



MATUSON
ASSOCIATES

Evraz Highveld Steel and Vanadium Limited (in business rescue)

Registration number 1960/001900/06

(“The Company”)

March 2017

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.

2. Update on Business Rescue Proceedings

Structural Mill:

- 2.1.** The contract manufacturing and option to buy agreement between the Company and ArcelorMittal South Africa Limited was concluded during December 2016.
- 2.2.** The refurbishment of the Structural Mill is expected to be completed by April 2017.
- 2.3.** Once the refurbishment has been completed, the Structural Mill assets will be sold to a wholly owned subsidiary of the Company (please refer to the last presentation to the general meeting of affected persons which details the structure.)
- 2.4.** It is expected that the Structural Mill will commence production immediately thereafter.

Other Strategic Assets

- 2.5.** The joint BRPs continue to engage with buyers on several of the Company’s strategic assets.

3. Proof of Claims

- 3.1.** The claims submission period has closed.
- 3.2.** Creditors are still being informed on a) whether their claim has been accepted and b) the quantum of such claim.
- 3.3.** Please refer any questions or queries relating to your claim to evrazhighveld@matusonassociates.co.za



4. Litigation

- 4.1.** Air Liquide was granted the order for substituted service and has served its joinder application on the joint BRPs.
- 4.2.** The Company has served its replying affidavit to the main cancellation application, which also constitutes its answer to Air Liquide's counter-application.
- 4.3.** The papers filed to date in the application and action against Air Liquide (Pty) Limited are available on the Company's website.
- 4.4.** 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.