

Steppe Cement Ltd  
30 September 2010

**Underwritten Offer for Subscription of 25,000,000 Ordinary Shares of USD0.01 each at 40 pence per share**

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

The Offer is conditionally underwritten by the existing significant shareholders Asian Investment Management Services Ltd (a company associated with David Crichton-Watt), Halfmoon Bay Enterprises Limited and Mango Bay Enterprises Limited (companies associated with Tan Sri Azmi bin Wan Hamzah) and Portola Group Limited (a company associated with Steppe Cement director Javier Del Ser Perez) according to the terms of the underwriting agreement.

The offer price of 40 pence per Offer Share represents a discount of approximately 16.7% to the closing middle market quotation of an ordinary share in the Company on 27 September 2010. The offer price represents an 11.1% discount to the volume weighted average price of 45 pence per share for the last 30 trading days.

Each subscription under the Offer must be for a minimum £50,000 (i.e. 125,000 Offer Shares) at 40 pence per share. The Offer opens on 30 September 2010 and closes at 3.00 p.m. on 15 October 2010. The Offer is only available to shareholders (including registered holders of Steppe depository interests) as at the record date of 30 September 2010. The announcement of the results of the Offer is expected to be made on or around 18 October 2010. The issue and allotment of the Offer Shares is expected to take place on 25 October 2010. It is expected that admission will occur and dealings in the Offer Shares will commence on 25 October 2010. Steppe Cement expects the share certificates (in respect of shares to be held in certificated form) to be despatched on 28 October 2010.

The full particulars of the terms and conditions of the Offer are set out in the circular to shareholders (the "Circular") dated 30 September 2010.

The net proceeds of the Offer are expected to be up to approximately £9.67 million. In the Company's interim results announced on 3 September 2010, it was noted that Steppe Cement's subsidiary, Karcement JSC, had undergone debt restructuring. As a condition of the debt restructuring, EBRD and HSBC have requested that Steppe Cement raises USD12.5 million toward the repayment of bonds before the end of 2010. The net proceeds of the Offer will therefore be used, together with Steppe Cement's operating cash flows, to principally finance the redemption of the bonds (which mature in August 2011), repay a portion of Steppe Cement's short-term bank borrowings and for the general working capital requirements of Steppe Cement.

The Offer Shares will represent approximately 16.2% of the existing issued ordinary share capital and approximately 14% 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 25 October 2010 (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 Company's Chief Executive Officer, Javier Del Ser Perez, has irrevocably undertaken to subscribe for such number of Offer Shares as will enable him to maintain his 6.8% shareholding in the Company (in accordance with and subject to the terms and conditions of the Offer set out in Part III of the Circular). In addition to their obligations under the Underwriting Agreement, Asian Investment Management Services Limited, Halfmoon Bay Enterprises Limited, Mango Bay Enterprises Limited and Portola Group Limited holding, in aggregate, 57,448,142 existing ordinary shares representing approximately 37.3% of the Company's existing issued ordinary share capital, have irrevocably undertaken to subscribe for such number of Offer Shares as will enable them, in aggregate, to maintain their percentage shareholding in the Company (in accordance with and subject to the terms and conditions of the Offer set out in Part III of the Circular).

The Offer represents an excellent opportunity for shareholders to participate in the future growth prospects of Steppe Cement. Further background on the reasons for the Offer and the financial situation of Steppe Cement is available in the Circular. The Circular is expected to be posted to shareholders on 1 October 2010 and is also available on the Company's website at [www.steppecement.com](http://www.steppecement.com).

The Company's Nominated Adviser is RFC Corporate Finance Ltd.  
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 Thursday, 30 September 2010
Latest time and date for receipt of completed Application Forms and payment in full	3.00 p.m. on Friday, 15 October 2010
Announcement of results of the Offer	7.00 a.m. on Monday, 18 October 2010
Offer Shares credited to CREST accounts	8.00 a.m. on Monday, 25 October 2010
Admission and commencement of dealings on AIM	8.00 a.m. on Monday, 25 October 2010
Despatch of share certificates	On Thursday, 28 October 2010

#### Notes to the timetable

- (1) The above 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	40 pence
Number of Ordinary Shares in issue at the date of this document	154,000,000
Number of Offer Shares to be issued by the Company pursuant to the Offer	25,000,000
Number of Ordinary Shares in issue immediately following completion of the Offer (assuming full subscription)	179,000,000
Number of Offer Shares as a percentage of Existing Ordinary Shares	16.2%
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)	14%
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	£71,600,000