Analysis and Weight Certificate

Material: Ferrovanadium 80%  
Contigee: 93A9 HEFAZ AG  
Order No.: 245140-2479  
Label No.: V4-0200-C0  
P.O. No.: 4800179918  
Certificate No: 2013-00975-A  
Release Date: 22.12.2014  
Total Gross Weight: 10,384 kg  
Weight since delivery: 10,289 kg  
Net Weight: 10,289 kg  
Packing: 40 drums, 10 packages  
Size: 3-12 mm

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Grain analysis:  
Grain size: 10 mm, 3 mm, <3 mm  
95AF/0411, 7112, 7113 | 5000 | 1,04% | 0,007% | 5,39%  
95AF/0412, 7112 | 5000 | 0,81% | 0,007% | 4,62%  

IN-HAND BROLY ont...  
22.12.2014

EVRAG, 93A9, 297 10  
MINÁREK 09, 001, 000  
Czech Republic. Registered by City Court in Prag, Section B, Hl. No. 2220.  
Post address: 222 10 Minárek pod Bodík, Czech Republic, P +420 339 592 240, F +420 339 592 732,  
ID number: 4535711, VAT-No: CZ463567311.
Certificate of Origin

We, EVRAZ NIKOM a.s., declare that the below stated goods was produced in our facility in Mlýnek pod Brdy and therefore is of Czech origin:

Material: Ferro Vanadium 80 %
Our Ref.: NVE-5440-2479
EMAG Ref.: V14039HI-CD
P.O. No.: 45 00 17 8718
Lot No.: 356
Packing: 40 drums, 10 pallets
Net weight: 10,600 kg
Net weight + drums: 10,280 kg
Total gross weight: 10,396 kg

In Mlýnek pod Brdy on December 22nd, 2014

Confirmed by

[Signature]

EVRAZ NIKOM, a.s., 257 10 Mlýnek pod Brdy, Czech Republic. Registered by City Court in Přerov, Section B, File No. 2720,
Post address: 257 10 Mlýnek pod Brdy, Czech Republic, P – 420 318 552 150, F +420 318 552 152,
ID-No: 46356711, VAT-No: CZ46356711
Dear Letitia,

HIGHVELD STEEL (IN BUSINESS RESCUE)

1. We refer to yesterday’s third meeting of the creditors’ committee, more specifically the discussions pertaining to potential disputes of creditors’ claims. We understood from Piers’ comments that a voting interest will be assigned to creditors in accordance to the value of the amount owed, provided that the outstanding amount correlates with the company’s financial records and/or on face of it, the claim appears to be correct.

2. We are instructed to request clarification as to whether all claims submitted before publication of the business rescue plan will be considered and formally admitted as proved prior to publication of the plan. We remind you of the practitioner’s obligation to give written notice of the appraisal and valuation of creditors’ claims and voting interest at least 15 (fifteen) business days before the date of the meeting to be convened in terms of Section 151 of the Companies Act.

3. Kindly furnish us with the results of the prior request to creditors, dated 26 August 2015, for an extension in which to publish the business rescue plan. Our client is willing to agree to an extension of two weeks (until 15 September 2015) for the publication of the business rescue plan.

4. On a different note, kindly furnish us with a copy of yesterday’s presentation. As you can no doubt appreciate, it will be difficult for our client to make an informed decision without the necessary information.

Yours faithfully,

JULIAN JONES
CLIFFE DEKKER HOFMAYR INC

1 Protea Place Sandown 2198
Private Bag X29 Sunmore 2016
South Africa
Dc 42 Johannesburg
T +27 (0)11 863 1000
F +27 (0)11 862 1111
E info@cliffederickhofmeyr.com
W www.cldfhofmeyr.com
Also at Cape Town

ENS Africa
Attention: L Field
PER EMAIL: lfield@ensafria.com
CC: pmasden@matsonassociates.co.za
CC: goertel@ensafria.com

Our Reference

T Jordan

Account Number

20152604

Your Reference

(011) 562 1692

Direct Line

(011) 562 1692

Direct Telex

Julian.jones@diacdh.com

Date

2 September 2015
Dear Sirs

RE: EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE) ("HIGHVELD")

1. We refer to your letter of 2 September 2015.

2. The reference in paragraph 2 of your letter to the appraisal and valuation of creditors' claims is only required in circumstances when a concurrent creditor's claim would be subordinated in a liquidation (we refer you to section 145(5)(b), as read with section 146(4)(b), of the Companies Act, 71 of 2008).

3. Thank you for your client's consent to an extension of the publication date of the business rescue plan to 15 September 2015. We attach hereto the schedule reflecting the results of the request for an extension.

4. As advised by our client during the meeting, the presentation will not be distributed due to, inter alia, the confidential nature of the information contained therein. Your client, however, through its advisors, has been furnished with all three final binding offers. In addition, we are instructed that your client and its advisors met with our client yesterday afternoon to discuss the offers.

Yours faithfully

EDWARD NATHAN SONNENBERGS INC.

[Signature]

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<td>Kevin Golightly</td>
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<td>Daren Moodley</td>
<td>01186992157/67</td>
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<td>Natasha Joubert</td>
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<td>L &amp; L TECHNICAL SUPPLIES cc t/a SUPPLYTECH JOHNNY QUITTEN</td>
<td>Mr Jacques Jonkies 062 447 8129</td>
<td>062 447 8129</td>
<td><a href="mailto:Debsitter@oovae.co.za">Debsitter@oovae.co.za</a></td>
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Total Claims Received 1173802624.47

Linda Kunene (Ser 27 11 800 5390) linda.kunene@eskcom.co.za
Total Yes
Total No

Consent to 15 September 2015
Dear Piers,

EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE)

Further to our earlier email, please confirm the reason for the discrepancy between the claim submitted by East Metals AG and the amount as per the Highveld internal system. Kindly furnish us with a breakdown of the amount as per the Highveld system together with copies of age analysis and supporting documents in support thereof. Please confirm whether EMAG's voting interest will be calculated in accordance with the outstanding amount as per the claim form.

We have further noticed that EMAG is treated as "not independent". Please furnish us with written reasons for the determination.

Yours sincerely,

JULIAN JONES
CLIFFE DEKKER HOFMEYR INC

---

1 Protea Place Sandown 2166
Private Bag X40 Benmore 2190
South Africa

Dz 42, Johannesburg

T +27 (011) 582 1000
F +27 (011) 582 1111
E JH@cdnllegal.com
W www.cliffedekkerhofmeyr.com

Also at Cape Town

Matsun & Associates
Attention: P Marsden
cc: L Field (ENS Africa)
    G Oertel (ENS Africa)

Our Reference
JCA Jones
Account Number
20162804
Your Reference

Direct Line
(011) 562-1189
Direct Tel: 1458
Direct e-mail
julian.jones@cdnllegal.com
Date
21 September 2015
From: Letitia Field [mailto:field@ensafica.com]
Sent: 22 September 2015 06:26 PM
To: Julian Jones <julian.jones@cdhlegal.com>; 'pmarsden@matusonassociates.co.za'
Cc: Gary Oertel <goertel@ensafica.com>
Subject: RE: EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE) [CDH-JHBDocs.FID3699444]

Dear Julian

We refer to your attached letter and confirm that EMAG's voting interest will be calculated on the claim form amount.

Regards

From: Julian Jones [mailto:Julian.Jones@cdhlegal.com]
Sent: 21 September 2015 14:40
To: 'pmarsden@matusonassociates.co.za' <pmarsden@matusonassociates.co.za>
Cc: Letitia Field <field@ensafica.com>; Gary Oertel <goertel@ensafica.com>
Subject: EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE) [CDH-JHBDocs.FID3699444]

Julian Jones
Director - Dispute Resolution
Cliff Dekker Hofmeyr Inc
Reg No: 2002/016822/201
1 Protea Place, Cor of Friedman and Protea Place, Sandton, Johannesburg, 2198
Tel. +27 11 862 1189 Mobile. +27 82 447 8831 Fax. +27 11 862 1662
Julian.Jones@cdhlegal.com | www.cliffdekkerhofmeyr.com

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Dear Piers,

EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE)

1. We refer to our letter of 2 September 2015 as well as the second correspondence which was sent to you on Monday, 21 September 2015. In our letter of 2 September 2015, we reminded you of your obligation to give written notice of the appraisal and valuation of the creditors’ claim and voting interest at least 15 (fifteen) business days before the date of the meeting to be convened in terms of Section 151 of the Companies Act. Please confirm whether the aforesaid notice was circulated to all creditors.

2. The proposed business rescue plan is silent on the voting interest of creditors and we have not received a formal notice of the appraisal and valuation of EMAG’s claim and voting interest. We have since received confirmation from your offices that EMAG’s voting interest will be calculated as per the outstanding and reflected on the share form. The exact calculation has however not been furnished to us.

3. You will no doubt be aware that on receipt of the aforesaid notice, a creditor may apply to court within 5 (five) days to review the practitioner’s appraisal and valuation of its voting interest. You will appreciate that there are less than 5 (five) business days left before the proposed meeting.

CHAIRMAN/AN/President CHIEF EXECUTIVE OFFICER B Williams CHIEF FINANCIAL OFFICER B Burger


EXECUTIVE CONSULTANTS: HF Coetzee FJ Cowie HS Jcketon KB Jackson

CONSULTANTS: A Abrahimbe AAMA Ewens Nh CHI Living EU Kingdom FP Kolbe


CLIFFE DEKKER ROFTMYR SERVICES PROPRIETARY LIMITED DIRECTORS: ES Burger JA Cassady Z Crees R van Eeden MP Whitaker B Williams

African Canadian Outlook Johannesburg Cape Town Managing Partner
in terms of Section 151 of the Companies Act. We are instructed to therefore request, which
we hereby do, that you furnish us with a written notice setting out:

3.1 Your determination and reasoning as to the status of EMAG as a not-independent
creditor; and

3.2 The calculation and valuation of EMAG's voting interest.

Please ensure to furnish us with a copy of the abovementioned notification by close of business
today.

Yours sincerely

JULIAN JONES
CLIFFE DEKKER HOFMEYR INC

[Signature]
Dear Sirs,

RE: EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE) ("HIGHVELD")

1. We refer to your letter of 23 September 2015.

2. As advised in our letter of 2 September 2015, the appraisal and valuation of claims are only required in circumstances when a concurrent creditor's claim would be subordinated in a liquidation (we again refer you to section 145(5)(b), as read with section 145(4)(b), of the Companies Act, 71 of 2008 ("the Companies Act"). Our clients accordingly did not have to furnish EMAG with an appraisal and valuation of its claim.

