Co. (included in Exhibit 5.1)
23.2	Consent of Kesselman & Kesselman, a member of PricewaterhouseCoopers International Ltd, dated October 30, 2007
23.3	Letter dated October 30, 2007, from Kesselman & Kesselman, a member of PricewaterhouseCoopers International Ltd., related to Financial Information.
23.4	Consent of Somekh Chaikin, a member firm of KPMG International, dated October 30, 2007
24.1	Power of Attorney (included in the signature page hereto)

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* Incorporated by reference from Amendment No. 1 to the registration statement on Form 20-F filed by XTL Biopharmaceuticals Ltd. with the Securities and Exchange Commission on August 10, 2005, as it may be amended or restated.

† Incorporated by reference from the annual report on Form 20-F filed by XTL Biopharmaceuticals Ltd. with the Securities and Exchange Commission on March 23, 2007.

Item 10. Undertakings

The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from a form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-3, has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on October 30, 2007.

XTL BIOPHARMACEUTICALS LTD.

By: /s/Ron Bentsur

Name: Ron Bentsur
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that we, the undersigned officers and directors of XTL Biopharmaceuticals Ltd. hereby severally constitute Ron Bentsur and Bill Kessler, and each of them singly, our true and lawful attorneys with full power to them, and each of them singly, to sign for us and in our names in the capacities indicated below, the Registration Statement filed herewith and any and all amendments to said Registration Statement, including any registration statements filed pursuant to Rule 462(b), and generally to do all such things in our names and in our capacities as officers and directors to enable XTL Biopharmaceuticals Ltd. to comply with the provisions of the Securities Act of 1933, as amended, and all requirements of the Securities and Exchange Commission, hereby ratifying and confirming our signature as they may be signed by our said attorneys, or any of them, to said Registration Statement and any and all amendments thereto.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities indicated as of October 30, 2007.

Signatures	Title
/s/ Michael S. Weiss Michael S. Weiss	Chairman of the Board of Directors
/s/ Ron Bentsur Ron Bentsur	Chief Executive Officer
/s/ Bill Kessler Bill Kessler	Director of Finance (principal financial accounting officer)
/s/ William J. Kennedy, Ph.D William J. Kennedy, Ph.D	Non-executive Director
/s/ Ido Seltenreich Ido Seltenreich	Non-executive Director and External Director
/s/ Vered Shany, D.M.D. Vered Shany, D.M.D.	Non-executive Director and External Director
/s/ Ben Zion Weiner, Ph.D Ben Zion Weiner, Ph.D	Non-executive Director

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "*Agreement*") is dated as of October _, 2007 among XTL Biopharmaceuticals Ltd., a public company limited by shares organized under the laws of the State of Israel (the "*Company*"), and the purchasers identified on the signature pages hereto (each a "*Purchaser*" and collectively the "*Purchasers*"); and

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act (as defined below), and Rule 506 and Regulation S promulgated thereunder, the Company desires to issue and sell to the Purchasers, and the Purchasers, severally and not jointly, desire to purchase from the Company (the "*Offering*") in the aggregate, up to 89,000,000 Shares (as defined below) (the "*Maximum Offering Amount*").

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agrees as follows:

ARTICLE I.
DEFINITIONS

1.1 *Definitions.* In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms have the meanings indicated in this Section 1.1:

"*Affiliate*" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 144 of the Securities Act. With respect to a Purchaser, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Purchaser will be deemed to be an Affiliate of such Purchaser.

"*Business Day*" means any day except Saturday, Sunday and any day which shall be a federal legal holiday or a day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"*Closing*" means the closing of the purchase and sale of the Shares pursuant to this Agreement.

"*Closing Date*" means November 1, 2007, or as soon as reasonably practicable thereafter.

"*Commission*" means the Securities and Exchange Commission.

"*Company Counsel*" means Alston & Bird LLP.

"*Disclosure Documents"* means (a) the Company's Annual Report on Form 20-F as filed with the Securities and Exchange Commission ("*SEC"*) on March 23, 2007; and (b) the Company's interim financial results filed on a Form 6-K with the SEC on August 23, 2007.

"*Effective Date*" means the date that the Registration Statement is first declared effective by the Commission.

"*Escrow Agent*" means Wilmington Trust Company.

"*Escrow Agreement*" means the Escrow Agreement, dated as of the date of the Agreement, among the Company, the Escrow Agent, and the placement agents listed therein.

"*Escrowed Funds*" has the meaning ascribed to such term in Section 2.2(b)(vii) of this Agreement.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Expiration Date*" shall mean October 31, 2007, or such other date within 30 days thereafter as may be selected by the Company in its sole discretion without notice to investors.

"*Israeli Company Counsel*" means Kantor & Co.

"*Liens*" means a lien, charge, security interest, encumbrance, right of first refusal or other restriction.

"*Material Adverse Effect*" shall have the meaning ascribed to such term in Section 3.1(a).

"*Ordinary Shares"* means the Company's ordinary shares, par value NIS 0.02.

"*Per Share Purchase Price*" equals $.135; equivalent to $1.35 per ADR.

"*Person*" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"*Placement Agent Agreement"* means the Placement Agent Agreement, dated October 15, 2007, between the Company and certain placement agents listed therein.

"*Placement Agents"* means the placement agents named in the Placement Agent Agreement.

"*Registration Statement*" means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale by the Purchasers of the Shares.

"*Registration Rights Agreement*" means the Registration Rights Agreement, dated as of the date of this Agreement, among the Company and each Purchaser, in the form of Exhibit A hereto.

"*Rule 144*" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

"*Securities"* means the Shares.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Shares*" means the Ordinary Shares issuable to each Purchaser pursuant to this Agreement.

"*Subscription Amount*" means, as to each Purchaser and the Closing, the amounts set forth below such Purchaser's signature block on the signature page hereto, in United States dollars and in immediately available funds.

"*Trading Day*" means (i) a day on which American Depositary Receipts representing Ordinary Shares ("*ADRs*"), are traded on a Trading Market, or (ii) if the ADRs are not listed on a Trading Market, a day on which the ADRs are traded on the over-the-counter market, as reported by the OTC Bulletin Board, or (iii) if the ADRs are not quoted on the OTC Bulletin Board, a day on which the ADRs are quoted in the over-the-counter market as reported by the National Quotation Bureau Incorporated (or any similar organization or agency succeeding to its functions of reporting prices); provided, that in the event that the ADRs are not listed or quoted as set forth in (i), (ii) and (iii) hereof, then Trading Day shall mean a Business Day.

"*Trading Market*" means the following markets or exchanges on which the ADRs are listed or quoted for trading on the date in question: the American Stock Exchange, the New York Stock Exchange, or the Nasdaq Stock Market.

"*Transaction Documents*" means this Agreement, the Registration Rights Agreement, the Escrow Agreement and any other documents or agreements executed in connection with the transactions contemplated hereunder.

ARTICLE II.
PURCHASE AND SALE

2.1 *Closing.* Each Purchaser shall purchase from the Company, and the Company shall issue, on the terms and conditions set forth in this Agreement, and sell to each Purchaser, a number of Shares equal to such Purchaser's Subscription Amount divided by the Per Share Purchase Price. Upon satisfaction of the conditions set forth in Section 2.2, the Closing shall occur at the offices of the Company, or such other location as the parties shall mutually agree. The Company may continue the Offering, in one or more Closings, until the earlier of the sale of the Maximum Offering Amount or until the Expiration Date. Purchasers will be required to deliver executed, binding Securities Purchase Agreements by the Expiration Date, the Closing of which will only be subject to the satisfaction of the Closing conditions in Section 2.2.

2.2 *Closing Conditions.*

(a) As a condition to the Purchasers' obligation to close, at the Closing (unless otherwise specified below) the Company shall have satisfied each of the conditions set forth below or shall deliver or cause to be delivered to each Purchaser the items set forth below, as appropriate, any one or more of which may be waived in writing by the Purchasers:

(i) this Agreement duly executed by the Company;

(ii) the Registration Rights Agreement duly executed by the Company;

(iii) the Escrow Agreement duly executed by the Company, the Escrow Agent and the placement agents listed therein;

(iv) a legal opinion of each of Company Counsel and Israeli Company Counsel, in the forms in Exhibit B attached hereto;

(v) the representations and warranties made by the Company herein shall be true and correct in all material respects (except any representation and warranty that is qualified by materiality or Material Adverse Effect shall be true and correct in all respects) as of the date hereof and as of the Closing Date with the same effect as if the representations and warranties were made as of the date hereof and as of the Closing Date;

(vi) all covenants, agreements and conditions contained in this Agreement to be performed by the Company on or prior to the Closing shall have been performed or complied with in all material respects;

(vii) no statute, rule, regulation, order, decree, ruling or injunction shall have been enacted, entered, promulgated, endorsed or threatened or is pending by or before any governmental authority of competent jurisdiction which in any material respect restricts, prohibits or threatens to restrict or prohibit the consummation of any of the transactions contemplated by the Transaction Documents; and

(viii) as of the Closing Date, there shall have been no Material Adverse Effect with respect to the Company since the date hereof.

With respect to the closing conditions listed in (v), (vi), (vii) and (viii) above, the Company shall deliver a certificate to such effect, in form and substance reasonably satisfactory to the Placement Agents.

(b) As a condition to the Company's obligation to close, at the Closing, each Purchaser shall have satisfied each of the conditions set forth below or shall deliver or cause to be delivered to the Company the items set forth below, as appropriate, any one or more of which may be waived in writing by the Company:

(i) this Agreement duly executed by such Purchaser;

(ii) the Registration Rights Agreement duly executed by such Purchaser;

(iii) the representations and warranties made by the Purchasers herein shall be true and correct in all material respects (except any representation and warranty that is qualified by materiality or Material Adverse Effect shall be true and correct in all respects) as of the date hereof and as of the Closing Date with the same effect as if the representations and warranties were made as of the date hereof and as of the Closing Date;

(iv) the Escrow Agreement duly executed by the Company, the Escrow Agent and the placement agents listed therein;

(v) each Purchaser shall have performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by such Purchaser at or before the Closing;

(vi) no statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated, endorsed or threatened or is pending by or before any governmental authority of competent jurisdiction which prohibits or threatens to prohibit the consummation of any of the transactions contemplated by the Transaction Documents; and

(vii) each Purchaser shall have caused such Purchaser's Subscription Amount to be deposited by wire transfer of immediately available funds to such non-interest bearing escrow account of the Escrow Agent as the Escrow Agent shall designate (the "*Escrowed Funds*"), and the Escrow Agent shall have confirmed that it is prepared to transfer such amount to the Company subject only to satisfaction of the receipt of the certificate provided in Section 2.3 hereof; and

(viii) as of the Closing Date, there shall have been no Material Adverse Effect with respect to the Company since the date hereof.

