



**METAL-TECH LTD.**

מטל טק בע"מ



**3 September 2008**

**Metal-Tech Ltd.**

**(“Metal-Tech” or “the Company”)**

**Participation in Technology Development Program for the Treatment of Codelco’s Slag**

Metal-Tech is pleased to announce that it, in partnership with Compania Electro Metalurgica S.A., a Chilean company with interests in steel, glass, shipping, TV, printed media and other industries (“Elecmetal”), has been selected by Corporación Nacional del Cobre del Chile (“Codelco”), as one of five finalists in an international bid process (“Codelco Bid”), to participate in its “Technological Development For Slag Processing” project. The project seeks the development and validation of an economically viable technology for the recovery of copper, molybdenum and other valuable metals contained in the waste slag from Codelco’s copper smelters. Codelco estimates that its smelters produce 2.7 million tonnes of slag annually. Previously accumulated slag, estimated by Codelco at 17 million tonnes, is also included in the scope of the project.

Metal-Tech has signed a term-sheet to form a 50:50 joint venture (the “JV”) with Elecmetal, for the purposes of participating in the Codelco Bid. Metal-Tech and Elecmetal’s complementary strengths will provide greater technological, strategic, and financial resources for the implementation of the JV’s Technology Development Program.

The JV’s Technology Development Program is expected to take approximately eighteen (18) months to complete. Metal-Tech’s funding commitment under the JV is \$2.5 million and it is intended that this will be funded out of the Company’s cash resources. Under the terms of the JV Metal-Tech has been attributed value for the contribution of its technology. Should the JV succeed in developing a commercially viable technology for the recovery of valuable metals from the Codelco slag, it may then, pursuant to the terms of the Codelco Bid, propose a joint-venture with Codelco to design, build and operate plants to recover metal from Codelco’s slag. It is anticipated that Codelco will be a minority shareholder in this joint-venture.

Commenting on the program, Jonathan Ben-Cnaan, Metal-Tech’s Chief Executive Officer, said “Codelco’s selection of Metal-Tech and its joint-venture partner Elecmetal to participate in its project for the development of a technology for the treatment of its slag is a reflection of Metal-Tech’s leading position as a global provider of technologically driven and environmentally minded solutions for the recovery of metals from low quality raw materials. We are delighted to be pursuing this opportunity together with Elecmetal, a company that has a rich history of technology development and a strong presence in Chile.

While this project has the potential to be a highly rewarding opportunity there is significant technology risk involved and there can be no certainty of successful technological development. If successfully developed, there can be no certainty that the technology can be applied on a commercially viable basis or that the Metal-Tech/Elecmetal JV will be selected to take the project forward. However, we look forward to applying our unique expertise and skills to the challenge that Codelco has put forward.”

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#### Notes to Editors

Codelco is owned by the State of Chile and is the world's largest producers of copper. Its four smelters produce approximately 2.7 million tons per year of fresh smelter slag. Codelco produced 1.58 million tonnes of copper in 2007.

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