



**MATUSON**  
ASSOCIATES

---

**Evraz Highveld Steel and Vanadium Limited (in business rescue)**

**Registration number 1960/001900/06**

**("The Company")**

---

**January 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:

**Piers Marsden and Daniel Terblanche – Joint Business Rescue Practitioners ("joint BRPs")**

Matuson & Associates (Pty) Ltd Reg Nr: 2009/008967/07 VAT Nr: 4780253763

Directors: Les Matuson | Piers Marsden | Gary Kaplan | John Lightfoot

t: +27 (0)11 728 7166/7 f: +27 (0)86 554 9998 w: [www.matusonassociates.co.za](http://www.matusonassociates.co.za)

1<sup>st</sup> Floor, One on Ninth, Cnr Glenhove Road & Ninth Street, Melrose Estate, Johannesburg, 2196 | PO Box 92796, Norwood, 2117



## **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 Company has commenced with the refurbishment of the Structural Mill, which 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.

### **Sale of Process Stockpiles**

- 2.5.** The Company has concluded the sale of 10 million tons (out of approximately 44 million tons) of the Elkem stockpile. A non-refundable deposit is payable within 7 days.
- 2.6.** The sale proceeds will be received on a monthly take-or-pay basis.

### **Other Strategic Assets**

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

### **Employee Payments:**

- 2.8.** Employees have been paid approximately 11% (R30 896 283) of the total amount owed to them. The last payment to employees was made on 15 December 2016.

### **Update Meeting:**

- 2.9.** A further general meeting of affected persons has been convened for 10h00 on 24 February 2017 at the offices of Edward Nathan Sonnenbergs Inc., 150 West Street,



Sandton, to provide affected persons with an update on the business rescue proceedings and to discuss the way forward.

### **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](mailto:evrazhighveld@matusonassociates.co.za)

### **4. Litigation**

- 4.1.** The joint BRPs have received the answering affidavit and counter-application of Air Liquide (Pty) Limited, which will be made available on the Company's website. Air Liquide has further advised of its intention to bring a joinder application and application for substituted service.
- 4.2.** The joint BRPs have further instituted action proceedings against Air Liquide in respect of the late start-up of Air Liquide's plant in terms of the supply agreement concluded between Air Liquide and the Company. Air Liquide has filed its notice of intention to defend. The relevant notice to affected persons will be published in due course.
- 4.3.** 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.