

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action to be taken, you should immediately consult with an independent adviser.**

**If you have sold or otherwise transferred all of your shares (or depository interests) in Metal-Tech Ltd., please forward this document and the accompanying notice of meeting and form of proxy (or, in the case of a holder of depository interests, form of direction) at once to the purchaser or transferee, or to the broker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.**

**METAL-TECH LTD.**

**REGISTERED IN ISRAEL UNDER COMPANY NO: 51-11163-94**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

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Notice of the extraordinary general meeting to be held at Adelaide House, London Bridge, London EC4R 9HA, England on Tuesday, 13 April 2010 commencing at 10am is set out on pages 7 to 9 of this circular. Copies of this document will be available to the public from its date until the date of the extraordinary general meeting at the offices of Panmure Gordon (UK) Limited, Moorgate Hall, 155 Moorgate, London EC2M 6XB, England.

**METAL-TECH LTD.**

***(incorporated and registered in Israel under company no: 51-11163-94)***

**Registered Office:  
Emek Sara  
Ramat-Hovav Industrial Area  
P.O. Box 2412  
Beer-Sheva 84874  
Israel**

**To shareholders and holders of depository interests (with a copy, for information only, to the holders of options over shares in the Company)**

24 February 2010

Dear Shareholder/Depository Interest Holder

**Extraordinary general Meeting: Tuesday, 13 April 2010**

You are cordially invited to attend the extraordinary general Meeting ("EGM") of Metal-Tech Ltd. (the "Company") to be held at 10am on Tuesday, 13 April 2010 at Adelaide House, London Bridge, London EC4R 9HA, England. The notice of EGM (which includes the resolutions to be proposed at the meeting) is set out on pages 7 to 9 of this document. A form of proxy or (if you are a holder of depository interests in the Company) a form of direction are enclosed.

The business to be conducted at the EGM will be to consider and, if thought fit, pass resolutions:

- to elect Mr David Gilboa as a statutory external director of the Company;
- to elect Mr Modi Ashkenazy as a statutory external director of the Company;
- to approve the draft letter of appointment of Mr Gilboa with the Company and his remuneration;
- to approve the draft letter of appointment of Mr Ashkenazy with the Company and his remuneration;
- to appoint Mr Ronen Magen as a director of the Company;
- to approve the draft employment agreement to be entered into between Mr Magen and the Company in respect of his employment as the Company's deputy chief executive officer and his appointment as a director of the Company;
- to approve the draft amended and restated employment agreement to be entered between Ms Liron Toubol and the Company in respect of her employment as the Company's chief financial officer and her appointment as a director of the Company;
- to approve the draft amendment to my employment agreement;
- to approve the draft indemnification agreements between the Company and Mr Ashkenazy, Mr Gilboa, Ms Toubol and Mr Magen.

Further information on the resolutions and the voting arrangements is set out below.

### **Resolution 1 (election of David Gilboa)**

Companies incorporated under Israeli law whose shares have been offered to the public are required by the Israeli Companies Law 5759-1999 (the "Companies Law") to appoint at least two statutory external directors.

Resolution 1 provides for the appointment of Mr David Gilboa as a statutory external director of the Company. In order to comply with the Companies Law, Mr Gilboa is not subject to the retirement by rotation provisions in the Company's Articles of Association. As a statutory external director, his term of appointment will be for three years commencing on 13 April 2010, but may be extended for a further three years.

Mr Gilboa is currently the vice president of operations and legal advisor of Yesodot Tzur Ltd, a company specialising in real estate development in Israel. Previously, Mr Gilboa held several positions as an investment banker and legal advisor in Menorah-Gaon Capital Markets Ltd (2001-2003), as the chief operating officer of Identisoft Inc and as an attorney at his own law firm (1995-2000). Mr Gilboa holds an LL.B from the College of Management, Israel and is an approved mediator by Gishurim A. D. R. Ltd. Mr Gilboa has previously provided legal advice to my family in connection with a single real estate transaction and, in accordance with the Companies Regulations (Matters That Do Not Constitute A Connection), 5767-2000, the Company's audit committee has certified that based on the facts presented before it any ties between the Company and Mr Gilboa are negligible to both.