3. We confirm that EMAG's voting interest will be equivalent to the claim amount reflected on its claim form, as contemplated in section 145(4)(a) of the Companies Act. The same will apply for all of the other creditors reflected in annexure B to the business rescue plan, provided that there is no material difference between Highveld's records and the claim amount reflected on the respective creditor's claim form. Furthermore, there is the possibility that further creditors lodge their claims on the day of the meeting. Based on annexure B to the plan and on the creditors listed therein (and subject to what is stated in this paragraph) EMAG will have a voting percentage of approximately 32%.

4. In regard to the determination and reasoning as to the status of EMAG as a non-Independent creditor, and as confirmed in our telecon on 23 September 2015, we will furnish you with same under cover of a separate email.

5. Please advise if you have received the resolutions / proxies from your respective clients.

Yours faithfully,

EDWARD NATHAN SONNENBERGS INC.

[Signature]

LETTIA FIELD

EDWARD NATHAN SONNENBERGS INCORPORATED registration number 2006/011203/21

M.M. Katz (Chairman) P.O. Fisher (Chief Executive) M. Hysteva (Deputy Chief Executive)

A list of Directors is available on our website https://www.ensafica.com/wholesale SA level 3 LIQUIFIED
Dear Julian and Tobie

Please see below our view in regard to the issue of non-independence.

Regards

From: Michelle du Preez
Sent: 25 September 2015 11:00
To: Gary Oertel <goertel@ensafrika.com>; Letitia Field <lfield@ensafrika.com>; Paul Winer <pwiner@ensafrika.com>
Subject: Non-independence of EMAG -

Dear Gary

In terms of Section 128(1)(g) of the Companies Act an “independent creditor” is defined as a person (including juristic persons) who is a creditor of the company (in this case EHSV) and who is not related to the company.

Under the Companies Act, a juristic person is related to another juristic person if, inter alia, a person (natural or juristic) directly or indirectly controls each of them or the business of each of them.

Whether or not a juristic person controls a company or its business depends on the ability to directly or indirectly exercise or control the exercise of a majority of the voting rights or control the appointment / election of directors who control a majority of votes at board level.

Mastercroft S.a.r.l. is the majority shareholder of EHSV – it owns 86,11% of the issued shares in EHSV. Accordingly Mastercroft controls EHSV (see control definition above).

EMAG and Mastercroft in turn are both wholly owned subsidiaries of, and controlled by Evraz PLC.

This makes EMAG and Mastercroft related.

Because Mastercroft controls EHSV - and EMAG is related to Mastercroft - it is also related to EHSV. In other words EMAG is related to the controller of EHSV and thus to EHSV itself. Evraz PLC directly controls EMAG and Mastercroft, and it indirectly controls EHSV through Mastercroft.

Accordingly EMAG is not an independent creditor as defined in Section 128(1)(g) because it is related to EHSV.

Kind Regards
Michelle
25 September 2015

Daniel Terblanche
Joint Business Rescue Practitioner
Mazars

Piers Michael Marsden
Joint Business Rescue Practitioner
Matuson Associates

Attention: Daniel Terblanche / Piers Michael Marsden

Dear Sirs

BUSINESS RESCUE / EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED / MEETING OF CREDITORS

1. We act for Mastercraft S.a.r.l. and East Metals SA, in conjunction with Cliffe Dekker Hofmeyr Inc.

2. Our clients are concerned that the proposals tabled in terms of the business rescue plan proposed by you do not represent true value and a realistic return for creditors, although they do not have a full view in this regard.

3. Our clients have accordingly appointed a reputable auditing firm, which is one of the “big four” auditing firms (“the Auditors”), to review KPMG’s report.

4. We are advised by the Auditors that KPMG’s report incorporates an appraisal report performed by GoIndustry DoveBid S.A. (Pty) Ltd (“GoIndustry”).

5. The Auditors’ preliminary analysis of KPMG’s report reveals inter alia the following fundamental difficulties and/or omissions:

(a) GoIndustry’s appraisal report is a “summary” or “restricted use” report and utilizes common valuation terminology as opposed to a “self contained” report, which, we are advised, allows users to better understand the valuation methodology and relevant underlying calculations;
(b) Summary appraisal reports are acceptable for general purposes but in these business rescue proceedings, users of the Golnindustries summary report cannot glean the underlying calculations that determine the values for each of the appraised assets; and

(c) Golnindustries's summary report does not reference the required disclosure and assurance topics stated in various international and local valuation standards (i.e. International Valuation Standards ("IVS"), RISC Red Book, USPAP etc.). In this respect, the Golnindustries report does not include:

(i) the identification and status of the valuer;

(ii) confirmation that the valuation has been undertaken in accordance with IVS (or any other standard);

(iii) a comprehensive valuation approach and reasoning therefor; and

(iv) a detailed and itemised description of the valuation process.

6. In the circumstances, the Auditors have advised our clients that they cannot properly review KPMG's report and advise our clients until they receive the abovementioned information.

7. We accordingly suggest that the Auditors and KPMG engage with each other in a transparent manner to enable our clients, and the general body of creditors, to properly consider their respective positions.

8. We therefore suggest that the meeting scheduled for Monday, 28 September 2015, should be postponed for at least three weeks to facilitate a bona fide and frank exchange of information between the two firms of auditors, with the result that all creditors will be able to exercise a properly informed decision on voting for or against the proposals contained in your plan.

9. In the circumstances we await your urgent response in respect of the proposed postponement, at your earliest convenience.

Kind regards

Gerhard Rudolph
Partner
011 511 4370
Gerhard.Rudolph@bakermckenzie.com
Cc: Julian Jones
    Clifft Delcker Hofmeyr
    By email: juliann@cdhiesel.com

Tolbe Jordan
    Clifft Delcker Hofmeyr
    By email: tobie.jordan@cdhiesel.com

Gary Oertel
    ENS Africa
    By email: goertoo@ensafirca.com

Letitia Field
    ENS Africa
    By email: lfield@ensafirca.com
Dear Sirs,

Please see the attached letter addressed to you.

Yours faithfully,

Callum O'Connor
Senior Associate
Baker & McKenzie
4 Sandown Valley Crescent
Sandown, Sandton
Johannesburg, 2196, ZA
Tel: +27 (0) 11 911 4350
Switchboard: +27 (0) 11 911 4300
Fax: +27 (0) 11 783 4177
Callum.OConnor@bakermckenzie.com

We’re moving
As of 1 October 2015 our new address will be
1 Commerce Square, 39 Rivonia Road, Sandhurst.

Baker & McKenzie is a member of Baker & McKenzie International, a Swiss Verein.
5 October 2015

Piers Marsden
Joint Business Rescue Practitioner
Matuson Associates

Daniel Terblanche
Joint Business Rescue Practitioner
Mazars

Attention: Piers Marsden / Daniel Terblanche

Dear Piers / Daniel

BUSINESS RESCUE PROCEEDINGS / EVRAZ HIGHVIELD STEEL AND VANADIUM LIMITED / PROPOSED BUSINESS RESCUE PLAN / REQUEST FOR INFORMATION

1. We attach a signed copy of the unsigned letter we sent to you on Saturday, 3 October 2015.

2. We also attach a copy of a letter addressed to KPMG Services (Pty) Ltd (“KPMG”) by our client’s auditors, PricewaterhouseCoopers (“PwC”), which was sent by PwC to KPMG on Friday, 2 October 2015. To the extent that there is any overlap between our abovementioned letter and the PwC letter, we request that KPMG engage PwC directly on any accounting and valuation related questions, but that KPMG copy us on any correspondence with PwC.

3. Regarding the balance of our letter sent to you on 3 October 2015, we look forward to receiving your responses to the questions posed, most notably those contained in paragraphs 8 to 17, as a matter of urgency. In the event that you are unable to respond substantively to our clients’ questions before the question and answer session scheduled for Thursday, 8 October 2015, we propose posing our clients’ questions to you in that forum, given the time constraints the parties currently operate under.
Yours sincerely,

Gerhard Rudolph
Partner
011 911 4570
gerhard.rudolph@bakermckenzie.com

Cc:

Gary Oertel
ENS Africa
By email: goertel@ensafrique.com

Letitia Field
ENS Africa
By email: lfield@ensafrique.com
5 October 2015

Piers Marsden
Joint Business Rescue Practitioner
Mahson Associates

Daniel Terblanche
Joint Business Rescue Practitioner
Mazars

Attention: Piers Marsden / Daniel Terblanche

Dear Piers, Daniel

BUSINESS RESCUE PROCEEDINGS / EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED / PROPOSED BUSINESS RESCUE PLAN

1. We refer to our letter to you on Friday, 25 September 2015, the meeting of creditors held on Monday, 28 September 2015 and the proposed business rescue plan of Evraz Highveld Steel and Vanadium Limited ("Evraz Highveld") dated 15 September 2015 ("the Plan").

2. We have now had an opportunity to consult more extensively with our clients and address this letter to you:

2.1. reiterate that our clients require clarification on the issues previously raised by us in our letter; and

2.2. raise additional queries and concerns regarding other aspects of the Plan, which are of material concern for our clients and on which we require your urgent feedback.

The KPMG report

3. As set out in our previous letter, the KPMG report dated 15 September 2015 appears to be lacking relevant information, which our clients and its advisors require to reasonably enable them (and the general body of creditors) to reach a proper understanding of the amounts arrived at therein and, on so doing, evaluate the proposals put forward in terms of the plan.
4. We confirm that PwC has now been engaged by our client and will be communicating directly with KPMG on the valuation issues.

5. In the meantime, we request that you liaise with KPMG on the deficiencies identified by us in our previous letter, in order to obtain the following information for our clients' consideration, together with PwC:

5.1. the identification, status qualifications and experience of the valuer/s who prepared the report;

5.2. confirmation that the valuation has been undertaken in accordance with IVS (or any other recognised standard);

5.3. a comprehensive valuation approach and reasoning therefor; and

5.4. a more detailed description of methodology applied in the valuation (sources of market prices, date of actual market prices, indices or any other adjustments used in the calculation).

