GENERAL MEETING OF AFFECTED PERSONS:
EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED

Date: 09 October 2017
The details contained in this presentation are limited in nature, solely for the attention of affected persons of Evraz Highveld Steel and Vanadium Limited ("Highveld" or "the company") and do not purport to contain all of the information relating to the various headings set out in this presentation.

Save where expressly otherwise stated, the joint Business Rescue Practitioners ("BRPs") have assumed and relied upon the accuracy and completeness of all information on which this presentation is based and have also assumed that any financial information reproduced herein and/or provided by their sources is complete, accurate, not misleading and based on reasonable assumptions. However, neither the BRPs nor any other person is making any warranty or representation, express or implied, as to the accuracy or completeness of the information contained herein, or as to the reasonableness of the assumptions on which any of the same is based.

This presentation also contains forward-looking information and statements. These may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations and statements regarding future realisations. Such information is and statements are subject to various risks and uncertainties, many of which are difficult to predict, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information or statements.

The figures used in this presentation are estimates only and are subject to change. Affected persons are referred to the risks detailed in this presentation and the business rescue plan indicating the various factors which could potentially affect the figures set out in this presentation.
Save to the extent expressly confirmed in writing by the BRPs, this presentation should not be relied upon as financial and legal advice recommending any particular course of action. Furthermore, this presentation shall not be considered as legal, tax, accounting or similar specialist advice by the BRPs or any other person. Further, notwithstanding any other term of this disclaimer and to the maximum extent permissible under applicable law, each of the BRPs and their advisors expressly disclaim any and all liability for the contents of, or for omissions from, this document or any written or oral communication transmitted or made to any person in connection with this presentation.

In furnishing this presentation, the BRPs do not undertake any obligation to provide access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. The views expressed herein are subject to change. The business and financial position is subject to change which may not be reflected herein. This presentation should only be construed in light of the presentation to which it relates.
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.  Welcome</td>
</tr>
<tr>
<td>2.  Wind-Down Plan</td>
</tr>
<tr>
<td>4.  Sustainable Income Streams</td>
</tr>
<tr>
<td>3.  Progress to Date</td>
</tr>
<tr>
<td>5.  Creditors’ Claims</td>
</tr>
<tr>
<td>6.  General</td>
</tr>
<tr>
<td>7.  Questions</td>
</tr>
<tr>
<td>8.  Conclusion</td>
</tr>
</tbody>
</table>
WIND-DOWN PLAN
## OVERVIEW

During the wind down process, the assets have been divided into the following asset classes:

<table>
<thead>
<tr>
<th>#</th>
<th>Asset Class</th>
<th>Description / Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Class 1</td>
<td>Scrap Sales</td>
<td>Assets which can be converted to cash in a short space of time. <strong>Examples:</strong> Copper, Scrap Steel, Refractories, Used Oil, etc.</td>
</tr>
<tr>
<td>Asset Class 2</td>
<td>Non-Strategic Assets</td>
<td>Assets which can be sold as movable and operational assets. <strong>Examples:</strong> Pumps, Valves, Motors, Mud Guns, Cables, Vehicles, etc. Items are catalogued and sold through the “Highveld Stores”. This ensures a constant flow of cash from non complex sales.</td>
</tr>
<tr>
<td>Asset Class 3</td>
<td>Strategic Assets</td>
<td>Sold as going concern. Timing based on level of interest received. Target values have been assigned to each strategic asset.</td>
</tr>
</tbody>
</table>
Deals Concluded

- Fe/Ti/V, Titanium & Lime Resource - Total consideration R683.5 million

- Payments received
  1. R43 million payment received
  2. R25 million receivable in Dec 2017
  3. Balance payable over various periods of 2 to 10 years.

Plate Mill
Signed transaction with a well known Black Industrialist with highly regarded technical partners:
- Requirement to conclude DD and demonstrate proof of funding by 4 December 2017
- Transaction proceeds payable by end of March 2018
- Operational H2 2018

Iron Plant 2
Signed exclusivity with listed producer of speciality products:
- Requirement to conclude DD and bank feasibility by 31 March 2018

Iron Plant 1
Significant interest from a variety of parties. Will commence either an auction or sale process before end of October 2017.

Interested Parties

Highveld and the BRPs have engaged with 250 interested parties regarding various assets.