### **Resolution 2 (election of Modi Ashkenazy)**

Resolution 2 provides for the appointment of Mr Modi Ashkenazy as the second statutory external director in the Company. In order to comply with the Companies Law, Mr Ashkenazy is not subject to the retirement by rotation provisions in the Company's Articles of Association. As a statutory external director, his term of appointment will be for three years commencing on 13 April 2010, but may be extended for a further three years.

Mr Ashkenazy has 15 years of experience in international corporate finance transactions including mergers and acquisitions, financial restructuring and venture capital fundraising. Mr Ashkenazy operates a consultancy business via his wholly-owned company, 90 Holdings Ltd., which advises foreign governments in respect of foreign direct investments originated from Israel in those countries. From 2005 to June 2006 Modi served at the CFO of the Company. Previously Mr Ashkenazy worked for PricewaterhouseCoopers between 1995 and 1997. Mr Ashkenazy wrote a weekly column in a leading financial newspaper in Israel (Globes) about European markets. Mr Ashkenazy holds a BA (cum laude) in economics and accounting and an MBA from the GSBA of Recanati, Tel Aviv University.

### **Resolution 3 (approval of the terms of appointment and remuneration of David Gilboa)**

Following the appointment of Mr Gilboa as a statutory external director pursuant to resolution 1 and the approval of his terms of appointment and remuneration by the audit committee and the board of directors, his terms of appointment and remuneration will need to be approved at this meeting as well.

### **Resolution 4 (approval of the terms of appointment and remuneration of Modi Ashkenazy)**

Following the appointment of Mr Ashkenazy as a statutory external director pursuant to resolution 2 and the approval of his terms of appointment and remuneration by the audit committee and the board of directors, his terms of appointment and remuneration will need to be approved at this meeting as well.

### **Resolution 5 (appointment of Ronen Magen as a director)**

Resolution 5 provides for the approval of the appointment of Mr Magen as a director of the Company.

Mr Magen has been employed by the Company since 2003 and was recently appointed as deputy chief executive officer. Previously, Mr Magen held a management position in the Company (2008-2009). Prior to that, Mr Magen held the positions of Company Secretary (2005-2008) and a project manager (2003-2005). Mr Magen is currently studying for an LL.B. degree from the IDC Herzliya and expects to graduate this summer.

As Mr Magen is my son in law, this resolution requires special approval as set out below.

### **Resolution 6 (approval of the draft employment agreement of Ronen Magen as the Company's deputy chief executive officer and his appointment as director)**

Following the appointment of Mr Magen as a director pursuant to resolution 5 and the approval of his draft employment agreement by the audit committee and the board of directors, his draft employment agreement will need to be approved at this meeting as well.

Resolution 6 provides for the approval of the draft employment agreement between the Company and Mr Magen in respect of the employment of Mr Magen as the Company's deputy chief executive officer and his appointment as a director of the Company.

The agreement is conditional on, and subject to, the approval of the audit committee, the board of directors and the general meeting of the Company. Pursuant to the terms of the agreement, both the Company and Mr Magen may terminate the agreement without cause on giving to the other party not less than 3 months' prior written notice during the first year of the agreement and, thereafter, the prior notice period shall be extended by one additional month on each anniversary of the agreement (up to 12 month prior notice in total). The Company may also terminate the agreement immediately for cause (as defined in the agreement) by giving Mr Magen written notice. Mr Magen is entitled to receive a (gross) monthly salary of NIS75,000 during the term of the agreement and such other benefits as set out in the agreement. The agreement also contains certain non-compete covenants from Mr Magen in favour of the Company. Mr Magen will also be entitled to an annual discretionary bonus, subject to the terms set out in the agreement. Additionally, for the year 2010, Mr Magen will be entitled to an additional bonus at the discretion of the board of up to a maximum of 5% of the net profit generated by the Company for the year 2010. Mr Magen will be entitled to participate in the Company's share option scheme as may be determined by the board from time to time. To date, Mr Magen is the holder of 35,142 options to purchase shares in the Company. Mr Magen will not be entitled to any additional fees for his appointment as director.

