



**EVRAZ Highveld Steel and Vanadium Limited
(in business rescue)**

Registration number 1960/001900/06

(“Highveld”)

May & June 2022 update

**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”)



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. As defined in S128(1)(a) of the Companies Act, no. 71 of 2008, “affected person” in relation to a company, means-

A shareholder or creditor of the company;

Any registered trade union representing the employees of the company; and

If any of the employees of the company are not represented by a registered trade union, each of those employees or their respective representatives.
3. Therefore, as required, this **Update Report** is being delivered by the business rescue practitioner (“BRP”) in terms of section 132(3) of the Act.
4. 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,

5. The business rescue practitioner is pleased to announce that Dividend No.5 in the amount of **1 cent** in the Rand and will be paid to concurrent creditors during June 2022. A total amount of **R671m** has been paid to creditors in the inclusive of the dividend No.5.

There has been a significant reduction in the debt owed to retrenched employees as well as the post commencement creditors.

6. The BR process now focuses on:
- a. management of the sale process of strategic assets;
 - b. maintenance of the strategic assets;
 - c. collection of the purchase price payments from Purchasers of strategic assets, as well as the Titanium and Vanadium bearing resources;
 - d. preparing and managing creditor dividend payments; and
 - e. reporting on dividend payment projections.



Creditors' Claims update - as at 30 June 2022

Post-Commencement Claims	Rm	Commencement date	Paid to Date	Balance
Employees		329	311	18
PCF Provider *		236	236	-
Post commencement Creditors		41	16	25
Total		606	563	43

Pre-Commencement Claims	Rm	# of Claims	Amount of claims Paid	Accepted Claim Value
Claims Accepted		528	108	1 795
Total		528	108	1 795

Total Paid to All Creditors Rm 671

7. Update on Dividend Prospects

7.1. To date 5 dividend payments have been made to concurrent creditors as detailed below;

7.1.1. 2.25 cent in the Rand paid August 2020

7.1.2. 1,1 cent in the Rand paid January 2021

7.1.3. 1,1 cent in the Rand paid September 2021 and

7.1.4. 0,6 cent in the Rand paid March 2022.

7.1.5. 1.0 cent in the Rand payable June 2022.

7.2. 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.

7.3. In the view of the BRP, given the current economic climate, it is possible that counter parties may default on contractual obligations. The BRP will pursue all contracts to the full extent possible, but if this is not commercially or legally feasible certain assets may be resold or they may be scrapped. The dividend projection if certain of the assets are scrapped should the Purchasers not perform in terms of the agreements concluded is estimated at 34 cents in the Rand.



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 collection of the proceeds of particularly the waste dumps have been constrained by environmental permitting and restrictions, but assuming the full value of all the payments are made in terms of the agreements concluded the dividend payable to Concurrent Creditors is projected at 61 cents.

If certain of the assets are scrapped should the Purchasers not perform in terms of the agreements concluded, the projected dividend is 34 cents in the Rand. Thus the dividend range is projected between 34 to 61 cents in the rand payable to Concurrent Creditors.

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