

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

GROUP UNAUDITED RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

Chairman and CEO's Review

- Headline loss R800 million (September YTD 2011: loss of R28 million)
- Net loss R721 million (September YTD 2011: loss of R31 million)
- Negative impact of 4 week industrial action

1. Safety

The Lost Time Injury Frequency Rate (LTIFR) was 2.19 as at 30 September 2012. This was higher than the LTIFR for the same period last year, mainly due to reduced man hours worked during the strike. However, year to date the LTIFR has reduced to 1.19, which is a positive improvement.

2. Key Financials

The operating loss for the period was R571 million, compared to a loss of R140 million for the same period in 2011. The main reason for the decrease in profitability is lower production and sales volumes during the four week strike by NUMSA members and the subsequent difficult ramp-up period thereafter. The EBITDA for the period was a R485 million loss, compared to a R41 million profit for the same period last year. Sales revenue decreased to R3 320 million compared to R4 234 million for the previous period.

3. Operations

Steel

The cast steel output for the period decreased by 16% to 406 072 tons, mainly due to the four week strike.

Production of long products decreased by 8% to 152 000 tons for the period compared to the same period in 2011. The production of flat products decreased by 22% to 171 682 tons due to the reduced availability of cast steel.

Vanadium

A total of 32 923 tons of vanadium slag was produced with 4 717 Mt V for the period, compared to 46 623 tons, with 6 087 Mt V produced for the same period last year.

4. Markets

Global and local markets

Global crude steel production for the nine months of 2012 increased slightly by 1% to 123.6 million tons as compared to the same period in 2011, mainly driven by increased Chinese production. South African production contracted by 9% during this period.

EVRAZ Highveld Sales

Domestic steel sales volumes for the period decreased by 28% to 250 512 tons, compared to the same period in 2011. Export steel sales volumes decreased by 26% to 91 670 tons, and overall steel sales volumes decreased by 27%. Sales decreased concomitantly to the reduced production during the period.

Domestic steel sales volumes in the third quarter of 2012 decreased by 35%, compared to the second quarter of 2012. Export steel sales volumes decreased by 68% for the third quarter of 2012 compared to the second quarter, resulting in a decrease of 48% in overall sales volumes.

Export vanadium slag sales decreased by 18% to 3 523 tons V for the period compared to the same period in 2011. Domestic vanadium slag sales decreased by 73% to 80 tons V, due to low slag availability. A total of 721 tons V MVO and Nitrovan were sold during the period. (YTD September 2011: 1 099 tons V). This reduction is mainly due to maintenance work carried out at the beginning of 2012 and lower slag availability.

5. Business Stabilisation Project and resultant Industrial Action

The business stabilisation project included changing from the outdated three-shift to a four-shift system to address key business risks, and the restructuring of mainly the planned maintenance department, which resulted in the industrial action by NUMSA commencing mid July. Following the strike and the associated shut-down of the steelworks, agreement was reached and the revised work arrangement implemented. Operations reached normal capacity during early October.

6. Outlook

The Company's main focus is to continue with our initiatives to achieve profitable production in a sustainable safe manner and to reduce its costs to return to a profitable position. However, it remains a challenging goal under the current conditions of increasing input costs. The global over supply situation has not changed significantly, with the local market remaining weak.

BJT Shongwe

(Chairman)

16 November 2012

MD Garcia

(Chief Executive Officer)

Directors: B J T Shongwe (*Chairman*), G C Baizini (*Italian*), M Bhabha, M D Garcia (*Chief Executive Officer*) (*American,*), M F Mosololi, Mrs B Ngonyama, V M Nkosi, D Scuka (*Czech*), P M Surgey, P S Tatyannin (*Russian*), J Valenta (*Czech*) and T I Yanbukhtin (*Russian*)

Company Secretary: Mrs C I Lewis

Registered office:

Portion 93 of the farm
Schoongezicht No. 308 JS
District eMalahleni
Mpumalanga

PO Box 111
Witbank 1035

Tel: (013) 690 9911
Fax: (013) 690 9293

Transfer secretaries:

Computershare Investor Services
Proprietary Limited
70 Marshall Street
Johannesburg

PO Box 61051
Marshalltown 2107

Tel: (011) 370 5000
Fax: (011) 688 5200

GROUP UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2012

Basis of preparation

The Group's financial results for the nine months ended 30 September 2012 set out below have been prepared in accordance with the principal accounting policies of the Group, which comply with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act in South Africa and are consistent with those applied in the Group's most recent annual financial statements, including the Standards and Interpretations as listed below.

