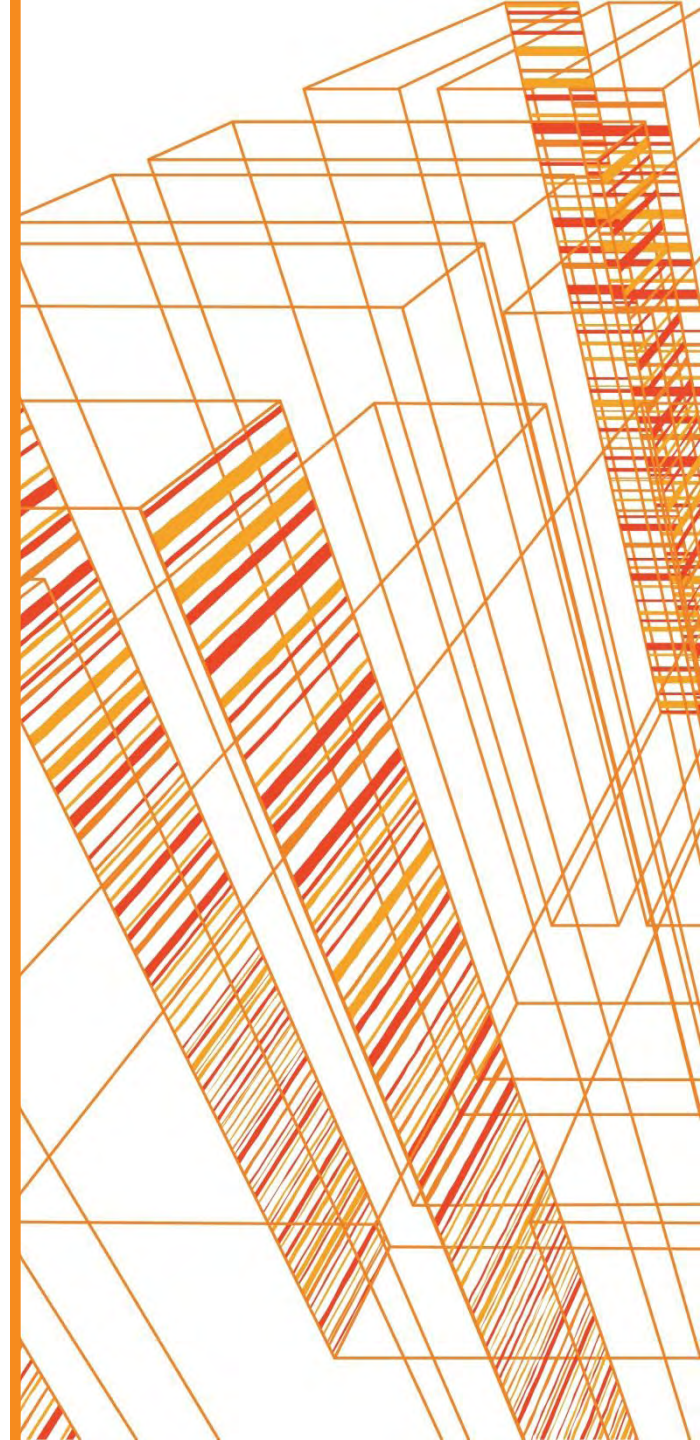


Evraz Highveld Steel and Vanadium: Better Results than In Liquidation (BRIL) Plan

Annexure “A2”

8 October 2015



Descriptions

Liquidation:

- No further continued business with suppliers.
- All process, plant and equipment (PPE) sold.