6. In addition to the above information, and upon further consideration of the KPMG report, we set out the following additional queries and/or requests for information in order to enable our clients and PwC to properly evaluate the existing Plan:

6.1. Please provide the fixed assets register on an item by item basis, including next information:

6.1.1. Name;

6.1.2. Inventory number;

6.1.3. Gross and Net book value;

6.1.4. Date of production (when put into operation);

6.1.5. Category (buildings, constructions, machinery and equipment etc);

6.1.6. Fair market value;

6.1.7. Orderly liquidation value;

6.1.8. Used valuation approach (market, cost, scrap value); and

6.1.9. Technical data of Machinery and equipment, including:

6.1.9.1. Manufacturer;

6.1.9.2. Model;

6.1.9.3. Capacity; and

6.1.9.4. Technical condition.
6.1.10. Technical data of Buildings and Structures, including the following information:

6.1.10.1. Address (street, city, country);
6.1.10.2. Current use;
6.1.10.3. Area (m²);
6.1.10.4. Number of floors;
6.1.10.5. Total structural volume (m³);
6.1.10.6. Building frame material; and
6.1.10.7. Technical condition.

The abovementioned information should be provided in MS Excel with working links.

6.2. Please also provide us with a more detailed calculation of Orderly liquidation value (OLV) for most significant objects (OLV higher than 500 000 ZAR) in MS Excel with working links.

6.3. Pages 7-8 - Please provide us with the detailed calculation of SARS' claims in the amount of R672.9 million and R1 678.9 million. How were the interest and penalties included in SARS' claims calculated? Please provide us with an MS Excel spreadsheet with working links. Please also provide us with a substantive update on the current status of engagements with SARS. Is there an actual assessment? If so, has consideration been given to an appeal? What advice have you received in regard to the merits?

6.4. Pages 13-15 - Is the list of principal sources of information listed on these pages an exhaustive list? If not, please provide us with a complete, detailed list of sources, alternatively a complete list including secondary and other resources considered.

6.5. Page 17 - Please explain why a value is placed on assets subject to liens, where estimated at 50% of the amount claimed by creditors. Please provide us with an MS Excel spreadsheet with working links.

6.6. Page 18 - Please provide a more detailed explanation for the reference in the table to "Restricted Cash" - it is given as R8 420 000 and the comment simply states that "It is assumed that the guarantees will be called on". No underlying basis is provided for this assumption, and no amounts are provided to illustrate the impact that the assumed calls on the guarantees will have on the free residue account. What kinds of obligations are covered by restricted cash? If you set it to zero, were the corresponding obligations written off from the liability side when liquidation dividends were calculated? Please
provide us with the said calculations in an MS Excel with working links.

6.7. **Page 18** - Please provide explanation why an estimated recovery of all investments held was taken as zero? Is there any liquidation value of the assets of the companies under business rescue? Do these companies have any assets that could be sold? Are there any cash, inventory or accounts receivable?

6.8. **Page 19** - Please clarify how "Customers - Trade Local" was calculated. The description provided is not clear. According to KPMG's analysis, any account receivable that is older than 44 days should be discounted. Please confirm that the Evraz Highveld doesn't have any contracts with terms of payment of more than 44 days. Please provide detailed calculations in MS Excel with working links.

6.9. **Page 19** - The total value for "Inventories" is given as R1 074 470. If the lines under this heading are totalled, the amount arrived at is, however, R769 620, which is a difference of R304 850. Is there a reason for this or is it simply a calculation error?

6.10. **Page 19** - The valuation of raw materials is based on a conservative valuation of 80% of book realization. Please provide us with the underlying rationale for this estimation, indicating how the estimate was arrived at in MS Excel with working links.

6.11. **Page 19** - Why has the recovery rate for related companies been estimated as zero?

6.12. **Page 19** - Please provide a detailed calculation of realizable value of work in progress (a management estimation) in an MS Excel spreadsheet with working links.

6.13. **Page 20** - Why has the recovery rate for loans to third parties been estimated at zero? Even if Evraz Highveld is under business rescue there is a potential recovery from restructuring or selling its assets.

6.14. **Page 20** - Is it assumed that prepayments (excluding deferred selling expenses) are included in "secured dividends to lien creditors"?

6.15. **Page 21** - Please provide us with a calculation and breakdown of the care and maintenance costs in an MS Excel spreadsheet with working links.

6.16. **Page 22 (and 17)** - Is it assumed that the liquidator's fee will be 10% for all of the assets? If not, please provide a detailed breakdown of the percentage of the liquidators' fees as applicable to the different categories of assets. In this respect, please provide us with MS Excel spreadsheets with working links.
6.17. Page 25 - The total for "Cash and short term deposits" is given as R3 303 780. However, if the separate items in the column are added, the total is much lower. How is the total arrived at?

6.18. Page 31 - Please provide us with more clarification regarding the basis for the estimations as well as detailed calculations in MS Excel with working links.

6.19. Pages 33, 36 and 39 - Under the heading "Vendors - secured by way of liens", there appears to another error in calculation, as the total is not representative of the separate amounts. Please clarify the calculation.

6.20. Page 47 In the Appraiser's Assessment in Summary of Values, it is indicated that "Additional Recovery Value in Buildings and Structures" is equal to 150 000 000 ZAR. Please comment this value and provide the calculation in MS Excel with working links.

6.21. Finally, the spreadsheet provided with the KPMG report, which contains two columns for the "Wind down" and "Liquidation Calc Updated", respectively, contains certain figures and assumptions, the arrival at which are unclear to our clients. Our clients are engaging with its advisors regarding this spreadsheet and have advised us that they will request further information and/or clarification from you shortly. These queries will deal with inter alia the provisions for labour costs, the provision for liquidators' commission based fees. We are instructed that depending on the assumptions in the KPMG model, there will be a significant effect on the dividends stated in the spreadsheet. To expedite matters please provide us with full particulars as to your calculations with suitable accompanying motivation.

7. In relation to the appraisal report performed by GoIndustry DoveBid S.A. (Pty) Ltd ("GoIndustry"), please provide us with all the tables represented in KPMG's and GoIndustry's report in MS Excel with working links.

The Revised Final Offer

8. Our clients have now had an opportunity to consider the Revised Final Offer presented by International Resources Project Limited ("IRP"), on 15 September 2015, referred to by you in paragraph 20.3 of the Plan ("Revised Final Offer").

9. Our clients urgently require additional information and/or clarification in respect of the Revised Final Offer.

10. As a general comment, the level of conditionality that exists in the Revised Final Offer and in certain of the conditions precedent to it (set out in more detail below) appears to be patently unacceptable by ordinary commercial standards on presentation of an offer intended to be reasonably capable of binding acceptance.
As appears below, the conditions precedent are inherently and inappropriately vague, subjective and contain little or no means of objective verification or clarity.

11. In addition, the date for fulfilment of the conditions precedent, namely 30 March 2016, is too far in the future to be acceptable to our clients, given the nature of the difficulties highlighted by our clients below. To the extent that the fulfilment date is reflective of the likely timeframe within which the conditions precedent have any realistic prospect of fulfilment, this would seem to reinforce our clients’ perspective on the uncertainty surrounding any prospect of their fulfilment.

The Conditions Precedent to the Revised Final Offer

Clause 7.1.1.1

11.1. This condition precedent refers to the acquisition by the Industrial Development Corporation of South Africa SOC Limited (“IDC”) of a substantial shareholding in Evraz Highveld and the subsequent provision of working capital and capex by the IDC.

11.2. Clause 2.3 of the preamble to the Revised Offer states further that “it is the intention of IRP, through its parent company International Resources Limited...to recruit the...IDC or any other developmental financial institution in South Africa as an investor to hold between 10% and 30% of the issued share capital of [Evraz Highveld].”

11.3. Clause 2.3 provides further that IRP is “pleased to be able to confirm that we have already initiated discussions with the IDC, which has indicated that it is interested in taking up such an investment in [Evraz Highveld].”

11.4. Clearly there is no confirmation in the report that the IDC (or any other potential institution/s) will in fact acquire any shareholding in Evraz Highveld or advance any loan to it, which we further note is in any event again conditional on the terms and conditions being acceptable to IRP. Please advise us with substantive motivation if this is not the case.

11.5. In the circumstances, please urgently provide us with such additional information or correspondence as you may have to demonstrate any undertaking and/or agreement by the IDC, or any other institution that has agreed thereto, to acquire the shareholding in Evraz Highveld and to provide it with the funding required, inclusive of applicable terms, coupled to a clear undertaking and/or agreement that this is acceptable to IRP.

Clause 7.1.1.4

11.6. This condition precedent refers to settlement by the BRPs of various wide-ranging alleged transgressions by Evraz Highveld of numerous vague regulatory provisions with certain South African authorities.
11.7. The Revised Final Offer does not consider how the settlement of these issues have been scoped and/or quantified. The condition precedent also does not take account of the fact that some of the investigations, referred to in more detail in the Plan, are ongoing and may be incapable of settlement in the near future. This presents a material prospective risk to creditors on any anticipated dividend entitlement.

11.8. In the circumstances, our clients require detail of the full nature and extent of the regulatory liabilities identified by the BRPs, any steps taken thus far in resolving such liabilities and the prospects of whether or not such liabilities are indeed capable of being responsibly settled in the vague manner suggested in clause 7.1.1.4.

Clause 7.1.2.1 -

11.9. This condition precedent provides that the BRPs of Evraz Highveld must inter alia cancel, modify or restructure certain Evraz Highveld contracts. There are no terms and conditions referred to in such clause, which presents a level of conditionality which is patently unacceptable from an arm's length commercial perspective. In addition, clause 7.1.2.1.8. refers to undefined "other agreements identified by [IRP] during the period ending on 15 January 2016." Please indicate how and in what manner and level of detail this condition has been considered and addressed by the BRPs prior to their election to accept the offer.

11.10. By way of example, clause 7.1.2.1. refers to the "conclusion of a new long-term transport agreement with Transnet". The exact basis upon which a new agreement should be entered into (for example, would it be an extension of an existing agreement, or would it be on new terms to be negotiated?) remains unclear to our clients. Also, our clients fail to see why this would be included as a condition precedent in a clause that appears to deal only with existing contracts which apparently require remediation.

11.11. In addition, clause 7.1.2.3. provides that should the BRPs fail to modify or restructure the Evraz Highveld contracts, that IRP shall have the election to declare such condition precedent to be unfulfilled. This is clearly unacceptable from any reasonable perception of commercial certainty short of substantial clarification and limitation on scope and timing.

Clause 7.1.2.6

11.12. Clause 7.1.2.6 provides that the Revised Final Offer will be subject to the approval by the International Trade Administration Commission of Evraz Highveld's application to increase the customs duty rate levied on structural steel products.
11.13. Surely creditors cannot reasonably be expected to accept the terms of such a condition precedent, the conditionality of which is entirely contingent on a spec that ITAC may approve Evraz Highveld's application to increase the tariff payable?

