EVRAZ

EVRAZ Highveld News

2012 Results Announced

On 14 March 2013 we released the Group Preliminary Results for the year ended 31 December 2012.

As required by the JSE (Johannesburg Stock Exchange) we published a short form announcement in print and the full results are available electronically on our website.

Highlights – and lowlights – of our results are as follows:

The Chairman and CEO's review covered the following:

Safety

We have improved our safety performance over the last year. The lost time injury frequency rate improved from 1.57 lost time incidents per million hours worked in 2011, to 1.35 for the year ended 21 December 2012.

Key financials

The operating loss for the period was R854 million, compared to a loss of R49 million in 2011. The industrial action in Q3 and subsequent rap-up problems mainly contributed to the poor results. The EBITDA (earnings before interest, tax, depreciation and amortisation) for the period was R697 million loss, compared to a R153 million profit for the previous year. Revenue decreased to R4 346 million compared to R5 587 million in 2011.

Operations

Steel: Liquid iron for 2012 decreased by 6% at 620 035 tons and cast steel output decreased by 15% at 571 787 tons. Production of long products decreased by 9% to 204 701 tons and the production of flat products decreased by 16% to 242 836 tons.

Vanadium: A total of 43 132 tons of vanadium slag was produced with 6 205 Mt V for the period, compared to 61 083 tons slag and 8 088 Mt V during 2011.

Markets

Global crude steel production reached a record of 1.55 billion tons in 2012. South African crude steel production decreased by approximately 5,6% compared to production in 2011.

EVRAZ Highveld sales: Domestic steel sales volumes decreased by 24% at 359 162 tons. Export steel sales volumes decreased by 27% at 94 674 tons. Export vanadium slag sales decreased by 15% to 4 817 tons.

Change in directorate

In May 2012 we welcomed Mr Thabo Mosololi to our Board as non-executive director.

Outlook

Although we experienced operational challenges from August to October 2012 while recovering from the strike, ***month-on-month improvements in volume have been made through to December 2012 and remain a key objective for us in 2013.***

Growth of domestic steel supply is expected to correlate with gross domestic product growth in the absence of major government infrastructure spending.

The international steel market suffers from oversupply which is unlikely to subside until the Chinese economy can absorb more of its own output and Europe can stabilise its economic contraction.

The global expectation is that vanadium prices will rise more forcefully in 2013.

We will remain focussed on cost cutting and await the outcome of tariff structure applicable to us following NERSA's (energy regulator) determination on Eskom's price increase request.

INSPIRATION FROM IT

Three talented individuals from the IT department, rose to the challenge set by Colin Short to develop Mobile Applications that would assist EVRAZ Highveld to achieve its sustainable business strategy.

These applications have the potential to change the way we do things at EVRAZ Highveld and in the words of the overall winner of the challenge, Coen van Coppenhagen:

"Apart from the physical and mental effort, everything else required to make this work was completely free. No trial versions, initiation/ registration fees or licenses".

Hans Liebenberg and Mike Garcia

Third place winner Hans Liebenberg

Hans's mobile application uses information from the SACO database to make specific employee and contractor related data available in real time to a mobile phone.

"I am currently employed by EVRAZ Highveld as an MES Business Analyst. My fascination with computers and software led me to study at the University of Pretoria where I obtained a bachelor's degree in Information Technology: Knowledge and Information Systems. Upon graduation I decided to pursue a career in software development using Microsoft based technologies and I started my professional career in 2003, becoming proficient in delivering software using the C# language. I've worked for a Microsoft Gold partner where I gained significant knowledge of workflow based systems that integrate with Microsoft SharePoint.

"I joined Evraz Highveld in 2008 and worked in the computer services division as part of the production systems team that later evolved into the current highly talented MES team. Gartner estimates that from 2013 four out of every five software solutions will be targeting the mobile platform. Only 25% of development will be done for desktop environments. It is therefore essential that IT departments begin the foray into this arena and make use of this technology to support business in innovative ways.

"I chose to use the existing clocking system (SACO) data as a prototype for a mobile application, as the existing reporting on the system is limited and the technology outdated. ***My goal is to improve the speed and visibility of certain contractor and employee related data, so that divisional managers will have access to the data whenever they need it".***

Martie van Staden and Mike Garcia

Second place winner Martie van Staden

Martie created a mobile application for logging incidents and showing maintenance statistics.

