XTL Biopharmaceuticals Receives Notice of Non-Compliance with Nasdaq Marketplace Rule Due to Changes in Board Composition

Valley Cottage, NY, August 15, 2008 – XTL Biopharmaceuticals Ltd. (NASDAQ: XTLB, TASE: XTL) announced today the receipt of a Staff Deficiency Letter from The Nasdaq Stock Market ("Nasdaq") indicating that the Company fails to comply with the audit committee composition requirements of Nasdaq Marketplace Rule 4350(d)(2), which requires XTL to maintain an audit committee comprised of at least three independent directors.

XTL, an Israeli domiciled company, is required by the Israeli Companies Act to elect two External Directors to the Company's Board of Directors, each to serve a three-year term. XTL's last External Directors were appointed on August 1, 2005, and their term expired on July 31, 2008. The Israeli Companies Act requires further that XTL's audit committee consist of three directors and that both External Directors be members of the audit committee. As a result of the expiration of the External Directors' term of office on July 31, 2008, and the fact that new External Directors have yet to be elected, XTL does not currently have a valid Audit Committee under the Israeli Companies Act and consequently does not comply with Nasdaq Marketplace Rule 4350(d)(2).

XTL has commenced a process to identify qualified replacements to fill the two External Director vacancies, and expects to complete this process and provide evidence of its compliance with the Marketplace Rules to Nasdaq in short order. Until that time, the Company's Board of Directors, comprised of five directors, one of whom is a financial expert, and four of whom are considered by XTL to be independent directors under the Securities Exchange Act of 1934 and applicable listing rules of Nasdaq, will assume, for the purposes of corporate governance matters, the duties of the audit committee to the extent permitted.

ABOUT XTL BIOPHARMACEUTICALS LTD.

XTL Biopharmaceuticals Ltd. ("XTL") is engaged in the development of therapeutics for the treatment of diabetic neuropathic pain and HCV. XTL is developing Bicifadine, a serotonin and norepinephrine reuptake inhibitor, for the treatment of diabetic neuropathic pain, which is currently in a Phase 2b study. XTL has out-licensed its novel pre-clinical HCV small molecule inhibitor program. XTL also has an active in-licensing and acquisition program designed to identify and acquire additional drug candidates. XTL is publicly traded on the NASDAQ and Tel-Aviv Stock Exchanges (NASDAQ: XTLB; TASE: XTL).

Contact:
Ron Bentsur, Chief Executive Officer
Tel: +1-(845)-267-0707 ext. 225

Cautionary Statement

Some of the statements included in this press release, particularly those anticipating the continued uninterrupted trading of the Company's ADRs on the NASDAQ Capital Market and the Company's ability to maintain compliance with NASDAQ Capital Market listing requirements, may be forward-looking statements that involve a number of risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Risk factors that could adversely affect our operations are identified from time to time in our reports filed with Securities and Exchange Commission, including our annual report on Form 20-F filed with the Securities and Exchange Commission on March 27, 2008. Any forward-looking statements set forth in this press release speak only as of the date of this press release. We do not intend to update any of these forward-looking statements to reflect events or circumstances that occur after the date hereof. This press release and prior releases are available at

http://www.xtlbio.com. The information in our website is not incorporated by reference into this press release and is included as an inactive textual reference only.