11.14. We are aware that this is presently being actioned but have no clarity as to its status and likely effect. Assuming that the introduction of such tariff is or will shortly materialise, have the BRP's considered its prospective positive effect on the resumption of trading by Evraz Highveld, which may in turn justify a re-visitation of pricing?

11.15. In the circumstances, please let us have further clarification regarding the application to ITAC and the legal advice that Evraz Highveld has received regarding any prospects of success.

The Slag Dumps and Environmental Liability

12. We understand that part of the assets of the Evraz Highveld include two substantial and potentially commercially realisable Titanium and Vanadium bearing slag dumps ("the Slag Dumps"). The Slag Dumps have been omitted from the KPMG report as assets. In addition, no mention is made of the Slag Dumps in the Revised Final Offer.

13. Our clients are aware that on several occasions in the past, third parties have expressed interest in acquiring the Slag Dumps, which present value to Evraz Highveld, at least to offset against corresponding environmental liabilities. Whilst our clients are not in a position to estimate the financial impact of a possible sale of the Slag Dumps, it should be clear that they are not necessarily a liability of Evraz Highveld, alternatively represent some scope for recoupment on the disposal of recoverable mineral content. Should Evraz Highveld dispose of the Slag Dumps, it would similarly divest itself of its rehabilitation obligations, which would in turn limit the extent of Evraz Highveld's residual environmental rehabilitation liabilities the provision for which in any event remains unclear to our clients.

14. Accordingly, please provide us with further detail regarding any investigation into the prospective value of the Slag Dumps as well as how you arrive at your provision for Evraz Highveld's environmental liabilities.

General

15. From the meeting held on 28 September 2015 it is readily apparent that one of the main concerns of the body of creditors is whether they will remain as preferred suppliers of Evraz Highveld, as they currently have no guarantee in that respect, other than a bald commitment from the BRPs and/or IRP. You have indicated that you are willing to take the issue back to IRL and/or IRP for further discussion and we look forward to your feedback in that respect.

16. We also understand that the BRPs, IRP and IRL, are all being advised by ENSafrica. While we do not suggest any impropriety, you will appreciate this is a
cause of considerable concern for our clients. It is unclear to them whether or not appropriate steps have been taken to ensure that the independence, impartiality and confidentiality of the parties is being catered for and respected. We are sure that you and your advisers have proper procedures in place but would appreciate it if you would provide us with the details of the individuals working presumably separately - in the respective teams as well as such ethical barriers/"Chinese Walls" as have presumably been put in place to ensure that suitable ethical boundaries have thus far and will continue to be observed without compromising the interests of creditors in any way.

17. We would appreciate your urgent response and feedback. We are mindful of the limited extension on the Plan, as voted for by creditors and we, as well as PwC will need to give your response on the requested information due consideration in order to come to an informed decision as to the viability or otherwise of the Revised Final Offer and/or Plan.

Yours sincerely,

[Signature]
Gerhard Rudolph
Partner
011 911 4370
gerhard.rudolph@bakersmckenzie.com

cc

Gary Oertel
ENS Africa
By email: goertel@ensafrica.com

Letitia Field
ENS Africa
By email: lfield@ansafrica.com
Dear Sirs

RE: EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE) ("HIGHVELD")

1. We refer to your email received at 15h11 on Saturday, 3 October 2015, which attached a letter dated 30 September 2015 ("your letter"). We further refer to the telecon held yesterday between our clients and the respective auditing firms to discuss the contents of your letter.

2. At the outset, we wish to record the following:

2.1. Your client, Mastercroft S.a.r.l. ("Mastercroft"), is and has been the major shareholder of Highveld (holding 85% of the issued share capital) since 2007. As such, Mastercroft has been in operational control of Highveld for over 7 years and has intimate knowledge of the business and assets of Highveld.

2.2. Since the commencement of the business rescue proceedings, your clients have remained intimately involved in the business of Highveld. In this regard:

2.2.1. our clients have engaged with your clients on numerous occasions through meetings, telecons and correspondence. Your clients have been furnished with information requested by them and have been furnished with updates as and when requested;

2.2.2. your client was involved in the entire sales process and appointed Standard Bank to advise it in relation to same. Our clients were required to consult with Standard Bank in regard to, inter alia, the process letters and information memorandum; and
2.2.3. your client had full access to the data room, which contained all of the material information relating to Highveld, including information which your client now purportedly requires in terms of your letter.

2.3. In particular, your clients were furnished with:

2.3.1. the final binding offers on 28 August 2015;

2.3.2. the GoldValue DoveBid valuation ("the valuation") on 3 September 2015;

2.3.3. the revised IRL final offer on 15 September 2015; and

2.3.4. the business rescue plan on 15 September 2015.

2.4. Your clients only raised its concerns in regard to the liquidation calculation after close of business on Friday, 25 September 2015, being the Friday before the meeting to vote on the business rescue plan convened on Monday, 28 September 2015 ("the meeting").

2.5. On the assurance that your clients' concerns were bona fide and that the request for an extension was a genuine attempt to confirm the numbers underpinning the liquidation calculation, you were afforded an opportunity to address the meeting to request an adjournment of two weeks, which adjournment was agreed upon by creditors.

2.6. During the week of 28 September 2015, and due to the short time period involved, we made repeated requests for confirmation of the details of your clients' auditors in order to address and finalise your clients' issues relating to the liquidation calculation as soon as possible. The auditors were only confirmed at 16h47 on Friday, 2 October 2015.

2.7. Your letter, comprising 9 pages, setting out the information required was eventually emailed during the course of Saturday, 3 October 2015.

3. Notwithstanding the aforesaid, and in order to address the questions raised in your letter and finalise your clients' concerns regarding the business rescue plan before the adjourned meeting is held on 13 October 2015, we convened the telecon that was held yesterday.

4. In light of the telecon, we deal below, where necessary, with your letter.

The KPMG Report

Ad paragraph 3

5. We draw to your attention that the Companies Act merely requires that the business rescue plan includes the probable dividend that would be received by creditors if Highveld was placed in liquidation. Although not required to do so, our clients instructed KPMG to prepare a report reflecting the probable liquidation dividend based on the valuation and information received from management.
Ad paragraph 4

6. As the report has been prepared by KPMG for our clients, KPMG is precluded in terms of their policies from corresponding directly with third parties in respect of same. To this extent, any further queries in regard to the KPMG report must be furnished to our clients who will address same to KPMG.

Ad paragraph 5

7. The valuation was performed by a reputable independent third party, which is a subsidiary of NASDAQ listed Liquidity Services.

8. The valuation is comprehensive and comprises 55 pages.

9. In regard to:

9.1. sub-paragraph 5.1, we refer you to pages 12 and 13 of the valuation; and

9.2. sub-paragraphs 5.2 to 5.4, we refer you to pages 12 to 15 of the valuation.

10. Our clients accordingly do not consider the queries raised in this paragraph or in your previous letter as deficiencies. Notwithstanding the aforesaid, we have forwarded your queries to the valuers.

11. To the extent that your clients persist that further detail is required, it is evident that same would require additional time which is not justified in the current circumstances and further given that the valuation was furnished to your clients as far back as 3 September 2015, at which point the questions set out in your letters could and should have been raised.

Ad sub-paragraphs 6.1.1 – 6.1.5

12. These details are contained in the fixed asset register which was in the data room, and to which your client had access.

13. The fixed asset register has not changed materially since the closure of the data room and a copy of the updated fixed asset register as at 31 August 2015, is attached hereto.

Ad sub-paragraphs 6.1.6 – 6.1.9

14. As detailed in pages 16 to 56 of the valuation, there is a line by line item detailing, where appropriate, the plant, manufacturer, asset number, quantity, description, capacity, year, model and fair market value.

Ad sub-paragraph 6.1.10

15. Our clients are surprised at this request, given that this information is within your client's knowledge and the fact that this information was also in the data room to which your client had access.
16. In respect of the discussion regarding the land value, we attach the requested schedule reflecting the environmental liabilities and respective reports.

Ad sub-paragraph 6.2

17. The calculation of the OLV is based on the assumptions and methodology contained in page 10 of the valuation. We are not in a position to furnish the Excel spreadsheets, which would have to be obtained from the valuer directly.

Ad sub-paragraph 6.3

18. Our clients' calculation of SARS' potential claims is attached. The attachment is an updated calculation due to an error in the original spreadsheet which did not pull through the figure in C8 to C12.

19. The penalty was based on 100% of the taxable amount as there does not appear to be any evidence of fraud justifying a 200% penalty.

20. In regard to the status of the engagement with SARS, same is contained in paragraph 7.5.5 of the plan.

21. In regard to the advice received on the merits, this information is confidential, however, our clients are willing for your attorneys to meet with our clients' tax advisors on a confidential basis to discuss our clients' views in regard to same. Our clients have had various meetings and exchanged various correspondence with your clients regarding the SARS claim.

Ad sub-paragraph 6.4

22. Yes.

Ad sub-paragraph 6.5

23. This is an estimated figure. In this regard, the estimated lien creditor claim amount is approximately R119 million, based on management's assessments for repairs to be carried out and the assumption is that the assets held by these creditors will realise 50% of the value of the lien claims.

Ad sub-paragraph 6.6

24. The amount has been analysed as follows:

24.1. Eskom guarantee of R7 297 250;

24.2. Eskom guarantee of R860 000 in respect of Mapochs; and

24.3. Emalahleni Local Municipality guarantees of R241 342 in respect of water supply.
25. For the reasons discussed during the telecon, the liabilities have not been reduced.

**Ad sub-paragraph 6.7**

26. In respect of the investments:

26.1. Hochvanadium:

26.1.1. It appears that Hochvanadium will be liquidated and there is unlikely to be any recovery.

26.2. Middleburg steel and Alloys:

26.2.1. The business has been sold and the investment left behind is a company with no assets and a significant liability in terms of a funding obligation for environmental rehabilitation.

26.3. Mapochs Mine:

26.3.1. Mapochs is currently in business rescue and unlikely to pay creditors' claims and accordingly there appears to be no recovery for shareholders.

26.4. Nyzana:

26.4.1. This is a start-up company with no revenue or value.

27. In respect of all of the aforesaid investments, it appears that the creditors of same will not be paid in full and accordingly no monies will be received by Highveld.

**Ad sub-paragraph 6.8**

28. The assumptions are detailed alongside the heading "trade and other receivables" on pages 19, 21 and 29 of the KPMG report. The Sasfin debtors were deducted off these figures.