Under the Companies Law, as Mr Magen is my son in law, the approval of his employment agreement with the Company requires, inter alia, the prior approval of the audit committee which must on resolving such matter consist of two statutory external directors. Since the Company is only now able to nominate appropriate candidates for such positions it was previously unable to approve the entry into the employment agreement with Mr Magen and therefore, the agreement, once approved by the EGM, will have retroactive effect as of 1 April 2009.

This resolution requires special approval as set out below.

**Resolution 7 (approval of the draft amended and restated employment agreement with Ms Toubol)**

Resolution 7 provides for the approval of the draft amended and restated employment agreement with Ms Toubol, the Company's CFO.

The agreement is conditional on, and subject to, the approval of the audit committee, the board of directors and the general meeting of the Company. Pursuant to the terms of the agreement, both the Company and Ms Toubol may terminate the agreement without cause on giving to the other party not less than 3 months' prior written notice. The Company may also terminate the agreement immediately for cause (as defined in the agreement) by giving Ms Toubol written notice. Ms Toubol is entitled to receive a (gross) monthly salary of NIS 36,000 during the term of the agreement and such other benefits as set out in the agreement. The agreement also contains certain non-compete covenants from Ms Toubol in favour of the Company. To date, Ms Toubol is the holder of 48,730 options to purchase shares in the Company and, under the agreement, will be entitled to participate in the Company's share option scheme as may be determined by the board from time to time. Ms Toubol will not be entitled to any additional fee for her appointment as a director. The agreement provides that Ms Toubol's terms of remuneration and benefits may be modified from time to time by mutual consent of Ms Toubol and the board of directors of the Company without requiring the prior consent of shareholders.

Under the Companies Law, as Ms Toubol is a director of the Company, the approval of her employment agreement with the Company requires, inter alia, the prior approval of the audit committee which must on resolving such matter consist of two statutory external directors. Since the Company is only now able to nominate appropriate candidates for such positions it was previously unable to approve the entry into the employment agreement with Ms Toubol and therefore, the agreement, once approved by the EGM, will have retroactive effect as of 1 January 2009.

**Resolution 8 (approval of the draft amendment to Mr Aik Rosenberg's employment agreement)**

Resolution 8 provides for the approval of the draft amendment to my employment agreement.

The amendment is conditional on, and subject to, the approval of the audit committee, the board of directors and the general meeting of the Company and, if approved, will be in effect as of 13 April 2010. Pursuant to the terms of the amendment, I will be entitled to be engaged by the Company as an independent contractor rather than an employee, in which case, the employment agreement shall be amended as required under applicable law, subject to the full satisfaction of the Company.

This resolution requires special approval as set out below.

**Resolutions 9 - 12 (indemnification agreement for Modi Ashkenazy, David Gilboa, Liron Toubol and Ronen Magen)**

Shareholders will be invited at the meeting to approve the draft indemnification agreements for Mr Ashkenazy, Mr Gilboa, Ms Toubol and Mr Magen. The draft indemnification agreements are substantially in the form approved at the annual general meeting of the Company held on 20 September 2005. Although not the case for listed companies incorporated in England, indemnification agreements are commonly entered into by Israeli publicly-traded companies with their directors/other office holders.

I should mention that the maximum amount for which the Company may be liable under all such indemnification agreements is capped at 25% of the Company's total shareholders' equity at the time of the actual indemnification.

## **Voting requirements**

Resolutions 3, 4, 7, 9 to 11 (inclusive) each require a vote in favour by members holding a majority of the shares represented at the meeting, either in person or by proxy, and voting on the resolution.

