



NEWS RELEASE

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Malaysian Steelmaker Contracts Midrex to Build DRI Plant

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Kuala Lumpur, Malaysia/Charlotte, NC – Midrex Technologies, Inc. has announced that it has signed a contract with Lion Diversified Holdings, Berhad, Kuala Lumpur, Malaysia for the construction of a 1.54 million metric ton/year MIDREX® Hot Direct Reduced Iron Plant in Malaysia.

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 proposed MIDREX® Plant will be located at Lion's Banting, Selangor, Malaysia Site and will produce hot direct reduced iron (HDRI) for on-site consumption via hot transport at Lion's three electric arc furnaces at the adjacent MEGASTEEL and Amsteel II steel mills. The plant will also be capable of producing hot briquetted iron (HBI) in addition to HDRI.

In August 2004, Midrex announced the signing of an MOU with Lion Group to begin engineering of the MIDREX® MEGAMOD® Hot DRI facility. As a result of this contract signing, start-up of the new MEGAMOD® is now scheduled for 4th Quarter 2006.

"This contract represents the continuation of a long-standing relationship between Midrex and The Lion Group which began when they acquired the Amsteel HBI Plant in Labuan, Malaysia in 1992," according to Jim McClaskey, President of Midrex, who attended the signing ceremony in January.

Rob Klawonn, Midrex Commercial Vice President, stated, "With this contract, Midrex now has two hot DRI plants under contract for production of a combined 3.3 million tons/year of hot DRI, and a total of four contracts intended to deliver more than 6.4 million tons/year of DRI, HBI and hot DRI."

Fueled by natural gas, the MIDREX® Process has the lowest greenhouse gas emissions and is also the most energy efficient technology available to convert iron ore to DRI.