29. The formula was applied to all debtors on the age analysis.

**Ad sub-paragraph 6.9**

30. This is a formula error in the book value column which included hidden lines however the estimated realisable value is correct.

**Ad sub-paragraph 6.10**

31. This is an assumption of the value that will be realised in a liquidation.
Ad sub-paragraph 6.11

32. At the time of preparing the report, management estimated that the recoveries on these sundry debtors would be zero. Subsequent to the calculation, there was a R13 million recovery.

Ad sub-paragraph 6.12

33. We attach a copy of the requested calculation.

Ad sub-paragraph 6.13

34. We refer to what has been stated above in regard to the investments and the fact that the shareholder's loan account in Mapocho is subordinated.

Ad sub-paragraph 6.14

35. No. This relates to prepayments. These prepayments are not recoverable and certain of these creditors have proved claims for amounts still owing to them.

Ad sub-paragraph 6.15

36. The spreadsheet is attached.

Ad sub-paragraph 6.16

37. As discussed, the liquidator's fees are prescribed in terms of the Insolvency Act, 24 of 1938, and the amounts reflected on page 22 are in accordance with the prescribed tariff.

Ad sub-paragraph 6.17

38. This is a formula error in the book value column summing up the various amounts however the figure for estimated realisable value is correct and is the actual cash in bank as at the date of business rescue for all 3 scenarios. R10.14 million is the actual cash in bank as at the date of business rescue and does not affect the dividend calculation.

Ad sub-paragraph 6.18

39. In respect of:

39.1. the care and maintenance costs, the calculation has been attached;

39.2. the administration costs, this comprises R500 000 per month for 6 months; and

39.3. the remaining entries under administration costs, these are estimated values.
Ad sub-paragraph 6.19

40. We refer to the updated schedule in respect of pages 39 to 41 of the KPMG report attached hereto.

Ad sub-paragraph 6.20

41. The value of R160 million is the scrap value from the sale of the steel in respect of the building structures as well as steel on the ground (i.e. plates and scrap). This value is included in the R440 million reflected on page 47.

Ad sub-paragraph 6.21

42. These calculations were prepared by our clients based on the numbers provided in the KPMG report. The calculations are attached.

Ad paragraph 7

43. Your clients have had the valuation since 3 September 2015. A copy was further emailed to you prior to the telecon.

44. As discussed during the telecon, we are unable to furnish you with the tables used by KPMG and the valuers in the respective reports. In an attempt to assist, however, our clients have recreated the tables and a copy of same is attached.

IRL’s Revised Final Offer

45. We set out below certain background information relating to the sales process.

46. It is common cause that your client has endeavoured to dispose of the company for at least the last 2 years.

47. You will also agree, and it has been confirmed by your client on numerous occasions, that the company is a complex asset to sell with significant challenges which your client is intimately aware of. One of these challenges includes a substantial capital expenditure requirement from a potential purchaser in a challenging market environment. To put it bluntly, Highveld is not an attractive asset to a potential purchaser.

48. To exacerbate the situation a potential purchaser cannot mitigate its risk or get comfort from warranties as it would in a normal M&A transaction because the seller is effectively our clients, the business rescue practitioners of a company in business rescue. Our clients can only give limited warranties, having no institutional knowledge, and any claim for damages would be a concurrent claim against Highveld. If the purchaser acquires the shares in Highveld it would effectively end up with a claim against itself.
49. In these circumstances it is not unreasonable for a potential purchaser to try and mitigate its exposure upfront, given its lack of recourse post implementation.

50. In addition, in the time given by the creditors for the preparation of the business rescue plan, which extension your clients gave reluctantly and further restricted, it was never likely or possible that a completely unconditional offer could be achieved. The conditions precedent to the offer are as a result of the complexity of the asset, the huge uncertainty around certain liabilities, the fact that Highveld is already in business rescue and the lack of warranties.

51. We confirm that our clients have engaged extensively with Standard Bank and Cliffe Dekker Hofmeyr, both formally appointed to represent Evraz PLC’s interests. It was also specifically recorded and communicated to all potential bidders in the First Process Letter that Standard Bank has been appointed by Evraz PLC, the controlling shareholder of Highveld, to advise it in relation to the Proposed Transaction.

52. At the outset of the business rescue process it was agreed that the accelerated sales process would be an agreed process. In fact Standard Bank and Cliffe Dekker Hofmeyr commented extensively on the First Process Letter and the Information Memorandum that was circulated to all potential bidders was prepared by and large by Standard Bank.

53. In this regard Standard Bank’s logo is reflected on the First Process Letter, the Information Memorandum and the Second Process Letter and in fact the First Process Letter records specifically that:

"In light of both Standard Bank and Evraz PLC's valuable institutional knowledge of the Company, and the benefit to the Proposed Transaction of being able to offer the shares of Evraz PLC in Evraz Highveld, the BRP's considered it appropriate to involve them in the preparation of the confidential Information memorandum ("Information memorandum") that it will be made available to interested persons (subject to the remaining provisions of this letter) and the proposed process".

54. It was a requirement of both process letters that both the Non-Binding Indicative Offers and the Final Offers be submitted to Sandra du Toit personally at Standard Bank. Accordingly, Standard Bank, your client's chosen advisors, had knowledge of the offers and the revised IRL offer at the same time as our clients.

55. There have also been various meetings with Standard Bank and Cliffe Dekker Hofmeyr. In addition, Standard Bank assisted our clients in verifying the guarantees furnished by the preferred bidders and attended meetings where the offers and sales process were analysed and discussed. Neither Standard Bank nor Cliffe Dekker ever formally raised any objections, queries or concerns in relation to any of the offers received.
In addition to Standard Bank and Cliffe Dekker Hofmeyr’s advisory positions to Evraz PLC, your client has always been represented on the creditors’ committee and in fact were represented at each and every meeting. Your client never formally raised any concerns, objections or questions in respect of the process or the IRL offer during these meetings.

Your clients have been in constant communication with our clients since the commencement of the business rescue process.

Against the above background our client discussed during the telecon your specific questions raised in respect of the IRL Revised Offer in paragraphs 8 to 11 of your letter.

As requested during the telecon, we attach the correspondence addressed to the Minister of Environmental Affairs.

The slag dumps and environmental liability

Our clients have been advised by Highveld’s management that for several years prior to business rescue, there have been various offers to commercialise the dumps. Our clients have also received proposals for limited off-take to run feasibility tests and/or trials in respect of the slag dumps. To date, however, none of the offers have materialised and the proposals have not been commercially viable. The offers further exclude the environmental liability. We will furnish you with a list of offers received.

We will furnish a summary of the current investigation and progress, including the list of offers received.

The provision for the environmental liabilities is derived from Highveld’s unscheduled closure costs calculation based on independent third party reports, including Golder, E-Tek and Knight Piesold. Our clients have previously furnished your clients with these reports, which have been attached hereto again.

Our clients, however, have requested management to reconsider whether any value can be attributed to the dumps and will revert to you.

General

Ad paragraph 15

Our clients have had a further meeting with IRL in respect of the concern of local procurement. IRL has indicated its willingness to offer a stronger commitment, which our clients are hoping to receive prior to the adjourned meeting.
Ad paragraph 16

65. Your client has been aware of ENS representing IRL since IRL expressed its interest in the sales process. In addition, we note from an email addressed by Sandra du Toit on 27 July 2015 regarding the wording of the deposit held on behalf of IRL, which was headed “Chinese wall deposit concerns”.

66. We have already addressed separate correspondence to you in regard to the Chinese Wall.

67. All of our clients’ rights are reserved.

Yours faithfully

EDWARD NATHAN SONNENBERGS INC.

Par

[Signature]

LEITITHA HELD
### SARS Penalties and Interest

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<tr>
<th>Year</th>
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<th>Taxation</th>
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<td>2008</td>
<td>879 290 410</td>
<td>246 201 315</td>
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<tr>
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<td>156 005 177</td>
<td>43 681 450</td>
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<td>83 271 270</td>
<td>83 271 270</td>
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<tr>
<td>2008 - 2015</td>
<td>159 415 351</td>
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<tr>
<td>2009 - 2015</td>
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<tr>
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</table>

| Total amount payable | 669 341 333 | 1 071 752 840 |

### KPMG

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<th>Worse Case</th>
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<td>-7 176 985.76</td>
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9 October 2015

Piers Marsden
Joint Business Rescue Practitioner
Matsun Associates

Daniel Terblanche
Joint Business Rescue Practitioner
Mazars

Attention: Piers Marsden / Daniel Terblanche

Dear Piers, Daniel

BUSINESS RESCUE PROCEEDINGS / EVRAZ HIGHVLEED STEEL AND VANADIUM LIMITED / PROPOSED BUSINESS RESCUE PLAN / REQUEST FOR INFORMATION

1. We refer to our previous correspondence, in which we requested information from you regarding *inter alia* the KPMG report and the Revised Final Offer.

2. On 7 October 2015, we received certain documents from you, pursuant to our conference call on 6 October 2015. We have not yet received a copy of your slideshow presentation from the question and answer session on 8 October 2015, and would appreciate it if you would forward us a copy.

3. From PwC’s analysis of the documents forwarded by you on 7 October 2015, it is clear that a number of our clients’ concerns and queries have not been addressed adequately, or at all. In addition, PwC’s analysis has revealed further issues it would appreciate answers to.

4. We set out as follows, PwC’s comments and further queries, having regard to *inter alia* PwC’s initial queries forwarded to KPMG on 2 October 2015:

4.1. Paragraph 5.1 The identification, status, qualifications and experience of the valuer(s) who prepared the report.

4.1.1. The information provided in KPMG Report is insufficient for performing a detailed review.
4.1.2. PwC’s additional queries and comments in this respect were forwarded to the appraiser. However, to date, no response has been received.

4.2. Paragraph 5.2 Confirmation that the valuation was undertaken in accordance with International Valuation Standards (IVS), or any other recognised standard; a comprehensive valuation approach and underlying rationale; and a more detailed description of the methodology applied in the valuation (sources of market prices, dates of actual market prices, indices or any other adjustments used in the calculation).

4.2.1. Again, the information provided in the KPMG Report is insufficient for performing a detailed review. In PwC’s opinion, the information provided in the appraiser’s report is also too general. For example:

4.2.1.1. there is no information regarding the valuation standards used;

4.2.1.2. the description of the valuation approach and reasoning is brief and general; and

4.2.1.3. the appraiser’s report does not contain the necessary details, such as market prices for comparable new or used assets, sources of market prices, dates of actual market prices, indices or any other adjustments used in the calculation; nor does the appraiser’s report contain any examples illustrating the calculations.