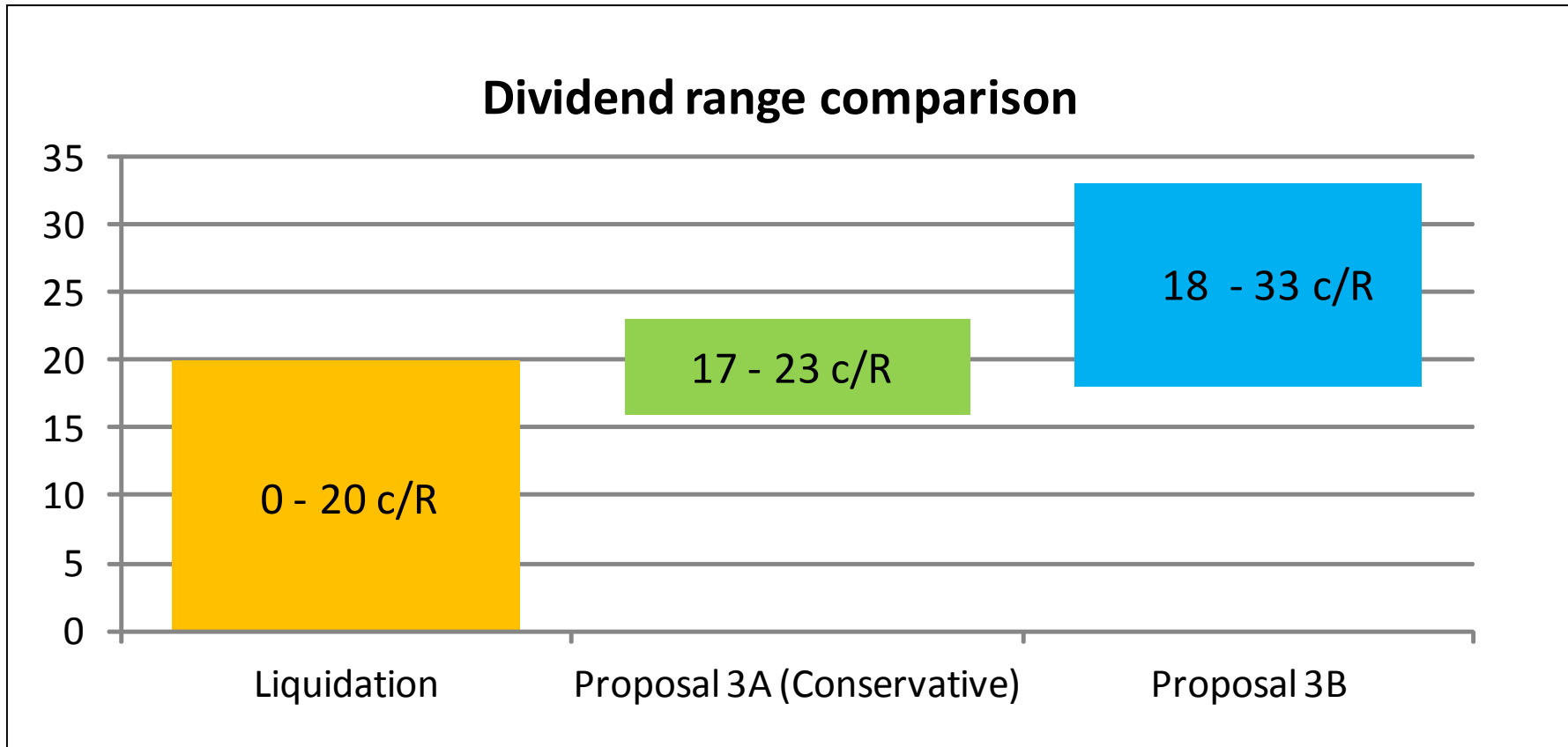
Proposal 3A (Conservative):

- All process, plant and equipment (PPE) are sold in a controlled manner to provide a better return than liquidation.
- High cost of liquidation avoided.

Proposal 3B:

