

4 October 2011

Metal-Tech Ltd.

(“Metal-Tech” or “the Company”)

Prospective investment in Metal-Tech

Metal-Tech Ltd., the producer and recycler of speciality metals such as Tungsten and Molybdenum, provides the following information on a potential investment in and funding of the Company.

Today Metal-Tech signed a memorandum of understanding (“MOU”) with Technoplus Ventures Ltd., an Israeli investment company that has been publicly traded on the Tel-Aviv Stock Exchange (TASE: TNPV) since 1999 (“Technoplus”), which states Technoplus’ intention to provide finance to the Company totaling 5 million US dollars in consideration for the allocation of ordinary shares in the Company which will represent 27.5% to 35% of the share capital of the Company. The transaction is subject to the fulfillment of certain conditions precedent, including the completion, by Technoplus and its consultants, of a due diligence investigation of the Company and its business to Technoplus’ satisfaction; the drafting of the definitive agreements stipulating the parties’ understandings; and shareholders’ approval. Notwithstanding the intentions of the parties to the MOU, there can be no certainty that the prospective fundraising will be completed on the basis set out in the MOU.

The fundraising will primarily support the Company’s increasing requirement for working capital. As stated at the time of the interim results on 26 September, ‘the Company continues to maintain tight control of cash and cost, whilst driving the business forward by increasing its recycling and production activities.’ The fundraising will support this growth as well as facilitate the purchase of raw materials that have experienced an increase in price. The Company is looking for savings from other areas of the business and in this respect is considering delisting from the AIM market to save on costs.

Under the terms of the MOU, it is expected that the parties shall seek to complete the transaction within 120 days from the execution date of the MOU, during which the Company and anyone acting on its behalf will refrain from negotiating with third parties any transaction which involves issuance of shares and/or options in the Company's equity.

Subject to closing, Technoplus will be given the rights to appoint representatives to the Board of Directors of the Company, and shall be involved in the management of the Company’s business operations.

Technoplus is an independent, Israeli-based investment company that commenced its investment activities in 1997 and has been publicly traded on the Tel-Aviv Stock

Exchange (TASE: TNPV) since 1999. FBR Infinity II Ventures Partners Ltd. (“Infinity”) holds the majority stake of Technoplus’ controlling group. Infinity leverages its strong network and experience in both Israel and China to bring added value to Israeli and Chinese companies, and Infinity’s Chinese partners, including inter alia CSVC, China Development Bank and Digital China, participate alongside Infinity in its investments in both Israeli and Chinese companies.

Until 2007, Technoplus operated as a venture capital fund and currently manages a portfolio of 10 hi-tech companies. More recently, Technoplus has focused on identifying and investing in small- to mid-size profitable growth companies that are seeking to raise funds in support of growth.

Under its new strategy, Technoplus has to date invested in two companies, namely: D-LED Illumination Technologies Ltd., a leading LED illumination company in Israel, and Shekel Electronic Scales Ltd., a leading digital scales company in Israel. Both of these companies have manufacturing facilities in China.

Upon closing, and based on its contacts in the Chinese market, Technoplus aims to establish commercial collaborations for the Company in China with the intention to expand Metal-Tech’s business operations in the Chinese market.

The Company will keep the market updated on any developments in a timely manner.

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