

Shareholder update from CEO Marvin Maslow - August 1, 2002

Manhattan Scientifics is determined to win

This has been a difficult year for the stock market and the shares of Manhattan Scientifics have been weak along with the shares of many other companies. The markets have fallen and the markets will rise again. That is history. But markets notwithstanding, our job is to survive and prosper. We need to be there when the markets rise again. I do believe that our strategy of providing our shareholders with a diversified portfolio of high-tech, high-risk/ high-reward businesses will pay off.

Jack Harrod, our COO, and I are committed to our vision of a diversified technology warehouse designed to help us ride through the rough times and prosper in good ones.

We've watched over every penny of our shareholders' money. We have raised cash to sustain operations. We have invested in intellectual property and know-how and today we own or control a remarkable portfolio of technology assets, which we bought and paid for.

We continue to maintain an unusually low overhead, coupled with driven management and compelling technology. Results include more than fifty issued patents underlying four disruptive technologies and a management team with a lot of front-line experience and vision. We have demonstrated the flexibility necessary to withstand the bear market thus far. Our goal now is to weather the storms and bring our technologies to the market to earn profit for the owners of our company - our shareholders.

It is true that our stock price is near an all time low; it is just as true that our company today is stronger and more valuable than before.

Some excerpts from my recent correspondence with a shareholder follows. It offers a snapshot of our current position, financially and technically. Of course, our financial statements are published on the SEC's EDGAR site, and you should read them to get the full picture.

Below is a letter I received from Joshua Finer:

Hello Mr. Maslow-

I like your technology. I like your people. However, I am unsure about your funding/cash on hand. I'd like to invest in your stock, but need re-assurance about your cash position and sources of cash. Your last balance sheet shows \$80,000 - any large investments in MHTX coming soon?

Here was my reply:

Dear Mr. Finer,

Thanks for your note. I can well understand your concerns about our available cash. To answer your question, "....any large investments in MHTX coming soon?" - No, we are not contemplating large investments at our parent level. We do raise small amount of capital from time to time. However, there is need for capital at the individual unit levels and we are busy raising capital for them so that they can proceed to exit the "seed" stage and enter commercialization - to bring product to the market.

The good news is that when the capital markets allowed MHTX to raise capital, we did. We raised enough to be able to seed fund our portfolio; to develop the engineering teams, the technologies themselves, to prototype, to test, to secure early customers and patent the technologies we own or control today.

We have four affiliates or "units" at MHTX: Novint; NovArs; ERD and HoloStor. These units vary in position. Novint Technologies (eTouch) is cash-positive, moving ahead solidly, and is now focused on sales to professional user markets. Novint appears to be approaching the \$1.0 million revenue mark this year, and is circulating a business plan to raise \$5.0 million to launch its medical training business. It's a good bet that Novint and we will raise the funds.

Our NovArs unit, in Germany, has virtually scaled down to zero overhead and therefore is not a financial burden to us. We are pursuing a strong opportunity to joint venture with a very large company in the fuel cell industry. We have written a business plan to potentially launch a pilot production facility with a substantial corporate partner.

ERD, our micro fuel cell development affiliate, is supporting a limited staff through the use of some debt and is able to meet overhead by working on certain development contracts and by monetizing some of their shares. Several strategic-partner type dialogues are underway here, to partner with a strong manufacturer /distributor who may bring capital and experience. This project has taken much longer to bring to fruition than originally anticipated.

Our fourth unit is our HoloStor data storage development. We've completed our work on this, no longer have overhead associated with the project and are busy marketing the technology to other professionals in the holographic storage field.

Our fixed overhead at the parent level is extremely low and we consume little capital. We continue to be able to access the capital-markets, though in limited amounts, avoiding toxic investments. Like some other high technology development-stage companies, our management works without salaries or similar compensation. Management pays itself with equity. Our personal and professional incentives are in lock step with our fellow shareholders.

My partner, Jack Harrod, and I have invested close to \$1.0 million of our own money into MHTX in the form of long-term debt as further support of our dedicated effort to grow Manhattan Scientifics into a profitable business.

Investment in our company has always been speculative and high risk. This is truer today because of the present negative investment climate. The terrible markets have severely delayed securing new capital. Fortunately, our low overhead structure is buying us time. Now it is a matter of "hanging in there" as we progress with corporate partner-styled relationships with larger companies. We could slip and fall; we could fail. This is possible, though, in my mind, doubtful. (I have a strong bias, and believe in our work and in our people).

I hope this has been helpful.

Thanks for your interest in our work and for your belief in our technologies and our people. We will do our best; you can count on that.

Marvin Maslow, President and CEO

About Manhattan Scientifics

Manhattan Scientifics, Inc., <http://www.mhtx.com>, is located in Montreal Canada, New Mexico and New York City. It is developing and plans to acquire technologies in a variety of environmentally friendly energy and other people-friendly industries.

The foregoing press release contains forward-looking statements which are subject to risk and uncertainty which may be beyond the company's control.

Copies of Manhattan Scientifics' press releases and related investor information may be found at <http://www.hawkassociates.com> and <http://www.americanmicrocaps.com>.

An investment profile about Manhattan Scientifics may be found at <http://www.hawkassociates.com/mhtx/profile.htm>.

Executive Contacts:

Manny Tsoupanarias

Email: mtsoupanarias@manhattan-scientifics.com

Phone: 918-919-0370

For Investor Relations contact MHTX Chairman Emeritus Marvin Maslow

Email: marvin@marvinmaslow.com

Phone: 917-923-3300

Media Contact:

Marvin Maslow, Chairman Emeritus

Tel.: (917) 923-3300.

Email: marvin@marvinmaslow.com

Institutional Investor Relations:

Frank Hawkins Hawk Associates

Tel: (305) 852-2383

Email: Fhawk@hawkassociates.com

Website: <http://www.hawkassociates.com>