



NEWS RELEASE

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Midrex Signs Contract with Saudi Iron & Steel Company

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Charlotte, NC – Midrex Technologies, Inc. announced this week that the company recently signed a contract with Saudi Iron & Steel Company (Hadeed) together with its consortium partner Voest Alpine Industrienlagenbau, GmbH (VAI) of Austria to design, supply and erect a 1.76 million ton/year hot DRI plant on a turnkey basis.

In addition, Kobe Steel Limited, as owner of the MIDREX® Technology, signed a Process License Agreement for the new MIDREX® Plant at Hadeed.

MIDREX® Plants produce direct reduced iron, a premium quality, low residual metallic iron available in pellet and lump form (DRI), a compacted form (HBI) and a form at an energy saving hot 600°C temperature (HDRI) for use as a charge material in iron and steelmaking.

The DR plant will continuously deliver HDRI at more than 600°C to a new melt shop to be constructed by a consortium of VAI and Siemens for the production of more than 1.4 million ton/year of liquid steel. Excess DRI will be produced as cold DRI for use elsewhere in the Hadeed complex.

The MIDREX® Plant is scheduled to begin cold DRI production March 2007, with hot DRI production and transport to begin shortly afterwards. Hadeed Module E will be the largest MIDREX® Direct Reduction Plant to date and the first DR plant to continuously charge HDRI to an adjacent melt shop at constant high temperatures.

"This project will establish new benchmarks of operating cost, productivity and liquid steel quality, so far unobtained by other DRI based melt shops," Midrex Commercial VP Rob Klawonn said. "We expect most new captive projects to follow Hadeed's lead in order to remain competitive and take advantage of these same production and cost benefits offered by hot charging of DRI."

"Midrex and VAI are very fortunate to have an experienced operator like Hadeed as a partner for this evolutionary step forward in the technology," Jim McClaskey, President of Midrex, stated. "We are confident that we have assembled a very strong team together with Siemens to make this project a huge success."

According to Saudi Basic Industries Corporation, owner of Hadeed, this is part of their plan to raise output of long and flat steel products by over 40% to almost 5.5 million tons by 2007.