Evraz Highveld Steel and Vanadium Limited (in business rescue)
Registration number 1960/001900/06
(“The Company”)

August / September 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:

Piers Marsden and Daniel Terblanche – Joint Business Rescue Practitioners (“joint BRPs”)
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

2.1. Successfully decommissioned the entire steel making and vanadium operations in a controlled
environment to preserve assets for future start-up.

2.2. Reconfigured the site to function as an Industrial Business Park, accommodating 55 tenants,
employing more than 1,200 employees and conducting business with approximately 300
suppliers since its re-launch.

2.3. Ring fenced the strategic assets, which can be operated or sold as free-standing operational
units.

2.4. Restarted the structural mill through a contract manufacturing agreement with ArcelorMittal
(“AMSA”), to toll manufacture steel sections and rail products. AMSA has exercised their option
to purchase on terms stated below.

2.5. Identified and executed on a number of additional income generating opportunities, allowing the
business rescue team to pay creditors in terms of the payment waterfall.

2.6. Structural Mill – Sale of Business

AMSA Transaction Rationale

- The structural mill is a unique asset capable of producing heavy section structural steel for
structural development and, with further investment, mainline rails. The localisation of
mainline rails will:
  - support jobs;
  - strengthen industrial capability; and
  - enable export opportunities, while allowing for the transfer of specialised intellectual
    property and skills associated with rail production.

Key Commercial Terms

- Payment of R150 million on the effective date upon the conditions precedent being met.
- Second payment of R150 million conditional on:
  - concluding a commercial arrangement for the long-term supply of sizable mainline rail
    volumes; and
  - funding for this payment by AMSA to be secured from the IDC, with a long stop date of
    31 December 2023; or
  - the business achieves profitability targets.
The key conditions precedent are mainly customary and regulatory in nature.

- The contract manufacturing agreement has been extended to the earlier of the effective date or 12 months from 1 July 2019.

### 2.7 Other Strategic Assets

**Offers currently under DD or Exclusivity:**
- Iron Plant 2
- Plate Mill

**Offers currently being evaluated:**
- Sale of balance of titanium containing slag.
- Sale or lease of Iron Plant 1 and Kilns.
- Various leases in the Industrial Park.

### 2.8 Employee Payments

Employees have been paid approximately 66% (R217 million) of the total amount owed to them. The previous payment to employees was made in September 2019.

### 3 Proof of Claims

3.1. The claims submission period has closed.

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

### 4 Litigation

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.
Business Rescue Status Report

Date: August 2019

Customer Code: BOWMCT

Concerning
(Name and Registration Number of Company)

Name: Evraz Highveld Steel and Vanadium Limited
Registration No: 1960/0001900/06

The above named company commenced business rescue proceedings on 13 April 2015.

Because the business rescue proceedings have not concluded within three months, the appointed business rescue practitioner provides the attached report in terms of section 132 (3).

Name and Title of person signing on behalf of the Practitioner:

Piers Marsden - Joint Business Rescue Practitioner

Authorised Signature:

This form is prescribed by the Minister of Trade and Industry in terms of section 223 of the Companies Act, 2008 (Act No. 71 of 2008).