"I have been in the IT industry for more than 15 years. When I started with my studies in 1993, I knew hardly anything about system design, analysis and development and yet I decided to study that. I completed my BCom (Informatics) degree in 1995 as a full time student and a few years later I also completed my BSc (Hons) Information Systems degree on a part time basis. The years went by so quickly I can hardly believe it has been almost 16 years, but 'time flies when you are having fun'. I enjoy every second of my job. I am also a mother of 2 boys and enjoy the outdoors.

"Why a mobile application for logging incidents and showing maintenance statistics? Well, I am a certified

SAP PM Associate consultant and therefore I have a special interest in plant maintenance. Preventative maintenance is crucial, as you know, to ensure the facility remains in a good condition and therefore it is important to know by the click of a button how we are doing. Reporting of incidents is just as important to ensure nothing is missed. If there is a leaking pipe it needs to be fixed and maintenance needs to know so that they can act accordingly. The incident logged will be recorded in the existing Online PM Notification system from where maintenance will take the appropriate action".

First place winner Coen van Coppenhagen

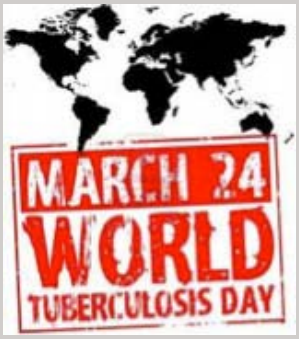
Coen developed the Curmobilack Production Performance app that provides production progress and targets to your mobile phone so that you can see the status of achieving these targets instantly.

"I'm a 35 year old MES specialist with 16 years of experience in electronics and information technologies (IT). I started as an apprentice at EVRAZ Highveld in 1996 and qualified as an Electronics Equipment Mechanician in 1998 (Passed trade test with 83%). I was then appointed as a technical specialist in the Infrastructure (hardware & network) IT department where I worked for two years. After that I've been a software developer, analyst & architect in the Manufacturing Execution Systems (MES), IT department.

"I've chosen the Production Performance project as the base of my mobile application, because it further enhances the idea behind putting up all the production boards – Visibility of Information. If people can see the difference they're making - have a visual goal - they tend to, subconsciously, aim for it. It's a phenomenon I want to be a part of, making a difference. The fact that I developed the internal application that updates the production boards, played a small part.

"There is one other aspect of the approach used in the design of the Curmobilack – Production Performance mobile application, that I think is worth mentioning. Apart from the physical and mental effort, everything else required to make this work was completely free. No trial versions, initiation/registration fees or licenses.

Coen van Coppenhagen and Mike Garcia



Tuberculosis is an infectious disease caused by Mycobacterium tuberculosis that could lead to serious problems if not treated. TB mostly affects lungs, but can also affect other organs.

How is it transmitted?

Tuberculosis is transmitted through the air from one person to another. The germs pass through the air when the infected person coughs, laughs, sings or sneezes.

Signs and symptoms

A bad cough that lasts longer than three weeks

Pain in the chest

Coughing up blood or phlegm

Weakness or feeling very tired

Losing weight without trying

Having no appetite

Chills and fever

Sweating at night or whilst sleeping

If you have these symptoms seek medical attention!

Treatment

Treatment for TB is provided free of charge by the Department of Health. You must take your tablets every day and complete the course of medication even if you are feeling better.

Preventing TB

Lead a healthy lifestyle which includes a balanced diet, exercise, adequate rest, no smoking or alcohol.

Maintain good indoor ventilation and personal and environmental hygiene.

All babies must receive the BCG vaccination.

PROTECT OUR WATER QUALITY

Water pollution occurs when pollutants are discharged directly or indirectly into our water bides – lakes, rivers, dams, oceans, aquifers and groundwater – without adequate treatment to remove harmful compounds. This pollution affects the plants and organisms living in the water and is damaging to all living things that rely on that water source – from plants, to animals and even humans.

Water pollution is a major global problem and we have a responsibility at EVRAZ Highveld to ensure we don't contribute to this problem. Most water pollutants are eventually carried by rivers into the oceans and so what we do here in eMalahleni can affect somewhere else on the planet. And remember, our Cast Iron Rule 8 is: Environmental Duty of Care.

What can you do to help protect water quality?

Put all waste in the appropriate containers for recycling and disposal

Pick up any scrap lying around and put it in the appropriate containers

Clean up any oil spills around drums and parking areas

Puck up al oil drums for recycling

Make sure that wash water goes into the dirty water drums

All petroleum, chemicals and pains must be stored inside a bund wall

Report any water pollution events to the SHEQ department

Check that silt/oil traps are operating correctly and being maintained.