These results are presented in terms of International Accounting Standards (IAS) 34 applicable to Interim Financial Reporting.

Significant accounting policies

- i) The Group has adopted the following new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretation Committee (IFRIC) of the IASB, that are relevant to its operations and effective for accounting periods beginning on 1 January 2012. These Standards had no impact on the results or disclosures of the Group.
 - Improvements to IFRS - issued May 2010 (effective from 1 January 2011);
 - IAS 12, Amended - Deferred tax: Recovery of underlying assets (effective from 1 January 2012);
 - IFRS 7, Amended - Financial instruments: Disclosures - transfers of financial assets (effective from 1 July 2011); and
 - IFRS 1, Amended - Severe hyperinflation and removal of fixed dates for first-time adopters (effective from 1 July 2011).

- ii) The following Standards, amendment to the Standards and Interpretations, effective in future accounting periods have not been adopted in these financial statements:
 - Improvements to IFRS - Issued May 2012 (effective from 1 January 2013);
 - IAS 1, Amended - Financial statement presentation: Presentation of items of other comprehensive income (effective from 1 July 2012);
 - IAS 19, Amended - Employee benefits (effective from 1 January 2013);
 - IAS 27, Separate financial statements (as revised in 2011) (effective from 1 January 2013);
 - IAS 28, Investments in associates and joint ventures (as revised in 2011) (effective from 1 January 2013);
 - IFRS 9, Financial instruments classification and measurement (effective from 1 January 2013);
 - IFRS 10, Consolidated financial statements (effective from 1 January 2013);
 - IFRS 11, Joint arrangements (effective from 1 January 2013);
 - IFRS 12, Disclosure of involvement with other entities (effective from 1 January 2013);
 - IFRS 13, Fair value measurement (effective from 1 January 2013);
 - IFRIC 20, Stripping costs in the production phase of a surface mine (effective from 1 January 2013);
 - IFRS 7, Amended - Disclosures: Offsetting financial assets and financial liabilities (effective from 1 January 2013);
 - IAS 32, Amended - Offsetting financial assets and financial liabilities (effective from 1 January 2014); and
 - IFRS 9 and IFRS 7, Amended - Mandatory effective date and transition disclosures (IFRS 9 effective from 1 January 2015, IFRS 7 depends on when IFRS 9 is adopted).

This abridged report was prepared under supervision of the Chief Financial Officer, Mr Jan Valenta (Chartered Accountant).

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited as at 30 Sept 2012 Rm	Unaudited as at 30 Sept 2011 Rm	Audited as at 31 Dec 2011 Rm
ASSETS				
Non-current assets		1 684	1 853	1 927
Property, plant and equipment		1 684	1 693	1 760
Deferred tax asset	5	-	160	167
Current assets		1 855	2 297	2 531
Inventories		740	713	831
Trade and other receivables and pre-payments		421	832	516
Cash and short-term deposits		694	752	1 184
TOTAL ASSETS		3 539	4 150	4 458
EQUITY AND LIABILITIES				
Total equity		1 920	2 556	2 620
Non-current liabilities		661	583	624
Long-term borrowings	6	16	-	-
Provisions		645	583	624
Current liabilities		958	1 011	1 214
Trade and other payables		620	749	1 016
Interest-bearing loans and borrowings		209	-	-
Income tax payable		-	40	45
Provisions		129	222	153
TOTAL EQUITY AND LIABILITIES		3 539	4 150	4 458
Net Cash		469	752	1,184
Net asset value - cents per share		1,936	2,578	2,642

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited for the three months ended 30 Sept 2012 Rm	Unaudited for the three months ended 30 Sept 2011 Rm	Unaudited for the nine months ended 30 Sept 2011 Rm	Audited for the year ended 31 Dec 2011 Rm
Sale of goods		757	1 249	3 320	4 234
Revenue		757	1 249	3 320	4 234
Cost of sales		(988)	(1 099)	(3 570)	(4 750)
Gross (loss) / profit		(231)	150	(250)	451
Other operating income	7	6	-	118	-
Selling and distribution costs		(65)	(64)	(218)	(237)
Administrative expenses		(81)	(76)	(221)	(231)
Other operating expenses	7	-	(203)	-	(123)
Operating loss		(371)	(193)	(571)	(140)

