

EVRAZ Highveld Steel and Vanadium Limited
(Incorporated in the Republic of South Africa)
(Registration No: 1960/001900/06)
Share code: EHS ISIN: ZAE000146171
("Highveld" or "the Company")

REPORT IN TERMS OF S 132(3) (a) OF THE COMPANIES ACT NO.71 OF 2008

Shareholders are advised that the Joint Business Rescue Practitioners have prepared a business rescue update report for June 2016 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.

The Report

The content of the Report is as follows:

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

- 2.1. The joint BRPs are proceeding in terms of the wind-down contemplated in Proposal 3 of the Plan.
- 2.2. A further general meeting of affected persons has been convened for 11 July 2016 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 currently 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

There has been no change since the last update report to affected persons save for action proceedings instituted by Eriez Magnetics (Pty) Ltd against the Company in respect of a reservation of ownership claim. The joint BRPs have defended these proceedings and will furnish further updates in future reports.

5. Suggested Way Forward

In terms of the adopted 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 in a liquidation.

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22 June 2016

J.P. Morgan Equities South Africa (Pty) Ltd.

Sponsor