4.2.2. Given the lack of information, we are advised that PwC cannot express an opinion about the correctness of the valuation methodology applied and the calculations performed until such time as it receives the requested information.

4.3. Paragraphs 6.1.1 - 6.1.5 We have not received the fixed asset register on an item-by-item basis, including the following information: name, inventory number, gross and net book value, date of production (when put into operation); category (buildings, construction, machinery and equipment, etc.).

4.3.1. The fixed asset register provided by you does not contain information about the technical condition of inventory items. In order to perform a proper analysis, our clients require the technical data relevant to the machinery and equipment, including the manufacturer, model; capacity; and technical condition.

4.3.2. Without a fixed assets register with the said necessary information, PwC cannot express an opinion about the correctness and adequacy of the information used in the valuation calculation.

4.4. Paragraph 6.2 PwC require a more detailed calculation of the Orderly Liquidation Value (OLV) for the most significant objects (OLV greater than R500 000) in an MS Excel spreadsheet with working links.
4.4.1. The information provided in the appraiser's report is insufficient for performing a detailed review. According to the report, "the major proportion of the OLV is based on current steel scrap prices and is subject to market price fluctuations". Neither a detailed description of the methodology nor any scrap prices or actual weights of scrap are provided.

4.4.2. In addition, the KPMG report does not contain any information about transportation and cutting costs.

4.4.3. Without the requested information, PwC cannot confirm the correctness of the valuation methodology used and express an opinion about the reasonableness of the valuation result.

4.5. Paragraph 6.3 (Pages 7-8) - Please provide us with a detailed calculation of SARS' claims in the amount of R672.9 million and R1 078.9 million. In this respect, we would appreciate it if you would advise how the interest and penalties included in SARS' claims were calculated? In this respect, please provide us with an MS Excel spreadsheet with working links and a substantive update on the current status of your engagements with SARS. To this end, have you received an actual assessment? If so, has consideration been given to an appeal? Moreover, what advice have you received in respect of the merits of the matter?

4.5.1. As you know, we plan to meet with ENSafrica's tax team but in the meantime would appreciate any correspondence between SARS and ENSafrica and/or the BRPs regarding its potential claim (including any assessments and opinions if available).

4.6. Paragraph 6.5 (Page 17) - Please explain why a value is placed on assets subject to liens, which is estimated at 50% of the amount claimed by creditors. In this respect, please provide us with an MS Excel spreadsheet with working links.

4.7. Paragraph 6.6 (Page 18) - Please provide us with a more detailed explanation for the reference in the table to "Restricted Cash"; it is currently given as R8 420 000 and the comment simply states that: "It is assumed that the guarantees will be called on." No underlying basis is provided for this assumption and no amounts are provided to illustrate the impact that the assumed calls on the guarantees will have on the free residue account. What kinds of obligations are covered by restricted cash? If you set it to zero, were the corresponding obligations written off from the liability side when liquidation dividends were calculated? In this respect, please provide us with the relevant calculations in an MS Excel spreadsheet with working links.

4.7.1. To complete the analysis, PwC have advised that they need a list of liabilities that correspond to each individual restricted cash item, as well as confirmation that these liabilities were not included in the obligations when the liquidation dividend was calculated.
4.8. **Paragraph 6.6 (Page 18)** - Please provide us with an explanation as to why the estimated recovery amount of all investments held was taken as zero? Is there any liquidation value of the assets of companies undergoing business rescue? Do such companies have any assets that could be sold? Are there any cash, inventory or accounts receivable?

4.8.1. To complete PwC's analysis, we are instructed that they would need to obtain the latest available financial statements, prepared under local GAAP/IFRS, for each of the investees (except Middleburg Steel & Alloys). Please let us have copies of these.

4.8.2. In respect of Middleburg Steel & Alloys, PwC need to understand whether the cash proceeds from the sale of the business have been received or whether they are pending accounts receivable.

4.9. **Paragraph 6.8** Please also clarify how "Customers - Trade Local" was calculated. The description provided is unclear. According to KPMG's analysis, any account receivable that is older than 44 days should be discounted. In this respect, please confirm that Evraz Highveld does not have any contracts with payment terms exceeding 44 days and provide us with detailed calculations in an MS Excel spreadsheet with working links.

4.9.1. It would appear that KPMG's assumptions were not based on an analysis of the contractual terms.

4.9.2. To enable PwC to complete its analysis, it requires an accounts receivable aging analysis. The relevant spreadsheet of debtors should contain the following information:

4.9.2.1. debtor entity's name;
4.9.2.2. contract and bills issued under the contract; and
4.9.2.3. payment terms under the contracts.

4.9.3. Please also provide us with the calculation of the realizable value.

4.10. **Paragraph 6.9 (Page 19)** - The total value for "Inventories" is given as R1 074 470. However, if the lines under this heading are totalled, the amount arrived at comes to R769 620, which is a difference of R304 850. Is there a reason for this or is it simply a calculation error?

4.10.1. Please provide the corrected breakdown.

4.11. **Paragraph 6.13 (Page 19)** - Please explain why the recovery rate of loans to third parties has been estimated at zero? Even if Evraz Highveld is undergoing business rescue, there is a potential for recovery from restructuring or selling off its assets.

4.11.1. Please provide us with the subordination agreement.
4.12. **Paragraph 6.14 (Page 20)** - Is it assumed that prepayments (excluding deferred selling expenses) are included in "secured dividends to lien creditors"?

4.12.1. To complete PwC's analysis, they would need to receive comment on why the corresponding liabilities were not written-off and a list of liabilities that correspond to each individual prepayment item. Please let us have such comment.

4.13. **Paragraph 6.17 (Page 25)** - The total for "Cash and short-term deposits" is given as R3 393 780. However, if the separate items in the column are added up, the total is much lower. How was the total arrived at?

4.13.1. In this respect, please provide us with the corrected breakdown

4.14. **Paragraph 6.21** The spreadsheet accompanying the KPMG Report, which contains two columns for "Wind-down" and "Liquidation CALC Updated", respectively, contains certain figures and assumptions. It is unclear to our clients how these were arrived at.

4.14.1. Please provide us with the assumptions made and the detailed calculation of the estimated realisable value of the following assets (in MS Excel format):

4.14.1.1. Inventories;
4.14.1.2. Trade and other receivables;
4.14.1.3. Loans to related parties;
4.14.1.4. Prepayments;
4.14.1.5. Cash and short-term deposits;
4.14.1.6. Administrative costs; and

4.14.2. Please provide us with a breakdown of the following items:

4.14.2.1. IDC claims;
4.14.2.2. Preference claims; and
4.14.2.3. Concurrent claims for the liquidation scenario as well as for scenarios A, B and C of the wind-down.

4.14.3. Please also specify any environmental liability or any other statute liabilities/provisions that were included in creditors' claims.

4.14.4. Please provide us with an explanation of any differences between the book value (according to the latest audited financial statements) and
the value used in calculating liquidation dividends for such environmental liability or any other statute liabilities/provisions.

4.14.5. Please explain the rationale for extracting preference claims from concurrent claims in the calculation of concurrent claims for the wind-down scenario.

4.15. In relation to the DoveBid report, please provide us with all the tables represented in the K2MG report and the DoveBid report in an MS Excel spreadsheet with working links.

4.16. Please provide us with a list of the offers to purchase that were received in respect of the slag dumps, and the details of these offers, including the basis on which it was decided that the offers were not commercially viable.

5. We also require the following additional information and documentation to assist us and PwC to finalise our respective advice to our clients:

5.1. the outcome of the LRA process and any delays / pushbacks expected that could impact the liquidation dividend? Please provide us with any relevant correspondence in this respect;

5.2. the minutes of all meetings of the creditors;

5.3. a copy of the summons issued by the business rescue practitioners against Sasfin and other information relating to this;

5.4. a copy of the post-commencement finance facility letter from the IDC;

5.5. correspondence and commitments from Eskom regarding continued supply of electricity / buy back;

5.6. copies of any ITAC correspondence regarding the increase of general custom duty rates;

5.7. correspondence regarding the Competition Commission allegations and any potential settlement amount/s;

5.8. the electronic working papers and assumptions regarding the calculation of the IRP offer;

5.9. how Syolo Energy and African Resources have been presented in the offer and their involvement in the process;

5.10. details of the Mapochs business rescue process / a recent report regarding Mapochs' status;

5.11. copies of any claims for damages or breach of contract against Evraz Highveld;
5.12. the latest post-retirement medical fund obligation figures and documents (Have these been estimated and considered in the liquidation calculation?); and

5.13. KPMG used a "store redundancy provision" of R35 million in its realisable value calculation of "Total Auxiliary Material". Please provide the calculation and basis for this item.

6. We await your urgent response.

Kind regards,

Gerhard Rudolph
Partner
011 911 4370
gerhard.rudolph@bakermckenzie.com

Cc: Gary Oertel
ENS Africa
By email: goertel@ensafrica.com

Letitia Field
ENS Africa
By email: lfield@ensafrica.com
EVRAZ Highveld Steel and Vanadium Limited ("The Company")

Vote to consider the Business Rescue Plan ("BR Plan") as envisioned in terms of Section 152, at a Meeting convened in terms of Section 151 of the Companies Act, 71 of 2008.

BALLOT FORM

For use by creditors at the meeting to be held at Elijah Mshiloane Hall Old Pretoria Road, Portion 93 of the Farm Schoongezicht 308 J5, eMalahleni (Witbank), at 11h00 on 13 October 2015.

1/ We, being a representative of SAS, a creditor, in the amount of:

± R579 million

Please indicate below with an "X"

<table>
<thead>
<tr>
<th>In Favour of BR Plan</th>
<th>Against BR Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Signed at eMalahleni on 13 October 2015

Name: A R

Designation: REPRESENTATIVE OF SAS

Signature: [Signature]

Being duly authorised
CLAIM FORM

IN THE MATTER OF:
EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED
REGISTRATION NUMBER: 1960/01900/06

NAME IN FULL OF CREDITOR: SOUTH AFRICAN REVENUE SERVICE (SARS)

ADDRESS IN FULL: 2 MEREDITH DRIVE, SUNNYSIDE, JHB

E-MAIL ADDRESS; TEL NO; FAX; CELL: INFORMA@SARS.GOV.ZA

BANK ACCOUNT (NAME OF BANK, BRANCH CODE, ACCOUNT NUMBER, REFERENCE):

TOTAL AMOUNT OF CLAIM: R. 545, 014, 871 - 96

1. [Signature] do hereby confirm-
   In my capacity as [Position]
   of [Name of Entity]
   (Creditor)

2. That Evraz Highveld Steel and Vanadium Limited which has been placed under business rescue on 13 April 2015, was at the date of commencement of the business rescue, and still is, justly and truly indebted to the Creditor the sum of
   [Amount in Words]
   being for [Description of Debt]

3. That the said debt arose in the manner and at the time set forth in the supporting document hereunto annexed. (Please attach relevant statement I invoice as supporting document).