Finance costs		(12)	(8)	(32)	(28)	(50)
Finance income		1	6	5	20	26
Loss before tax		(382)	(195)	(598)	(148)	(73)
Income tax credit/(expense)	8	37	78	(123)	117	118
(Loss)/profit for the period/year		(345)	(117)	(721)	(31)	45
		Cents	Cents	Cents	Cents	Cents
(Loss)/profit per share - basic and diluted		(347.8)	(118.0)	(726.8)	(31.3)	45.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited for the three months ended 30 Sept 2012 Rm	Unaudited for the three months ended 30 Sept 2011 Rm	Unaudited for the nine months ended 30 Sept 2012 Rm	Unaudited for the nine months ended 30 Sept 2011 Rm	Audited for the year ended 31 Dec 2011 Rm
(Loss)/profit for the period/year	(345)	(117)	(721)	(31)	45
Other comprehensive income:					
Exchange differences on translation of foreign operations	13	50	11	77	55
Total comprehensive (loss)/income for the period/year	(332)	(67)	(710)	46	100

HEADLINE EARNINGS PER SHARE

	Unaudited for the three months ended 30 Sept 2012 Rm	Unaudited for the three months ended 30 Sept 2011 Rm	Unaudited for the nine months ended 30 Sept 2012 Rm	Unaudited for the nine months ended 30 Sept 2011 Rm	Audited for the year ended 31 Dec 2011 Rm
Reconciliation of headline loss					
(Loss)/profit for the period/year	(345)	(117)	(721)	(31)	45
(Deduct)/add after tax effect of:					
Insurance claim proceeds on items of property, plant and equipment	-	-	-	-	(63)
Proceeds on successful litigation against the Channel Induction Furnace supplier	-	-	(79)	-	-
(Profit)/loss on disposal and scrapping of property, plant and equipment	(*)	(1)	(*)	3	3
Headline loss	(345)	(118)	(800)	(28)	(15)
<i>* Less than R1 million.</i>					
Loss per share - headline and diluted	(348.0)	(119.0)	(806.5)	(28.2)	(15.1)
	Million	Million	Million	Million	Million

Number of shares

Ordinary shares in issue as at end date *†	99.2	99.2	99.2	99.2	99.2
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* Rounded to nearest hundred thousand.

† Agree to weighted average and diluted number of ordinary shares.

**CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY**

	Note	Issued capital and share premium Rm	Other reserves Rm	Retained earnings Rm	Total Rm	
2011						
Balance at 1 January 2011 - Audited		585	138	1 787	2 510	
Profit for the period				21	21	
Other comprehensive income for the quarter			20		20	
Balance at 31 March 2011 - Unaudited		585	158	1 808	2 551	
Profit for the period				65	65	
Other comprehensive income for the quarter			7		7	
Balance at 30 June 2011 - Reviewed		585	165	1 873	2 623	
Loss for the period				(117)	(117)	
Other comprehensive income for the quarter			50		50	
Balance at 30 September 2011 - Unaudited		585	215	1 756	2 556	
Profit for the period				76	76	
Other comprehensive loss for the quarter			(22)		(22)	
Share-based payment reserve	9		10		10	
Balance at 31 December 2011 - Audited		585	203	1 832	2 620	
2012						
Balance at 1 January 2012 - Audited		585	203	1 832	2 620	
Loss for the period				(94)	(94)	
Other comprehensive loss for the quarter			(13)		(13)	
Balance at 31 March 2012 - Unaudited		585	190	1 738	2 513	
Loss for the period				(282)	(282)	
Other comprehensive income for the quarter			11		11	
Share-based payment reserve	9		8		8	
Balance at 30 June 2012 - Reviewed		585	209	1 456	2 250	
Loss for the period				(345)	(345)	
Other comprehensive income for the quarter			13		13	
Share-based payment reserve	9		2		2	
Balance at 30 September 2012 - Unaudited		585	224	1 111	1 920	
		Unaudited for the three months ended 30 Sept 2012 Cents	Unaudited for the three months ended 30 Sept 2011 Cents	Unaudited for the nine months ended 30 Sept 2012 Cents	Unaudited for the nine months ended 30 Sept 2011 Cents	Audited for the year ended 31 Dec 2011 Cents
Dividends per share						
Dividends declared and paid		-	-	-	-	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the three months ended 30 Sept 2012 Rm	Unaudited for the three months ended 30 Sept 2011 Rm	Unaudited for the nine months ended 30 Sept 2012 Rm	Unaudited for the nine months ended 30 Sept 2011 Rm	Audited for the year ended 31 Dec 2011 Rm
Cash flows from operating activities					
Cash (used in) / generated by operations before tax paid	(369)	(190)	(579)	568	1 070
Income tax paid	(*)	(5)	(*)	(5)	(6)
Net cash (used in) / generated by operating activities	(369)	(195)	(579)	563	1 064
Cash flows from investing activities					
Proceeds from sale and scrapping of property, plant and equipment	-	-	1	-	90
Net additions to property, plant and equipment	(45)	(161)	(142)	(331)	(485)
Net cash used in investing activities	(45)	(161)	(141)	(331)	(395)
Cash flows from financing activities					
Increase in long-term loans	-	-	15	-	-
Increase in interest-bearing loans and borrowings	209	-	209	-	-
Net cash generated by financing activities	209	-	224	-	-
Net (decrease)/increase in cash and cash equivalents	(205)	(356)	(496)	232	669
Cash and cash equivalents at the beginning of the period/year	890	1 090	1 184	492	492
Effects of exchange rate changes on cash held in foreign currencies	9	18	6	28	23
Cash and cash equivalents at the end of the period/year	694	752	694	752	1 184