(c) As a condition to the Company's and each Purchaser's obligation to close, by the time of the Closing, the Company's Ordinary Shares on the Official List of the United Kingdom Listing Authority shall have been de-listed, and the Registration Statement shall be declared effective only following such de-listing.

(d) As a condition to the Company's and each Purchaser's obligation to close, by the time of the Closing, the board of directors of the Company shall have approved the issuance of the Shares.

(e) As a condition to the Company's and each Purchaser's obligation to close, by the time of the Closing, the Tel Aviv Stock Exchange shall have approved the listing of the Shares.

2.3 *Escrow Arrangement.* Each Purchaser shall be deemed to have irrevocably instructed the Escrow Agent to deliver such Purchaser's Escrowed Funds to such bank account(s) of the Company as the Company shall have specified to the Escrow Agent on the Effective Date, subject only to the Escrow Agent having received a certificate, dated the Effective Date, executed by the Company certifying that the Registration Statement shall have been declared effective by the Commission. Following delivery to the Escrow Agent of the certificate referred to in this Section 2.3, (i) the Escrow Agent shall promptly cause the Escrowed Funds to be sent by wire transfer to the bank account(s) specified by the Company in writing, and (ii) the Company shall cause to be delivered to The Bank of New York a single certificate for Ordinary Shares, registered in the name of The Bank of New York or its designee, on the Effective Date, and shall thereafter cause The Bank of New York to immediately issue ADRs registered in the name of such Purchaser or its designee, representing the number of Shares acquired by such Purchaser, in accordance with Section 4.10 hereof. If the Company has not delivered to the Escrow Agent a certificate certifying that the Registration Statement shall have been declared effective by the Commission, on or before October 18, 2008, or the condition in Section 2.2(c) has not been satisfied within 60 days of the execution of this Agreement, then the Company shall deliver to the Escrow Agent a notice terminating the Offering upon the receipt of which the Escrow Agent shall distribute the Escrowed Funds to each Purchaser.

2.4 *Satisfaction of Conditions.* Following the deposit of the Escrowed Funds by the Purchaser with the Escrow Agent pursuant to Section 2.2 (b)(vii), this Agreement shall become wholly unconditional except for the satisfaction of the condition specified in Section 2.3 and shall not be capable of termination or rescission save for the non-satisfaction of such condition.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES

3.1 *Representations and Warranties of the Company.* The Company and XTL Biopharmaceuticals Inc., and XTL Development, Inc., each a Delaware corporation (the "*Subsidiaries*"), the Company's subsidiaries, hereby make the following representations and warranties as of the date hereof and as of the Closing Date to each Purchaser:

(a) *Organization and Qualification.* The Company and each of the Subsidiaries is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its respective organization, with the requisite corporate power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor the Subsidiaries are in violation of any of the provisions of its Memorandum and Articles of Organization, bylaws, or other organizational documents. The Company has no wholly-owned subsidiaries other than the Subsidiaries. The Company and each of the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not have or reasonably be expected to result in (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, properties, business or financial condition of the Company or the Subsidiaries, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "*Material Adverse Effect*").

(b) *Authorization; Enforcement.* The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, its board of directors or its shareholders in connection therewith. Each Transaction Document has been (or, if executed after the date hereof, upon delivery will be) duly executed by the Company and, when delivered in accordance with the terms hereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, and (iii) with respect to the indemnification provisions set forth in the Registration Rights Agreement, as limited by public policy.

(c) *No Conflicts.* The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of the Company's or the Subsidiaries' Memorandum and Articles of Association, bylaws or other organizational documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a debt of the Company or the Subsidiaries or otherwise) or other understanding to which any of the Company or the Subsidiaries are a party or by which any property or asset of the Company or the Subsidiaries is bound or affected, or (iii) result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which any of the Company or Subsidiaries are subject (including U.S. federal and state securities laws and regulations and the rules and regulations of any Trading Market), or by which any property or asset of any of the Company or the Subsidiaries is bound or affected; except in the case of each of clauses (ii) and (iii), such as would not have or reasonably be expected to result in a Material Adverse Effect.

(d) *Filings, Consents and Approvals.* The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other U.S. federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than (i) the filing with the Commission of the Registration Statement, and one or more Forms D with respect to the Securities as may be required under Regulation D of the Securities Act, the application(s) to each Trading Market for the listing of the ADRs representing the Securities for trading thereon in the time and manner required thereby, and applicable Blue Sky filings, and (ii) such as have already been obtained or such exemptive filings as are required to be made under applicable state and federal securities laws.

(e) *Capitalization.* As of September 30, 2007, the authorized capital stock of the Company consisted of 300,000,000 Ordinary Shares, of which 220,156,932 Ordinary Shares were issued and outstanding. As of October 2, 2007, the Company's shareholders approved an increase in the authorized capital stock of the Company, and the Company therefore now has, as of the date hereof, authorized capital stock of the Company consisting of 500,000,000 Ordinary Shares. All of such outstanding Ordinary Shares are, and all of the Shares, when issued, will be, duly authorized, validly issued, fully paid and nonassessable, and free and clear of all liens created by the Company, and all such Ordinary Shares were, and the Shares will be, issued in material compliance with all applicable U.S. federal and state securities laws, including available exemptions therefrom, and none of such issuances were, and the issuance of the Shares will not be, made in violation of any pre-emptive or other rights. The Company has reserved from its duly authorized capital stock the maximum number of Shares issuable pursuant to this Agreement. The issuance of the Shares will not trigger any anti-dilution rights of any existing securities of the Company. Except as set forth on Schedule 3.1(e), as of the Closing Date, there will be no rights, subscriptions, warrants, options, conversion rights, or agreements of any kind outstanding to purchase from the Company, or otherwise require the Company to issue, any shares of capital stock of the Company or securities or obligations of any kind convertible into or exchangeable for any shares of capital stock of the Company.

(f) *Reports and Financial Statements.* The Company has filed all reports required to be filed by it under the Exchange Act on a timely basis or has received a valid extension of such time of filing and has filed any such reports prior to the expiration of any such extension. The Company has made available to the Purchasers, prior to the execution of this Agreement, a copy of the Company's annual report on Form 20-F filed with the Commission on March 23, 2007, and will make available any Current Reports on Form 6-K filed by the Company (as such documents have since the time of their filing been amended or supplemented, and together with all reports, documents and information filed on or after the date first written above through the date of Closing with the Commission, including all information incorporated therein by reference, collectively, the "*SEC Reports*"). The SEC Reports (a) complied and will comply as to form in all material respects with the requirements of the Securities Act and the Exchange Act, and (b) did not, at the time of their filing, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements included in the SEC Reports comply in all material respects with the applicable accounting requirements and the rules and regulations of the SEC with respect thereto as in effect at the time of filing. The financial statements included in the SEC Reports and the Disclosure Documents, have been prepared in accordance with generally accepted accounting principles in the United States applied on a consistent basis ("*GAAP*"), and fairly represent the financial position of the Company and its Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, year-end audit adjustments and the omission of certain footnotes.

(g) *No Material Change*. Since June 30, 2007, and except as disclosed in its SEC Reports, (i) the Company has not incurred any material liabilities or obligations, indirect, or contingent, or entered into any material oral or written agreement or other transaction which is not in the ordinary course of business or which could reasonably be expected to result in a material reduction in the future earnings of the Company; (ii) the Company has not sustained any loss or interference with its businesses or properties (whether or not covered by insurance) that could reasonably be expected to have a Material Adverse Effect; (iii) the Company has not paid or declared any dividends or other distributions with respect to its capital stock, or redeemed or purchased or otherwise acquired any of its stock and the Company is not in default in the payment of principal or interest on any outstanding debt obligations; (iv) the Company has not changed any compensation arrangement or agreement with any of its key employees or executive officers, or change the rate of pay of its employees as a group, other than in the ordinary course of business; (v) the Company has not changed or amended any contract by which the Company or any of its asset are bound or subject that would have a Material Adverse Effect; (vi) there has not been any change in the capital stock of the Company other than the sale of the Securities hereunder or shares or options issued pursuant to employee equity incentive plans or purchase plans approved by the Company's Board of Directors, or indebtedness not incurred in the ordinary course of business that is material to the Company; and (vii) there has not been any other event which has caused, or is likely to cause, a Material Adverse Effect.

(h) *Litigation.* Except as would not reasonably be expected to result in a Material Adverse Effect on the Company, there is no action, suit, claim, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending against or, to the knowledge of the Company, threatened against the Company or either of the Subsidiaries. The Company is not subject to any order, writ, judgment, injunction, decree or award of any court or any governmental authority which would reasonably be expected to result in a Material Adverse Effect on the Company.

(i) *Compliance*. The Company has not been advised, nor does the Company have reason to believe, that it is not conducting its business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting its business, except where failure to be so in compliance would not reasonably be expected to have a Material Adverse Effect.

(j) *Intellectual Property*. (i) The Company owns or has obtained licenses or options for the inventions, patent applications, patents, trademarks (both registered and unregistered), trade names, copyrights and trade secrets necessary for the conduct of the Company's business as currently conducted (collectively, the "*Intellectual Property*"); and (ii) (a) to the knowledge of the Company, there are no third parties who have any ownership rights to any Intellectual Property that is owned by, or has been licensed to, the Company for the products described in the Disclosure Documents that would preclude the Company from conducting its business as currently conducted and have a Material Adverse Effect, except for the ownership rights of the owners of the Intellectual Property licensed or optioned by the Company; (b) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the rights of the Company in or to any Intellectual Property owned, licensed or optioned by the Company, other than claims which would not reasonably be expected to have a Material Adverse Effect; (c) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any Intellectual Property owned, licensed or optioned by the Company, other than non-material actions, suits, proceedings and claims; and (d) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company infringes or otherwise violates any patent, trademark, copyright, trade secret or other proprietary right of others, other than non-material actions, suits, proceedings and claims.

(k) *Material Agreements*. All material agreements ("*Material Agreements*") to which the Company or either of the Subsidiaries is a party or to which the property or assets of the Company or either of the Subsidiaries are subject are included as part of or specifically identified in the SEC Reports to the extent required by the rules and regulations of the SEC as in effect at the time of filing. Except for the Material Agreements, the Company has no material contracts. Neither the Company nor, to the Company's knowledge, any other party to the Material Agreements, is in breach of or default under any of such contracts which would reasonably be expected to have a Material Adverse Effect.

