
EVRAZ HIGHVELD AND VANADIUM LIMITED

Minutes of the first meeting of Employees of EVRAZ Highveld Steel and Vanadium Limited (in business rescue) (“EVRAZ Highveld” or “the Company”) held in terms of Section 148 of the Companies Act, 71 of 2008 (“the Companies Act”), at Elijah Mashiloane Hall, EVRAZ Highveld, eMalahleni, on Wednesday, 29 April 2015 at 8:00

PRESENT:

BUSINESS RESCUE PRATITIONERS:

Mr D Terblanche

EVRAZ HIGHVELD MANAGEMENT AND TURNAROUND TEAM AS REPRESENTED BY

Mr IJ Burger (CEO)

Mr J Fourie (COO)

EMPLOYEES

See attached attendance register

No	ITEM
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1. AGENDA

- 1.1 The Business Rescue (“BR”) process.
- 1.2 What had been done by Business Rescue Practitioners (“BRPs”) since the commencement of Business Rescue.
- 1.3 Prospects of the Company to be rescued.
- 1.4 Election of the Employee Committee (“EC”).
- 1.5 General.
- 1.6 Questions and Answers.

2. **BUSINESS RESCUE PRACTITIONERS (BRPs) AND BUSINESS RESCUE PROCESS (BR) AND WHAT HAS BEEN DONE.**

The EVRAZ Highveld Board resolved to commence BR on 13 April 2015 and this was confirmed by the Companies regulator, the CIPC, on 14 April 2015. The BRPs, Messrs Piers Marsden and Daniel Terblanche were appointed on 15 April 2015.

BR process requires engagement of all affected persons in order to formulate a BR plan. Affected stakeholders include employees, creditors, customers, etc. This is the first employees meeting, whilst the first Creditors meeting has been scheduled for 30 April 2015.

The BR plan has to be presented to the stakeholders for approval.

3. **PROSPECTS OF THE COMPANY TO BE RESCUED**

The BRPs have to facilitate the BR process and assist the company to restructure its business and finance to exit BR as a viable business. For a successful BR process the support and assistance of all parties are vital, particularly that of the employees.

The business is currently in financial distress and cash flow, amongst other matters, has to be addressed in the BR plan. From preliminary discussions with Eskom, as a critical and significant supplier of the Company, it was clear that Eskom supports the BR process despite the fact that Eskom are also experiencing financial difficulties.

4. **ELECTION OF THE EMPLOYEE COMMITTEE**

The BRPs proposed that representatives of the respective unions and representatives of the independent employees formed an Employees' Committee ("EC"). The purpose of the EC is to ease liaisons between the employees and the BRPs.

IT WAS RESOLVED THAT:

By majority vote by show of hands it was resolved that the employees would establish an EC and that representatives of both unions, Numsa and Solidarity would be confirmed; whilst an independent employees' representative would also be elected.

5. GENERAL

The BRPs noted that their approach to the BR process was conservative and was intended to, at least, create a better outcome for the Company.

The success of the process was reliant on the support of all the employees.

6. QUESTIONS AND ANSWERS

Q1: What role do EVRAZ Highveld employees play in this process?

A1: EVRAZ Highveld employees are stakeholders and treated on the same level as all other stakeholders.

Q2: The fairness of the BR process and the risk of favouritism were enquired on.

A2: The process has to be fair, therefore favouritism would not be tolerated. Co-operation between the employees and the BRPs had to be optimised. In fact, the co-operation of all affected persons is vital to the success of the BR process and the rescue of the business.

Q3: How many companies have been rescued, as research indicates that the BRP's in fact only assists companies with smooth closure, rather than rescue?

A3: This BRP team has not recorded any failures for the last 2 ½ years.

Q4: Who appointed the BRPs and how long does it usually take to rescue a Company?

A4: The Board resolved to commence BR and selected the BRPs. The Business Rescue period differs from assignment to assignment. Shortest 4 months and longest in excess of 18 months.

Q5: What is the average term of the process?

A5: Amongst others the term of BR is dependent on the specific circumstances of the business and

the funding offers made in the process.

Q6: What are the chances of retrenchments being part of the BR plan?

A6: The BRPs have only been involved in the process for 5 days, therefore it is difficult to say but the company is in a better position than a number of other listed companies.

Q7: What is the cause of the financial position of the Company, as determined by the investigation of the BRPs?

A7: Investigations have not been concluded, but one significant factor is the price of steel and flooding of the market with steel from China. Employees need to work hard to support the BRPs; the current position of the company is the worst in 36 years.

Q8: How many members are required for the employee's committee and how urgently does it have to be formed?

A8: There are no rules on the number of persons required, but it should be of a size to ease communication between the BRPs and employees.

Questions and answers from the second Session

Q9: What is the success rate of BR?

A9: We are conservative and therefore we have a 100 % success rate during the past 2 ½ years.

Q10: What is the position of the BRPs in the process?

A10: The BRPs assumes all the risks in the process. Theoretically the BRPs could take over the operations where it was practical.

Q11: What if the BR plan was not approved?

A11: BRP could

(1) amend the plan or

(2) terminate the process and turn the process into insolvency proceedings, with all the associated business risks.

Q12: What are the chances of rescuing the company?

A12: Although the process is very premature, the chances of the Company of being rescued are regarded as reasonably good. The Company owns all its assets, which provides better security to the Company. Eskom also confirmed their support and early payment arrangements were made with customers to ensure immediate cash flow into the business.

Q13: Is it possible for employees to take up shares?

A13: Yes.

Q14: Is Evraz plc in business rescue?

A14: No, they are not in business rescue. However, they are an affected party as creditor and shareholder.

Q15: Does Mapochs Mine have separate BRP's?

A15: Yes, because there is a potential conflict of interest between the two processes that are independent from each other.

7. CLOSURE

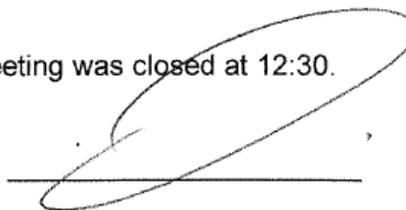
Mr Burger noted that it is important that the BRPs are knowledgeable and experienced, but the process of producing the Company's product is a matter that has to be done by the employees.

It is vital for the future of the business that the employees support the process and in doing so try to save the business.

BR is the best option in the circumstances whereby the process allows the Company the opportunity to address its problematic issues. The BR allows for the execution of the turnaround plan within the protection the process offers.

The Board decided on BR and not insolvency, believing that the business could still be rescued. The Company has been making losses for a long period of time and therefore matters in the Company have to be restructured to become a sustainable business.

There being no further business the meeting was closed at 12:30.

BUSINESS RESCUE PRACTITIONER: _____ 

BUSINESS RESCUE PRACTITIONER: _____ 

Date: 18 May 2015