



**5 December 2008**

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

**Trading Update**

Metal-Tech Ltd, the metal-based hydrometallurgy and chemical company which focuses on the production and recycling of speciality metals such as Tungsten and Molybdenum, provides a trading update of the impact of current global economic conditions on its business.

The Company expects to meet market expectations in respect of revenues for the full year 2008 due to the high demand and stability of metal prices during the first half of the year, but profits will now be materially lower than anticipated and the Company expects to report a loss for the full year 2008. With markets and customers broadly spread geographically, the current crisis in the metals, construction and manufacturing sectors worldwide has impacted the Company negatively. For example, molybdenum oxide, one of Metal-Tech’s principal products, is used extensively in the production of steel and this industry has seen a major downturn in activity particularly in recent months. The market price of molybdenum oxide has declined by 70% during the fourth quarter as a direct result, having previously had a history of unusually stable prices.

Metal-Tech, following prudency guidelines, intends to write-down the value of inventory and the value of products already shipped to customers which have not yet been priced in a final invoice. As of 30 November 2008, the Company had a net cash balance of \$11.3m.

The Company has taken immediate actions to mitigate the impact of the current market situation on its results. It has ceased all operations not directly related to its core business, whilst at the same time maintaining its investment in important market-focussed research activities. It has reduced overheads, frozen non-critical capital expenditure, ceased staff recruitment and introduced voluntary salary cuts for all senior management. At the same time, Metal-Tech is seeking to improve commercial terms with customers and suppliers.

Good progress is being maintained on several unique and strategically significant technology developments, especially in a project aimed at increasing recovery whilst reducing waste and environmental impact of large-scale operations.

The Board is confident that the Company is responding appropriately to the challenges it is facing, and the steps taken by management could put the Company in a good position to take advantage both during the decline and the cyclical upturn in the future.

**Enquiries**

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