(l) *Taxes*. Except as disclosed in the Disclosure Documents or the SEC Reports, the Company and each of the Subsidiaries have filed all necessary federal, state and foreign income and franchise tax returns and has paid or accrued all taxes shown as due thereon, and the Company has no knowledge of a tax deficiency which has been or might be asserted or threatened against it which might reasonably be expected to have a Material Adverse Effect.

(m) *Governmental Permits, Etc*. The Company has all franchises, licenses, certificates and other authorizations from such federal, state or local government or governmental agency, department or body that are currently required for the operation of the business of the Company as currently conducted, except where the failure to posses currently such franchises, licenses, certificates and other authorizations is not reasonably expected to have a Material Adverse Effect. The Company has not received any notice of proceedings relating to the revocation or modification of any such permit which, if the subject of an unfavorable decision, ruling or finding, could reasonably be expected to have a Material Adverse Effect.

(n) *Conformity of Descriptions.* The Shares conform in all material respects to the descriptions of the Company's Ordinary Shares contained in the Company's SEC Reports and other filings with the Commission and the Disclosure Documents.

(o) *Statements True and Correct.* No representation, warranty, statement, certificate, instrument, or other writing furnished or to be furnished by the Company to Purchaser or its representatives pursuant to this Agreement, the Disclosure Documents or any other document, agreement, or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein not misleading.

(p) *Certain Fees.* Any brokerage, finder's fees or commissions that are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement will be paid solely by the Company.

(q) *Private Placement.* Neither the Company nor any Person acting on behalf of the Company has sold or offered to sell or solicited any offer to buy the Securities by means of any form of general solicitation or advertising. Assuming the accuracy of the Purchasers representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer, issuance and sale of the Securities by the Company to the Purchasers as contemplated hereby. The issuance and sale of the Securities hereunder does not contravene the rules and regulations of any Trading Market.

(r) *Offering Materials*. The Company has not distributed and will not distribute prior to the Closing Date any offering material in connection with the offering and sale of the Securities other than the Disclosure Documents or any amendment or supplement thereto. Neither the Company nor any person acting on its behalf has in the past or will hereafter take any action independent of the placement agent to sell, offer for sale or solicit offers to buy any securities of the Company which would subject the offer, issuance or sale of the Securities, as contemplated by this Agreement, to the registration requirements of Section 5 of the Securities Act.

(s) *Investment Company.* The Company is not, and is not an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(t) *Application of Takeover Protections.* Assuming the Purchasers beneficially own any Ordinary Shares prior to the date hereof, the Company and its Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's charter documents) or the laws of its jurisdiction of organization that is or could become applicable to the Purchasers as a result of the Purchasers and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation the Company's issuance of the Shares and the Purchasers' ownership of the Shares.

(u) *No Integrated Offering.* Neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Shares to be integrated with prior offerings by the Company for purposes of the Securities Act or any applicable shareholder approval provisions, including, without limitation, under the rules and regulations of any exchange or automated quotation system on which any of the securities of the Company are listed or designated.

(v) *Listing and Maintenance Requirements.* Except as disclosed in Schedule 3.1(v), the Company has been in compliance with all listing and maintenance requirements of each applicable Trading Market and the Tel Aviv Stock Exchange. Except as disclosed in Schedule 3.1(v), the Company has not, in the 12 months preceding the date hereof, received notice from any Trading Market on which the Ordinary Shares or ADRs representing Ordinary Shares are or have been listed or quoted, or the Tel Aviv Stock Exchange to the effect that the Company is not in compliance with the listing or maintenance requirements of such market. Except as disclosed in Schedule 3.1(v), the Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements.

(w) *Sarbanes-Oxley; Internal Accounting Controls*. The Company is in material compliance with all provisions of the Sarbanes-Oxley Act of 2002 which are applicable to it as of the date hereof. The Company has disclosure controls and procedures (as defined in Rule 13a-14 under the Exchange Act) that are designed to ensure that material information relating to the Company is made known to the Company's principal executive officer and the Company's principal financial officer or persons performing similar functions.

(x) *Disclosure.* The Company confirms that, neither the Company nor any other Person acting on its behalf has provided any of the Purchasers or their agents or counsel with any information, other than information relating to the Offering, that constitutes or might constitute material, non-public information. The Company understands and confirms that the Purchasers will rely on the foregoing representations and covenants in effecting transactions in securities of the Company. All disclosure provided to the Purchasers regarding the Company, its business and the transactions contemplated hereby, including the Disclosure Documents and the Exhibits to this Agreement, furnished by or on behalf of the Company with respect to the representations and warranties made herein are true and correct with respect to such representations and warranties and do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The Company acknowledges and agrees that no Purchaser makes or has made any representations or warranties with respect to the transaction contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(y) *Independent Public Accountants.* The Company confirms that Kesselman & Kesselman, Israeli certified public accounts and a member of PricewaterhouseCoopers International Limited, are independent public accountants as required by the Securities Act and the rules and regulations promulgated thereunder.

3.2 *Representations and Warranties of the Purchasers.* Each Purchaser hereby, for itself and for no other Purchaser, represents and warrants as of the date hereof and as of the Closing Date to the Company as follows:

(a) *Organization; Authority.* Such Purchaser is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full right, corporate, limited liability or partnership power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations thereunder. The execution, delivery and performance by such Purchaser of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate or similar action on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies, and (iii) with respect to the indemnification provisions set forth in the Registration Rights Agreement, as limited by public policy.

(b) *General Solicitation.* Such Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(c) *No Public Sale or Distribution.* Such Purchaser is acquiring the Securities for its own account and not with a view towards, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales registered or exempted under the Securities Act; *provided*, *however*, that by making the representations herein, such Purchaser does not agree to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or an exemption under the Securities Act. Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business. Such Purchaser does not have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Securities.

(d) *Accredited Investor Status.* If Purchaser is purchasing Securities pursuant to the exemption from the registration requirements of United States federal securities laws provided by Regulation D promulgated under the Securities Act, such Purchaser is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D.

(e) *Regulation S.* If Purchaser is purchasing Securities pursuant to the exemption from the registration requirements of United States federal securities laws provided by Regulation S promulgated under the Securities Act, such Purchaser:

(i) is not a U.S. person (as defined in Regulation S) and is not acquiring the Securities for the account or benefit of any U.S. person; and

(ii) agrees to resell such Securities only in accordance with the provisions of Regulation S, pursuant to registration under the Securities Act, or pursuant to an available exemption from registration; and agrees not to engage in hedging transactions with regard to such Securities unless in compliance with the Securities Act.

(f) *Reliance on Exemptions.* Such Purchaser understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Purchaser's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Purchaser set forth herein and on the signature page hereto in order to determine the availability of such exemptions and the eligibility of such Purchaser to acquire the Securities.

(g) *Information; Confidentiality.* Such Purchaser and its advisors, if any, have been furnished with all publicly available materials relating to the business, finances and operations of the Company and such other publicly available materials relating to the offer and sale of the Securities as have been requested by such Purchaser. The Purchaser acknowledges and understands that the fact that the Company is seeking to effect the private placement of the Securities is itself material, non-public information, and accordingly, the Purchaser agrees not to engage in disclosure of such information or use of such information by the Purchaser or anyone receiving such information from the Purchaser in connection with the purchase, sale or trade of the Company's securities (other than use by the Purchaser in acquiring the Securities), or any hedging, derivative or similar transactions or activities involving the Company's securities. Such Purchaser and its advisors, if any, have been afforded the opportunity to ask questions of the Company. Neither such inquiries nor any other due diligence investigations conducted by such Purchaser or its advisors, if any, or its representatives shall modify, amend or affect such Purchaser's right to rely on the Company's representations and warranties contained herein. Such Purchaser understands that its investment in the Securities involves a high degree of risk. Such Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Securities.

(h) *No Governmental Review.* Such Purchaser understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities or the fairness or suitability of the investment in the Securities nor have such authorities passed upon or endorsed the merits of the offering of the Securities.

(i) *Experience of Such Purchaser.* Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters, including investing in biotechnology companies, so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(j) *Sales; Short Selling.* From and after the date that the Purchaser receives any information about the existence of the Offering, and through the Closing Date, the Purchaser has not and shall not, directly or indirectly, sell Ordinary Shares in any open Trading Market or elsewhere, and has not and shall not directly or indirectly, through related parties, affiliates or otherwise sell "short" or "short against the box" (as those terms are generally understood) any equity security of the Company.

(k) *Information Regarding Purchaser*. Purchaser has provided the Company with true, complete, and correct information regarding all applicable items set forth on the signature page to this Agreement.

The Company acknowledges and agrees that each Purchaser does not make or has not made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Section 3.2.

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 *Transfer Restrictions.* The Securities may only be disposed of in compliance with U.S. state and federal securities laws. In connection with any transfer of Securities other than (i) pursuant to an effective registration statement, (ii) to the Company, or (iii) to an Affiliate of a Purchaser, the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights of a Purchaser under this Agreement and the Registration Rights Agreement.

4.2 *Furnishing of Information.* During the Effectiveness Period (as such term is defined in the Registration Rights Agreement), the Company covenants to use its commercially reasonable efforts to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act. During the Effectiveness Period, the Company further covenants to use its commercially reasonable efforts to take such further action as any Purchaser may reasonably request, all to the extent required from time to time to enable such Person to sell such Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 under the Securities Act.

4.3 *Integration.* The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities to the Purchasers or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market.

4.4 *Securities Laws Disclosure; Publicity*. The Company shall, by 8:30 a.m., New York City time, on the Business Day following the Closing Date, issue a press release to be disseminated in the public domain describing the terms of the transactions contemplated by the Transaction Documents. Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Purchaser, or include the name of any Purchaser in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of such Purchaser, except (i) as required by federal securities law or the Commission in connection with the registration statement contemplated by the Registration Rights Agreement and (ii) to the extent such disclosure is required by law or Trading Market regulations, in which case the Company shall provide the Purchasers with prior notice of such disclosure permitted under subclause (i) or (ii).

4.5 *Shareholders Rights Plan.* No claim will be made or enforced by the Company or any other Person that any Purchaser is an "Acquiring Person" under any shareholders rights plan or similar plan or arrangement in effect or hereafter adopted by the Company, or that any Purchaser could be deemed to trigger the provisions of any such plan or arrangement, in each case solely by virtue of receiving Securities under the Transaction Documents or under any other agreement between the Company and the Purchasers.

