

7 December 2011

**Metal-Tech Ltd.**

**("Metal-Tech" or "the Company")**

**Update on arbitration case against the Republic of Uzbekistan**

The Company provides an update on its ongoing arbitration case before a Tribunal of the International Centre for Settlement of Investment Disputes (the "Tribunal") against the Republic of Uzbekistan (the "Respondent").

As stated previously, Metal-Tech filed a Request for Arbitration against the Republic of Uzbekistan asserting that country's unlawful treatment of Metal-Tech's 50% investment in UzMetal-Technology, a joint venture to produce high-quality molybdenum products. The Request for Arbitration, filed with the International Centre for Settlement of Investment Disputes (ICSID) based in Washington, D.C., asserted Uzbekistan's breach of the Israel-Uzbekistan Bilateral Investment Treaty, as well as violations of various standards of treatment under international law and Uzbek legislation.

The Respondent has requested that the Tribunal defer the hearing currently scheduled to begin on 23 January 2012. The Respondent alleges that it has recently become aware of details concerning a criminal investigation by the Prosecutor General's Office of several companies and individuals involved in unlawful activities in which Uzbek Government officials, Metal-Tech and Uzmetal have been implicated. The Respondent acknowledges that the full scope of the investigation (which could take several months to complete) and the targets are not known at this time.

The Company will not only strongly oppose the Respondent's application to delay the opening of the hearing but will also defend itself vigorously against any such actions if brought.

As part of its request to delay the hearing, the Respondent alleges that the investigation has uncovered a criminal enterprise involved in kickback payments to individuals that included Government officials and individuals affiliated with Metal-Tech and Uzmetal. The Respondent argues that the Tribunal hearing should be deferred until it has analysed any evidence received from the Prosecutor General's Office and both parties have had an opportunity to make written submissions.

Metal-Tech first became aware of the allegations when the Respondent made its request for the hearing to be deferred. Metal-Tech has not been approached by the Prosecutor General's Office in relation to such allegations. Metal-Tech firmly believes that the Respondent is using delaying tactics and any such allegations may be linked to its bringing of the arbitration proceedings before the Tribunal.

Further updates will be provided in due course.

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