Creditors who wish to participate in any future tenders should register their interest with evrazhighveld@matusonassociates.co.za
ASSET CLASS 3 – STRATEGIC ASSETS

Structural Mill

- The contract manufacturing agreement (CMA) has been operationalised
- Market volumes lower than anticipated with consequence that agreement may require renegotiation
- Tariff protection now in place
- Working relationship with AMSA being restructured

Current status

AMSA Option

- 1st Option – 18 months from start of CMA i.e. October 2018
- 2nd Option – end of CMA March 2019
- 3rd Option – end of extended CMA 30 March 2020

Option Price

- Base Price
- EBITDA Multiple

The board of HSM is currently considering measures to:

- Increase EBITDA, manage any transaction risk, maximise proceeds and manage contingencies
- Use of external consultants on risk above base price
INDUSTRIAL PARK CONCEPT
MULTIPLE REVENUE STREAMS

Rail Siding

Utility

Sustainable Revenue

Asset Underpinning

Rental

Gas Supply
INDUSTRIAL PARK SECURED TENANTS

CURRENT TENANTS:

- Highveld Structural Mill
- Tausadi
- Saperi 54 Engineering
- VR Drainage
- ArcelorMittal
- Zamani Engineering Services cc
- M2 Engineering Academy
- H Pistorius & Kie
- Brokk
- Orion Metals
- DBS Dynamic Build Systems
- Makoya Supply Chain Holdings
- To the Detail Spy Ltd
- Air Liquide
- Afrox
SUSTAINABLE INCOME STREAMS

Current Status
- Cash positive
- Growing revenue line
- Bringing significant economic activity to the area
- Currently approx. 674 employees on site
- Enables the “social license”
- Has facilitated significant support from local and national government which will maximise the return on the strategic assets

Endgame
- Subdivision of industrial park
- Committed plan to environmental remediation on site
- Sale of the assets and the revenue stream to a fit and proper party
## RECEIPTS TO DATE

<table>
<thead>
<tr>
<th>Receipts March 2016 to August 2017 (R’000)</th>
<th>YTD Budget</th>
<th>Actual YTD</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind-Down Sales</td>
<td>349 917</td>
<td>182 030</td>
<td>(167 387)</td>
</tr>
<tr>
<td>Stores and Consumables</td>
<td>11 677</td>
<td>34 661</td>
<td>22 984</td>
</tr>
<tr>
<td>Utilities</td>
<td>30 371</td>
<td>33 317</td>
<td>2 946</td>
</tr>
<tr>
<td>Receivables – Steel Local</td>
<td>5 527</td>
<td>10 579</td>
<td>5 052</td>
</tr>
<tr>
<td>VAT Receivables / (Payable)</td>
<td>(5 465)</td>
<td>(5 216)</td>
<td>249</td>
</tr>
<tr>
<td>Other (Deposits, Sundry, Interest)</td>
<td>23 717</td>
<td>38 546</td>
<td>14 829</td>
</tr>
<tr>
<td><strong>Total Cash Inflow</strong></td>
<td><strong>415 244</strong></td>
<td><strong>293 917</strong></td>
<td><strong>121 327</strong></td>
</tr>
</tbody>
</table>

**Comments**

- Wind down sales less than expected as a result of delay in sale of Structural Mill
- All assets realised to date at a higher value than original forecast
## PAYMENTS TO DATE

