



MATUSON

ASSOCIATES

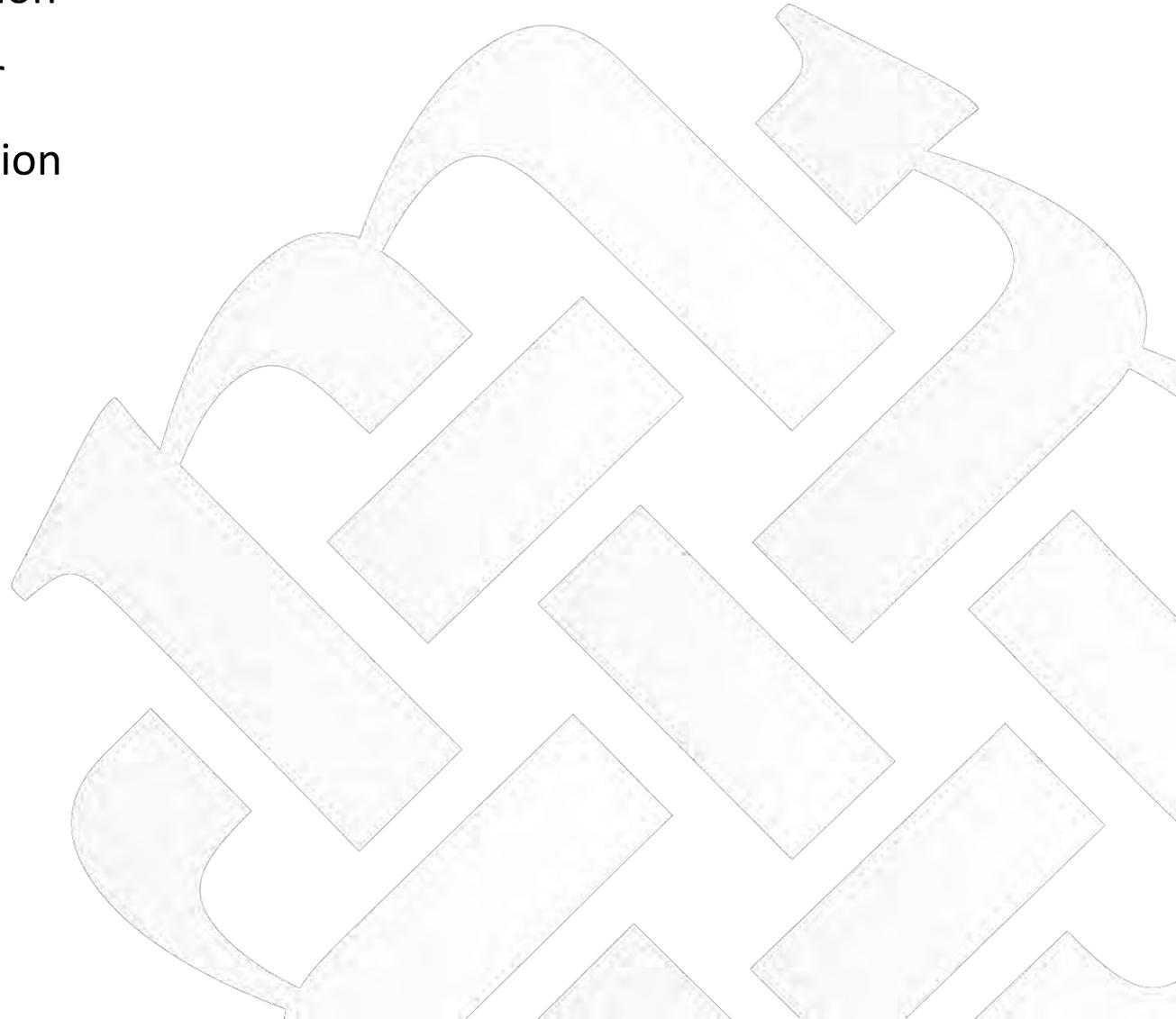


MAZARS

Evraz Highveld Steel and Vanadium Limited
Affected Parties Meeting
8 October 2015

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INTRODUCTION



GRE OFFER



GRE OFFER

- There is no indicative time line for when this will be done. But clearly is a complex multi-jurisdictional transaction that will not complete before Highveld runs out of money.
- BRP's are not allowed to make any distribution of any portion of the money before the Offer Conditions are not fulfilled (paragraph 24.1)
- there are 9 suspensive conditions. They are not capable of waiver. There is no drop dead date for fulfilment – this can carry on for years.
- GRE also requires the “renegotiation of certain agreements with suppliers” but does not list who these suppliers are.
- Legally cannot give effect to at least 2 suspensive conditions
 - terminating certain employment contracts (24.1.2) – prevented to do so by Labour Relations Act.
 - settling all environmental claims (paragraph 24.1.6) – these needs to be rehabilitated over a period of time – cannot buy your way out of it

