



**EVRAZ Highveld Steel and Vanadium Limited
(in business rescue)**

Registration number 1960/001900/06

(“Highveld”)

April 2022 update

**Report to the Companies and Intellectual Property Commission and to all Affected
Persons**

In terms of Section 132(3)(a) of the Companies Act 71 of 2008

Prepared by:

Piers Marsden - Business Rescue Practitioner (“BRP”)



Attention: **All Affected Persons of EVRAZ Highveld Steel and Vanadium Limited (in business rescue) (“Highveld”)**

RE: REPORT ON THE PROGRESS OF THE BUSINESS RESCUE PROCEEDINGS OF EVRAZ

Introduction

1. In terms of section 132(3) of the Companies Act 71 of 2008 (“Act”), if a company’s business rescue proceedings have not ended within three (3) months after the start of those proceedings, or such longer time as the Court, on application by the practitioner, may allow, the practitioner must –
 - 1.1. prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and
 - 1.2. deliver the report and each update in the prescribed manner to each affected person, and to the:
 - 1.2.1. Court, if the proceedings have been the subject of a court order; or
 - 1.2.2. Commission (“CIPC”), in any other case.
2. As defined in S128(1)(a) of the Companies Act, no. 71 of 2008, “affected person” in relation to a company, means-

A shareholder or creditor of the company;

Any registered trade union representing the employees of the company; and

If any of the employees of the company are not represented by a registered trade union, each of those employees or their respective representatives.
3. Therefore, as required, this **Update Report** is being delivered by the business rescue practitioner (“BRP”) in terms of section 132(3) of the Act.
4. Reference is made in this Update Report to the adopted business rescue plan (“Plan”). Any capitalised terms not defined herein shall have the meaning ascribed to same in the Plan. It is therefore important that this Update Report be read in conjunction with the Plan and the previous update reports.



Business Rescue Proceedings,

5. The business rescue practitioner is pleased to announce that Dividend No.4 in the amount of R10m was paid to concurrent creditors at the end of March 2022. The monthly payments presently being paid to former employees will continue until such time that the business rescue has generated sufficient funds to settle the balance due to former employees. There has been a significant reduction in the debt owed to retrenched employees as well as post commencement creditors. The company has paid 4 dividends to concurrent creditors over the past 18 months.

6. Total payments made to creditors as at 30 April 2022 amount to R647 million and the BR process now focuses on:
 - a. collection of the purchase price payments from Purchasers of strategic assets, as well as the Titanium and Vanadium bearing resources;

 - b. preparing and managing creditor dividend payments; and

 - c. reporting on dividend payment projections.



Creditors' Claims update - as at 30 April 2022

Business rescue - Claims from Creditors

Post-Commencement Claims	Rm	Commencement date	Paid to Date	Balance
Employees		329	305	24
PCF Provider *		236	236	-
Post commencement Creditors		41	16	25
Total		606	557	49

Pre-Commencement Claims	Rm	# of Claims	Value of Claims	Accepted Claim Value
Claims Accepted		528	2 589	1 795
Total		528	2 589	1 795

Pre-Commencement Claims

Dividend 1 and 2 Paid	60
Dividend 3 paid	20
Dividend 4 paid	10
Total Paid to All Creditors Rm	647

* Inclusive of R86m interest paid to the IDC

7. Update on Dividend Prospects

7.1. To date 4 dividend payments have been made to concurrent creditors, being R40m approved in August 2020, R20m approved in January 2021, R20m paid at the end of September 2021 and R 10m end March 2022.

7.2. The total estimated dividend to be paid to creditors is currently 61 cents in the rand, if all payments are made in full in terms of the agreements concluded. See Annexure 1 for the contracted payments.

7.3. The dividend projection if certain of the assets are scrapped should the Purchasers not perform in terms of the agreements concluded is estimated at 34 cents in the rand.

8. As indicated in Annexure 1, the potential dividend may increase by a further 10 cents if certain conditions are met in the sale agreement with ArcelorMittal and a further R150 million becomes payable in terms thereof.



9. **Conclusion**

The business rescue continues in accordance with Proposal 3, i.e. the wind-down of EVRAZ Highveld Steel and Vanadium Limited ("Highveld"), as contemplated in the Plan.

The dividend payable to Concurrent Creditors is projected at 61 cents if all the payments are made in full in terms of the agreements concluded. If certain of the assets are scrapped should the Purchasers not perform in terms of the agreements concluded, the projected dividend is 34 cents in the rand. Thus the dividend range is projected between 34 to 61 cents in the rand payable to Concurrent Creditors.

The BR continues to focus on the collection of payments for assets sold and the distribution of dividends to creditors.



MATUSON
ASSOCIATES

ANNEXURE 1 – DATED 30 April 2022

Business rescue Dividend pay-out projection
Updated Projections March 2022
Outstanding Proceeds from Strategic assets

Asset	Rm	2022	2023	2024	2025	2026	2027	2028
Strategic Assets	464.8	202.3	75.4	93.2	68.4	13.5	12.0	-
Resource Dumps	595.1	40.5	53.6	14.4	53.6	127.8	167.0	138.2
Recoveries	32.6	32.6	-	-	-	-	-	-
Cost of Administration and Environmental	(25.20)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)
Available for Distribution (All Creditors)	1 067.2	271.8	125.4	104.0	118.4	137.7	175.4	134.6
Available for Distribution (Concurrent Creditors)	1 018.5	223.1	125.4	104.0	118.4	137.7	175.4	134.6

BR payments

Post-Commencement Claims

Rm	2022	2023	2024	2025	2026	2027	2028
(49)	(49)						

Distributable dividend

1 019

Pre-Commencement Claims

1 795

Dividend (in cents)

56

12

7

6

7

8

10

7

Dividend 1 - 4 (Already paid)

5.05

Projected Dividend (in cents)

61

Upside distribution

Rm

Amsa second R150m on HSM

150

Mapochs Mine Recovery

36

Available for distribution

186

Dividend upside potential

10

Total potential dividend (in cents)

71