



31 March 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 ahead of its full year results announcement for the year to 31 December 2008 which is expected to be made before the end of April.

Further to the announcement of 5 December 2008, the Company reports that the substantial downturn in the metals, construction and manufacturing sectors worldwide has continued to impact the Company negatively. Molybdenum Oxide, one of Metal-Tech’s principal products, is used extensively in the production of steel, and this global industry has seen a major downturn in activity with its market price reaching an all time low since 2004. As a result, reduced sales, revaluation of inventory to reflect current market prices, and higher costs indicate that the projected loss for the year 2008 will be greater than current market expectations. Despite this, current liabilities at the end of 2008 were substantially lower than those at the end of 2007 and bank obligations remained at the same level as at the end of 2007.

The Board is confident that the Company is responding appropriately to the challenges it is facing and that the steps taken by management position the Company favourably to improve production efficiency, capacity and quality, and to deliver increased revenues when market conditions allow. As at 20 March 2009, the net cash balance of the Company was \$12 million (30 November 2008: \$11.3 million) which is sufficient to meet the Company’s current financing costs and expected operating expenses.

As announced at the time of the interim results on 17 September 2008, Metal-Tech’s Mongolian plant, which produces Molybdenum Oxide, continued to experience operational challenges. This reduced production volumes, relative to the plant’s designed capacity, and negatively impacted quality. While some progress has been made in improving product consistency, this has not been sufficient. Hence, due to slowing demand and the continued weakness in Molybdenum prices, the Company has decided to temporarily suspend production in the Mongolian plant and rearrange credit lines with the local supplier. This is in order to cut costs and utilise a special workforce to implement a series of technical upgrades to the plant which will lead to improvements in Molybdenum production efficiencies, quality and capacity and to reduce production costs. These technical upgrades include the establishment of a new line to recover most of the Rhenium from the existing feedstock. Rhenium is a rare metal with high demand and is used in aerospace industries selling at prices in excess of \$7,500/kg. Most of the Rhenium was not recovered in the past years and was lost in wastage. The Company estimates that this temporary suspension of Molybdenum operations will not have a material negative effect on its cash balances however the



Company anticipates that this may negatively impact turnover for the year ending 31 December 2009.

The Company's Tungsten operations, which are located in Israel, are continuing as before, with Tungsten prices reduced slightly but remaining relatively stable. The Company is actively engaged in cost reduction and measures to improve production efficiency at the plant in Israel while seeking to capture new business opportunities that arise as a result of the continued turmoil in the sector.

Good progress is being maintained in R&D on a unique and strategically significant technology development, aimed at increasing recovery rates in the production of certain key metals, whilst reducing waste and environmental impact of large-scale operations. An industrial pilot plant has been commissioned and is testing various raw materials from different interested companies.

Aik Rosenberg, Chairman of Metal-Tech said: "The Company continues to be impacted by the global downturn affecting its end-markets. We are taking action to resolve those issues under the Company's direct control and are seeking to mitigate, where possible, external challenges such as changes in currencies and general cost-inflation in the industry. During 2009 the Company expects to implement some of its new technologies in the expansion of its recycling and efficient production at its Israeli plant which will enable it to increase its competitive edge and financial strength. We are committed to continuing to drive the business forward, to seeking new opportunities where possible and to delivering sustained shareholder value in the future."

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