4.6 *Reservation of Ordinary Shares.* As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of Ordinary Shares for the purpose of enabling the Company to issue Shares pursuant to this Agreement.

4.7 *Listing of Ordinary Shares; ADR Facility.* The Company hereby agrees to use commercially reasonable efforts to maintain the listing of ADRs representing Ordinary Shares on the Nasdaq Stock Market. The Company further agrees, if the Company applies to have ADRs representing Ordinary Shares traded on any other Trading Market, it will include in such application the Shares, and will take such other action as is necessary or desirable in the opinion of the Purchasers to cause the Shares to be listed on such other Trading Market as promptly as possible. The Company will take all action reasonably necessary to continue the listing and trading of ADRs representing its Ordinary Shares on a Trading Market and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Market. The Purchasers acknowledge that the Shares will not be eligible for deposit into the American Depositary Receipt trading facility maintained by the Company at The Bank of New York until the Effective Date.

4.8 *Subsequent Financings Prior to Effective Date.* From the date hereof until 90 days after the Effective Date, other than as contemplated by this Agreement, neither the Company nor either of the Subsidiaries shall issue or sell any Ordinary Shares, excluding the issuance of securities issued upon the exercise of currently outstanding options and warrants.

4.9 *Non-Public Information.* The Company covenants and agrees that neither it nor any other Person acting on its behalf will provide any Purchaser or its agents or counsel with any information that the Company believes constitutes material non-public information, unless prior thereto such Purchaser shall have executed a written agreement regarding the confidentiality and use of such information. The Company understands and confirms that each Purchaser shall be relying on the foregoing representations in effecting transactions in securities of the Company.

4.10 *Delivery of ADRs.* On the Effective Date, the Company shall deliver the Shares to The Bank of New York, and shall cause The Bank of New York to immediately deliver to each Purchaser ADRs representing a number of Shares equal to such Purchaser's Subscription Amount divided by the Per Share Purchase Price, registered in the name of such Purchaser.

ARTICLE V.
MISCELLANEOUS

5.1 *Fees and Expenses.* Except as set forth in Section 3.1(p) and in the Placement Agent Agreement, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all stamp and other taxes and duties levied in connection with the sale of the Securities.

5.2 *Entire Agreement.* The Transaction Documents, together with the exhibits and schedules thereto, the Disclosure Documents and the Placement Agent Agreement, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.4 *Notices.* Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number specified on the signature pages attached hereto prior to 6:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number on the signature pages attached hereto on a day that is not a Trading Day or later than 6:30 p.m. (New York City time) on any Trading Day, (c) the Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.5 *Amendments; Waivers.* No provision of this Agreement may be waived or amended except in a written instrument signed, in the case of an amendment, by the Company and each Purchaser or, in the case of a waiver, by the party against whom enforcement of any such waiver is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right.

5.6 *Construction.* The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

5.7 *Successors and Assigns.* This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Purchaser. Any Purchaser may assign any or all of its rights under this Agreement to any Person, provided such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions hereof that apply to the "Purchasers."

5.8 *No Third-Party Beneficiaries.* This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.1.

5.9 *Governing Law.* All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state or federal courts sitting in the City of New York. Each party hereto hereby irrevocably submits to the jurisdiction of the state and federal courts sitting in the City of New York, New York, exclusive of all other jurisdictions, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper. If either party shall commence an action or proceeding to enforce any provisions of a Transaction Document, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its attorneys fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

5.10 *Survival.* The representations, warranties, agreements and covenants contained herein shall survive the Closing and delivery of the Shares.

5.11 *Execution.* This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

5.12 *Severability.* If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

5.13 *Replacement of Shares.* If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction and customary and reasonable indemnity, if requested.

5.14 *Independent Nature of Purchasers' Obligations and Rights.* The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance of the obligations of any other Purchaser under any Transaction Document. Nothing contained herein or in any Transaction Document, and no action taken by any Purchaser pursuant thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Document. Each Purchaser shall be entitled to independently protect and enforce its rights, including without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose. Each Purchaser has been represented by its own separate legal counsel in their review and negotiation of the Transaction Documents.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

XTL Biopharmaceuticals Ltd.

By:_____

Name: Ron Bentsur

Title: Chief Executive Officer

Address for Notice:
711 Executive Blvd., Suite Q
Valley Cottage, NY 10989
Attn: Ron Bentsur
Tel: (845) 267-0707
Fax: (845) 267-0926
With copy to (which shall not constitute notice):
Alston & Bird LLP
90 Park Avenue
New York, New York 10016
Attn: Mark F. McElreath
Tel: (212) 210-9400
Fax: (212) 210-9444

(Signature Page Continues)

[PURCHASER SIGNATURE PAGE TO SECURITIES PURCHASE AGREEMENT]

[NAME]

By: _____

Name:
Title:

Date: _____, 2007

NUMBER OF ORDINARY SHARES SUBSCRIBED FOR	PRICE PER SHARE	TOTAL PURCHASE PRICE
	[$]	[$]

The above-signed Purchaser hereby provides the following information to the Company:

1. Please provide the following information regarding the Purchaser:

Purchaser Name and Address:
_____
_____
_____
Telephone: ( ) _____-_____
Facsimile: ( ) _____-_____
Email: _____
Tax ID #:_____

2. If different from the information provided in Item 1 above, please provide the exact name that the Purchaser's Shares are to be registered in (this is the name that will appear on the share certificate(s)) (the "*Registered Holder*"). The Purchaser may use a nominee name if appropriate:

Registered Holder of the Shares Name and Address:
_____
_____
_____
Facsimile: ( ) _____-_____

3. Please describe the relationship between the Purchaser of the Shares and the Registered Holder of the Shares listed in response to Item 2 above, if different:

4. If different from the information provided in Item 1 above, please provide the mailing address of the Registered Holder of the Shares listed in response to Item 2 above:

5. If different from the information provided above, please provide the number of Ordinary Shares beneficially owned (as determined in accordance with SEC Rule 13d-3 under the Exchange Act) by the Purchaser immediately after Closing. Explain the nature of such beneficial ownership, including Ordinary Shares not held of record by the Purchaser. Disclose the details of any rights to acquire Ordinary Shares.

6. Describe any position, office or other material relationship within the past three years that the Purchaser has, or has had, with the Company or its Affiliates other than as disclosed in the Registration Statement? If none, please state "Not Applicable."

Please note that it is the Purchaser's obligation to advise the Company promptly if any of the foregoing information changes during the effectiveness of the Registration Statement (except due to sales of Ordinary Shares pursuant thereto).

Exhibit A

Registration Rights Agreement

Exhibit B

Form of Opinion of Kantor & Co.

1. The Company is a corporation, validly existing and in good standing under the laws of the State of Israel, and has the corporate power and authority to carry on its business and to own, lease and operate its properties and assets as described in the Disclosure Documents. Except for the Subsidiaries, the Company does not have any subsidiaries and does not own more than fifty percent (50%) of the outstanding capital stock of or control any other business entity.

2. The Company has the corporate power and authority to enter into and perform its obligations under the Transaction Documents and to issue the Shares. The execution and delivery of the Transaction Documents by the Company and the consummation by it of the transactions contemplated thereby have been duly authorized by all necessary corporate action of the Company.

3. The Transaction Documents have been duly executed and delivered by the Company.

4. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated thereby, including, without limitation, the issuance of the Shares, do not and will not result in a violation of the Company's Memorandum and Articles of Organization or bylaws.

5. The Company has the authorized capitalization as set forth in the Disclosure Documents. The issuance of the Shares by the Company in accordance with the Agreement is exempt from registration under the Securities Act of 1933, as amended. When so issued, when certificates representing such Shares have been duly executed, countersigned, registered and delivered in accordance with the Agreement, upon payment of the consideration therefor provided therein, the Shares will be duly and validly authorized and issued, fully paid and nonassessable, free of any liens or encumbrances, or preemptive or similar rights, contained in the Company's Memorandum and Articles of Organization or bylaws or any other instrument known to us and will conform to the description thereof contained in the Disclosure Documents.

Form of Opinion of Alston & Bird LLP

1. The Company is duly qualified to do business and is in good standing as a foreign corporation in all U.S. jurisdictions in which the character of the property owned or leased or the nature of the business transacted by it makes qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not have or reasonably be expected to result in Material Adverse Effect.

2. The Subsidiaries are corporations, validly existing and in good standing under the laws of the State of Delaware, are duly qualified to do business and are in good standing as a foreign corporation in all jurisdictions in which the character of the property owned or leased or the nature of the business transacted by them makes qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not have or reasonably be expected to result in Material Adverse Effect, and has the corporate power and authority to carry on their business and to own, lease and operate their properties and assets as described in the Disclosure Documents.

3. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated thereby, including, without limitation, the issuance of the Shares, do not and will not (i) result in a violation of the Certificate of Incorporation or bylaws of the Subsidiaries; (ii) conflict with, or constitute a material default (or an event that with notice or lapse of time or both would become a default) under, require a consent under, or give to others any rights of termination, amendment, acceleration or cancellation of, any Material Agreement; (iii) result in a violation of any law, rule or regulation of the United States or the State of New York; or (iv) to our knowledge, violate any judgment, order or decree of any court or governmental agency or body having jurisdiction over the Company or any of its properties or assets.

4. Except for the registration of the Securities under the Securities Act and such consents, approvals, authorizations, registrations or qualifications as may be required under applicable state securities laws in connection with the purchase and distribution of the Securities, no consent, approval, authorization or order of, or filing or registration with, any court, governmental agency or governmental body is required for the execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated thereby.

5. To our knowledge, no person or entity has the right to require registration of Ordinary Shares or other securities of the Company because of the filing or effectiveness of the Registration Statement, the consummation of the transactions contemplated in the Transaction Documents or otherwise, except for persons and entities who have expressly waived such right or who have been given proper notice and have failed to exercise such right within the time or times required under the terms and conditions of such right.

6. The statements in the Disclosure Documents (other than the financial statements and related schedules and other financial and statistical data contained therein, as to which we express no opinion) under the headings "Risk Factors," "Business—Intellectual Property and Patents," "Business—Government and Industry Regulation," and "Business—Material Contracts" to the extent that they constitute summaries of matters of law or regulation or legal conclusions, have been reviewed by us and fairly summarize the matters described therein in all material respects.

