

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Metal-Tech Ltd., please send this document and the accompanying documents to the purchaser or transferee or to the stockbroker, 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 number 51-11163-94)

NOTICE OF ANNUAL GENERAL MEETING

Notice of the annual general meeting to be held at St Magnus House, 3 Lower Thames Street, London EC3, England on Monday, 7 August 2006 commencing at 9.30am is set out on pages 6 and 11 of this circular. Copies of this document will be available to the public from its date until the date of the annual general meeting at the offices of Panmure Gordon (Broking) 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
Beer-Sheva 84874
Israel

30 June 2006

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

Dear Shareholder

Annual General Meeting: Monday, 7 August 2006

You are cordially invited to attend the annual general meeting (the "AGM") of Metal-Tech Ltd. (the "Company") to be held at 9.30am on Monday, 7 August 2006 at St Magnus House, 3 Lower Thames Street, London EC3, England. The notice of AGM (which includes the resolutions to be proposed at the meeting) is set out on pages 6 and 11 of this document. The Company's audited financial statements for the year ended 31 December 2005 (the "Financial Statements") and either a form of proxy or (if you are a holder of depository interests in the Company) a form of direction are also enclosed.

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

- to receive the Financial Statements;
- to re-appoint Kost Forer Gabbay & Kasierer (a member firm of Ernst & Young Global) as the Company's auditors;
- to authorise the directors of the Company to fix the remuneration of the Company's auditors;
- to re-elect the following directors of the Company, who retire in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election, to hold office until the conclusion of the next annual general meeting:
 - (a) Mr Aik Rosenberg
 - (b) Mr Ran Maimon
- to elect Mr Roy Margolin as a statutory external director of the Company;
- to approve the draft letter of appointment of Mr Margolin with the Company and his remuneration;
- to approve the draft indemnification agreement between the Company and Mr Margolin;
- to approve the draft services agreement between the Company, Ninety Holdings Ltd. ("NHL") and Mr Modi Ashkenazy in respect of the provision of the services of Mr Ashkenazy as the Company's Chief Financial Officer; and

- to alter the Company's Articles of Association.

As the Company is not a UK company, it is not required to produce a separate directors' remuneration report for approval by the shareholders in accordance with the Directors' Remuneration Report Regulations 2002.

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

Resolution 1 (receipt of the Financial Statements)

This resolution provides for the receipt of the Financial Statements.

Resolutions 2 and 3 (appointment of auditors)

Resolution 2 provides for reappointment of Kost Forer Gabbay & Kasierer (a member firm of Ernst & Young Global) as the Company's auditors to hold office until the conclusion of the next general meeting of the Company at which audited financial statements are laid.

Resolution 3 authorises the directors of the Company to fix the remuneration of the auditors.

Resolutions 4 and 5 (re-election of directors)

Mr Aik Rosenberg, the Executive Chairman and President of the Company, will retire by rotation at the AGM under the Company's Articles of Association and offer himself for re-election. Mr Rosenberg has previously owned businesses operating in various industries including the textiles, metals, chemicals, energy and environment industry. Since 1994, Mr Rosenberg has successfully turned the Company around from being a loss-making enterprise into a growing and profitable organisation. Mr Rosenberg has a BSc in mechanical engineering from King's College, London.

Mr Ran Maimon, the Chief Executive Officer of the Company, will also retire by rotation at the AGM under the Company's Articles of Association and offer himself for re-election. Mr Maimon has been an employee of the Company for 15 years. From 1991 to 1995, Mr Maimon was technical manager for the Company. In November 1995, Mr Maimon was promoted to Chief Executive Officer. Prior to joining the Company, Mr Maimon worked as a mechanical engineer from 1986 to 1991 on various projects for Dead Sea Works Ltd. Mr Maimon holds a BSc in mechanical engineering and an MA in business administration and industrial management, both from Ben-Gurion University in Beer-Sheva, Israel.

Resolution 6 (election of Roy Margolin)

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 external statutory external directors. Ms Michaela Shamir-Chartoff has previously been appointed as a statutory external director and resolution 6 provides for the appointment of Mr Roy Margolin as such a director. In order to comply with the Companies Law, Mr Margolin 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 7 August 2006, but may be extended for a further three years.

Mr Margolin, aged 37, is the managing partner of Novoline Holdings, a private investment company focusing on Eastern European real estate. He also acts as a strategic adviser to several early stage companies in the high-tech sector. Previously, Mr Margolin served as the chief financial officer and chief operating officer of Seriq Networks Ltd. (2000-2002), as the manager of the economic department of Vcon Telecommunications Ltd. (1999-2000) and as an economist at Tadiran Telecommunications Ltd. (1996-1999). Mr Margolin has a BA in

Mathematics and Economics and an MA in Economics (Cum Laude) from Tel-Aviv University, Israel.