<table>
<thead>
<tr>
<th>Payments March 2016 to August 2017 (R’000)</th>
<th>TD Budget</th>
<th>Actual TD</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin (IT, Security, Cell Phone and Other)</td>
<td>22 817</td>
<td>25 925</td>
<td>(3 108)</td>
</tr>
<tr>
<td>Environmental</td>
<td>3 219</td>
<td>1 553</td>
<td>1 666</td>
</tr>
<tr>
<td>Interest</td>
<td>37 306</td>
<td>28 000</td>
<td>9 306</td>
</tr>
<tr>
<td>Insurance &amp; Other</td>
<td>8 571</td>
<td>8 112</td>
<td>459</td>
</tr>
<tr>
<td>Professional Fees</td>
<td>21 000</td>
<td>16 890</td>
<td>4 110</td>
</tr>
<tr>
<td>Staff Costs</td>
<td>98 760</td>
<td>78 420</td>
<td>20 340</td>
</tr>
<tr>
<td>Energy</td>
<td>41 236</td>
<td>30 711</td>
<td>10 525</td>
</tr>
<tr>
<td>Operational Costs</td>
<td>48 247</td>
<td>42 576</td>
<td>5 671</td>
</tr>
<tr>
<td><strong>Costs of Business Rescue</strong></td>
<td><strong>46 146</strong></td>
<td><strong>74 156</strong></td>
<td><strong>(28 010)</strong></td>
</tr>
<tr>
<td>Other Costs of Business Rescue</td>
<td>7 190</td>
<td>10 668</td>
<td>(3 478)</td>
</tr>
<tr>
<td>Employee Dividends</td>
<td>38 956</td>
<td>63 488</td>
<td>(24 532)</td>
</tr>
<tr>
<td><strong>Total Cash Outflow</strong></td>
<td><strong>327 302</strong></td>
<td><strong>306 343</strong></td>
<td><strong>20 959</strong></td>
</tr>
</tbody>
</table>

- Security in excess of budget
- Performed in house or outsourced
- Secured creditor being serviced
- Significantly less than budget
- Portion of costs carried by HSM
- Energy reduction framework and incentive in place
- Distributions of over R74 million
- No significant assets fully realised

It is estimated that the potential dividend for concurrent creditors will be increased to between 16-20 cents for concurrent creditors.

Please note this dividend forecast is an estimate and is subject to the realisation of the assets, the quantum and timing thereof as well as the finalisation of creditors claims and the risks detailed in the Business Rescue Plan.
CREDITORS’ CLAIMS
As per section 135 of the Companies Act and paragraph 28 of the Plan, creditors are paid in the following order of priority:

- Business Rescue Costs, including but not limited to:
  - Legal costs, the costs of the Advisors and other costs associated with the business rescue and other professional fees;
  - Holding costs; and
  - Post-commencement creditors.
- Employees.
- Secured PCF Creditors.
- Unsecured PCF Creditors.
- Concurrent Creditors.

A buffer to cater for expenses will be retained, but all surplus cash will be distributed as and when received in terms of the waterfall.
CREDITORS’ CLAIMS

<table>
<thead>
<tr>
<th>Claim Status</th>
<th># of Claims</th>
<th>Value of Claims</th>
<th>Accepted Claim Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Claims Received</td>
<td>546</td>
<td>2 519 080 760</td>
<td>1 322 152 740</td>
</tr>
<tr>
<td>Total Claims Accepted</td>
<td>513</td>
<td>1 322 152 740</td>
<td>1 322 152 740</td>
</tr>
<tr>
<td>Total Claims Rejected / Disputed</td>
<td>13</td>
<td>797 158 015</td>
<td>-</td>
</tr>
<tr>
<td>Claims to be Adjudicated</td>
<td>20</td>
<td>399 770 005</td>
<td>-</td>
</tr>
</tbody>
</table>

SARS
- SARS’ claim remains at R689m, but claim has been disputed.
- The BRPs are currently engaging with SARS in order to resolve their claim. As this has a material impact on all concurrent creditors, the BRPs will endeavour to keep affected persons informed.

Post Commencement Claims

<table>
<thead>
<tr>
<th>Creditors</th>
<th>Amount</th>
<th>Payments Made</th>
<th>Balance Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>39 190 466</td>
<td>10 668 496</td>
<td></td>
<td>28 521 970</td>
</tr>
<tr>
<td>Employees</td>
<td>329 889 417</td>
<td>63 487 504</td>
<td>266 401 913</td>
</tr>
</tbody>
</table>

Disclaimer: Please note that this excludes any potential damages claim by Air Liquide.
Lien Creditors

- The BRPs and Management continue to have site visits with various creditors who hold assets owned by Highveld to discuss the way forward in regard to these assets.
- Letters have been prepared and sent to the respective creditors informing them of the process as well as whether or not these assets will be “scrapped” (scrap value or market value), returned to Highveld on payment or be held at the creditors’ premises until further notice.
- The BRPs continue to follow up with these creditors in order to finalise this process.
- **13** Lien claims remain and can be broken down as follows:

<table>
<thead>
<tr>
<th>Claim Type</th>
<th>Status of Claim</th>
<th># of Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets Required by Highveld</td>
<td>Agreement with Creditors Outstanding</td>
<td>8</td>
</tr>
<tr>
<td>Unresolved</td>
<td>Claims to be Adjudicated</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>13</strong></td>
</tr>
</tbody>
</table>

Employees

- All staff were retrenched during February 2016. The retrenchment liability totals R329 million.
- To date, a total of approximately R63 million has been paid out to employees.

