



EVRAZ Highveld Steel and Vanadium Limited
(in business rescue)
Registration number 1960/001900/06
(“Highveld”)

February 2022

**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:

Piers Marsden - Business Rescue Practitioner (“BRP”)

As defined in S128(1)(a) of the Companies Act, no. 71 of 2008 as follows:

“affected person” in relation to a company, means-

- (i) A shareholder or creditor of the company;
- (ii) Any registered trade union representing the employees of the company; and
- (iii) If any of the employees of the company are not represented by a registered trade union, each of those employees or their respective representatives



Attention: **All Affected Persons of EVRAZ Highveld Steel and Vanadium Limited (in business rescue) (“highveld”)**

RE: REPORT ON THE PROGRESS OF THE BUSINESS RESCUE PROCEEDINGS OF EVRAZ

Introduction

1. In terms of section 132(3) of the Companies Act 71 of 2008 (“Act”), if a company’s business rescue proceedings have not ended within three (3) months after the start of those proceedings, or such longer time as the Court, on application by the practitioner, may allow, the practitioner must –
 - 1.1. prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and
 - 1.2. deliver the report and each update in the prescribed manner to each affected person, and to the:
 - 1.2.1. Court, if the proceedings have been the subject of a court order; or
 - 1.2.2. Commission (“CIPC”), in any other case.
2. Therefore, as required, this **Update Report** is being delivered by the business rescue practitioner (“BRP”) in terms of section 132(3) of the Act.
3. Reference is made in this Update Report to the adopted business rescue plan (“**Plan**”). Any capitalised terms not defined herein shall have the meaning ascribed to same in the Plan. It is therefore important that this Update Report be read in conjunction with the Plan and the previous update reports.

Business Rescue Proceedings

4. The Covid -19 pandemic impacted the closing of sale transactions with delays experienced in fulfilling conditions precedent. The most significant of these were obtaining permits to operate strategic assets.
5. Total payments made to creditors, amount to R615 million and the BR process now focuses on:
 - 6.1 collection of the purchase price payments from Purchasers of strategic assets, as well as the Titanium and Vanadium bearing resources;
 - 6.2 preparing and managing creditor dividend payments; and
 - 6.3 reporting on dividend payment projections.



Creditors' Claims update - as at 28 February 2022

Evraz Highveld Steel and Vanadium Ltd Business rescue - Claims from Creditors

Post-Commencement Claims	Rm	Commencement date	Paid to Date	Balance
Employees		329	285	44
PCF Provider *		236	236	-
Post commencement Creditors		41	16	25
Total		606	537	69

Pre-Commencement Claims	Rm	# of Claims	Value of Claims	Accepted Claim Value
Claims Accepted		528	2 589	1 795
Total		528	2 589	1 795

Pre-Commencement Claims

Dividend 1 and 2 Paid	60
Dividend 3 paid	20
Total Paid to All Creditors Rm	617

* Inclusive of R86m interest paid to the IDC

6. Update on Dividend Prospects

To date the BR made three dividend payments to concurrent creditors. The first dividend of R40m was approved in August 2020 and the second dividend of R20m was approved in January 2021. A third dividend of R20m was paid at the end of September 2021.

The total estimated dividend to be paid to creditors is currently 61 cents in the rand, if all payments are made in full in terms of the agreements concluded. See Annexure 1 for the payments in terms of the contracts.

7. As indicated in Annexure 1, a further 10 cents may increase the potential dividend to 71 cents if certain conditions are met in the sale agreement with ArcelorMittal and a further R150 million becomes payable in terms thereof.

8. Conclusion

The business rescue continues in accordance with Proposal 3, i.e. the wind-down of EVRAZ Highveld Steel and Vanadium Limited ("Highveld"), as contemplated in the Plan.

The BR continues to focus on the collection of payments for assets sold and the distribution of dividends to creditors.



MATUSON
ASSOCIATES

ANNEXURE 1

Business rescue Dividend pay-out projection
Updated Projections January 2022
Outstanding Proceeds from Strategic assets

Asset Class	Total	Year						
	Rm	2022	2023	2024	2025	2026	2027	2028
Strategic Assets	466.9	204.5	75.4	93.2	68.4	13.5	12.0	-
Resources	601.9	47.3	53.6	14.4	53.6	127.8	167.0	138.2
Recoveries	42.1	42.1	-	-	-	-	-	-
Cost of Administration and Environmental	(25.20)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)
Available for Distribution (All Creditors)	1 085.7	290.3	125.4	104.0	118.4	137.7	175.4	134.6
Available for Distribution (Concurrent Creditors)	1 014.6	219.2	125.4	104.0	118.4	137.7	175.4	134.6

BR payments

Post-Commencement Claims

Rm	2022	2023	2024	2025	2026	2027	2028
(71)	(71)	-	-	-	-	-	-

Distributable dividend

1 015

Pre-Commencement Claims

1 795

Dividend (in cents)

56

12

7

6

7

8

10

7

Dividend 1 - 3 (Already paid)

4.45

Projected Dividend (in cents)

61

Upside distribution

Rm

Amsa second R150m on HSM

150

Mapochs Mine Recovery

36

Available for distribution (Rm)

186

Dividend upside potential (in cents)

10

Total potential dividend (in cents)

71

Note - Dividend projection is based on the payment terms concluded in the agreements