Resolution 7 (approval of the terms of appointment and remuneration of Roy Margolin)

Following the appointment of Mr Margolin as a statutory external director pursuant to resolution 6 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 8 (indemnification agreement for Roy Margolin)

Shareholders will be invited at the meeting to approve a draft indemnification agreement for Mr Margolin. The draft indemnification agreement is 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.

Resolution 9 (approval of services agreement in relation to Modi Ashkenazy)

The employment agreement between the Company and Mr Modi Ashkenazy, the Company's Chief Financial Officer, expired on 7 October 2005. Resolution 9 provides for the approval of a services agreement between the Company, NHL and Mr Ashkenazy for the provision to the Company of the services of Mr Ashkenazy. NHL is a company wholly-owned and controlled by Mr Ashkenazy. The agreement is for a term of 5 years and, if approved, will be deemed to have commenced on 8 October 2005. The agreement will automatically extend for additional 5 year terms unless terminated by either party giving to the other 60 days' prior written notice so as to expire at the end of the relevant 5 year period.

In addition, the Company may terminate the agreement at any time on giving to NHL not less than 180 days' prior written notice. The Company may also terminate the agreement immediately for cause (as defined in the agreement) by giving NHL written notice. NHL is entitled to receive a monthly fee of US\$10,000 plus VAT during the term of the agreement. The agreement also contains certain non-compete covenants from Mr Ashkenazy and NHL in favour of the Company.

Resolution 10 (alteration of the Articles)

This resolution provides for the renumbering of existing Article 19 of the Articles of Association of the Company as Article 19(A) and the insertion of a new Article 19(B).

The proposed new Article 19(B) provides that, without prejudice to and in addition to any obligation to disclose under Israeli law, where a shareholder either:

- (a) to his knowledge acquires a notifiable interest in ordinary shares of the Company, or ceases to have a notifiable interest in such ordinary shares; or
- (b) becomes aware that he has acquired a notifiable interest in such ordinary shares, or that he has ceased to have a notifiable interest in such ordinary shares in which he was previously interested,

he must notify the Company of his interest within the period of 5 days following the day on which the obligation arises.

A shareholder has a notifiable interest at any time when the aggregate par value of the ordinary shares in which he is interested is equal to or more than 3 per cent of the issued and outstanding ordinary shares (excluding any dormant shares) of the Company.

The board of directors may by notice in writing require any person whom it knows or has reasonable cause to believe to be interested in ordinary shares in the Company to indicate whether or not it is the case and, where that person holds any interest in any such ordinary shares, to give such further information as may be required by it. If the holder of, or any person appearing to be interested in ordinary shares, has been served with such notice (the "Disclosure Notice") and, in respect of such ordinary shares (the "Default Ordinary Shares"), has been in default (in whole or in part) for the relevant period in supplying the Company with the information required by the Disclosure Notice, subject to Israeli law and notwithstanding anything to the contrary in the Articles of Association of the Company, the board of directors may resolve that some restrictions shall apply in relation to the voting rights, the right to receive dividends and/or the right to transfer the Default Ordinary Shares.

Voting requirements

Resolutions 1 to 5 (inclusive) require in each case 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.

As resolution 6 is in connection with the appointment of a statutory external director, it requires 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. The vote in favour must also include the vote of at least one-third of the shares of non-controlling shareholders voting on the resolution (unless the total number of shares of non-controlling shareholders voting against the resolution does not exceed 1 per cent of the issued share capital of the Company).

Under the Companies Law, resolutions 7 to 9 require both the approval of the Company's audit committee and board of directors and a vote in favour by shareholders holding a majority of the shares represented at the meeting, either in person or by proxy, and voting on the resolution.

Resolution 10 requires 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.

Documents available for inspection

The draft letter of appointment of Mr Margolin, the draft indemnification agreement between the Company and Mr Margolin and the draft services agreement between the Company, NHL and Mr Ashkenazy 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 AGM and at the AGM from 9.15am 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 AGM.

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 the Company's transfer agent, 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 the Company's transfer agent 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 the Company's transfer agent, 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 the Company's transfer agent by no later than 72 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 AGM 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

Aik Rosenberg
Chairman

A handwritten signature in black ink, appearing to be 'Aik Rosenberg', written over the printed name and title.

METAL-TECH LTD.

