



MATUSON
ASSOCIATES

Evraz Highveld Steel and Vanadium Limited

UPDATE-GENERAL MEETING OF AFFECTED PERSONS

March 2021

Private & Confidential

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Overview

Business Rescue

UPDATE ON BUSINESS RESCUE

The Business Rescue (BR) has now reached a stage where all the strategic assets have been sold, with R515m paid to preferent creditors thus far, the BR will now focus on:

- collection of purchase price payments from Purchasers of strategic assets and the Titanium and Vanadium bearing resources.
- preparing and managing creditor dividend payments, and
- reporting on dividend payment projections.

Furthermore, since our previous update the litigation with SARS relating to the disputed claim in the amount of R689m has been settled. In order to avoid costly litigation a claim value of R327m was accepted of the claim that was previously rejected.

Dividend Payments

Dividend Payments

- ❑ Dividend 1 in the amount of 2,25 cents in the rand has been paid to 92.21% of the amount due to creditors. The dividend has been approved in August 2020. The dividend has been paid during Oct/Nov 2020.

- ❑ Dividend 2 in the amount of 1,1 cents in the rand has been paid to 92.21% of the amount due to creditors. The dividend was approved and paid in January 2021.

- ❑ Unclaimed dividend payments to creditors are in the process of being followed up tracing the creditors whose details on record are outdated.

- ❑ Regular dividends to be made in line with the projected dividend schedule reflected on slide 13 below.

Strategic Assets

Update on Strategic Assets

Iron Plant 1, Plate Mill & Steel Plant

- 8 Companies expressed interest to participate in a bidding process during Oct 2020.
- 4 Companies paid the participation fee required to undertake the due diligence process and submission of bids for the assets that was completed 28 Feb 2020.
- 3 Bids was submitted and evaluated.
- The bid was awarded and the assets sold for an amount of R200m.

Titanium Resources

- 22m tonnes of the 44m estimated available resource has been sold.
- The remainder of this resource will be put into a bidding process.

Calcine Resources

- 17m tonnes of the Calcine resource has been sold.

Strategic Assets

Other remainder of the Strategic Assets

- The transactions previously announced remains on track, subject to conditions precedents customary to transactions of this nature.

Creditors

Claims

Post-Commencement Claims	Rm	Commencement date	Paid to Date	Balance
Employees		329	263	66
PCF Provider *		236	236	-
Post commencement Creditors		41	16	25
Total		606	515	91

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

* Inclusive of R86m interest paid to the IDC

Concurrent Creditor Dividend Projection

Outstanding Proceeds from Strategic assets

Asset	Rm	2021	2022	2023	2024	2025	2026	2027	2028
Iron Plant 1	111.3	20.0	22.7	11.0	19.2	38.4	-	-	-
Iron Plant 2	150.0	-	-	25.0	30.0	30.0	30.0	35.0	-
Plate Mill and Steel Plant	51.7	17.7	18.0	16.0	-	-	-	-	-
Structural Mill	130.0	100.0	-	-	30.0	-	-	-	-
Resource Dumps	613.4	27.2	43.4	177.6	101.4	53.6	14.4	53.6	142.2
Central Utility Supply Assets	63.5	6.0	6.0	6.0	9.0	10.0	13.5	13.0	-
Debtors Book	13.5	6.5	7.0	-	-	-	-	-	-
Scrap Sales	3.0	3.0	-	-	-	-	-	-	-
Cost of Administration and Environmental	(28.80)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)	(3.60)
Available for Distribution (All Creditors)	1,107.6	176.8	93.5	232.0	186.0	128.4	54.3	98.0	138.6
Available for Distribution (Concurrent Creditors)	1,016.6	85.8	93.5	232.0	186.0	128.4	54.3	98.0	138.6

BR payments

Post-Commencement Claims

Rm	2021	2022	2023	2024	2025	2026	2027	2028
(91)	(91)							

Distributable dividend

1,016.6

Pre-Commencement Claims

1,795.0

Dividend (in cents)

57 8 4 13 9 7 3 5 8

Dividend 1 & 2 (Already paid) Nov 20 & Jan 21

3.35

Projected Dividend (in cents)

60

Upside distribution

Rm

Amsa second R150m on HSM

150

Mapochs Mine Recovery

36

Available for distribution

186

Dividend upside potential

10

Total potential dividend (in cents)

70

In summary

In Summary

- ❑ All strategic assets have been sold.
- ❑ Dividend payments in the amount of 3,35 cents in the rand were paid to concurrent creditors.
- ❑ Preferential creditors will be paid in full and a projected dividend of 60 cents to concurrent creditors will be paid. A further potential upside dividend of another 10 cents projected, thus a total potential dividend of 70 cents to concurrent creditors.
- ❑ As reported the IDC post commencement funding debt has been settled, an amount of R236m, inclusive of R86m interest was paid.
- ❑ Significant reduction in retrenched employee debt and payments commenced on PCS creditors. To date employee debt of R263m was paid.
- ❑ The risks relating to the BR has changed with all the strategic assets sold. Key operational risks such as the maintenance of utility assets and other ageing infrastructure, security risks, derailment of trains, management of environmental risks, risk of unrest, trading risks, scarce technical skills risks and other risks associated with the management of employees are no longer carried by Highveld.
- ❑ BR to focus on collection of payments for assets and distribution to creditors.

Conclusion

- Wind-down is proceeding according to plan.
- BR related documentation available on the Highveld website (www.evrazhighveld.co.za).

Thank you

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