7. To our knowledge and other than as set forth in the Disclosure Documents, there are no legal or governmental proceedings pending to which the Company is a party or of which any property or asset of the Company is the subject which, singularly or in the aggregate, if determined adversely to the Company, would prevent or adversely affect the ability of the Company to perform its obligations under the Transaction Documents; and, to our knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others.

Alston & Bird to also confirm:

We have reviewed certain corporate records and other documents of the Company and its subsidiaries and have participated in conferences with officers and other representatives of the Company, its subsidiaries, your representatives, your counsel and the Company's independent public accountants at which the contents of the Transaction Documents and related matters were discussed. Because of the inherent limitations in the independent verification of factual matters and because of the inherent limitations involved in the preparation of registration statements under the Securities Act, we are not passing upon and do not assume any responsibility for, and make no representation that we have independently verified, the accuracy, completeness or fairness of the information and statements contained in the Transaction Documents. We have no reason to believe that on the date hereof, the Transaction Documents contained an untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Transaction Documents on the date hereof included or includes any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case, other than the financial statements and other financial information contained therein, as to which we express no opinion).

Schedule 3.1(e)

- As of September 30, 2007, there are 55,516,243 Ordinary Shares that may be issued in the future subject to the exercise of all options and warrants (at exercise prices per Ordinary Share of $0.106 to $2.110) outstanding.

- At September 30, 2007, the remaining number of options to purchase Ordinary Shares available for future grants under the 2001 Share Option Plan is 4,917,756.

- In March 2006, the Board of Directors of the Company approved the grant to the Chairman and to a non-executive director, of options to purchase 9,898,719 and 750,000 ordinary shares, respectively. All of such options are subject to vesting of which one third is based on service period, and the remainder is based on achievement of certain milestones linked to the Company's valuation on the public markets. These grants are subject to shareholder approval. As of September 30, 2007, the Company did not seek shareholder approval, so the options had not been granted.

- In addition, the Company may issue additional Ordinary Shares for the potential settlement in cash or Ordinary Shares, at the Company's sole discretion, of certain potential milestones related to the Company's in-licensed products:

    - In August 2005, the Company entered into a license agreement with VivoQuest Inc. ("VivoQuest") pursuant to which it acquired exclusive worldwide rights to VivoQuest's intellectual property and technology. The license covers a proprietary compound library, including VivoQuest's lead HCV compounds, that was developed through the use of Diversity Oriented Synthesis, or DOS, technology. The terms of the license agreement include an initial upfront license fee of approximately $941,000 that was paid in the Company's Ordinary Shares. The license agreement also provides for additional milestone payments triggered by certain regulatory and sales targets. These milestone payments total $34.6 million, $25.0 million of which will be due upon or following regulatory approval or actual product sales, and are payable in cash or Ordinary Shares at the Company's election. In addition, the license agreement requires that the Company make royalty payments on product sales. The actual number of Ordinary Shares that may be issued in the future at the Company's election is dependent upon the actual price of the Ordinary Shares on settlement date. Currently, as no milestones have been met and no milestone payments are payable, the actual number of Ordinary Shares to be issued, if at all, cannot be ascertained at this time.

- In addition, in January 2007, XTL Development, Inc. (“XTL Development”), a wholly-owned subsidiary, of the Company, signed an agreement with DOV Pharmaceutical, Inc. (hereinafter “DOV”) to in-license the worldwide rights for Bicifadine, a serotonin and norepinephrine reuptake inhibitor (hereinafter the “DOV Transaction”). XTL Development intends to develop Bicifadine for the treatment of neuropathic pain - a chronic condition resulting from damage to peripheral nerves. In accordance with the terms of the license agreement, XTL Development made an initial up-front payment of $7.5 million in cash. In addition, XTL Development will make milestone payments of up to $126.5 million, in cash and/or Ordinary Shares of the Company over the life of the license, of which up to $115 million will be due upon or after regulatory approval of the product and the remaining $11.5 million will be due prior to regulatory approval of the product. XTL Development is also obligated to pay royalties to DOV on net sales of the product to DOV. The actual number of Ordinary Shares that may be issued in the future at the Company's election is dependent upon the actual price of the Ordinary Shares on settlement date. Currently, as no milestones have been met and no milestone payments are payable, the actual number of Ordinary Shares to be issued, if at all, cannot be ascertained at this time.

- Also, the Company may issue Ordinary Shares for the potential settlement in cash or in Ordinary Shares, at the Company's sole discretion, of the transaction advisory fee in the form of the Stock Appreciation Rights that were issued to the intermediary in the transaction with DOV Pharmaceutical, Inc.:

  - In January 2007, XTL Development committed to pay a transaction advisory fee to third party intermediaries in regards to the DOV Transaction. The transaction advisory fee was structured in the form of Stock Appreciation Rights (“SARs”) in the amount equivalent to (i) 3% of the Company's fully diluted Ordinary Shares at the close of the transaction (representing 8,299,723 Ordinary Shares), vesting one year after the close of the transaction, and (ii) 7% of the Company's fully diluted Ordinary Shares at the close of the transaction (representing 19,366,019 Ordinary Shares), vesting following successful Phase III clinical trial results for Bicifadine or the acquisition of the Company. Payment of the SARs by XTL Development can be satisfied, at the Company's discretion, in cash and/or by issuance of the Company's registered Ordinary Shares. Currently, as the amount payable under the SAR is unknown (as this amount is based on the calculation of the stock appreciation on the date of exercise), the fact whether Ordinary Shares will be issued and the amounts that may be issued cannot be ascertained at this time.

Schedule 3.1(v)

- On August 28, 2007, the Company 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, the Company no longer complied 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 was asked to respond.

- On September 26, 2007**,** the Company announced that on September 24, 2007, the Company received a NASDAQ Staff Determination indicating that the Company failed to comply 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), and that its ADRs are, therefore, subject to delisting from the NASDAQ Global Market.

- On September 25, 2007, the Company requested a hearing before a NASDAQ Listing Qualifications Panel to review the Staff Determination. A hearing request will stay the suspension of the Company's ADRs from the NASDAQ Global Market pending the Panel's decision. There can be no assurance that the Panel will grant the Company's request for continued listing. If the Panel does not grant the Company's request for continued listing, the Company has the option to transfer its ADR listing to the NASDAQ Capital Market, previously called the NASDAQ SmallCap Market.

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of October __, 2007, among XTL Biopharmaceuticals Ltd., a public company limited by shares organized under the laws of the State of Israel (the "Company"), and the purchasers' signatory hereto (each such purchaser is a "Purchaser" and all such purchasers are, collectively, the "Purchasers").

This Agreement is made pursuant to the Securities Purchase Agreement, dated as of the date hereof among the Company and the Purchasers (the "Purchase Agreement").

The Company and the Purchasers hereby agree as follows:

1. Definitions

Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Commission" means the United States Securities and Exchange Commission.

"Effectiveness Date" means, with respect to the Registration Statement registering for resale the Registrable Securities, the 90th calendar day following the Closing Date (105th calendar day in the event of a full review by the Commission); provided, however, in the event that the Company is notified by the Commission that the Registration Statement will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to the Registration Statement shall be the fifth Trading Day following the date on which the Company is so notified if such date precedes the dates required above.

"Effectiveness Period" shall have the meaning set forth in Section 2(a).

"Filing Date" means, with respect to the Registration Statement registering for resale the Registrable Securities, the 30th day following the Closing Date.

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party" shall have the meaning set forth in Section 5(c).

"Indemnifying Party" shall have the meaning set forth in Section 5(c).

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" means the prospectus included in the Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by the Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means all of the Shares issued or issuable as a result of any stock split, dividend or other distribution, recapitalization exchange or similar event with respect to the foregoing.

"Registration Statement" means the registration statements required to be filed hereunder, including (in each case) the Prospectus, amendments and supplements to the Registration Statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in the registration statement.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Shares" means the Ordinary Shares purchased by the Purchasers under the Purchase Agreement.

2. Shelf Registration

(a) The Company shall prepare and, as soon as practicable, but in no event later than the Filing Date, file with the Commission a "Shelf" Registration Statement covering the resale of all of the Registrable Securities for an offering to be made on a continuous basis pursuant to Rule 415. The Registration Statement shall be on Form F-3, or other appropriate form, and shall contain (unless otherwise directed by the Holders and except to the extent the Company determines that modifications thereto are required under applicable law) substantially the "Plan of Distribution" attached hereto as Exhibit A. Subject to the terms of this Agreement, the Company shall use its best efforts to cause the Registration Statement to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event prior to the Effectiveness Date, and shall use its best efforts to keep the Registration Statement continuously effective under the Securities Act until the date which is two years after the date that the Registration Statement is declared effective by the Commission or such earlier date when all Registrable Securities covered by the Registration Statement have been sold or may be sold without volume restrictions pursuant to Rule 144(k) as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders (the "Effectiveness Period"). The Company shall immediately notify the Holders via facsimile or email of the effectiveness of the Registration Statement on the same day that the Company receives notification of the effectiveness from the Commission.

(b) If: (i) the Registration Statement is not filed on or prior to its Filing Date (if the Company files the Registration Statement without affording the Holders the opportunity to review and comment on the same as required by Section 3(b), the Company shall not be deemed to have satisfied clause (i)), or (ii) the Company fails to file with the Commission a request for acceleration in accordance with Rule 461 promulgated under the Securities Act, within five Trading Days of the date that the Company is notified (orally or in writing, whichever is earlier) by the Commission that the Registration Statement will not be "reviewed," or not subject to further review, or (iii) prior to the Effectiveness Date, the Company fails to file a pre-effective amendment and otherwise respond in writing to comments made by the Commission in respect of the Registration Statement within ten Trading Days after the receipt of comments by or notice from the Commission that such amendment is required in order for the Registration Statement to be declared effective, or (iv) the Registration Statement filed or required to be filed hereunder is not declared effective by the Commission by the Effectiveness Date, or (v) after the Effectiveness Date, the Registration Statement ceases for any reason to remain continuously effective as to all Registrable Securities for which it is required to be effective, or the Holders are not permitted to utilize the Prospectus therein to resell such Registrable Securities for ten consecutive Trading Days or in any individual case an aggregate of fifteen Trading Days during any twelve month period (which need not be consecutive Trading Days) (any such failure or breach being referred to as an "Event", and for purposes of clause (i) or (iv) the date on which such Event occurs, or for purposes of clause (ii) the date on which such five Trading Day period is exceeded, or for purposes of clause (iii) the date which such ten Trading Day period is exceeded, or for purposes of clause (v) the date on which such ten or fifteen Trading Day period, as applicable, is exceeded being referred to as "Event Date"), then, on each such Event Date and every monthly anniversary thereof until the applicable Event is cured, the Company shall pay to each Holder an amount in cash, as liquidated damages and not as a penalty, equal to **1.0%** per month of the Subscription Amount paid by such Holder pursuant to the Purchase Agreement for Registrable Securities then held by such Holder and covered (or to be covered) by the Registration Statement. If the Company fails to pay any liquidated damages pursuant to this Section in full within seven days after the date payable, the Company will pay interest thereon at a rate of **15%** per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The liquidated damages pursuant to the terms hereof shall apply on a pro-rata basis for any portion of a month prior to the cure of an Event.

