

**3 September 2008**

**Metal-Tech Ltd.  
("Metal-Tech" or "the Company")  
Trading update for the six months ended 30 June 2008**

Metal-Tech issues the following trading update for the six-month period ended 30 June 2008 ahead of its results which it expects to announce on 17 September 2008.

For the six month period ended 30 June 2008, Metal-Tech expects to report revenues significantly higher than management expectations, mainly due to continuing strong demand for Molybdenum. Operating Profit is in line with expectations. The higher revenue did not translate into higher Operating Profit mainly due to cost escalation of labour and consumables. Profit Before Tax is expected to be significantly below expectations, due to a 13% decline of the US dollar, from Dec. 31 2007, against the Israeli Shekel, significantly increasing the Company's cost of sales, operating expenses and finance Expenses. Net Profit and Attributable Profit are slightly below expectations, mainly due to lower than expected taxes.

For the full year of 2008, Metal-Tech expects revenue to be significantly higher than market expectations, mainly due to continuing strong demand for Molybdenum and Tungsten, the company's main products. Operating Profit and Profit Before Tax are expected to be significantly below expectations, partly due to increased investment in R&D, business development, recruitment costs and the cost of a new management team, which should have the ability to deliver the potential that management believes Metal-Tech has. Other contributors to the shortfall in Operating Profit and Profit Before Tax are cost escalation of labour and consumables, the weakening of the US Dollar and higher than expected costs in the company's plant in Mongolia. Net Profit and Attributable Profit are expected to be slightly below market expectations due to lower than expected Taxes and Minority Interests.

Jonathan Ben-Cnaan, CEO of Metal-Tech, said: "By the end of the year we expect to improve efficiency of production in Mongolia and to have on board a new management team with broad international experience, focused on current operations and the development of transformational business opportunities."

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