



ezzsteel Business Update

Cairo, 1 August 2012 – ezzsteel (EGX: ESRS; London Stock Exchange: AEZD), the largest independent producer of steel in the MENA region, today issued the following clarification in respect of the financing for its DRI production projects.

ezzsteel wishes to make clear the following:

- In September 2011, immediately following the Court of First Instance's decision to annul the licenses previously awarded to ezzsteel and three other Egyptian steel producers in 2008 and relating to the construction of Direct Reduced Iron (DRI) modules and additional meltshop facilities in Sokhna-Suez, ezzsteel stopped all construction at the site until the terms and conditions for the awarding of licenses are agreed with the authorities. As a consequence, since that time, there has been no need for further payments – hence why existing bank facilities that relate to the DRI project remain undrawn.
- Lending banks have confirmed that the loan agreement continues to be in effect and that the funds are available for the project once the licence issue is resolved.
- The authorities have confirmed their intention to replace the annulled licences and ezzsteel is still in negotiations in that respect.
- The licenses that have been annulled do not relate to any of ezzsteel's current production, but only to future projects.
- ezzsteel's production facilities continue to operate normally.

Ends

For further information:

Ezzsteel Kamel Galal	Tel + 20 2 3762 2144	Mobile + 20 10 539 5499
Capital MS&L Nick Bastin	+ 44 20 7307 5330	+ 44 7931 500 066

About ezzsteel

ezzsteel (formerly: Al Ezz Steel Rebars) is the largest independent steel producer in the Middle East and North Africa, and the Egyptian market leader, with a total actual capacity of 5.8 million tonnes of finished steel.

In 2011, the Company produced 3.6 million tonnes of long products (typically used in construction) and 1 million tonnes of flat products (typically used in consumer / industrial goods). ezzsteel's customer base is geographically diversified, with flat products mainly directed to export markets, whereas long products are sold in the domestic market. More than 50 per cent of its plants are less than 10 years old, using the latest in modern steel making technology.