GRE OFFER

- GRE Offer is subject to the “absence of applicable laws and injunctions restricting, or Government related intervention, seeking to prevent the implementation of the Offer”. Uncertain what this means in a multi-jurisdictional transaction – dealing at least with money flowing between St. Lucia, USA, UK, Austria, Switzerland; South Africa and Isle of Man in this offer.
- Still do not have proof of funding.
- Many risks in accepting an offer of this nature

ANALYSIS OF GRE OFFER

- We know that:
 - GRE is a Company situate in the Isle of Man;
 - the shareholders are “Private Equity Structures” from overseas, but their identities are confidential and remain undisclosed;
 - that the funds are held by PLG Bank in St Lucia – a West Indies Island;
 - that PLG Bank is not a commercial bank as we understand it;

- GRE is represented by:
 - Connie Myburgh – duly authorised representative;
 - Mike Ralston – duly authorised representative;
 - Eugene Rossouw – director of GRE and deposed to court papers;
 - Diaan Ellis – attorney for GRE in court applications;
 - Gavin Zietsman –director of GRE

OVERALL GRE INVESTMENT IN SOUTH AFRICA:

- Correspondence indicates that GRE wants to invest in various entities;
- They refer to the Lesotho Breeze Wind Farm as reference as one of the first projects to fall under the GRE banner (Letter dated 27 July 2015) – GRE does not yet have any rights to this project.
- GRE has entered into “conditional agreements to acquire the controlling interests in groups of South African companies which will supply infrastructure and technical abilities” and propose to use these companies to acquire Highveld. GRE is arranging for the funding.
- The electricity generated by the Lesotho Breeze Project will be channelled to Highveld and it will use that to power the furnaces and plant.
- GRE is in the process of acquiring controlling interests in Moyo Eco Power Pty Ltd (letter dated 14 August 2015) which holds the rights in respect of the Lesotho Highlands Power Project.

OVERALL GRE INVESTMENT IN SOUTH AFRICA:

- GRE is in the process of negotiating with Duferco to purchase Vanchem Vanadium;
- GRE is in the process of negotiating with Evraz PLC to buy Vametco and Stratcor; (GRE letter dated 9 August 2015)
- GRE is focused on renewable energy and has “no steel making experience” – (competition filing completed by GRE paragraph [?])
- GRE has no Net Asset value in South Africa – (competition filing completed by GRE)
- GRE has no turnover in South Africa - (competition filing completed by GRE);
- GRE has threatened litigation since 28 July 2018 and has launched 2 x urgent applications to date – 2nd application is in court today.

PUBLIC INFORMATION RE GRE

- Recent Media articles states that GRE has made an offer for Jubilee Platinum but that the offer was incapable of implementation because “did not honour the terms of the transaction” according to Jubilee.
- In May 2015, Jubilee agreed to sell a 65% stake in Jubilee Smelting and a 40% holding in PowerAlt, the generating business, for US\$9.1mn to GRE.

PUBLIC INFORMATION RE GRE

- In another unrelated matter court proceedings pending in the High Court of South Africa Gauteng Local Division, Johannesburg under case number 15/06791, between First Rand Bank and Harrison & White and others – also involves GRE as acquirer of certain business from the distressed Harrison & White:
 - Harrison and White is under business rescue and has been for the last 2 years;
 - GRE wishes to acquire certain assets from Harrison and White and offered to put up post commencement funding;
 - Moyo Eco Power is part of Harrison & White;
 - Since 30 September 2013 GRE has not been able to raise the funding to give effect to the proposed transactions; (first draft of Harrison & White business rescue plan paragraph 6.5 “PCF”)
 - The same individuals are involved in this matter being:
 - Mr Connie Myburgh;
 - Mr Mike Ralston;
 - Mr. Gavin Zietsman;
 - PLG Bank as funder;
 - Mr Diaan Ellis as attorney;

PUBLIC INFORMATION RE GRE

- The funding was promised on numerous occasions from September 2013 to date;
- GRE is in the process of obtaining the funding from an undisclosed private funder;
- As at today we understand the funding is still not available.
- In this matter there have been 6 drafts of the proposed business rescue plan;
- The meeting to vote on the plan has been adjourned at least 14 times in the period September 2013 to date;
- First Rand Bank has applied for the liquidation of Harrison & White as a business rescue is now impossible;

PUBLIC INFORMATION RE GRE

- The matter has been opposed – the court papers are in excess of 1000 pages and litigation has been ongoing since February 2015. The matter is unlikely to be finalised soon.
- We do not see GRE consummating and implementing both the Harrison & White and Highveld transactions in the reasonable foreseeable future.
- Lack of funding remains the common problem.

Q&A SECTION





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