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Metal-Tech Ltd. (the "Company") will be held at St Magnus House, 3 Lower Thames Street, London EC3R 6HA, England on Monday, 7 August 2006 commencing at 9.30am for the following purposes:

- 1 To receive the audited financial statements of the Company for the year ended 31 December 2005.
- 2 To re-appoint Kost Forer Gabbay & Kasierer (a member of Ernst & Young Global) as the auditors of the Company to hold office until the conclusion of the next general meeting of the Company at which audited financial statements are laid.
- 3 To authorise the directors of the Company to fix the remuneration of the auditors of the Company.
- 4 To re-elect Mr Aik Rosenberg who retires from office as a director pursuant to Article 47 of the Company's Articles of Association and, being eligible, offers himself for re-election.
- 5 To re-elect Mr Ran Maimon who retires from office as a director pursuant to Article 47 of the Company's Articles of Association and, being eligible, offers himself for re-election.
- 6 To appoint Mr Roy Margolin as a statutory external director of the Company for a period of three years commencing on 7 August 2006 pursuant to the Israeli Companies Law, 5759-1999.
- 7 To consider and, if thought fit, pass the following resolution:

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 Roy Margolin, 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.

- 8 To consider and, if thought fit, pass the following resolution:

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 Roy Margolin, 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 To consider and, if thought fit, pass the following resolution:

That, subject to approval of such matters by the audit committee and the board of directors of the Company, the draft services agreement to be entered into by the Company, Ninety Holdings Ltd. and Mr Modi 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 To consider and, if thought fit, pass the following resolution:

That the articles of association of the Company be and are hereby altered by the renumbering of existing Article 19 as Article 19(A) and the insertion of the following new Article 19(B):

"19(B).1 Without prejudice to and in addition to any obligation to disclose under Israeli law, where a Shareholder either:

19(B).1.1 to his knowledge acquires a notifiable interest in Ordinary Shares, or ceases to have a notifiable interest in such Ordinary Shares; or

19(B).1.2 becomes aware that he has acquired a notifiable interest in the Ordinary Shares, or that he has ceased to have a notifiable interest in Ordinary Shares in which he was previously interested,

he shall notify the Company of his interest. Where the obligation of notification arises, the Shareholder must notify the Company within the period of 5 days next following the day on which the obligation arises.

19(B).2 For the purposes of Article 19(B).1, a Shareholder has a notifiable interest at any time when the aggregate par value of the Ordinary Shares in which he is interested is equal to or more than 3 per cent. of the issued and outstanding Ordinary Shares of the Company. Any reference to Ordinary Shares in this Article 19(B) excludes Ordinary Shares which are Dormant Shares (as defined in the Law). The obligation to disclose in Article 19(B).1 also arises where there is an increase or decrease in the percentage level of a Shareholder's notifiable interest.

19(B).3 Any notification under Article 19(B).1 shall identify the Shareholder so interested, the nature and extent of his interest and the date on which he acquired or ceased to hold a notifiable interest or on which there was an increase or decrease in the percentage level of his notifiable interest.

19(B).4 The Board may by notice in writing require any person whom the Board knows or has reasonable cause to believe to be interested in Ordinary Shares to indicate whether or not it is the case and, where that person holds any interest in any such Ordinary Shares, to give such further information as may be required by the Board.

19(B).5 Any such notice may require the person to whom it is addressed to give particulars of his own present interest in Ordinary Shares.

19(B).6 A notice under Article 19(B).4 shall require any information given in response to the notice to be given in writing within such reasonable time (not being less than twenty-one days) as may be specified in the notice.

- 19(B).7 For the purposes of this Article 19(B), a person who is interested in a right to subscribe for or convert into Ordinary Shares shall be deemed to be interested in Ordinary Shares and references to interests in Ordinary Shares shall include any interest whatsoever in such Ordinary Shares including, without limitation, a right to control directly or indirectly the exercise of any right conferred by the holding of Ordinary Shares alone or in conjunction with any person and the interest of any person shall be deemed to include the interest of any other person deemed to be acting in conjunction as aforesaid.
- 19(B).8 A notice which has taken effect under Article 19(B).4 shall remain in effect in accordance with its terms following a transfer of the Ordinary Shares to which it relates unless and until the Board determines otherwise and notifies the holder accordingly.
- 19(B).9 If the holder of, or any person appearing to be interested in Ordinary Shares, has been served with a notice issued under Article 19(B).4 above (the "Disclosure Notice") and, in respect of such Ordinary Shares (the "Default Ordinary Shares"), has been in default (in whole or in part) for the relevant period in supplying the Company with the information required by the Disclosure Notice, subject to Israeli law and notwithstanding anything to the contrary in these Articles, the Board may resolve that the restrictions referred to in Article 19(B).10 below shall apply. Those restrictions shall cease to apply the trading day after the earlier of:
- 19(B).9.1 due compliance to the satisfaction of the Board with the Disclosure Notice; or
 - 19(B).9.2 receipt by the Company of a notice that the stockholding has been sold to a third party under an arm's length transfer; or
 - 19(B).9.3 the decision of the Board to waive those restrictions in whole or in part.
- 19(B).10 The restrictions referred to in Article 19(B).9 above are as follows:
- 19(B).10.1 if the Default Ordinary Shares in which any one person is interested, or appears to the Company to be interested, represents less than 0.25 per cent. of the issued and outstanding Ordinary Shares, the holders of the Default Ordinary Shares shall not be entitled to vote those Default Ordinary Shares at a general meeting of the Company, either personally or by proxy; or
 - 19(B).10.2 if the Default Ordinary Shares in which any one person is interested, or appears to the Company to be so interested, represents at least 0.25 per cent. of the issued and outstanding Ordinary Shares, the holders of the Default Ordinary Shares shall not be entitled in respect of those Default Ordinary Shares:
 - 19(B).10.2.1 to attend and vote at a general meeting of the Company either personally or by proxy; or

