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FOR IMMEDIATE DISTRIBUTION:

**IBH ANNOUNCES VENPRECAR AND ORINOCO IRON'S MERGER  
AND EFFECTS ON THE BALANCE SHEET**

Caracas, August 30, 2005. International Briquettes Holding ("IBH") announced that in an Extraordinary Shareholders Meeting of Venprecar held on August 29, the merger between Venprecar and Orinoco Iron, which recently became effective was ratified.

Merged Venprecar and its subsidiary Orinoco Iron, S.C.S. Sociedad en Comandita Simple is owned 67.75% by IBH. The total installed capacity of merged Venprecar is 3.020.000 Metric Tons per year, the world's largest hot briquetted iron producer.

**Stand Still**

The senior lenders of merged Venprecar (formerly Orinoco Iron) agreed to a Stand Still Agreement on the funds owed subject to certain covenants. Under this agreement the senior lenders will continue to retain all rights related to the security of the financing, but will permit Venprecar to keep resources necessary for the normal development of operations including capital expenditures. This stand still agreement will continue until a financial restructuring agreement is reached, as long as the conditions on the stand still are met.

**Options**

As a result of the Merger and the related transactions, certain rights originally related to Orinoco Iron are now embodied in a golden share of merged Venprecar. This golden share plus the 30% of merged Venprecar, which is not owned by IBH, are indirectly subject to a call option for the benefit of IBH and merged Venprecar, and a put option for the benefit of the indirect owners of such equity.

The exercise price of both the call and the put options will be between US\$ 34 million and US\$ 80 million, depending on the date of exercise.

Balance Sheet Impact:

Attached to this letter is the pro-forma balance sheet of IBH as of June 30, 2005, which shows the situation as if all of the above described facts, including the resolutions adopted on August 18 and the merger, would have taken place as of the pro-forma date. Among the effects on the balance, it is noted that the current ratio improves from 0.63 to 1.05, and the total debt to equity and minority interests ratio improves from 10.43 to 1.07.

*International Briquettes Holding IBH consolidates the financial results of Venprecar, Operaciones RDI, IBMS and Brifer. The work force of these companies, as of June 30, 2005, was of 1,048 workers.*

*THIS RELEASE CONTAINS FORWARD-LOOKING STATEMENTS. IN SOME CASES, YOU CAN IDENTIFY FORWARD-LOOKING STATEMENTS BY TERMINOLOGY SUCH AS "MAY," "MIGHT," "WILL," "SHOULD," "COULD," "WOULD," "EXPECT," "PLAN," "ANTICIPATE," "BELIEVE," "ESTIMATE," "PROJECT," "PREDICT," "INTEND," "POTENTIAL" OR THE NEGATIVE OF SUCH TERMS OR OTHER SIMILAR EXPRESSIONS. THESE STATEMENTS RELATE TO FUTURE EVENTS OR OUR FUTURE FINANCIAL PERFORMANCE AND INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT MAY CAUSE OUR ACTUAL RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS TO VARY MATERIALLY FROM THOSE EXPRESSED OR IMPLIED BY THESE FORWARD-LOOKING STATEMENTS. ALTHOUGH WE BELIEVE THAT THE EXPECTATIONS REFLECTED IN THE FORWARD-LOOKING STATEMENTS ARE REASONABLE, WE CANNOT GUARANTEE FUTURE RESULTS, LEVELS OF ACTIVITY, PERFORMANCE OR ACHIEVEMENTS. WE CAUTION YOU NOT TO PLACE UNDUE RELIANCE ON FORWARD-LOOKING STATEMENTS, WHICH REFLECT OUR ANALYSIS ONLY AND SPEAK ONLY AS OF THE DATE HEREOF. WE UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE THE FORWARD-LOOKING STATEMENTS TO REFLECT SUBSEQUENT EVENTS OR CIRCUMSTANCES.*

**INTERNATIONAL BRIQUETTES HOLDING  
AND ITS SUBSIDIARIES**

CONSOLIDATED BALANCE SHEET

(Thousands of U.S. dollars)

June 30, 2005

<u>Assets</u>	<u>ACTUAL</u>	<u>PROFORMA</u>	<u>Adjustments</u>
Current assets:			
Cash and cash equivalents	13,671	13,671	-
Cash in guaranty	6,654	6,654	-
Temporary investments	750	750	-
Accounts Receivable	-	-	-
Customers and others	88,835	88,835	-
Related companies	8,957	8,957	-
Inventories	54,502	54,502	-
Prepaid expenses and other current assets	6,705	6,705	-
Restricted accounts receivable	394,009	-	(394,009)
	574,083	180,074	(394,009)
Total current assets			
Property, Plant and Equipment, net	1,033,309	1,033,309	-
Spare parts and other assets	9,287	9,287	-
	1,616,679	1,222,670	(394,009)
	-	-	-
<u>Liabilities and Shareholders' Equity</u>			
Current liabilities:			
Bank Loans in restructuring process	365,803	23,255	(342,548)
Loans assigned by BHPB to financial creditors	399,209	-	(399,209)
Accounts payable -			
Suppliers	83,882	83,882	-
Related companies	53,141	53,141	-
Profit sharing, vacations and other personnel accruals	5,255	5,255	-
Taxes payable	4,366	4,366	-
Other current liabilities	964	964	-
	912,620	170,863	(741,757)
Total current liabilities			
Long-term loans with Financial Institution	387,146	-	(387,146)
Long term loan in restructuring process	-	278,874	278,874
Restructured accounts payable with suppliers	36,301	36,301	-
Other liabilities	7,432	7,432	-
Deferred taxes	131,762	115,832	(15,930)
Estimated account payable on option's exercise	-	21,608	21,608
	1,475,261	630,910	(844,351)
Total liabilities			
Minority interests	(56,298)	231,147	287,445
Shareholders' equity	197,716	360,613	162,897
Total shareholders' equity	141,418	591,760	450,342
Total liabilities and shareholders' equity	1,616,679	1,222,670	(394,009)