(c) The Holders holding at least a majority of the Registrable Securities shall have the right to select one legal counsel to review, comment and oversee any registration pursuant to this Section 2 ("Legal Counsel"), which shall be McDermott Will & Emory, or such other counsel as thereafter designated by the holders of at least a majority of the Registrable Securities.

3. Registration Procedures

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Permit Legal Counsel to review and comment upon a Registration Statement or any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference) at least five Trading Days prior to its filing with the Commission and Company shall not file any Registration Statement or any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference) in a form to which Legal Counsel reasonably objects in writing; provided that the liquidated damages set forth in Section 2(b) shall not accrue as a result of such objection. The Company shall promptly furnish to Legal Counsel, without charge, (i) copies of any correspondence between the Commission or the staff of the Commission, on one hand, and the Company or its representatives, on the other, relating to any Registration Statement and (ii) upon effectiveness of any Registration Statement, one copy of Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto. The Company shall reasonably cooperate with Legal Counsel in performing the Company's obligations pursuant to this Section 3.

(b) Not less than three Trading Days prior to the filing of the Registration Statement or any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall, (i) furnish to each Holder copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent certified public accountants to respond to such inquiries as shall be necessary to conduct a reasonable investigation within the meaning of the Securities Act.

(c) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to the Registration Statement and the Prospectus used in connection therewith as may be necessary to keep the Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period; (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and as so supplemented or amended to be filed pursuant to Rule 424; (iii) respond as promptly as reasonably possible, and in any event within ten Trading Days, to any comments received from the Commission with respect to the Registration Statement or any amendment thereto and as promptly as reasonably possible provide the Holders true and complete copies of all correspondence from and to the Commission relating to the Registration Statement; and (iv) comply in all material respects with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by the Registration Statement during the applicable period in accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in the Registration Statement as so amended or in such Prospectus as so supplemented.

(d) Notify the Holders of Registrable Securities to be sold and Legal Counsel (which notice, pursuant to clauses (ii) through (vi) hereof, shall be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible and (if requested by any such Person) confirm such notice in writing no later than two Trading Days following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to the Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "review" of the Registration Statement and whenever the Commission comments in writing on the Registration Statement (the Company shall provide true and complete copies thereof and all written responses thereto to each of the Holders); and (C) with respect to the Registration Statement or any post-effective amendment, when the same has become effective; (ii) of any request by the Commission or any other Federal or state governmental authority for amendments or supplements to the Registration Statement or Prospectus or for additional information; (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose; (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose; (v) of the occurrence of any event or passage of time that makes the financial statements included in the Registration Statement ineligible for inclusion therein or any statement made in the Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to the Registration Statement, Prospectus or other documents so that, in the case of the Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (vi) the occurrence or existence of any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability or the Registration Statement or Prospectus; provided that the Company shall not disclose the nature of such information to the Holder.

(e) Promptly deliver to each Holder, without charge, as many copies of the Prospectus or Prospectuses (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request. Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(f) Use commercially reasonable efforts to register or qualify the resale of such Registrable Securities as required under applicable securities or Blue Sky laws of each State within the United States as any Holder requests in writing, to keep each the Registration or qualification (or exemption therefrom) effective during the Effectiveness Period; provided, that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or subject the Company to any material tax in any such jurisdiction where it is not then so subject.

(g) Cooperate with the Holders to facilitate the timely preparation and delivery of ADRs representing Registrable Securities to be delivered to a transferee pursuant to the Registration Statement, which shall be free, to the extent permitted by the Purchase Agreement, of all restrictive legends, and to enable such ADRs to be in such denominations and registered in such names as any such Holders may request.

(h) Upon the occurrence of any event contemplated by this Section 3, as promptly as reasonably possible under the circumstances prepare a supplement or amendment, including a post-effective amendment, to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither the Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with clauses (ii) through (vi) of Section 3(d) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, or the Company otherwise notifies the Holders of its election to suspend the availability of the Registration Statement and Prospectus pursuant to clause (vi) of Section 3(d), then the Holders shall suspend use of such Prospectus. The Company will use its best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable, except that in the case of suspension of the availability of the Registration Statement and Prospectus pursuant to clause (vi) of Section 3(d), the Company shall not be required to take such action until such time as it shall determine that the continued availability of the Registration Statement and Prospectus is no longer not in the best interests of the Company. The Company shall be entitled to exercise its right under this Section 3(h) to suspend the availability of the Registration Statement and Prospectus, subject to the payment of liquidated damages pursuant to Section 2(b), for a period not to exceed 60 consecutive days or for multiple periods not to exceed 90 days in any 12 month period.

(i) Comply with all applicable rules and regulations of the Commission.

(j) Use its best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order suspending the effectiveness of the Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(k) The Company may require, at any time prior to the third Trading Day prior to the Filing Date, each Holder to furnish to the Company a statement as to the number of Ordinary Shares beneficially owned by such Holder and, if requested by the Commission, the controlling person thereof, within three Trading Days of the Company's request. During any periods that the Company is unable to meet its obligations hereunder with respect to the registration of the Registrable Securities solely because any Holder fails to furnish such information within three Trading Days of the Company's request, any liquidated damages that are accruing at such time shall be tolled, until such information is delivered to the Company.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to the Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses (A) with respect to filings required to be made with the Trading Market on which the ADRs are then listed for trading, and (B) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities and determination of the eligibility of the Registrable Securities for investment under the laws of such jurisdictions as requested by the Holders)), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities and of printing prospectuses requested by the Holders), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, and (v) reasonable fees and disbursements of Legal Counsel, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions or, except to the extent provided for in the Transaction Documents, any legal fees or other costs of the Holders.

5. Indemnification

(a) *Indemnification by the Company*. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of ADRs), investment advisors and employees of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, partners, agents and employees of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, judgments, fines, penalties, charges, costs (including, without limitation, costs of preparation and reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to (i) any breach of applicable securities laws or untrue or alleged untrue statement of a material fact contained in the Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or form of prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading, except to the extent, but only to the extent, that (1) such untrue statements or omissions or alleged untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto or (2) in the case of an occurrence of an event of the type specified in Section 3(d)(ii)-(vi), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(e); (ii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any other law, including, without limitation, any state securities laws, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement; or (iii) any material violation of this Agreement by the Company, its agents or representatives. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware.

(b) *Indemnification by Holders*. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses (as determined by a court of competent jurisdiction in a final judgment not subject to appeal or review) arising out of or based upon any untrue statement of a material fact contained in any Registration Statement, any Prospectus, or any form of prospectus, or in any amendment or supplement thereto, arising solely out of or based solely upon: (i) such Holder's failure to comply with the prospectus delivery requirements of the Securities Act or (ii) any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading to the extent, but only to the extent, such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company specifically for inclusion in the Registration Statement or such Prospectus or to the extent that (1) such untrue statements or omissions are based upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in the Registration Statement, such Prospectus or such form of Prospectus or in any amendment or supplement thereto or (2) in the case of an occurrence of an event of the type specified in Section 3(d)(ii)-(vi), the use by such Holder of an outdated or defective Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated or defective and prior to the receipt by such Holder of the Advice contemplated in Section 6(e). In no event shall the liability of any selling Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such Holder upon the sale of the Registrable Securities covered by such Registration Statement giving rise to such indemnification obligation.

(c) *Conduct of Indemnification Proceedings*. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that such failure shall have prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses; or (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding; or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and such Indemnified Party shall have been advised by counsel that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the expense of one such counsel for each Holder shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within 10 Trading Days of written notice thereof to the Indemnifying Party (regardless of whether it is ultimately determined that an Indemnified Party is not entitled to indemnification hereunder; provided, that the Indemnifying Party may require such Indemnified Party to undertake to reimburse all such fees and expenses to the extent it is finally judicially determined that such Indemnified Party is not entitled to indemnification hereunder).

(d) *Contribution*. If a claim for indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party (by reason of public policy or otherwise), then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in Section 5(c), any reasonable attorneys' or other reasonable fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Miscellaneous

(a) *Amendments and Waivers*. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and all of the Holders of the then outstanding Registrable Securities. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of Holders and that does not directly or indirectly affect the rights of other Holders may be given by Holders of all of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the immediately preceding sentence.

(b) *No Inconsistent Agreements*. Neither the Company nor any of its subsidiaries has entered, as of the date hereof, nor shall the Company or any of its subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Except as set forth on Schedule 6(b), neither the Company nor any of its subsidiaries has previously entered into any agreement granting any registration rights with respect to any of its securities to any Person that have not been satisfied in full.

(c) *No Piggyback on Registrations*. Neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in the Registration Statement other than the Registrable Securities, and the Company shall not after the date hereof enter into any agreement providing any such right to any of its security holders. In addition, the Company shall not cause any other registration statement to become effective prior to the Effective Date.

(d) *Compliance*. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it in connection with sales of Registrable Securities pursuant to the Registration Statement.

(e) *Discontinued Disposition*. Each Holder agrees by its acquisition of such Registrable Securities that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Sections 3(d)(ii) through (vi), such Holder will forthwith discontinue disposition of such Registrable Securities under the Registration Statement until such Holder's receipt of the copies of the supplemented Prospectus and/or amended Registration Statement contemplated by Section 3(h), or until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus may be resumed, and, in either case, has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus or Registration Statement. The Company may provide appropriate stop orders to enforce the provisions of this paragraph. The Company agrees and acknowledges that any periods during which the Holder is required to discontinue the disposition of the Registrable Securities hereunder shall be subject to the provisions of Section 2(b).

(f) *Piggy-Back Registrations*. If at any time during the Effectiveness Period there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than a registration statement relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans, then the Company shall send to each Holder written notice of such determination and, if within ten Trading Days after receipt of such notice, any such Holder shall so request in writing, the Company shall include in the Registration Statement all or any part of such Registrable Securities such holder requests to be registered; provided, that, the Company shall not be required to register any Registrable Securities pursuant to this Section 6(f) that are eligible for resale pursuant to Rule 144(k) promulgated under the Securities Act or that are the subject of a then effective Registration Statement.