- 19(B).10.2.2 to receive any dividend (including bonus shares/stock dividend); or
- 19(B).10.2.3 to transfer or agree to transfer any such Default Ordinary Shares or any rights in them (subject to Article 19(B).11).
- 19(B).11 The restrictions in Article 19(B).10.2 above shall not prejudice the right of either the Shareholder holding the Default Ordinary Shares or, if different, any person having a power of sale over such shares to sell or agree to sell such shares under an arm's length transfer.
- 19(B).12 If any dividend or other distribution is withheld under Article 19(B).10.2 above, the Shareholder shall be entitled to receive it (without any interest, linkage differentials or any other additional compensation or penalty) as soon as practicable after the restrictions contained in Article 19(B).10.2 cease to apply.
- 19(B).13 If, while any of the restrictions referred to above apply to an Ordinary Share, another Ordinary Share is issued as of right pursuant to the rights attached to such Ordinary Share, the same restrictions shall apply to that other Ordinary Share as if it was a Default Ordinary Share.
- 19(B).14 Where a Disclosure Notice is served on a Depository under Article 19(B).4 and the Depository fails to comply for any reason with the Disclosure Notice, the provisions of Article 19(B).9 and Article 19(B).10 will only be implemented by the Company in relation to those Default Ordinary Shares in respect of which there has been a failure, and will not be implemented in relation to any other Ordinary Shares in the Company held by the Depository. A "Depository" in this Article 19(B).14 means any person who is a Shareholder in the Company by virtue of it holding Ordinary Shares as trustee for those who have elected to hold Ordinary Shares in the Company in dematerialised form through depository interests.

For the purposes of this Article 19(B):

- (i) an "arm's length transfer" in relation to any Ordinary Shares is a transfer pursuant to a sale of the whole of the beneficial ownership of the Ordinary Shares to a bona fide third party unconnected with the Shareholder or with any person appearing to be interested in such stock including any such sale on a recognised investment exchange or on any stock exchange outside the United Kingdom on which the share is listed or normally traded;
- (ii) "interest" in a person means beneficial ownership of any securities of such person;
- (iii) "person" means any individual, firm, partnership, association, company or other entity;
- (iv) the "relevant period" shall be the period set out in the Disclosure Notice;
- (v) the percentage of the issued Ordinary Shares referred to in Article 19(B).10.2 shall be calculated by reference to the Ordinary Shares in issue at the time when the Disclosure Notice is given; and
- (vi) a person shall be treated as appearing to be interested in any Ordinary Shares if the Company has given to the Shareholder holding such share a Disclosure Notice and either (a) the Shareholder has named the person as being interested in the Ordinary Shares or (b) (after taking into account any response to any Disclosure Notice and any other relevant information) the

Company knows or has reasonable cause to believe that the person in question is or may be interested in the Ordinary Shares."

By Order of the Board

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Director

Dated: 30 June 2006

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 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 9.30am on Thursday, 3 August 2006 shall be entitled to receive notice of and to attend and/or 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 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 depositary interests representing ordinary shares in the Company, a form of direction must be completed in order to appoint Capita IRG Trustees Limited, the Company's depositary, to 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 72 hours before the time fixed for the meeting or any adjourned meeting.
6. Copies of the following documents will be available for inspection at the registered office of the Company, Emek Sara, Ramat-Hovav Industrial Area, P.O. Box 2412, Beer-Sheva 84874, Israel, and at the offices of Berwin Leighton Paisner LLP, Adelaide House, London Bridge, London EC4R 9HA, England, during normal business hours from the date of this notice until 7 August 2006 (inclusive) and at the meeting from 9.15am until its conclusion:
 - the draft letter of appointment between the Company and Mr Roy Margolin (see resolution no 7)

- the draft indemnification agreement between the Company and Mr Roy Margolin (see resolution no 8)
- the draft services agreement between the Company, Ninety Holdings Ltd. and Mr Modi Ashkenazy (see resolution no 9)