Resolutions 1 and 2 require a vote in favour by members holding a majority of the shares represented at the meeting, either in person or by proxy, and voting on the resolution, provided that either of the following conditions is satisfied:

- (a) the majority of votes in favour must include at least one-third of the shareholders who are not holders of control in the Company or on their behalf present at the vote (abstaining votes shall not be taken into account in counting the votes of the said shareholders); or
- (b) the total opposition votes amongst the shareholders referred to in paragraph (a) above shall not be greater than one percent of all the voting rights in the Company.

Resolutions 5, 6, 8 and 12 require a vote in favour by members holding a majority of the shares represented at the meeting, either in person or by proxy, and voting on the resolution, provided that either of the following conditions is satisfied:

- (a) the majority of votes in favour must include at least one-third of the shareholders who have no "personal interest" in the approval of the resolution and who vote on the resolutions (abstaining votes shall not be taken into account in counting the votes of the said shareholders); or
- (b) the total number of shareholders who have no "personal interest" and who vote against the resolutions does not exceed 1 per cent. of the issued share capital of the Company.

## **Documents available for inspection**

The draft appointment letters with Mr Ashkenazy and Mr Gilboa, the draft employment agreement with Mr Magen, the draft amended and restated employment agreement with Ms Toubol, the draft amendment to my employment agreement and the draft indemnification agreements with each of Mr Ashkenazy, Mr Gilboa, Mr Magen and Ms Toubol will be available for inspection at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA, England from the date of this document until the date of the EGM and at the EGM from 9.30am until the conclusion of the meeting.

## **Form of proxy/Form of direction**

As mentioned above, you will also find enclosed with this document a form of proxy (unless you are a holder of depository interests in the Company, in which case you will receive a form of direction) for use at the EGM.

If you are a member of the Company, whether or not you intend to be present at the meeting, you are requested to complete and return the form of proxy (in accordance with the instructions set out in that document) to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England as soon as possible and in any event so as to be received by Capita Registrars by no later than 24 hours before the time fixed for the meeting or any adjourned meeting. Completion and return of a form of proxy will not prevent you from attending the meeting and voting in person, if you so wish.

If you are a holder of depository interests representing ordinary shares in the Company, please complete and return the form of direction (in accordance with the instructions set out in that document) to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU,

England as soon as possible and in any event so as to be received by Capita Registrars by no later than 48 hours before the time fixed for the meeting or any adjourned meeting.

**Directors' recommendation**

The Directors believe that the adoption of each of the resolutions to be proposed at the EGM is in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend that you vote in favour of each resolution as they intend to do in respect of their own beneficial holdings.

Yours faithfully



**Ariel (Aik) Rosenberg**  
**Chairman**

## **Metal-Tech Ltd.**

**REGISTERED IN ISRAEL UNDER COMPANY NO: 51-11163-94**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

Notice is hereby given that the extraordinary general meeting of Metal-Tech Ltd. (the "Company") will be held at Adelaide House, London Bridge, London EC4R 9HA, England on Tuesday, 13 April 2010 commencing at 10am for the following purposes:

- 1 To elect Mr David Gilboa as a statutory external director of the Company for a period of three years commencing on 13 April 2010 pursuant to the Israeli Companies Law, 5759-1999.
- 2 To elect Mr Modi Ashkenazy as a statutory external director of the Company for a period of three years commencing on 13 April 2010 pursuant to the Israeli Companies Law, 5759-1999.
- 3 That, subject to the approval of such matters by the audit committee and the board of directors of the Company, the terms of appointment and remuneration of Mr David Gilboa, a statutory external director of the Company, as set out in his draft letter of appointment, a copy of which is produced to the meeting and initialled for the purposes of identification by the chairman of the meeting, be and are hereby approved.
- 4 That, subject to the approval of such matters by the audit committee and the board of directors of the Company, the terms of appointment and remuneration of Mr Modi Ashkenazy, a statutory external director of the Company, as set out in his draft letter of appointment, a copy of which is produced to the meeting and initialled for the purposes of identification by the chairman of the meeting, be and are hereby approved.
- 5 To appoint Mr Ronen Magen as a director of the Company.
- 6 That, subject to approval of such matters by the audit committee and the board of directors of the Company, the draft employment agreement with Mr Magen in respect of the employment of Mr Magen as the Company's deputy chief executive officer and his appointment as director, a copy of which is produced to the meeting and initialled for the purposes of identification by the chairman of the meeting, be and is hereby approved.
- 7 That, subject to approval of such matters by the audit committee and the board of directors of the Company, the draft amended and restated employment agreement with Ms Toubol, the Company's CFO, a copy of which is produced to the meeting and initialled for the purposes of identification by the chairman of the meeting, be and is hereby approved.
- 8 That, subject to approval of such matters by the audit committee and the board of directors of the Company, the draft amendment to the Company's existing employment agreement with Mr Aik Rosenberg, a copy of which is produced to the meeting and initialled for the purposes of identification by the chairman of the meeting, be and is hereby approved.
- 9 That, subject to the approval of such draft indemnification agreement by the audit committee and the board of directors of the Company, the draft indemnification

agreement to be entered into by the Company and Mr Ashkenazy, a copy of which is produced to the meeting and initialled for the purposes of identification by the chairman of the meeting, be and is hereby approved.

- 10 That, subject to the approval of such draft indemnification agreement by the audit committee and the board of directors of the Company, the draft indemnification agreement to be entered into by the Company and Mr Gilboa, a copy of which is produced to the meeting and initialled for the purposes of identification by the chairman of the meeting, be and is hereby approved.
- 11 That, subject to the approval of such draft indemnification agreement by the audit committee and the board of directors of the Company, the draft indemnification agreement to be entered into by the Company and Ms Toubol, a copy of which is produced to the meeting and initialled for the purposes of identification by the chairman of the meeting, be and is hereby approved.
- 12 That, subject to the approval of such draft indemnification agreement by the audit committee and the board of directors of the Company, the draft indemnification agreement to be entered into by the Company and Mr Magen, a copy of which is produced to the meeting and initialled for the purposes of identification by the chairman of the meeting, be and is hereby approved.

By Order of the Board



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Director

Dated: 24 February 2010

Registered office: Emek Sara, Ramat-Hovav Industrial Area, P.O. Box 2412, Beer-Sheva 84874, Israel

**Notes:**

1. A member who is entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote on his or her behalf, provided that only one proxy may be appointed by a member in respect of a particular share held by him/her. A proxy need not be a member of the Company.
2. To be effective, a completed and signed proxy (and any power of attorney or other authority under which it is signed) must be delivered to the Company's transfer agent, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, by no later than 24 hours before the time fixed for the meeting or any adjourned meeting. Completion and return of a proxy will not preclude a shareholder from attending and voting or withholding his/her vote at the meeting in person.
3. The Company specifies that only those members entered on the Company's register of members by no later than 10am on 9 April 2010 shall be entitled to receive notice of and to attend and/or vote or withhold his/her vote at the meeting or, if the meeting is adjourned, such other date being not less than 96 hours prior to such adjourned meeting as the board of directors of the Company may determine in accordance with the Company's Articles of Association.

4. In the case of joint holders of shares in the Company, the vote of the senior holder shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority will be determined by the order in which the names appear in the Company's register of members (or the Company's Registrars' records).
5. In the case of holders of depository interests representing ordinary shares in the Company, a form of direction must be completed in order to instruct Capita IRG Trustees Limited, the Depository, to vote or withhold its vote on the holder's behalf at the meeting or, if the meeting is adjourned, at the adjourned meeting. To be effective, a completed and signed form of direction (and any power of attorney or other authority under which it is signed) must be delivered to the Company's transfer agent, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, England, by no later than 48 hours before the time fixed for the meeting or any adjourned meeting.