



## **XTL Announces the Cancellation and Re-grant of Options to The Chairman of the Board**

### Notice to Shareholders of XTL Biopharmaceuticals Ltd. (the "Company")

The Company hereby notifies holders that the Board of Directors have resolved to cancel the 9,250,000 options granted to Michael Weiss, Chairman of the Board of the Company (the "**Grantee**"), which were approved at the shareholders meeting on August 1, 2005 and which have an exercise price of \$0.354 per share (the "**Original Options**"), and to grant to the Grantee 9,250,000 options on the exact same remaining terms and conditions of the Original Options (including the remainder of the exercise period of the Original Options), except with an exercise price which is higher and is equal to \$0.36 (the "**New Options**"). The exercise price for the New Options, as approved by the Board, is higher by 1.667% than the exercise price under the Original Options and higher by 54.5% than the market price of the shares on Nasdaq on the date hereof (\$0.233), therefore creating a benefit to the Company. In the event that all such New Options would be exercised (if and when vested), the Company would receive an additional amount of US\$55,500 compared to the amount it would receive upon the exercise of the Original Options (if and when vested). This action is being taken to ensure that the options grant is in compliance with section 409a of the US tax code.

The Audit Committee had, prior to the Board meeting, approved the grant of the New Options and recommended to the Board to approve such grant. The Audit Committee and the Board have resolved for the purpose of Subsection 1(2) of the Israeli Companies Regulations (Relief for Transactions with Interested Parties), 2000, (the "**Relief Regulations**"), the grant of the New Options only benefits the Company. In accordance with Subsection 1C of the Relief Regulations, any shareholder(s) of the Company who holds at least 1% of the Company's outstanding share capital may object to the cancellation of the Original Options and the grant of the New Options provided that the objection shall be submitted to the Company in writing not later than fourteen (14) days from the date this report is filed on MAGNA.

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