

28 July 2009

Metal-Tech Ltd
(‘Metal-Tech’ or ‘the Company’)

Trading Update

Metal-Tech Ltd., the metal-based hydrometallurgy and chemical company, which focuses on the recycling and production of specialty metals powders such as Tungsten and Molybdenum, provides the following trading update.

Further to the announcement of the full year results on 28 April 2009, the Company experienced low demand during the first half of 2009, due to the impact of the slowdown in global economic conditions on the end markets in which its products are used. The Company also saw a slight reduction in metal prices during this period. The temporary suspension of production in its Mongolian has not been changed.

As result, the Company expects revenues and profits for the full year 2009 to fall significantly short of market expectations.

The Company expects that steps taken by management, which are intended to increase production capacity and efficiency and improve the quality of its products, will increase revenues and profits when market conditions allow. Additionally, there is increased focus on maximizing existing manufacturing and marketing potential for Tungsten, whilst continuing with an active programme of reducing inventory levels. As at 23 July 2009, the net cash balance of the Company was \$11 million (31 March 2009: \$12 million) which is sufficient to meet the Company’s current financing costs and expected operating expenses.

The plant in Mongolia is still not in operation, and shall remain as such until a more favorable financial climate and conditions are foreseen.

Uzbekistan Update

The Company's Uzbek subsidiary Uzmetal Technology, producing profitably high quality molybdenum products, was taken over by the Company’s partners, two Uzbek national companies, with government support, in 2006. After attempts to resolve this dispute failed, the Company's Board of Directors decided to pursue the matter through legal channels. The Company's lawyers sent a notice letter to pertinent representatives of the Government of Uzbekistan alleging the latter's breach of its obligations under the Agreement between the Government of the State of Israel and the Government of the Republic of Uzbekistan for the Promotion and Reciprocal Protection of Investments. We await a response, in the absence of which we intend to proceed with legal action against said parties.

Despite the weak trading environment, good progress is being maintained in R&D on unique but strategically significant technology development, aimed at increasing recovery rates in the production of certain key metals, whilst at the same time reducing waste and the environmental impact of large-scale operations.

There has never been a more widely recognised need for more efficient and environmentally-sound technologies in the recycling of primary mining waste as well as that emanating from

the so-called 'mid-tech' and with this in mind an industrial pilot plant has been commissioned and is testing various raw materials from a number of interested companies

The directors believe that the physical and intellectual resources invested by the Company in the past decade, together with the Company's experienced, focussed and professionally-qualified personnel, will enable the Company not just to recover, but to take advantage of the many opportunities created by current market conditions.

The Company expects to announce its interim results for the six month period to 30 June 2009 in September.

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