



MATUSON
ASSOCIATES

Evraz Highveld Steel and Vanadium Limited (in business rescue)

Registration number 1960/001900/06

("The Company")

January 2019

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:

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1. Introduction

- 1.1.** The business rescue proceedings of the Company have not been concluded within three months of the date of commencement thereof, and therefore this update report is being tabled in terms of section 132(3)(a) of the Companies Act 71 of 2008 (“Act”).
- 1.2.** It is important to read this report in conjunction with the Business Rescue Plan (“Plan”) and previous update reports as well as the presentation given at the general meeting of affected persons, which was held on 19 February 2018. The presentation presented is available on the Company’s website. (www.evrazhighveld.co.za)

2. Update on Business Rescue Proceedings

Structural Mill:

- 2.1.** Production continues in terms of the contract manufacturing agreement.
- 2.2.** The First option date for the purchase of the Structural Mill was not exercised. The second option date is March 2019, which will mark the end of the initial contract manufacturing agreement period.

Other Strategic Assets

- 2.3. Iron plant 1** – The scrapping of redundant portions of Iron Plant 1 has commenced this process is expected to take 6 months.
- 2.4. Iron Plant 2** – We are currently review several proposals which could include the restart of these operations
- 2.5. Plate Mill** – We are currently reviewed several proposals which could include the restart of these operations.
- 2.6.** The joint BRPs continue to engage with buyers on several of the Company’s strategic assets.

Employee Payments

- 2.7.** Employees have been paid approximately 53% (R 169 698 401) of the total amount owed to them. The last payment to employees was made in January 2019.

3. Proof of Claims

- 3.1.** The claims submission period has closed.
- 3.2.** Majority of creditors have received confirmation of their accepted claim and the quantum thereof.



3.3. Please refer any questions or queries relating to your claim to evrazhighveld@matusonassociates.co.za

4. Litigation

4.1. Affected Persons will be advised of further updates.

5. Suggested Way Forward

In terms of the Plan, the business rescue is proceeding in accordance with Proposal 3, i.e. the wind-down of the Company.

6. Conclusion

It is the joint BRPs' view that Proposal 3 will result in a better outcome for all affected persons than a liquidation.