



MATUSON
ASSOCIATES

Evraz Highveld Steel and Vanadium Limited (in business rescue)

Registration number 1960/001900/06

("The Company")

10 November 2015

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:

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1. Introduction

1.1. The Business Rescue Proceedings of the Company have not been concluded within three months of the date of commencement thereof, and therefore this update report is being tabled in terms of section 132(3)(a) of the Companies Act 71 of 2008 (“Act”).

1.2. It is important that this report is read in conjunction with the Business Rescue Plan (“Plan”).

2. Business Rescue Process

2.1. The Plan was published on 15 September 2015.

2.2. The meeting to consider the Plan, as contemplated in terms of Section 151 of the Act (“the s151 Meeting”), was convened and held on 28 September 2015. At the s151 Meeting, the majority of creditors voted in favour of the s151 Meeting being adjourned for 2 weeks.

2.3. During the adjournment, a general meeting of affected persons was convened and held on 8 October 2015.

2.4. The s151 Meeting was reconvened and held on 13 October 2015.

3. The s151 Meeting

3.1. Amendments to the Plan:

3.1.1. Five amendments were proposed and voted on at the s151 Meeting, with no objections noted. The amendments can be found on the Company’s website or by clicking on the following link:

<http://www.evrazhighveld.co.za/BusinessRescue/Evraz%20Highveld%20Steel%20-%20Business%20Rescue%20Plan%20-%20S151%20%20Amendments%20&%20Results%20of%20Meeting.pdf>

3.2. Voting

3.2.1. The results of the votes are as follows:

	Number of Votes	Total Value of Votes Cast	% of Votes in Favour	% of Votes Against	Result
All Creditors	357	2 371 453 398	79%	21%	Adopted
Independent Creditors	356	1 992 614 917	94%	6%	Adopted



- 3.2.2.** The Plan was accordingly adopted. A Plan that has been adopted is binding on the Company and on each of the creditors of the Company, whether or not such person –
- a) was present at the meeting;
 - b) voted in favour of the adoption of the Plan; or
 - c) in the case of creditors, had proven their claims against the Company.

4. Implementation of the Plan: The Proposed Transaction

- 4.1.** The joint BRPs announced the successful bidder in terms of the sales process during September 2015.
- 4.2.** The Plan provides for the successful bidder's offer and the BRPs furnished affected persons with an update in regard to same at the s151 Meeting.
- 4.3.** Preparation of the transaction documents has commenced.

5. Proof of Claims

- 5.1.** All claims are currently being reviewed by the joint BRPs and management. A reconciliation process is underway in respect of differences between the Company's ledger and claim forms.
- 5.2.** A mechanism for the resolution of disputed claims is provided for in the Plan.
- 5.3.** Creditors are encouraged to submit their claims before the final deadline of 16 November 2015.

6. Litigation

6.1. Court Proceedings instituted by Global Renewable Energy Limited ("GRE"):

- 6.1.1.** On 23 September 2015, one of the unsuccessful bidders in the sales process, GRE, applied to the High Court to urgently interdict the BRPs from proceeding with the s151 Meeting convened for 28 September 2015. The BRPs opposed the urgent application and filed an answering affidavit.
- 6.1.2.** On 25 September 2015, the presiding judge held that the urgent application was an abuse of the court process and struck the urgent application from the roll due to lack of urgency.



6.2. Court Proceedings instituted by, *inter alia*, GRE and Bruno Quatro Engineering (in business rescue) (“Bruno”) as the intervening applicants:

- 6.2.1. On 2 October 2015, GRE furnished the BRPs with an amended notice of motion and replying affidavit in the aforesaid application in terms of which GRE sought urgently to *inter alia* interdict the adjourned s151 Meeting convened for 13 October 2015.
- 6.2.2. Furthermore, on 2 October 2015, Bruno and its business rescue practitioner instituted urgent proceedings in terms of which they sought to *inter alia* intervene in the application instituted by GRE and interdict the BRPs from introducing the Plan for consideration by creditors.
- 6.2.3. The BRPs opposed the applications and filed affidavits before the hearing of the applications.
- 6.2.4. On 9 October 2015, the presiding judge held *inter alia* that the applications were once again an abuse of the court process and were struck from the roll due to a lack of urgency.
- 6.2.5. The presiding judge accordingly awarded costs to the Company and the BRPs, including the costs of two counsel.

6.3. Court Proceedings instituted by East Metals AG (“EM”) and Mastercraft S.A.R.L (“Mastercraft”) (“the main application”):

- 6.3.1. On or about 21 October 2015, EM and Mastercraft instituted proceedings in terms of which they seek *inter alia* to declare:
 - a) the Plan as invalid;
 - a) that the vote which took place at the s151 Meeting on 13 October 2015, in terms of the which the Plan was adopted, as invalid and to have the vote set aside; and
 - b) that the agreement on the remuneration of the joint BRPs as provided for in the Plan as invalid and set aside.
- 6.3.2. The Company and the joint BRPs have opposed the main application and will be filing their answering affidavit in due course.



6.4. Court Proceedings instituted by EM and Mastercroft (“the urgent interdict application”):

- 6.4.1. On or about 26 October 2015, EM and Mastercroft instituted an urgent application in terms of which they seek *inter alia* to interdict and restrain the Company and the BRPs from implementing the Plan in respect of the Company, pending the final determination of the main application.
- 6.4.2. The Company and the joint BRPs have opposed the urgent interdict application and have filed an answering affidavit.
- 6.4.3. Further updates will be furnished.

6.5. Court Proceedings instituted by EM and Mastercroft (“the substituted service application”):

- 6.5.1. On or about 2 November 2015, EM and Mastercroft instituted a further urgent application in terms of which they seek *inter alia* leave of the Court to serve the main application by way of substituted service.
- 6.5.2. The Company and the joint BRPs have opposed the substituted service application and have filed an answering affidavit.
- 6.5.3. Further updates will be furnished.

7. Suggested Way Forward

- 7.1. The BRPs will continue to oppose the aforesaid applications and implement the Plan.

8. Conclusion

The BRPs remain of the view that there is a reasonable prospect of the Company being rescued.