(g) *Notices*. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Purchase Agreement.

(h) *Successors and Assigns*. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign its rights or obligations hereunder without the prior written consent of all of the Holders of the then-outstanding Registrable Securities. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under the Purchase Agreement.

(i) *Counterparts*. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and, all of which taken together shall constitute one and the same Agreement. In the event that any signature is delivered by facsimile transmission, such signature shall create a valid binding obligation of the party executing (or on whose behalf such signature is executed) the same with the same force and effect as if such facsimile signature were the original thereof.

(j) *Governing Law*. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address in effect for notices to it under the Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Each party hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. If either party shall commence a Proceeding to enforce any provisions of this Agreement, then the prevailing party in such Proceeding shall be reimbursed by the other party for its attorneys fees and other costs and expenses incurred with the investigation, preparation and prosecution of such Proceeding.

(k) *Cumulative Remedies*. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

(l) *Severability*. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(m) *Headings*. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(n) *Remedies*. In the event of a breach by the Company or by a Holder, of any of their obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall waive the defense that a remedy at law would be adequate.

(o) *Independent Nature of Purchasers' Obligations and Rights*. The obligations of each Purchaser hereunder is several and not joint with the obligations of any other Purchaser hereunder, and no Purchaser shall be responsible in any way for the performance of the obligations of any other Purchaser hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose.

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IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

XTL BIOPHARMACEUTICALS LTD.

By: _____

Name: Ron Bentsur

Title: Chief Executive Officer

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

[PURCHASER]

By: _____

Name:

Title:

Exhibit A

Plan of Distribution

The selling shareholders and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their ADRs on any stock exchange, market or trading facility on which the ADRs are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling shareholders may use any one or more of the following methods when selling ordinary shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the ADRs as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales created after the date of this Prospectus;
- broker-dealers may agree with the selling shareholders to sell a specified number of such ADRs at a stipulated price per ADR;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling shareholders may also sell ADRs under Rule 144 under the Securities Act, if available, rather than under this prospectus. Broker-dealers engaged by the selling shareholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling shareholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling shareholders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The selling shareholder may from time to time pledge or grant a security interest in some or all of the ADRs owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the ADRs from time to time under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933 amending the list of selling shareholders to include the pledgee, transferee or other successors in interest as selling shareholders under this prospectus.

The selling shareholders also may transfer the ADRs in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The selling shareholders and any broker-dealers or agents that are involved in selling the ADRs may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the ADRs purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. The selling shareholders have informed the Company that none of them have any agreement or understanding, directly or indirectly, with any person to distribute the ADRs.

The Company is required to pay all fees and expenses incurred by the Company incident to the registration of the ADRs. The Company has agreed to indemnify the selling shareholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

EXECUTION VERSION

ESCROW AGREEMENT

THIS AGREEMENT is made this 25th day of October, 2007, by and among XTL Biopharmaceuticals Ltd., a public company limited by shares organized under the laws of the State of Israel (the "Company") and WILMINGTON TRUST COMPANY ("Escrow Agent.")

WHEREAS, the Company proposes to sell an aggregate of up to 89,000,000 shares of its ordinary shares, par value NIS 0.02 (the "Shares") for an aggregate of up to $ 12,000,000 (the "Securities"); and

WHEREAS, the Securities are being offered by the Company to purchasers identified by the Securities Purchase Agreements (the "Securities Purchase Agreements") executed by the subscribers (the "Purchasers"); and

WHEREAS, unless the transactions contemplated by the Securities Purchase Agreements have been abandoned pursuant to the terms thereof, or unless otherwise agreed to by the Company and the Placement Agents, the Escrow Amount (as defined below) shall be released promptly after the date a registration statement (the "Registration Statement") meeting the requirements set forth in that certain Registration Rights Agreement, dated the date hereof, among the Company and the Purchasers is first declared effective ("Effective Date") by the United States Securities and Exchange Commission ("SEC"), unless the Escrow Amount is released earlier in accordance herewith; and

WHEREAS, the offering of the Securities may be terminated pursuant to the terms of the Securities Purchase Agreements if the Effective Date has not occurred on or before October 18, 2008; and

WHEREAS, with respect to the subscription payments received from the Purchasers, the Company proposes to establish an escrow account with the Escrow Agent in the name of the Company; and

WHEREAS, the Escrow Agent is willing to receive and disburse the proceeds from the offering of the Securities in accordance herewith.

NOW, THEREFORE, in consideration of the premises, and further consideration of the covenants set forth hereafter, it is hereby agreed mutually as follows:

I. Designation as Escrow Agent.

Subject to the terms and conditions hereof, the Company hereby appoints Wilmington Trust Company as Escrow Agent and Wilmington Trust Company hereby accepts such appointment.

II. Deposit of Escrow Funds.

(a) Following the execution of this Agreement and the Securities Purchase Agreements, each Purchaser shall wire or deposit with the Escrow Agent immediately available funds of such Purchaser in payment for the Securities (the "Escrowed Funds"), into an account (the "Escrow Account") established with Escrow Agent. The Company shall be responsible for providing the Escrow Agent with advance written notice of the name, address, and amount expected from each Purchaser.

(b) Escrow Agent will hold all deposits of Escrowed Funds in the Escrow Account, together with all investments thereof and all interest accumulated thereon and proceeds therefrom (collectively, the "Escrow Amount"), in escrow upon the terms and conditions set forth in this Escrow Agreement and shall not disburse funds from the Escrow Account except as provided herein.

(c) Escrow Agent shall invest the Escrow Account pursuant to written directions of the Company, and in the absence of such directions, in the U.S. Government Portfolio (Service Class shares) of the Wilmington family of mutual funds or any other mutual funds for which Escrow Agent or any affiliate of Escrow Agent may serve as investment advisor or other service provider. The Company acknowledges that shares in this mutual fund are not obligations of Wilmington Trust Company or Wilmington Trust Corporation, are not deposits and are not insured by the FDIC. Escrow Agent or its affiliate may be compensated by the mutual fund for services rendered in its capacity as investment advisor, or other service provider, such as provider of shareholder servicing and distribution services, and such compensation is both described in detail in the prospectus for the fund, and is in addition to the compensation, if any, paid to Wilmington Trust Company in its capacity as Escrow Agent hereunder.

III. Disbursement of Escrow Account.

The Company shall deliver to the Escrow Agent a notice (an "Effective Date Notice"), certifying that the conditions in the Purchase Agreement for release of the Escrow Amount have been complied with and designating to whom the Escrow Amount shall be distributed, including the amount payable to each party. The Escrow Agent shall promptly after receipt of such Effective Date Notice, pay, in federal or other immediately available funds and otherwise in the manner specified in such Effective Date Notice, an amount equal to the Escrow Amount in accordance with the Effective Date Notice. In the event that the Escrow Account is terminated in accordance with Section 2.3 of the Securities Purchase Agreements, and the Escrow Agent shall have received the notice of termination specified therein, the Escrow Agent shall return the Escrow Amount to the purchasers, pro rata in accordance with each purchaser's proportional share of the Escrow Amount.

Notwithstanding anything contained herein to the contrary, in the event funds transfer instructions are given, whether in writing, by telecopier or otherwise, Escrow Agent is authorized (but not required) to seek confirmation of such instructions by telephone call-back, and the Escrow Agent may rely upon the confirmations of anyone purporting to be the person or persons designated in the instructions. The persons and telephone numbers for call-backs may be changed only in a writing actually received and acknowledged by the Escrow Agent. The parties to this Escrow Agreement acknowledge that such security procedure is commercially reasonable. It is understood, however, that the Escrow Agent may disburse any funds in the Escrow Account without any separate instructions, if such disbursements are in accordance with the terms of this Escrow Agreement.

IV. Authority of Escrow Agent and Limitation of Liability.

(a) In acting hereunder, Escrow Agent shall have only such duties as are specified herein and no implied duties shall be read into this Agreement, and Escrow Agent shall not be liable for any act done, or omitted to be done, by it in the absence of its gross negligence or willful misconduct.

(b) Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, and may assume the validity and accuracy of any statement or assertion contained in such a writing or instrument and may assume that any person purporting to give any writing, notice, advice or instruction in connection with the provisions hereof has been duly authorized to do so.

(c) Escrow Agent shall be entitled to consult with legal counsel in the event that a question or dispute arises with regard to the construction of any of the provisions hereof, and shall incur no liability and shall be fully protected in acting in accordance with the advice or opinion of such counsel.

(d) Escrow Agent shall not be required to use its own funds in the performance of any of its obligations or duties or the exercise of any of its rights or powers, and shall not be required to take any action which, in Escrow Agent's sole and absolute judgment, could involve it in expense or liability unless furnished with security and indemnity which it deems, in its sole and absolute discretion, to be satisfactory.

(e) The Company shall pay to Escrow Agent compensation for its services hereunder to be determined from time to time by the application of the current rates than charged by Escrow Agent for accounts of similar size and character, with a minimum rate of $1,500 per annum. In the event Escrow Agent renders any extraordinary services in connection with the Escrow Account at the request of the parties, Escrow Agent shall be entitled to additional compensation therefor. Escrow Agent shall have a first lien against the Escrow Account to secure the obligations of the Company hereunder. The terms of this paragraph shall survive termination of this Agreement.

(f) The Company hereby agrees to indemnify Escrow Agent, its directors, officers, employees and agents (collectively, the “Indemnified Parties”), and hold the Indemnified Parties harmless from any and against all liabilities, losses, actions, suits or proceedings at law or in equity, and any other expenses, fees or charges of any character or nature, including, without limitation, attorney's fees and expenses, which an Indemnified Party may incur or with which it may be threatened by reason of acting as or on behalf of Escrow Agent under this Agreement or arising out of the existence of the Escrow Account, except to the extent the same shall be caused by Escrow Agent's gross negligence or willful misconduct. Escrow Agent shall have a first lien against the Escrow Account to secure the obligations of the parties hereunder. The terms of this paragraph shall survive termination of this Agreement.

(g) In the event Escrow Agent receives conflicting instructions hereunder, Escrow Agent shall be fully protected in refraining from acting until such conflict is resolved to the satisfaction of Escrow Agent.