*Less than R1 million.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 Companies Act and JSE Limited Listings Requirements

Compliance with the Companies Act, No. 71 of 2008, as well as the Listings Requirements of the JSE Limited has been maintained throughout the reporting periods.

2 Related party transactions

Sales to East Metals A.G. (a fellow subsidiary) amounted to R414 million (September 2011 YTD: R564 million) for the nine months ended 30 September 2012. This constitutes 12% of total revenue for the period, compared to 13% for the period ended 30 September 2011. Technical services (slag tolling agreement) and other services with EVRAZ Vametco Alloys Proprietary Limited (a fellow subsidiary) amounted to R57 million for the nine months ended 30 September 2012 (September 2011 YTD: R83 million).

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3 Segment information

The Group is organised into business units based on their products and has two reportable segments as follows:

Steelworks

The major products of the steel segment are magnetite iron ore, structural steel, plate and coil.

Vanadium

The major products of the vanadium segment are vanadium slag and ferrovanadium. Vanadium slag is a waste product from the steelmaking process, and this slag is transferred from the Steelworks to the Vanadium plant, which then forms the input into the business of the Vanadium business.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit.

The following tables present the revenue, operating profit and total assets information regarding the Group's operating segments:

	Unaudited for the three months ended 30 Sept 2012 Rm	Unaudited for the three months ended 30 Sept 2011 Rm	Unaudited for the nine months ended 30 Sept 2012 Rm	Unaudited for the nine months ended 30 Sept 2011 Rm	Audited for the year ended 31 Dec 2011 Rm
Revenue from the sale of goods					
Steelworks	484	874	2 362	3 005	3 957
Vanadium	273	375	958	1 229	1 630
Total	757	1 249	3 320	4 234	5 587

Intersegment revenue is eliminated on consolidation.

	Unaudited for the three months ended 30 Sept 2012 Rm	Unaudited for the three months ended 30 Sept 2011 Rm	Unaudited for the nine months ended 30 Sept 2012 Rm	Unaudited for the nine months ended 30 Sept 2011 Rm	Audited for the year ended 31 Dec 2011 Rm
Operating loss					
Steelworks	(446)	(307)	(833)	(500)	(542)
Vanadium	75	114	262	360	493
Total	(371)	(193)	(571)	(140)	(49)

	Unaudited as at 30 Sept 2012 Rm	Unaudited as at 30 Sept 2011 Rm	Audited as at 31 Dec 2011 Rm
Total assets			
Steelworks	2 626	3 374	3 664
Vanadium	913	776	794
Total	3 539	4 150	4 458

4 Supplementary revenue information - Unaudited

		For the three months ended 30 Sept 2012	For the three months ended 30 Sept 2011	For the nine months ended 30 Sept 2012	For the nine months ended 30 Sept 2011	For the year ended 31 Dec 2011
Sales volumes of major products						
Total steel	Tons	71 872	127 121	342 249	470 614	603 094
Ferrovanadium	Tons V	1 042	1 601	3 897	4 541	6 031
Modified Vanadium Oxide	Tons V	16	-	244	304	398
Nitrovan	Tons V	164	225	477	795	1 105
Vanadium slag	Tons V ₂ O ₅	71	182	142	537	664
Fines ore	Tons	172 617	152 363	550 399	494 794	662 395

Vanadium slag sales reduced from 537 tons V₂O₅ for the nine months ended 30 September 2011 to 142 tons V₂O₅ for the nine months ended 30 September 2012 due to lack of orders received and unavailability of slag.

