XTL Biopharmaceuticals Announces the Acquisition of the Use Patent on Recombinant Erythropoietin (rHuEPO) for the Treatment of Multiple Myeloma

Rehovot, Israel, March 18, 2009 - XTL Biopharmaceuticals Ltd. (NASDAQ: XTLB; TASE: XTL) announced today that it has entered into an asset purchase agreement with Bio-GAL Ltd, a private company, for the rights to a use patent on Recombinant Erythropoietin ("rHuEPO") for the prolongation of multiple myeloma patients' survival and improvement of their quality of life.

MM is a severe plasma cell malignancy characterized by the accumulation and proliferation of clonal plasma cells in the marrow, leading to the gradual replacement of normal hematopoiesis.

David Grossman, XTL's co-Chief Executive Officer, commented, "This is a very exciting opportunity to acquire the rights for a potential treatment for a severe and incurable blood cancer. We at XTL are thrilled at this opportunity and expect to embark on a clinical trial with rHuEPO for the treatment of MM in the near term and hope to lead it to a successful outcome."

In accordance with the terms of the asset purchase agreement, XTL will issue Bio-GAL Ltd. ordinary shares representing just under 50% of the current issued and outstanding share capital of the Company. In addition, XTL will make milestone payments of approximately $10 million in cash upon the successful completion a Phase 2 clinical trial. The Company's Board of Directors may, in its sole discretion, issue additional ordinary shares to Bio-GAL Ltd in lieu of such milestone payment. XTL is also obligated to pay 1% royalties on net sales of the product. The closing of the transaction is subject to various conditions including XTL's and Bio-GAL's shareholders' approvals, as well as completion of a financing. Closing is expected to take place in the second or third quarter of 2009.

ABOUT ERYTHROPOIETIN (EPO)

Erythropoietin (EPO) is a glycoprotein cytokine produced mainly by the kidney and is the major growth regulator of the erythroid lineage. EPO stimulates erythropoiesis by binding to its receptor (EPO-R) on the surface of erythroid progenitor cells, promoting their proliferation and differentiation and maintaining their viability. Over the last decade, several reports have indicated that the action of EPO is not restricted to the erythroid compartment, but may have additional biological, and consequently potential therapeutic properties, broadly beyond erythropoiesis. Erythropoietin is available as a therapeutic agent produced by recombinant DNA technology in mammalian cell culture, rHuEPO, which is used in clinical practice for the treatment of various anemias including anemia of kidney disease and cancer-related anemia.

ABOUT MULTIPLE MYELOMA

Currently incurable, MM is a severe plasma cell malignancy characterized by the accumulation and proliferation of clonal plasma cells in the marrow, leading to the gradual replacement of normal hematopoiesis. The course of the disease is progressive, and various complications occur, until death. This devastating disease affects the bone marrow, bones, kidneys, heart and other vital organs. It is characterized by pain, recurrent infections, anemia and pathological fractures. In the course of the disease, all patients become gradually disabled and bed-ridden.

ABOUT XTL BIOPHARMACEUTICALS LTD.

XTL Biopharmaceuticals Ltd. ("XTL") is engaged in the acquisition, development and commercialization of therapeutics for the treatment of multiple myeloma and hepatitis C. XTL will be developing rHuEPO for the treatment of multiple myeloma. XTL is publicly traded on the NASDAQ and Tel-Aviv Stock Exchanges (NASDAQ: XTLB; TASE: XTL).

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Cautionary Statement
Some of the statements included in this press release, particularly those anticipating future business prospects growth and operating strategies and similar matters, 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. Among the factors that could cause our actual results to differ materially is our ability to maintain our Nasdaq Stock Market listing and our ability to continue to fund our operations; our ability to successfully close the transaction with Bio-GAL Ltd.; our ability to successfully find successful merger or in-licensing opportunities or other factors; and other risk factors identified from time to time in our reports filed with the 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.