



MATUSON
ASSOCIATES

Evraz Highveld Steel and Vanadium Limited (in business rescue)

Registration number 1960/001900/06

(“The Company”)

May 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 agreement between the Company and ArcelorMittal South Africa Limited was concluded during December 2016.
- 2.2. The refurbishment of the Structural Mill has been completed.
- 2.3. An agreement has been concluded for the sale of the Structural Mill assets 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. Pending transfer, the Structural Mill is being leased to the subsidiary and has commenced production, according to the contract manufacturing agreement.

Other Strategic Assets

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

Employee Payments

- 2.6. Employees have been paid approximately 13% (R 34 980 725) of the total amount owed to them. The last payment to employees was made on 12 April 2017.

3. Update Meeting:

- 3.1. A further general meeting of affected persons has been convened for 10h00 on 20 June 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.

4. Proof of Claims

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



5. Litigation

5.1. The papers filed to date in the application and action against Air Liquide (Pty) Limited are available on the Company's website.

5.2. Affected Persons will be advised of further updates.

6. 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.

7. Conclusion

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