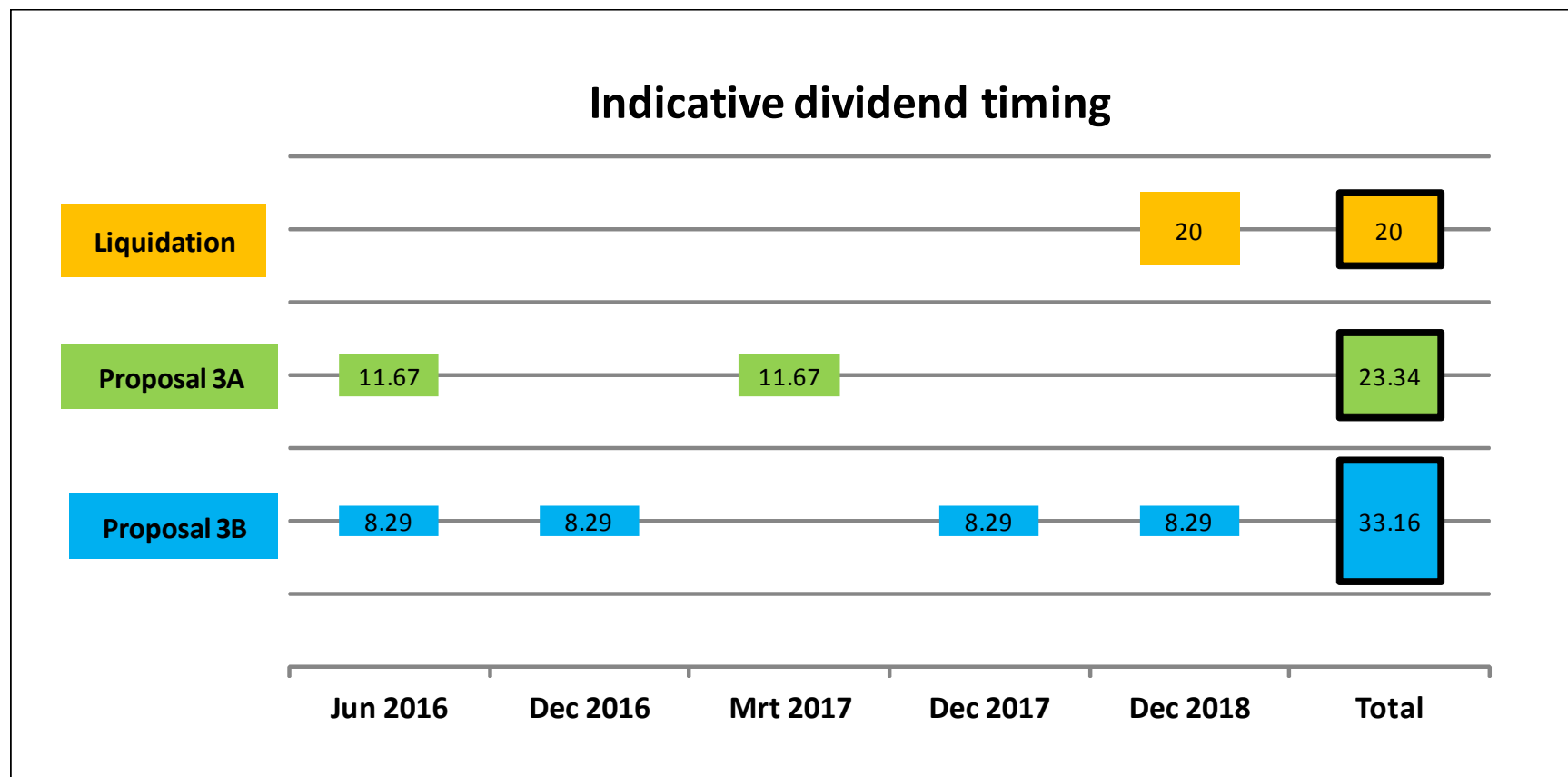
- Small scale operations continue focusing on the following:
 - Lease one of the open slag bath furnaces at Iron plant for Ferro-Alloy production.
 - Main line rails, mine and siding rails and 3 kt of other structural steel will be produced from procured blocks.
- All process, plant and equipment (PPE) not used for the operations above are sold in a controlled manner.