Weighted average selling prices achieved for major products

Total steel	US\$/t	754	880	778	834	825
Ferrovanadium	US\$/kg V	24	27	24	28	27
Modified Vanadium Oxide	US\$/kg V	18	-	18	22	21
Nitrovan	US\$/kg V	22	28	23	28	27
Vanadium slag	US\$/kg V ₂ O ₅	1	5	3	6	5
Fines ore	US\$/t	18	32	20	37	33
Average R/\$ exchange rate		8.26	7.13	8.05	6.98	7.26

5 Impairment of deferred tax assets

Deferred tax assets are tested for impairment bi-annually and when circumstances indicate the carrying value may be impaired. The Group's impairment test for deferred tax assets is based on clear projections that the deferred tax assets will be utilised in the foreseeable future. Due to the current assessed loss and no specific indication as to when the assets will be utilised, the Group decided to impair the assets. When more definite indications exist on the future utilisation of the assets, the assets will be recognised to the value of the expected utilisation.

The amount derecognised during the nine months amounted to R163 million.

6 Long-term borrowings

The long-term borrowings of R16 million (2011: Rnil million) consist of the loan due by Umnotho Iron and Vanadium Proprietary Limited payable to Umnotho weSizwe Group. This loan has no fixed repayment terms and interest is charged at prime rate.

7 Other operating income and expense

The R118 million other operating income for the nine months ended 30 September 2012 relates mainly to a R109 million settlement received, relating to the claim against the Channel Induction Furnace supplier. For the same period last year, other operating expense of R123 million relates mainly to the adjustment of the Net Realisable Value provision of R147 million (income), net stock write down of R22 million (expense), profit related bonus adjustment of R33 million (income) and idle plant costs of R277 million (expense).

8 Income tax

	Unaudited for the three months ended 30 Sept 2012 Rm	Unaudited for the three months ended 30 Sept 2011 Rm	Unaudited for the nine months ended 30 Sept 2012 Rm	Unaudited for the nine months ended 30 Sept 2011 Rm	Audited for the year ended 31 Dec 2011 Rm
South African					
<i>Normal</i>					
Prior year over provision	(44)	-	(44)	-	-
<i>Deferred</i>					
Current	7	(75)	167	105	(112)
Prior year over provision	-	-	-	-	(1)
Non-South African					
<i>Normal</i>					
Current	*	-	*	-	3
Prior year over provision	-	(3)	-	(12)	(8)
Income tax expense/(credit)	(37)	(78)	123	(117)	(118)

* Less than R1 million.

The period income tax expense is accrued using the estimated average annual effective income tax rate applied to the pre-tax income of the interim report.

9 Share-based payment reserve

Certain key management personnel participate in a Long Term Incentive Plan (LTIP) over shares in EVRAZ Group plc. The shares are traded on the London Stock Exchange. The vesting of the shares occurs on the 90th day following the announcement of EVRAZ Group plc financial results. The cost of the LTIP award will be settled in equity by EVRAZ Group plc. The amount recognised according to IFRS 2 in 2012 is R10 million (2011: R10 million).

10 Guarantees

As required by the Mineral and Petroleum Resources Development Act, a guarantee amounting to R264 million (2011: R264 million) was issued in favour of the Department of Mineral Resources for the unscheduled closure of Mapochs Mine.

As required by certain suppliers to the Company, guarantees were issued in favour of these suppliers to the value of R9 million (2011: R9 million) in the event that the Company will not be able to meet its obligations to the suppliers.

11 Contingent liabilities

In terms of the Company's employment policies, certain employees could become eligible for post-retirement medical aid benefits at any time in the future prior to their retirement, subject to certain conditions. The potential liability, should they become medical scheme members in the future, is R31 million before tax and R22 million after tax (2011: R31 million before tax and R22 million after tax).

On 30 March 2012 the Competition Commission issued a Referral of Complaint to the Competition Tribunal against EVRAZ Highveld and two others. The Commission is seeking orders from the Tribunal, amongst other things, declaring that i) the parties have divided certain markets; ii) the parties directly or indirectly fixed the purchase prices of flat products; and iii) the parties committed a concerted practice which substantially prevented or lessened competition in the relevant market. The Company is confident that it has a good prospect of success in the matter. Should the matter not be settled, it is unlikely that it would be finalised in the 2012 financial year. The maximum administrative penalty which the Tribunal could impose in respect of the allegations contained in the Referral is 10% of the annual turnover in South Africa of the Group (including exports from South Africa) for the preceding financial year. The matter is continuing.

12 **Subsequent events**

There are no events to be reported on since 30 September 2012.