4. That no other person besides the said is liable for the said debt or any part thereof.

5. That the Creditor has not, nor does any other person, in my knowledge on the Creditor's behalf, received any security for the said debt or any part thereof.

6. That the Creditor has not, nor does any other person, in my knowledge on the Creditor's behalf received any security for the said debt or any part thereof save and except:

which security I value at R

DATED AT [Date]

Dated

SIGNATURE

[Signature]

SOUTH AFRICAN NATIONAL STAMP: 2015 - 10 - 13

LARGE BUSINESS CENTRE
Evraz Highveld Steel & Vanadium Limited


As referenced in the Business Rescue Plan, paragraph 7.5.5

To whom it may concern,

This is the SARS’s claim relating to the assessments that may be raised in respect of Evraz Highveld Steel (Pty) Ltd ("Evraz") for the 2007 to 2009 years of assessment.

Kindly be advised that the audit is still in progress and that, after due process, audit assessments may be issued once the taxpayer has supplied SARS with an answer to the SARS letter of intention to assess. Please note that the claim is only an estimate and that the full amount will be determined upon assessment.

On behalf of SARS
Dear Sirs,

Please find attached the proxies for East Metals A.G. and Mastercroft S.a.r.l. in respect of the creditors' meeting of Highveld Steel and Vanadium Limited, for tomorrow, 13 October 2015.

Kind regards,

Berna Malan
Associate
Baker & McKenzie
4 Sandown Valley Crescent
Sandown, Sandton
Johannesburg, 2198, ZA
Tel: +27 (0) 11 911 4382
Switchboard: +27 (0) 11 911 4500
Fax: +27 (0) 11 783 4177
Berna.Malan@bakermckenzie.com

We’re moving
As of 1 October 2015 our new address will be
1 Commerce Square, 39 Rivonia Road, Sandhurst.

Baker & McKenzie is a member of Baker & McKenzie International, a Swiss Verein.
EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED
(Incorporated in the Republic of South Africa)
(Registration No 1960/001900/06)

PROXY

For the use in relation to meeting(s) convened in terms of section 151 of the Companies Act 71 of 2008, in respect of the business rescue proceedings of EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE) ("EVRAZ HIGHVELD STEEL") to be held at Elijah Mshiloane Hall, Evraz Highveld, Old Pretoria Road, Portion 93 of the Farm Schoongezicht, 308 JS, WITBANK on 13 October 2015.

We, the undersigned, EAST METALS AG, being a creditor of EVRAZ HIGHVELD STEEL do hereby declare that we are entitled to vote at a meeting of creditors in terms of the aforementioned section and hereby nominate-

Name: GERHARD RUDOLPH
[ID NUMBER: 691101 5253 083]
of BAKER & MCKENZIE

or, failing him/her

Name: DARRYL BERNSTEIN
[ID NUMBER: 810523 5014 083]
of BAKER & MCKENZIE

or, failing him/her

Name: CALLUM O’CONNOR
[ID NUMBER: 840407 5063 087]
of BAKER & MCKENZIE

or, failing him/her

Name: BERNA MALAN
[ID NUMBER: 750616 0066 089]
of BAKER & MCKENZIE

as our proxy to attend the aforementioned meeting on our behalf.

Our proxy may vote as he or she thinks fit.

Signed this 6 day of October 2015

Giacomo Baizini

EAST METALS AG

Giacomo Baizini
President of the Board of Directors
Circular Resolution
of the Board of Directors of
EAST METALS AG
Baarerstrasse 131, 6300 Zug, Switzerland

Pursuant to Article 713, Section 2 of the Swiss Code of Obligation and Article 13 et seqq. of the Articles of Association of EAST METALS AG (the “Company”), the undersigned, being all of the duly elected members of the Board of Directors of the Company, by signing this circular resolution consent to the adoption of the following resolutions with the same force and effect as if said resolutions had been duly adopted at a meeting of the Board of Directors and waive their right to a discussion.

The undersigned members of the Board of Directors of the Company, each waiving the rights to discuss the below item and proposal, resolve by circular resolution as follow:

In the matter Evraz Highveld Steel and Vanadium Limited, under Business rescue (“Highveld”) for the meeting convened in terms of section 151 of the Companies Act No. 71 of 2008 to be held at Elijah Mshiloane Hall, Evraz Highveld, Old Pretoria Road, Portion 33 of the Farm Schoongezicht, 308 JS, Witbank on 13 October 2015; Or at any adjournment of the meeting thereafter

The members of the Board of Directors approve to appoint

Name: GERHARD RUDOLPH
ID NUMBER: 691101 5253 083
of BAKER & MCKENZIE

or, failing him/her

Name: DARYL BERNSTEIN
ID NUMBER: 810523 5014 080
of BAKER & MCKENZIE

or, failing him/her

Name: CALLUM O’CONNOR
ID NUMBER: 840407 5063 087
of BAKER & MCKENZIE

or, failing him/her

Name: BERNAL MALAN
ID NUMBER: 750615 0066 089
of BAKER & MCKENZIE

as our proxy to attend and vote at a meeting of creditors in terms of the aforementioned section on our behalf.

The members of the Board of Directors approve the issuance of above mentioned proxy and herewith explicitly empower Mr. Giacomo Balzini to execute this proxy.

The members of the Board of Directors:

Date/Place: 6 October 2015, Moscow

Giacomo Balzini

Mr. Giacomo Balzini

Date/Place: 

Mr. Joseph Vazquez

Date/Place: 

Mrs. Alevtina Grebennikova
EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED
(Incorporated in the Republic of South Africa)
(Registration No 1960/001900/06)

PROXY

For the use in relation to meeting(s) convened in terms of section 151 of the Companies Act 71 of 2008, in respect of the business rescue proceedings of EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE) ("EVRAZ HIGHVELD STEEL") to be held at Elijah Mahloane Hall, Evraz Highveld, Old Pretoria Road, Portion 93 of the Farm Schoongezicht, 308 JS, WITBANK on 13 October 2015.

We, the undersigned, MASTERCROFT S.A.R.L., being a creditor of EVRAZ HIGHVELD STEEL do hereby declare that we are entitled to vote at a meeting of creditors in terms of the aforementioned section and hereby nominate:

Name: GERHARD RUDOLPH
[ID NUMBER: 691101 5253 083]
of BAKER & MCKENZIE

or, failing him/her

Name: DARRYL BERNSTEIN
[ID NUMBER: 810523 5014 080]
of BAKER & MCKENZIE

or, failing him/her

Name: CALLUM O'CONNOR
[ID NUMBER: 840407 5063087]
of BAKER & MCKENZIE

or, failing him/her

Name: BERNA MALAN
[ID NUMBER: 750616 0065 089]
of BAKER & MCKENZIE

as our proxy to attend the aforementioned meeting on our behalf. Our proxy may vote as he or she thinks fit.

Signed in Luxembourg on the 6th day of October 2015.

MASTERCROFT S.A.R.L.

[Signature]

Alexander Gehoko
Manager
Circular Resolution
of the Board of Directors of
EAST METALS AG
Baserstrasse 131, 6300 Zug, Switzerland

Pursuant to Article 713, Section 2 of the Swiss Code of Obligation and Article 13 et seqq. of the Articles of Association of EAST METALS AG (the “Company”), the undersigned, being all of the duly elected members of the Board of Directors of the Company, by signing this circular resolution consent to the adoption of the following resolutions with the same force and effect as if said resolutions had been duly adopted at a meeting of the Board of Directors and waive their right to a discussion.

The undersigned members of the Board of Directors of the Company, each waiving the rights to discuss the below item and proposal, resolve by circular resolution as follow:

In the matter Evraz Highveld Steel and Vanadium Limited, under Business rescue (“Highveld”) for the meeting convened in terms of section 151 of the Companies Act No. 71 of 2008 to be held at Elijah Msilhone Hall, Evraz Highveld, Old Pretoria Road, Portion 93 of the Farm Schoongezicht, 508 JS, Witbank on 13 October 2015; Or at any adjournment of the meeting thereafter

The members of the Board of Directors approve to appoint

Name: GERHARD RUDOLPH
ID NUMBER: 691101 5253 083
of BAKER & MCKENZIE

or, failing him/her

Name: Darryl Bernstein
ID NUMBER: 810523 5014 080
of BAKER & MCKENZIE

or, failing him/her

Name: CALLUM O’CONNOR
ID NUMBER: 840407 5063 087
of BAKER & MCKENZIE

or, failing him/her

Name: BERNA MALAN
ID NUMBER: 750616 0066 089
of BAKER & MCKENZIE

as our proxy to attend and vote at a meeting of creditors in terms of the aforementioned section
on our behalf.

The members of the Board of Directors approve the issuance of above mentioned proxy and herewith
explicitly empower Mr. Giacomo Baizini to execute this proxy.

The members of the Board of Directors:

Date/Place: /

Mr. Giacomo Baizini

Date/Place: 6/10/15 2015

Mr. Joseph Vazquez

Date/Place: /

Mrs. Alexandra Grebennikova
Mastercroft S.à r.l.
Société à responsabilité limitée
1, rue de Louvigny, L-1946 Luxembourg Grand-Duchy of Luxembourg
R.C.S.: B 186304
(the “Company”)

CIRCULAR RESOLUTION OF THE BOARD OF MANAGERS OF THE COMPANY
DATED OCTOBER 2015

The undersigned, being all the members of the Board of Managers of the Company (the “Board of Managers”) hereby note the terms of Article 12 of the Company’s articles of association which states that Resolutions signed by all members of the Board of Managers will be as valid and effectual as if passed at the meeting duly convened and held.

