

Steppe Cement Ltd
7 November 2012

Underwritten Offer for Subscription of 40,000,000 Ordinary Shares of no par value each at 25 pence per share

Steppe Cement Ltd ("Steppe Cement" or the "Company") intends to raise £10 million before expenses by way of an Offer for the Subscription ("the Offer") of 40,000,000 new fully paid ordinary shares at 25 pence per share (the "Offer Shares").

The Offer Price of 25 pence per Offer Share represents a discount of approximately 6.1% to the closing middle market quotation of a Steppe Cement Ordinary Share on 1 November 2012. The Offer Price represents an 8.1% discount to the volume weighted average price of 27.2192 pence per share for the last 30 trading days.

Each subscription under the Offer must be for a minimum of £85,000 (i.e. 340,000 Offer Shares at 25 pence per share). The Offer opens on 7 November 2012 and closes at 3.00 p.m. on 30 November 2012. The Offer is only available to shareholders (including registered holders of Steppe Cement depository interests) as at the record date of 7 November 2012. The announcement of the results of the Offer is expected to be made on or around 3 December 2012. The issue and allotment of the Offer Shares is expected to take place on 10 December 2012. It is expected that admission will occur and dealings in the Offer Shares will commence on 10 December 2012. Steppe Cement expects the share certificates (in respect of shares to be held in certificated form) to be despatched on 13 December 2012.

The full particulars of the terms and conditions of the Offer are set out in the circular to shareholders (the "Circular") dated 7 November 2012. The Circular is expected to be posted to shareholders on 8 November 2012 and is also available on the Company's website at www.steppecement.com.

The net proceeds of the Offer are expected to be up to approximately £9.67 million after expenses. The net proceeds of the Offer will be used toward the completion of the reconstruction of Dry Line 5 ("Line 5"), for general working capital requirements and, if required, to repay a portion of the Company's short-term bank borrowings.

On 12 October 2012, Steppe Cement announced that during 2012 the Company had spent USD6 million towards the refurbishment of Line 5 and disclosed the various financing options available to fund the refurbishment. The Board of Steppe Cement believes it is of strategic importance to complete the refurbishment of Line 5 as soon as possible in order to replace the less cost efficient production of the wet lines and to allow the Company to increase production. Prompt refurbishment will also allow the Company to take advantage of growing market consumption and maintain its competitive position.

The revamped Line 5 will have an annual production capacity of 1.2 million tonnes of cement and Steppe Cement expects to save approximately USD8.5 million per year

compared with the current production costs of the wet lines. Line 5 is targeted for completion during autumn 2013. Upon completion of Line 5, Steppe Cement's total annual production capacity will be raised from the current 1.6 million tonnes to 2.8 million tonnes, of which 2 million tonnes will be from dry production lines.

The Offer Shares will represent approximately 22.3% of the existing issued ordinary share capital and approximately 18.3% of the enlarged issued ordinary share capital (assuming full subscription) of the Company. The Offer Shares issued pursuant to the Offer will, when issued and fully paid, rank *pari passu* in all respects with, and from Admission will carry the same voting and dividend rights as, the existing ordinary shares. The Offer is conditional, *inter alia*, upon:

- (i) Admission of the Offer Shares becoming effective by 8.00 a.m. on 10 December 2012 (or such later time or date as the Company may determine); and
- (ii) the Underwriting Agreement (as detailed in the Circular) becoming unconditional in all respects and not having been terminated in accordance with its terms.

The Offer is conditionally underwritten by existing substantial shareholders Asian Investment Management Services Ltd (a company associated with Mr David Crichton-Watt) and Halfmoon Bay Capital Limited & Mango Bay Enterprises Inc (companies associated with Mr Tan Sri Azmi bin Wan Hamzah) and also by Portola Group Limited (a company associated with Steppe Cement director Mr Javier del Ser Perez) according to the terms as set out in the Underwriting Agreement.

The Directors of the Company (other than Mr Javier del Ser Perez) consider, having consulted with their nominated adviser RFC Ambrian Limited, that the terms of the Offer are fair and reasonable insofar as shareholders are concerned.

The Company's Chief Executive Officer, Mr Javier del Ser Perez, has irrevocably undertaken to subscribe for such number of Offer Shares for him to maintain his 7.2% shareholding in the Company. In addition to their obligations under the Underwriting Agreement, Asian Investment Management Services Ltd, Halfmoon Bay Capital Limited, Mango Bay Enterprises Inc. and Portola Group Limited holding, in aggregate, 77,147,142 existing ordinary shares representing approximately 43.1% of the Company's existing issued ordinary share capital, have irrevocably undertaken to subscribe for such number of Offer Shares as would enable them to maintain their respective existing percentage shareholdings in the Company.

The Offer represents an excellent opportunity for shareholders to participate in the future growth prospects of Steppe Cement. Please refer to the Circular for more information on the background and reasons for the Offer in addition to a summary of the Line 5 project including costs.

The Company's Nominated Adviser is RFC Ambrian Limited.
Contact: Stephen Allen or Trinity McIntyre, ph: +61 8 9480 2500.

The following are the expected timetable of principal events and Offer statistics (please refer to the Circular for the definitions contained therein):

Expected Timetable of Principal Events

Record date	5.00 p.m. on Wednesday, 7 November 2012
Latest time and date for receipt of completed Application Forms and payment in full	3.00 p.m. on Friday, 30 November 2012
Announcement of results of the Offer	7.00 a.m. on Monday, 3 December 2012
Offer Shares credited to CREST accounts	8.00 a.m. on Monday, 10 December 2012
Admission and commencement of dealings on AIM	8.00 a.m. on Monday, 10 December 2012
Despatch of share certificates	On Thursday, 13 December 2012

Notes to the timetable

- (1) The times and dates of principal events above and mentioned throughout this Circular may be adjusted, in which event details of the new times and dates will be notified to the London Stock Exchange and Qualifying Shareholders.
- (2) References to times in this timetable are to London (BST) times unless otherwise stated.

Offer Statistics

Offer Price	25 pence
Number of Ordinary Shares in issue at the date of this document	179,000,000
Number of Offer Shares to be issued by the Company pursuant to the Offer	40,000,000
Number of Ordinary Shares in issue immediately following completion of the Offer (assuming full subscription)	219,000,000
Number of Offer Shares as a percentage of Existing Ordinary Shares	22.3%
Number of Offer Shares as a percentage of Enlarged Issued Ordinary Share Capital of the Company immediately following completion of the Offer (assuming full subscription)	18.3%
Maximum gross proceeds of the Offer	£10,000,000
Estimated net proceeds of the Offer	£9,670,000
Market capitalisation on completion of the Offer at the Offer Price	£54,750,000