(h) Escrow Agent may resign as Escrow Agent, and, upon its resignation, shall thereupon be discharged from any and all further duties and obligations under this Agreement by giving notice in writing of such resignation to the Company, which notice shall specify a date upon which such resignation shall take effect. Upon the resignation of Escrow Agent, the Company shall, within sixty (60) business days after receiving the foregoing notice from Escrow Agent, designate a substitute escrow agent (the "Substitute Escrow Agent"), which Substitute Escrow Agent shall, upon its designation and notice of such designation to Escrow Agent, succeed to all of the rights, duties and obligations of Escrow Agent hereunder. In the event the Company shall not have delivered to Escrow Agent a written designation of Substitute Escrow Agent within the aforementioned thirty (30) day period, together with the consent to such designation by the Substitute Escrow Agent, the Escrow Agent may apply to a court of competent jurisdiction to appoint a Substitute Escrow Agent, and the costs of obtaining such appointment shall be reimbursable from the Company and from the Escrow Amount.

V. Notices.

Except as otherwise provided herein, any notice, instruction or instrument to be delivered hereunder shall be in writing and shall be effective upon receipt at the addresses set forth on the signature page hereof or at such other address specified in writing by the addressee, or if to the Escrow Agent, upon receipt via facsimile or telecopier transmission, at the number set forth on the signature page hereof, or at such other number specified by Escrow Agent.

VI. Amendment.

This Escrow Agreement may not be amended, modified, supplemented or otherwise altered except by an instrument in writing signed by the parties hereto.

VII. Termination.

This Agreement will terminate upon the disbursement of all funds in the Escrow Account, as provided above, by the Escrow Agent.

VIII. Tax Reporting.

The parties hereto, other than the Escrow Agent, agree that, for tax reporting purposes, all interest and other income earned from the investment of amounts in the Escrow Account ("Taxable Income") in any tax year shall be allocated to the Company. Upon execution of this Escrow Agreement, the Company shall provide Escrow Agent with its certified tax identification number ("TIN") on an executed Internal Revenue Service Form ("IRS") W-9 or other applicable IRS Form. The Company agrees to report all Taxable Income allocable to it on its federal and other applicable tax returns. The Company acknowledges and agrees that, in the event its TIN is not certified to the Escrow Agent, and/or it does not make all certifications set forth in IRS Form W-9 or other applicable IRS Form, applicable tax laws may require withholding of a portion of any income earned with respect to amounts in the Escrow Account that are allocable to it.

IX. Anti-Terrorism/Anti-Money Laundering Laws.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT - To help the United States government fight the funding of terrorism or money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens a new account. What this means for the parties to this Agreement: the Escrow Agent will ask for your name, address, date of birth, and other information that will allow the Escrow Agent to identify you (e.*g.*, your social security number or tax identification number.) The Escrow Agent may also ask to see your driver's license or other identifying documents (*e.g.,* passport, evidence of formation of corporation, limited liability company, limited partnership, etc., certificate of good standing.)

Each party to this Agreement hereby agrees to provide the Escrow Agent, prior to the establishment of the Escrow Account, with the information identified above pertaining to it by completing the form attached as Exhibit A and returning it to the Escrow Agent. Exhibit A includes one form for individuals and another form for entities.

X. Governing Law.

This is a Delaware contract and shall be governed by Delaware law in all respects.

XI. Counterparts.

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute and be one and the same instrument.

[This space is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused their names to be hereto subscribed by their respective Presidents or Vice Presidents as of the day and year first above written.

XTL BIOPHARMACEUTICALS LTD.

By: /s/ Ron Bentsur
Name: Ron Bentsur
Title: Chief Executive Officer Title:

Address:
711 Executive Boulevard
Suite Q
Valley Cottage, NY 10989
Fax No.: (845) 267-0926
Tel.No.: 845-267-0707
Attention: Ron Bentsur, Chief Executive Officer

WILMINGTON TRUST COMPANY,
Escrow Agent

By: /s/ David B. Young
Name: David B. Young
Title: Assistant Vice President

Address:
1100 North Market Street
Wilmington, Delaware 19890

Fax No.: (302) 636 -4149
Tel. No.: (302) 636-5216
Attention: David B. Young

EXHIBIT A
Due Diligence Questionnaire for Entity Customers

Dear Customer:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism or money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens a new account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

Please complete the items identified and sign below. In certain circumstances, we may be required to request additional information. Thank you for your cooperation in this matter.

Company Name:_____

SSN/TIN*:_____

Street Address**:_____

City:_____**State:**_____**Zip Code:**_____

Phone (Optional):_____ **Fax (Optional)**:_____ **eMail (Optional)**: _____

If SSN/TIN has been applied for please attach copy of filed application
****** *Business street address, address for the principal place of business, local office or other physical location,* ***P.O. Box address is not acceptable***

Required documents from non-individuals:

Please provide the following ***executed*** document:
Completed IRS Form W-9/W-8 (form attached)

Please provide ***at least one*** **(1)** of the following certified documents:
Certificate or Articles of Incorporation
Government-issued business license
Partnership Agreement
LLC Agreement
Trust Agreement
Certificate of Good Standing (issued within the last six months)

_____ _____
Signature **Date**

EXHIBIT A (Cont'd)
Due Diligence Questionnaire for Individual Customers

Dear Customer:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT

To help the government fight the funding of terrorism or money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens a new account. What this means for you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

Please complete the items identified and sign below. In certain circumstances, we may be required to request additional information. Thank you for your cooperation in this matter.

Your Name:_____

SSN/TIN*:_____ **Date of Birth (Individuals)**:_____

Street Address *(individual's residential address***):_____

City:_____ State:_____ Zip Code:_____

Phone (Optional):_____ **Fax (Optional)**:_____ **eMail (Optional)**:_____
**** If SSN/TIN has been applied for please attach copy of filed application***
***** P.O. Box address is not acceptable***

Required documents from individuals:

Please provide the following ***executed*** document:
Completed IRS Form W-9/W-8 (form attached)

Copy of ***at least one*** (1) of the following documents:

1) Driver License (Photo ID):
State/Country of Issuance:_____
License Number:_____
Issuance Date:_____
Expiration Date:_____

2) Passport:
Country of Issuance:_____
Issuance Date:_____
Passport Number:_____
Expiration Date:_____

3) Government Issued ID Card (Photo ID):
State/Country of Issuance:_____
ID Number:_____
Issuance Date:_____
Expiration Date:_____

_____ _____
Signature **Date**

Revised: January 9, 2007/Due Diligence Form

Kantor & Co.
Law Offices
OZ House, 12 Floor
14 Abba Hillel Silver Rd.
Ramat Gan 52506 Israel
Tel: + 972 - 3 - 6133371
Fax:+ 972 - 3 - 6133372
mail@kantor-law.com

October 30, 2007

To:

XTL Biopharmaceuticals Ltd.
711 Executive Blvd., Suite Q
Valley Cottage, NY 10989

Re: Form F-3 Registration Statement dated October 30, 2007

Gentlemen:

We have acted as Israeli counsel to XTL Biopharmaceuticals Ltd., a public company limited by shares organized under the laws of the State of Israel (the "Company"), in connection with the above referenced registration statement (the "Registration Statement") on Form F-3, filed on October 30, 2007, by the Company with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), covering 72,485,020 ordinary shares of the Company, nominal value NIS 0.02 each (the "Ordinary Shares"), to be issued in a private placement pursuant to Rule 506 and Rule 903 of the Securities Act. This opinion letter is rendered pursuant to Item 9 of Form F-3 and Item 601(b) of Regulation S-K.

We have examined the Articles of Association of the Company and records of proceedings of the Company's Board of Directors, or committees thereof, deemed by us to be relevant to this opinion letter and the Registration Statement. We also have made such further legal and factual examinations and investigations as we deemed necessary for purposes of expressing the opinion set forth herein.

As to certain factual matters relevant to this opinion letter, we have relied conclusively upon originals or copies, certified or otherwise identified to our satisfaction, of such records, agreements, documents and instruments, including certificates or comparable documents of officers of the Company and of public officials, as we have deemed appropriate as a basis for the opinion hereinafter set forth. Except to the extent expressly set forth herein, we have made no independent investigations with regard to matters of fact, and, accordingly, we do not express any opinion as to matters that might have been disclosed by independent verification.

Based upon the foregoing, it is our opinion that when issued, the Ordinary Shares being registered for resale by the selling shareholders will have been duly and validly authorized, legally issued, fully paid and nonassessable.

The opinion set forth herein is limited to the laws of the State of Israel, and we do not express any opinion herein concerning any other laws.

This opinion letter is provided to the Company for its use solely in connection with the transactions contemplated by the Registration Statement, and may not be used, circulated, quoted or otherwise relied upon by any other person or for any other purpose without our express written consent, except that the Company may file a copy of this opinion letter with the Commission as an exhibit to the Registration Statement. The only opinion rendered by us consists of those matters set forth in the fourth paragraph hereof, and no opinion may be implied or inferred beyond the opinion expressly stated.

We consent to the filing of this opinion letter as an exhibit to the Registration Statement and to the use of our name under the heading "Legal Matters" in the Prospectus constituting a part thereof. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

Very truly yours,

Kantor & Co., Law Offices

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in this Registration Statement on Form F-3 of our report dated March 14, 2007 relating to the financial statements which appear in XTL Biopharmaceuticals Ltd's Annual Report on Form 20-F for the year ended December 31, 2006. We also consent to the references to us under the heading "Experts" in such Registration Statement.

/s/ Kesselman & Kesselman

Kesselman & Kesselman
Certified Public Accountant (Isr.)
A member of PricewaterhouseCoopers
International Limited

Tel Aviv, Israel
October 30, 2007

Exhibit 23.3

October 30, 2007

Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We are aware that our report dated August 14, 2007 on our review of interim financial information of XTL Biopharmaceuticals Ltd. for the six month periods ended June 30, 2007 and 2006 is included in this Registration Statement on F-3 dated October 30, 2007

Very truly yours,

/s/ Kesselman & Kesselman

Kesselman & Kesselman
Certified Public Accountant (Isr.)
A member of PricewaterhouseCoopers
International Limited

Consent of Independent Registered Public Accounting Firm

The Board of Directors
XTL Biopharmaceuticals Ltd.
Rehovot
Israel

We consent to the use of our report dated May 3, 2005, with respect to consolidated statements of operations, changes in shareholders' equity and cash flows of XTL Biopharmaceuticals Ltd. (A Development Stage Company) and its subsidiary for the period from March 9, 1993 to December 31, 2000, included herein and to the reference to our firm under the heading “Experts”in this prospectus.

Somekh Chaikin
Certified Public Accountants(Isr.)
(A member firm of KPMG International)

Tel Aviv, Israel
October 30, 2007