Indicative dividend yields

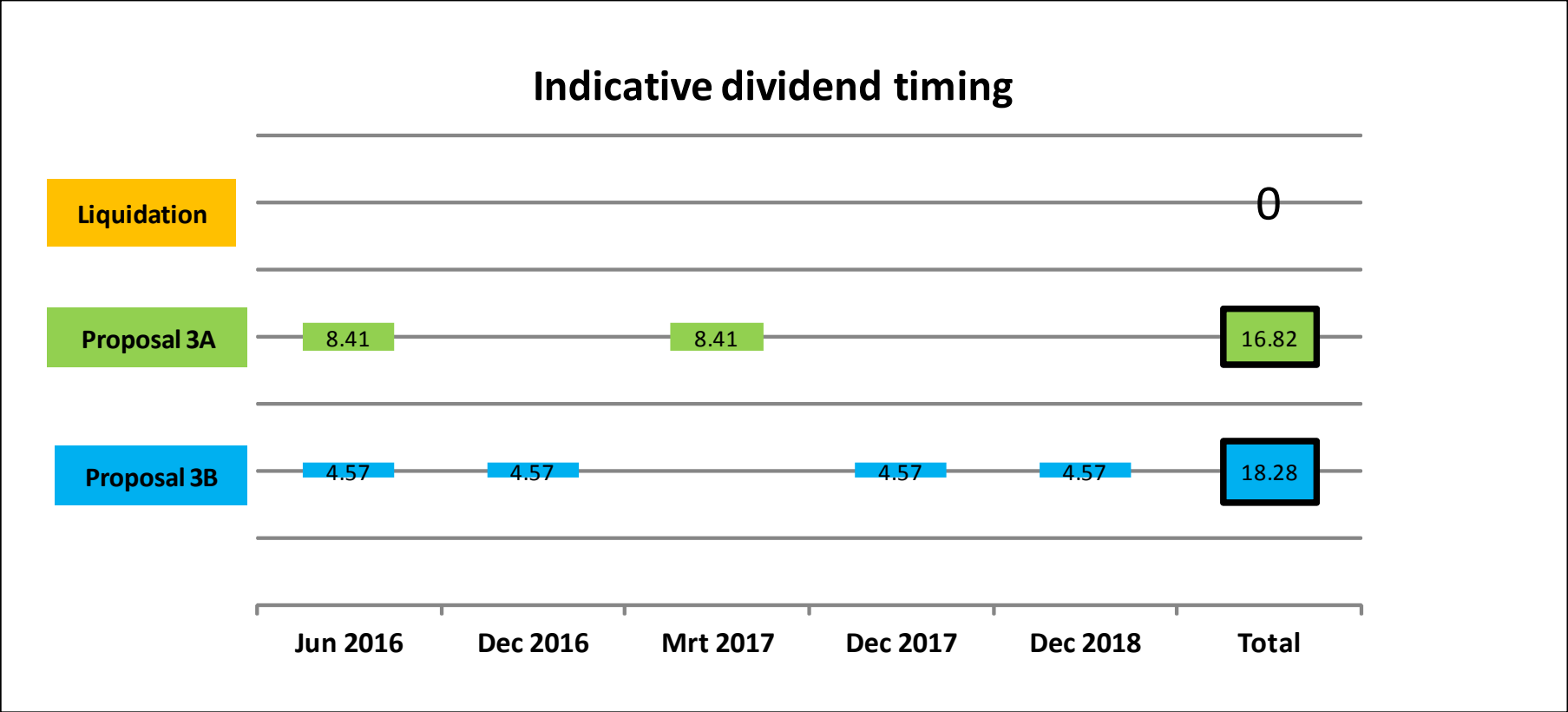


Note: Dividend ranges based on KPMG valuations, business rescue plan list of claims and assumptions made in financial models.

Indicative dividend timing (Hoch SARS Claim not realizing)



Indicative dividend timing (Hoch SARS Claim realizing)



Liquidation

- ❑ No continued business for suppliers.
- ❑ Sell all process, plant and equipment (PPE).
- ❑ Collect all debtors.
- ❑ Sell all stock.
- ❑ Dividend will only be received once liquidation process is completed – At best the process will take two years to complete.
- ❑ Liquidation associated costs including fees are much higher than business rescue costs.
- ❑ Low possibility for plant to start up again – Plant will be dismantled and sold off.
- ❑ If Hoch SARS claim realize then it will become a preferent claim, thus the concurrent dividend will be impacted.
- ❑ The local community will be negatively impacted should EHSV be liquidated.
- ❑ All employees immediately loose their jobs and receive no severance packages, only R 28 k after the liquidation process is completed.

Proposal 3A (Conservative)

- ❑ Sell all process, plant and equipment (PPE) in a controlled manner to maximize cash generated.
- ❑ Start process by selling high value movable PPE to generate cash for first dividend expected to be paid in June 2016 .
- ❑ Sell off other remaining PPE in a manner as to realize fair market value.
- ❑ Collect all debtors.
- ❑ Sell all stock at fair value.
- ❑ PPE, stock and debtors valuation as per KPMG report was used in calculations.
- ❑ Continue recovering iron, slag and lime from dumps as an extra revenue source during this period.
- ❑ The process is expected to be concluded in 19 months.
- ❑ The business can still be purchased at any time during this process that will result in a higher dividend payment for creditors.
- ❑ If Hoch SARS claim realize then it will become a concurrent claim and not a preferential claim as in liquidation.
- ❑ Employment numbers will be adjusted in line with operational requirements and affected employees will receive severance packages in line with statutory requirements according to S189 process.

Proposal 3B

- ❑ Lease one of the open slag bath (OSB) furnaces at Iron making for production of Ferro-Alloys. Assuming that environmental regulatory requirements can be met.
- ❑ Restart production of structural steel products at a rate of 3 kt/month from externally procured blocks in January 2016. Assume blocks are sourced at a feasible cost.
- ❑ Restart production of high margin siding rails at a rate of 1.5 kt per month in January 2016.
- ❑ Restart production of main line rails at a rate of 2 kt per month in January 2016 (Slow ramp-up).
- ❑ Collect all debtors and sell all stock at fair value.
- ❑ Sell PPE not needed for production of structural steel and Ferro-Alloys.
- ❑ Payment of first dividend to creditors in June 2016 from proceeds of sale of PPE, collection of debtors and selling of stock.
- ❑ The business can still be purchased at any time during this process that will result in a larger dividend payment for creditors.
- ❑ If Hoch SARS claim realize then it will become a concurrent claim and not a preferential claim as in liquidation.
- ❑ Employment numbers will be adjusted in line with operational requirements and affected employees will receive severance packages in line with statutory requirements according to S189 process.