NEWS FROM AROUND THE WORLD

300 million tons of blast-furnace raw material produced by EVRAZ KGOK

caption

EVRAZ KGOK produced its 300 millionth ton of blast-furnace raw material. Today the plant covers the demand of EVRAZ NTMK for quality raw materials. NTMK consumes Kachkanar sintered ore in iron production.

Blast-furnace sinter production was launched in Kachkanar GOK almost 50 years ago at the end of 1964. In 1970 the production of pellets was launched at KGOK.

EVRAZ Charity Projects contribute to children's winter sports development in the Urals

The official opening of a hockey field funded by EVRAZ was held on 26 January in the town of Valerianovsk, near Kachkanar. EVRAZ granted RUR

1.5 million to "Kachkanar City HockeyFederation", a non-profit organization aimed at the development and promotion of hockey among the young people. A trailer with a locker room was installed next to the field. EVRAZ also purchased an icing machine and safety equipment for local youth hockey club "Crystal".

EVRAZ equipped a computer classroom at an orphanage in Nizhny Tagil

The first computer education class took place at the end of January in a newly equipped room at an orphanage in Nizhny Tagil. EVRAZ provided the funding for the interactive training equipment on the occasion of the school's 90th anniversary celebration. EVRAZ NTMK has been assisting this orphanage for over 60 years. Seven computers, two printing machines and software were purchased for the students.

EVRAZ got a Russian Metallurgy award for outstanding performance in 2012

The Russian Metallurgy Awards were established by the International Industrial Exhibition Metall-Expo to recognise innovative and cutting-edge projects in the metal industry in Russia. EVRAZ became one of three companies to receive the award in 2012 for the reconstruction of the rail mill at EVRAZ ZSMK. This is one of the largest investment projects of the kind in Russia totaling more than 18 billion rubles.

EVRAZ Celebrates Commissioning of Baghouse Project

A celebration to recognise the commissioning of its state-of-the-art air pollution control (APC) system was hosted by the EVRAZ Claymont facility. Commonly referred to as a "baghouse," the $16.75 million APC system nearly doubles the facility's capacity to collect and filter emissions from the steelmaking process.

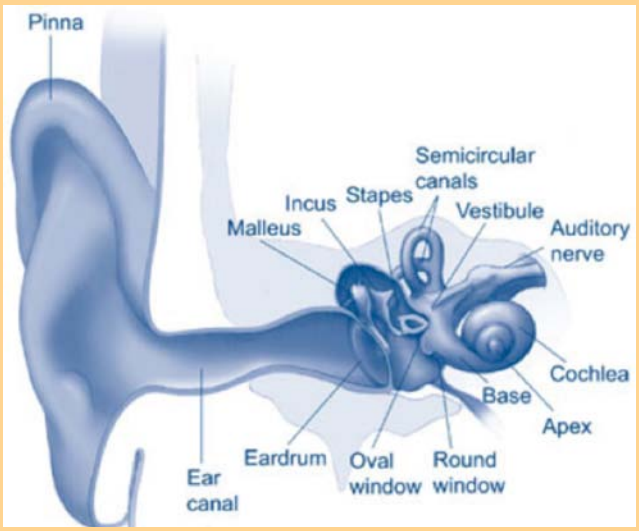
The baghouse will capture emissions from the facility's electric arc furnace, stir station and ladle reheat operations, forcing particulate matter through newly augmented filtration systems that work like vacuum cleaners and have a greater than 99% collection rate.

EVRAZ rebar is used in construction of nuclear storage facility

EVRAZ Metall Inprom supplies steel products for the construction of the unique dry spent nuclear fuel storage facility in Zheleznogorsk in the Krasnoyarsk region. Phase 2 of the dry air-cooled storage is currently under construction; phase 1 was operational in December 2011. Completion of construction is expected by the end of 2015. By January 2013 about 3 000 tons of rebar had been shipped.

HEARING LOSS CAN BE PREVENTED

Television, radio, household appliances and traffic – we are exposed to different noise levels throughout our day. Usually these are at safe levels that do not affect our hearing. But at work there is a greater risk of being exposed to harmful noise – noise that is too loud, or too loud and lasts a long time. This type of noise can affect the sensitive structures in our inner ear causing noise induced hearing loss (NIHL). The hair cells in our ears are small sensory cells that convert sound energy into electrical signals that travel to the brain.



What sort of noises lead to hearing loss?

