

Evraz Highveld Steel and Vanadium Limited
(Incorporated in the Republic of South Africa)
(Registration No: 1960/001900/06)
Share code: EHS ISIN: ZAE000146171
("Highveld" or "the Company")

EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED IN LEGAL DISPUTE WITH SASFIN BANK

EVRAZ Highveld Steel and Vanadium Limited ("Highveld") announces, as it is required to do in terms of section 145 and 146 of the Companies Act, 71 of 2008, that the Board's appointed business rescue practitioners ("the BRPs") have launched an urgent High Court application against Sasfin Bank Limited ("Sasfin"). In the application, which was launched on Friday, 22 May 2015, the BRPs urgently applied to the High Court to obtain an order against Sasfin to, *inter alia*, release the debtors ceded to Sasfin to enable the BRPs to procure funding from the Industrial Development Corporation of South Africa Limited ("the IDC"). In terms of the application, Sasfin is required to respond to the application by 17:00 on Monday, 25 May 2015. The BRPs will have a right to respond thereto. The application is due to be heard on Thursday, 28 May 2015. The application is available on the Company's website.

Background

The dispute relates to an Invoice Discounting Agreement ("the agreement") that was terminated by Sasfin when Highveld's Business Rescue Proceedings, commenced on 13 April 2015.

Highveld disputes that Sasfin is entitled to retain the debtors' book of Highveld after having collected all the capital and interest outstanding on the facility. In addition, Sasfin has also imposed R36 million (including Vat) in penalties arising from its cancellation of the agreement and have retained R35 million collected from the Highveld debtors, which penalties are disputed by Highveld. Highveld has tendered to pay under protest the outstanding amount claimed of less than R1 million, as this amount is reflected on the latest Sasfin statement, provided that Sasfin releases the cession of debtors. That tender was refused by Sasfin and has resulted in the urgent application being launched. A separate action will be instituted by Highveld against Sasfin shortly to set aside the purported penalties and recover the amounts concerned.

These actions have severely compromised Highveld's ability to access the cash flow required to save the business and has potentially prejudiced the conclusion of a loan arrangement with the IDC, which requires Highveld to first procure the unconditional release of the cession of debtors.

Highveld remains uniquely positioned as a vertically integrated global steel and vanadium producer with a significant turnaround potential.

The urgent High Court proceedings by Highveld have unfortunately become necessary in the interests of all Highveld's stakeholders. The refusal by Sasfin to release the cession and the imposition of purported penalties by Sasfin, is not only detrimental to the 3,700 direct employees and the range of suppliers in an economically distressed Mpumalanga Province, but also highly prejudicial to the extra-ordinary efforts to raise funding and the collective serious endeavours of many stakeholders, including, inter alia, government, employees, suppliers, state owned enterprises, to save Highveld.

eMalahleni

25 May 2015

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