

EVRAZ HIGHVELD AND VANADIUM LIMITED

Minutes of the first meeting of Employees of Mapochs Mine Proprietary Limited in Business Rescue ("Mapochs Mine" or "the Company"), held in terms of Section 148 of the Companies Act, 71 of 2008 ("the Companies Act"), at Mapochs Mine, Roossenekal, on Tuesday, 28 April 2015 at 14:00

PRESENT:

Business Rescue Practitioners:

Mr J Evans

EVRAZ Highveld and Mapochs Mine Management:

Mr J Fourie

Mr J Maepa

Mr N Makhohlisa

Ms K Shoba

Mapochs Mine employees:

See attached attendance register

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1. **Opening**

Mr Fourie opened the meeting and introduced Mr J Evans as the Business Rescue Practitioner.

2. **Business Rescue Process:**

Mr Fourie noted that, due to the financial distress of the Mapochs Mine, the Mapochs Mine Board has resolved on 17 April 2015 to commence with Business Rescue ("BR"), effective from 20 April 2015. He explained the BR process and that the purpose of this meeting was to formally inform the employees hereof. He explained that one of the outcomes of the BR process would be the presentation of the BR plan to the stakeholders of the Company.



The primary focus of the process was to resume mining operations within the BR process.

3. **Appointment of Business Rescue Practitioners ("BRP's")**

Mr Evans and Mr Lightfoot were appointed as BRP's and their task was to rescue the Business and to facilitate it returning to sustainability.

The main customers of the Company, Evraz Highveld Steel and Vanadium Limited ("EVRAZ Highveld") and Vanchem Vanadium Products (Pty) Ltd ("VVP") had to contribute to the process and support the Company. It was important for the success of the process that the Company was operational whilst the business and its finance were restructured to ensure sustainability.

The execution of the BR plan that would be prepared in consultation with all stakeholders, and that would be presented to stakeholders, would require the contribution of all the stakeholders.

Employees' claims ranked preferent to all other creditors' claims.

If the BR process did not succeed the BR had to propose alternative options, including immediate liquidation.

In the interest of reviving cash flow to the Company and in keeping the mine operational, its customers, EVRAZ Highveld and VVP must continue to support the company and take delivery of product.

The Unions were requested to support the process and co-operate in the interest of their members. If the customers were not supplied with ore, non-supply would have a detrimental effect on their businesses as well as on the mine. Currently the mine was working short time, but normal production would resume as soon as possible.

Mr Fourie noted that the customers of EVRAZ Highveld were requested to pay the mine on shorter than agreed payment terms to generate cash to restore the mining operations.



No

Sandton Plant hire withdrew their services from the mine due to non-payment. EVRAZ Highveld was trying to secure funding to enable it to resume orders to the mine. EVRAZ Highveld's position of BR was mainly the result of a culmination of various factors, including the current adverse market conditions.

Supplier's and creditors' debt were dealt with on the basis of pre-and post commencement debt. VVP has indicated that they are prepared to fund the immediate resumption of mining operations to ensure immediate supply to VVP until the mine was back to normal operations.

Mr Evans emphasised that the Board's decision to commence Business Rescue was focused solely on rescuing the company. The interest of the employees remains a significant focus.

3.1 QUESTIONS FROM THE UNIONS

Q1: Short time was declared on Friday. The union tried to consult with its members on the matter, but was not allowed the opportunity.

A1: Mr Fourie noted that short time work was unavoidable due to the lack of funds to pay employees. The role of the union was acknowledged, but there were simply no funds to pay employees whilst the business was not operational.

If supply to VVP could be restored, the Mine may require that some employees were return to the plant.

Q2: The presentation of the Mine to the Union on 20 April 2015 was on the basis of lay-off and not on the basis of short term. The relevant Labour Legislation had still to be adhered to.

A2: Mr Fourie acknowledged the statement, but reiterated that, in the interest of fairness, management was not prepared to let employees work if the Mine was unable to pay its employees.

In addition hereto it was noted that, due to EVRAZ Highveld's BR, the mining contractor



stopped its operations and all mining activities effectively stopped. Mr Fourie negotiated with the mining operator to convince continue with its operations, but was unsuccessful herein.

Mr Evans noted that all efforts were focused at restarting mining operations, at least for VVP's supply and hopefully to supply both EHVS and VVP.

Q3: What was the interaction of the BRP's with EVRAZ Highveld?

A3: Mr Evans noted that two different independent BRP's were appointed for the mine. The BRP's for the Mine have to act in interest of the mine, taking carefully note of progress of the EVRAZ Highveld's BR process.

Q4: Some of the running projects, such as the primary crusher project, were interrupted. When the mine was ordered to stop its operations, these projects also stopped. If some of these projects were not completed, it may delay restarting the mine.

A4: Mr Fourie noted that the plant could only be instructed to prepare its equipment once the mining operator, transport, etc were secured. Therefore funding had to be secured urgently to get the operations going. It was clear that the crusher work had to re-commence, but that can only be done if funds were secured to pay the employees.

Mr Evans noted that the co-operation of employees was important in securing funding.

Q5: The process followed by Management on short time testifies to lacking communication, which was disturbing and which caused dissatisfaction with employees. The employees felt they were being punished and bombarded with legal notices. Due process was not followed with declaring short time and was a concern to the employees. The Union's contribution to obtain support from the employees should not be underestimated by Management.

A5: Mr Fourie re-iterated that by declaring short-time, he wanted to be fair to and honest with the employees.



No

Mr Evans noted that there were several time discrepancies between the provisions of the Labour Relations Act and the BR Process set out in the Companies Act. The intension of the BR of the mine is to rescue the business.

Q6: Unions requested that, for future matters, they meet with the employees before the BRP addressed the employees to explain the issues to the employees and to ensure their support.

A6: Mr Evans noted that the survival of the business was key to economic security of the employees and short-time was merely a short term measures until the mine returned to full operations.

Mr Fourie further noted that the employees had to be informed on two important issues:

- 1) BR Process flow; and
- 2) The operational impact of BR and its short-time issues.

Q7: Was there a chance of rescuing the business?

A7: Mr Evans noted that there is a reasonably good chance of rescuing the business, as there are two customers who urgently need product. The cost of the Mine and its product has to be reduced and pricing of the products has to be addressed. Employees are requested support the process. He also requested that the employees elect an employee's committee to advise the BRP. This is to be done by the employees who should communicate the nominations of the committee members to the mine management and BRP.

As there was no further business, the meeting was adjourned at 16:45


Mr J EVANS

Obo Business Rescue Practitioners


Date