<table>
<thead>
<tr>
<th>Amount Owed to Employees</th>
<th>Amount</th>
<th>Payments Made</th>
<th>Balance Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>329 889 417</td>
<td>63 487 504</td>
<td>266 401 913</td>
</tr>
</tbody>
</table>
SAFEGUARDING OF ASSETS

Security

- Priority of security has and will continue during the wind down process.
  - Physical security
  - Access controls
  - Asset protection
  - Maintenance of security technology

- Security costs incurred since wind down amounts to R14m to date
- There have been several incidents of community unrest which have required significant engagement with the appropriate forums.

Care and Maintenance

- A schedule of critical maintenance has been prepared on key strategic assets.
- Adherence to this plan is monitored to ensure compliance.
1. Air Liquide – No changes
2. Mastercroft / Evraz – No changes
3. SARS – Settlement offer withdrawn / Formal proceedings to continue
4. Settlement with Competition Commission re fine
An environmental trust fund (Highveld Remediation Trust) has been established.

The main function of this Trust Fund is to enable and assist Highveld to execute its Statutory Obligations associated with:

- Facilities management
- Dismantling of facilities
- Historic disposal facilities (decommission, cap and close)
- Return water dam decommissioning
- Resource decommissioning
COMMUNITY RELATIONS ‘SOCIAL LICENSE’

- Highveld is an integral part of the community that surrounds it and therefore we contribute to the well-being of the community within its financial constraints given that Highveld is in rescue;

- We have formed a consultative forum with the community in which we, in consultation, identify projects that we can work with the community.

- Some of the projects commenced included:
  - We have a fully equipped training centre for skills development and skills upliftment.
  - We have commenced to train the first 40 people from the community and have the capacity to provide training in the following trades:
    - Plumbing;
    - Brick laying;
    - Welding and boiler making; and
    - Computer skills.

- We have identified entrepreneurs from the surrounding communities that are able to provide services to Highveld Industrial Park and its tenants:
  - Canteen has been set up with an entrepreneur from the community to provide food for more than 320 truck drivers that come onto Highveld’s site.
  - Fixing of the perimeter fence of Highveld by an entrepreneur from the community.
Highveld has been able to secure strategic partnerships with:

- **National Government**: We are working closely with Dept. of Economic Development around the designation of HSM steel products as well as with the Dept. of Trade and Industry with regards to various initiatives including the Black Industrialist Program.

- **Provincial Government**: In the process of aligning with the MEC’s and MEGA growth initiatives including the possibility of establishing an IDZ on site.

- **ESKOM**: We have a steering committee established to consider 5 strategic initiatives, including rail usage, training centres and a plan to restore the major energy users.

- **IDC**: In the process of developing a business incubation programme with the IDC in supporting start-up businesses that want to lease workshops and other premises at Highveld Industrial Park.

- **SASOL**: With the ongoing support of SASOL supplying MR gas, we are now in discussions with operators that will possibly re-start the Highveld Plate Mill and Highveld Iron Plant 2, both of which will be large users of gas. Significant employment opportunities will be created with the re-start of these two strategic assets and the support of SASOL is one of the key contributions in achieving the re-start of these assets.
QUESTIONS
CONCLUSION
CONCLUSION

Wind-down is proceeding according to plan.

Functional specifications / Prospectuses are available on the Highveld Website (www.evrazhighveld.co.za). Please send details of any interested parties in any of the assets to BRP’s.

**Offers currently under DD or exclusivity:**

- Iron Plant 2
- Plate Mill

**Offers currently being evaluated for:**

- Sale of balance of Titanium containing slag.
- Sale or lease of Iron Plant 1 and Kilns.
- Various leases in Industrial Park.

Schedule of non-strategic assets updated daily.

**General Meeting of Affected Persons**

- Next meeting is likely to be held in early 2018.