Whereas

1) The Company owns shares in the share capital of Evraz Highveld Steel and Vanadium Limited, under Business Rescue, incorporated and existing under the laws of the Republic of South Africa;

2) The Company shall be represented at the meeting convened by Business Rescue Practitioners and Evraz Highveld Steel and Vanadium Limited in terms of section 151 of the Companies Act No. 71 of 2008 to be held at Elijah Mshiloane Hall, Evraz Highveld, Old Pretoria Road, Portion 93 of the Farm Schoongezicht, 308 JS, WITBANK on the 13th October 2015 or at any adjournment of the meeting thereafter.

DOCUMENT

Proxy dated 6 October 2015 (the “Proxy”), enclosed hereto as Schedule I.

AGENDA

1. Appointment of the Company’s proxy
2. Approval of the issuance of the Proxy
3. Authorization

DECLARATIONS – RESOLUTIONS

The Board of Managers confirms that it has no opposite interest in the matters referred to in the present meeting.

The Board of Managers is of the opinion that the matters referred to herein are in compliance with the articles of association of the Company and the applicable legal provisions and will not result in any breach of any restriction imposed by the law, any agreement to which the Company is a party or any arrangement by which the Company is bound.

Each Manager acknowledges having carefully reviewed and considered the Proxy referred to this resolution.
After due and careful consideration of the above, the Board of Managers resolves to take the following resolutions, which are deemed to be in the Company's corporate interest and conducive to its corporate purpose.

FIRST RESOLUTION

The undersigned members of the Board of Managers of the Company, each waiving the rights to discuss the below item and proposal, resolve by circular resolution as follows:

In the matter Evraz Highveld Steel and Vanadium Limited, under Business rescue for the meeting convened in terms of section 151 of the Companies Act No. 71 of 2008 to be held at Elijah Mahloane Hall, Evraz Highveld, Old Pretoria Road, Portion 93 of the Farm Schoongezicht, 308 JS, WITBANK on the 13th October 2015, or at any adjournment of the meeting thereafter, the members of the Board of Managers approve to appoint:

Name: GERHARD RUDOLPH  
[ID NUMBER: 691101 5253 083]  
of BAKER & MCKENZIE

or, failing him/her

Name: DARRYL BERNSTEIN  
[ID NUMBER: 810523 5014 080]  
of BAKER & MCKENZIE

or, failing him/her

Name: CALLUM O'CONNOR  
[ID NUMBER: 840407 5063087]  
of BAKER & MCKENZIE

or, failing him/her

Name: BERNA MALAN  
[ID NUMBER: 750616 0066 089]  
of BAKER & MCKENZIE

as the Company’s proxy and to act for Mastercroft S.a r.l. behalf at the meeting for purposes for voting on the Business Rescue Plan or any amendment therein.

In particular the proxy is to attend and vote at a meeting of creditors in terms of the aforementioned section on the Company’s behalf.

SECOND RESOLUTION

The members of the Board of Managers approve the issuance of above mentioned Proxy.
THIRD RESOLUTION

The Board of Managers unanimously resolved to authorize any one manager of the Company, acting solely and with full power of substitution, on behalf and in the name of the Company, to sign the Proxy.

The present resolutions have been executed in counterparts. All the counterparts shall together constitute one and the same written resolutions of the Board of Managers of the Company. The date of the present resolutions shall be the date of the last signature hereunder.

[The remaining of this page has been intentionally left blank; the signature page follows]
Signature page of the Circular resolutions of the Board of Directors of the Company

Alexander Gehrke
Place:
Date:

Giacomo Balzini
Place: Moscow
Date: 6 October 2015

Kurt Nauer
Place:
Date:
EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED
(Incorporated in the Republic of South Africa)
(Registration No 1960/001900/06)

PROXY

For the use in relation to meeting(s) convened in terms of section 151 of the Companies Act 71 of 2008, in respect of the business rescue proceedings of EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE) ("EVRAZ HIGHVELD STEEL") to be held at Elijah Mashiane Hall, Evraz Highveld, Old Pretoria Road, Portion 93 of the Farm Schoongezicht, 308 JS, WITBANK on 13 October 2015.

We, the undersigned, MASTERCROFT Sà.r.l., being a creditor of EVRAZ HIGHVELD STEEL do hereby declare that we are entitled to vote at a meeting of creditors in terms of the aforementioned section and hereby nominate:

Name: GERHARD RUDOLPH
[ID NUMBER: 691101 5253 083]
of BAKER & MCKENZIE

or, failing him/her

Name: DARRYL BERNSTEIN
[ID NUMBER: 810523 5014 080]
of BAKER & MCKENZIE

or, failing him/her

Name: CALLUM O'CONNOR
[ID NUMBER: 840407 5053087]
of BAKER & MCKENZIE

or, failing him/her

Name: BERNAL MALAN
[ID NUMBER: 750616 0066 089]
of BAKER & MCKENZIE

as our proxy to attend the aforementioned meeting on our behalf. Our proxy may vote as he or she thinks fit.
Signed in Luxembourg on the 6th day of October 2015.

MASTERCROFT S.à.r.l.

Manager
Circular Resolution

of the Board of Directors of

EAST METALS AG

Baarerstrasse 134, 6300 Zug, Switzerland

Pursuant to Article 713, Section 2 of the Swiss Code of Obligation and Article 13 et seq. of the Articles of Association of EAST METALS AG (the "Company"), the undersigned, being all of the duly elected members of the Board of Directors of the Company, by signing this circular resolution consent to the adoption of the following resolutions with the same force and effect as if said resolutions had been duly adopted at a meeting of the Board of Directors and waive their right to a discussion.

The undersigned members of the Board of Directors of the Company, each waiving the rights to discuss the below item and proposal, resolve by circular resolution as follow:

In the matter Evraz Highveld Steel and Vanadium Limited, under Business rescue ("Highveld") for the meeting convened in terms of section 151 of the Companies Act No. 71 of 2008 to be held at Elijah Mshiloane Hall, Evraz Highveld, Old Pretoria Road, Portion 93 of the Farm Schoongezicht, 308 JS, Witbank on 13 October 2015; Or at any adjournment of the meeting thereafter.

The members of the Board of Directors approve to appoint

Name: GERHARD RUDOLPH
ID NUMBER: 691101 5253 083
of BAKER & MCKENZIE

or, failing him/her

Name: DARRYL BERNSTEIN
ID NUMBER: 810523 5014 080
of BAKER & MCKENZIE

or, failing him/her

Name: CALLUM O'CONNOR
as our proxy to attend and vote at a meeting of creditors in terms of the aforementioned section on our behalf.

The members of the Board of Directors approve the issuance of above mentioned proxy and herewith explicitly empower Mr. Giacomo Baizini to execute this proxy.

The members of the Board of Directors:

Date/Place:  


______________________
Mr. Giacomo Baizini

Date/Place:  


______________________
Mr. Joseph Vazquez

Date/Place: Aug 10, 2015

Ms. Alenaia Grebennikova
CIRCULAR RESOLUTION OF THE BOARD OF MANAGERS OF THE COMPANY
DATED ___ OCTOBER 2015

The undersigned, being all the members of the Board of Managers of the Company (the “Board of Managers”) hereby note the terms of Article 12 of the Company’s articles of association which states that: Resolutions signed by all members of the Board of Managers will be as valid and effective as if passed at the meeting duly convened and held.

Whereas

1) The Company owns shares in the share capital of Evraz Highveld Steel and Vanadium Limited, under Business Rescue, incorporated and existing under the laws of the Republic of South Africa;

2) The Company shall be represented at the meeting convened by Business Rescue Practitioners and Evraz Highveld Steel and Vanadium Limited in terms of section 151 of the Companies Act No. 71 of 2008 to be held at Elijah Mshiloane Hall, Evraz Highveld, Old Pretoria Road, Portion 93 of the Farm Schoongezicht, 308 JS, WITBANK on the 13th October 2015 or at any adjournment of the meeting thereafter.

DOCUMENT
Proxy dated 6 October 2015 (the “Proxy”), enclosed hereto as Schedule I.

AGENDA

1. Appointment of the Company’s proxy
2. Approval of the issuance of the Proxy
3. Authorization

DECLARATIONS – RESOLUTIONS

The Board of Managers confirms that it has no opposite interest in the matters referred to in the present meeting.

The Board of Managers is of the opinion that the matters referred to herein are in compliance with the articles of association of the Company and the applicable legal provisions and will not result in any breach of any restriction imposed by the law, any agreement to which the Company is a party or any arrangement by which the Company is bound.

Each Manager acknowledges having carefully reviewed and considered the Proxy referred to this resolution.
After due and careful consideration of the above, the Board of Managers resolves to take the following resolutions, which are deemed to be in the Company’s corporate interest and conducive to its corporate purpose.

**FIRST RESOLUTION**

The undersigned members of the Board of Managers of the Company, each waiving the rights to discuss the below item and proposal, resolve by circular resolution as follow:

In the matter Evraz Highveld Steel and Vanadium Limited, under Business rescue for the meeting convened in terms of section 151 of the Companies Act No. 71 of 2008 to be held at Elijah Mshilose Hall, Evraz Highveld, Old Pretoria Road, Portion 93 of the Farm Schoongezicht, 308 JS, WITBANK on the 13th October 2015, or at any adjournment of the meeting thereafter, the members of the Board of Managers approve to appoint:

**Name:** GERHARD RUDOLPH  
[ID NUMBER: 691101 5253 083]  
of BAKER & MCKENZIE

or, failing him/her

**Name:** DARRYL BERNSTEIN  
[ID NUMBER: 810523 5014 080]  
of BAKER & MCKENZIE

or, failing him/her

**Name:** CALLUM O’CONNOR  
[ID NUMBER: 840407 5069087]  
of BAKER & MCKENZIE

or, failing him/her

**Name:** BERNÁ MALAN  
[ID NUMBER: 750616 0066089]  
of BAKER & MCKENZIE

as the Company’s proxy and to act for Mastercroft S.à r.l. behalf at the meeting for purposes for voting on the Business Rescue Plan or any amendment therein.

In particular the proxy is to attend and vote at a meeting of creditors in terms of the aforementioned section on the Company’s behalf.

**SECOND RESOLUTION**

The members of the Board of Managers approve the issuance of above mentioned Proxy.
THIRD RESOLUTION

The Board of Managers unanimously resolved to authorize any one manager of the Company, acting solely and with full power of substitution, on behalf and in the name of the Company, to sign the Proxy.

The present resolutions have been executed in counterparts. All the counterparts shall together constitute one and the same written resolutions of the Board of Managers of the Company. The date of the present resolutions shall be the date of the last signature hereunder.

[The remaining of this page has been intentionally left blank; the signature page follows]