There a number of factors that affect employees' susceptibility to noise induced hearing loss. These are:

Intensity of the noise (dB) – or how loud it is

Temporal pattern of the noise – whether it is continuous or intermittent

Spectral pattern of the noise – the frequency content

Duration of exposure – how long you are exposed to the noise for

Individual susceptibility to noise – we all have different levels of noise tolerance

Workplace hearing Conservation programme

EVRAZ Highveld has a Workplace Hearing Conservation programme aimed at ensuring that the occurrence of noise induced hearing loss is reduced and that further progression of hearing loss is prevented. Through conserving hearing the programmes also aims to reduce accidents and stress, and improve productivity and employee morale.

Keep yourself protected

There a number of things you can do to protect your hearing both at home and at work:

Wear ear protection whenever you are exposed to noise – noise that is too loud, too close, or too long

Make sure you are aware of high noise areas (85dB or more) and you use your hearing protection accordingly

Always insert your haring protection correctly and keep them properly cleaned

Avoid listening to loud music, especially with earpieces, as this can lead to hearing impairment

How we hear

Sound waves enter the outer ear and travel through the ear canal until they reach the eardrum. The eardrum vibrates and sends the vibrations to the tiny bones in the middle ear called the malleus, incus and stapes.

These bones amplify the vibrations and send them to the inner ear – or cochlea. The sound vibrations cause fluid inside the cochlea to ripple and travel along the basilar membrane. Hair cells on top of the membrane move up and down, and tilt, allowing chemicals to rush in to channels on the sides of the hair cell bristles creating an electrical signal.

The auditory nerve carries this signal to the brain which translates it into a sound that we recognise and understand. Damage to the hair cells leads to hearing impairment.

PRESIDENT'S AWARD FOR LUCKMORE

ENG Foreman Luckmore Nyangare received the President's Award in recognition of his hard work at the workshops and contribution to the implementation of EVRAZ Business Systems and lean Manufacturing.

Lucky Nyangare (right) receives the President's Award from Senior Vice President and Head of International Business, Pavel Tatyanin (left), with them is Hlengiwe Khumalo, senior artisan in the fitting shop (centre).

NEWS FROM MAPOCHS

CONTINUING TO CARE FOR MAPOCHS COMBINED SCHOOL

A special treat of hamburgers and chips was served at the Mapochs Combined School Christmas party.

Evraz Highveld's adopted school – Mapochs Combined School – in Roossenekal, started its humble history in 1989 with just four class rooms and four teachers. The school has grown to accommodate 150 pupils, five teachers and a principal and Evraz Highveld and Mapochs Mine continue their long-standing relationship with the school.

The company provided a borehole and upgraded the roads to the school as pupils weren't always able to reach the school during the rainy season. Last year we donated winter school uniforms, footballs, dustbins and set about providing electrification for the school. Solar panels were installed and computers, televisions and a refrigerator donated by the company are now up and running. We also ensured that Christmas was celebrated with the children.

Mapochs Community Officer Daphne Nkosi is particularly excited about the first project for 2013. She says "This year the first project has been to provide much needed additional ablution facilities for the school. These have been manufactured with love by the Engineering Fabrication Shop and are in the process of being delivered to the school. We really consider it our school and are proud to help it go from strength to strength".

Evraz Highveld's adopted school – Mapochs Combined School – in Roossenekal, started its humble history in 1989 with just four class rooms and four teacher

Manufactured and decorated with care – the first ablution facilities are ready to go.

URGENT ATTENTION GIVEN TO MOBILE EQUIPMENT INCIDENTS

There have been several mobile equipment incidents over the past few months that have promoted a renewed focus on the safe operation of this type equipment by the operators. Critical to reducing these incidents to zero is the commitment of the mobile equipment operators to competence, concentration and high-level of skill.

Some recent incidents include:

Mapochs haul road tipper truck overturned

Tipper truck fell on its side on the Mapochs public road from Uitvlugt

An articulated dumper truck overturned at the EVRAZ Highveld dump site

Mobi-lift overturned at the Steel Plant.

Dumpers and forklift trucks are particularly prone to overturning if used unsafely and/or incorrectly – leading to serious injuries or fatalities when proper procedures are not followed.

General precautions for operators

- Never be tempted to use mobile equipment unless you have been properly trained, hold a licence for the specific equipment and have been authorised
- Operators of the mobile equipment should carry out pre-shift inspections on their vehicles and report any defects
- During tipping ensure that the signaller/spotter directs the truck when reversing
- The maximum speed limit for all mobile equipment is 40Km/h
- Use stop-blocks at all times when parked to prevent run away
- Don't carry passengers unless the mobile equipment is designed to do so
- The use of cell phones when operating mobile equipment is strictly prohibited
- Ensure that you wear your seat belt at all times
- Ensure that you have sufficient rest / sleep so that you are alert at all times – Fatigue Management