

Evraz Highveld Steel and Vanadium Limited
(Incorporated in the Republic of South Africa)
(Registration number: 1960/001900/06)
Share code: EHS
ISIN: ZAE000146171
("the Company" or "Evraz Highveld" or "the Group")

GROUP UNAUDITED RESULTS FOR THE THREE MONTHS ENDED 31 MARCH
2011

Chairman and CEO's Review

- EBITDA profit of R53 million (Q1 2010: profit of R 71 million)
- Headline profit of R20 million (Q1 2010: loss of R 17 million)
- A positive cash flow of R75 million for the period
- Appointment of Michael Garcia as new Chief Executive Officer and Director

1. Key Financials

The operating profit for the period was R8 million, compared to a loss of R 24 million for Q1 2010. Sales revenue increased to R 1.5 billion from R 1.2 billion for the same period in 2010. The main reasons for the reduction in EBITDA for the period compared to the same period in 2010, was a movement in percentage export steel sales to total steel sales from 20% to 42%, which resulted in an overall lower steel price, as well as a higher cost per ton of steel sold. An improvement of the average net steel margin of 24% was made for the period as compared to Q4 2010.

An improvement of the following key indicators for the period from Q4 2010 was seen, as set out below:
Q1 2011 vs Q4 2010

- Revenue: R1.5 million vs R1.2 million
- EBITDA: R53 million vs negative R189 million
- Net profit: R20 million vs a loss of R377 million
- Cash in/ (out): R 75 million vs (R83 million)
- Earnings per share: 21.2 cents vs negative 380.2 cents

2. Health and Safety

It is with deep regret that we report the death of Mr Louis Mathibela, a contractor employee, who was run over by a hot charge car in the Ironmaking division on 4 April 2011. We extend our sincere condolences to his family.

The Lost Time Injury Frequency Rate as at 31 March 2011 was 1.91, with 6 lost time injuries which occurred during the period. Extensive measures have been put in place to further ensure a safer working environment for all employees and contractors.

3. Operations

Steel

The casted steel output for the period decreased by 9 % to 195 793 tons compared to the same period last year. Production of long products increased by 12%, but the production of flat products decreased by approximately 20%, mainly as a result of more focus on the domestic sales of long products and production difficulties experienced for exports of flat products.

In order to improve the plant stability, availability and the quality of rolled products, shutdowns for the flat products mill and the structural mill have been planned for June and July 2011 respectively, with additional capital cost over and above budget of R16.6 million . During this period significant maintenance will also be undertaken on idle primary equipment in the iron and steel plant. Full improved production will commence in September 2011. It is expected that the payback period of the project should be within eight months.

At the end of March 2011 the conversion project of Furnace 7 of the Ironmaking division commenced to convert the furnace to open slag bath technology. This project will reduce the dependability on metallurgical coal, reduce electrical energy consumption and improve vanadium recovery in iron. The upgraded furnace will be brought back on line during September 2011.

Vanadium

A total of 16 417 tons of vanadium slag was produced with 2 221 tons of V in V2O5 for the period, compared to 13 691 tons, with 1 902 tons of V in V2O5 produced for the same period last year. Adequate provision has also been made to ensure sufficient vanadium stock is available during the improvement and maintenance period mentioned above.

4. Markets

Global and South African markets

The year to date global crude steel production increased by 9.4%, to 373 million tonnes and by 8%, excluding China, compared to the same period in 2010. South African steel production decreased by 23.2% year to date as compared to the same period in 2010. Imports of steel into South Africa are continuing.

Evraz Highveld Sales

Domestic steel sales volumes, and export steel sales volumes for the period decreased and increased by 10% and 155% respectively, compared to the same period in 2010. The main reason for the increase in export steel sales volumes was that export orders were accepted during Q4 2010 in anticipation of a weaker domestic market for the first quarter in 2011. The domestic market subsequently recovered better than expected.

Export vanadium slag sales increased by 31% for the period compared to the same period in 2010. Domestic vanadium slag sales decreased by 86%, due to the tolling of slag into MVO and Nitrovan at Vametco Alloys. A total of 366 tons V MVO and Nitrovan were sold in the period.

5. Change in Directorate

On behalf of the Board we are pleased to announce the appointment of Michael Garcia as the new Chief Executive Officer and Director of the company with effect from today. Mike was previously Senior Vice President: Manufacturing and Supply Chain of Evraz Inc. North America and brings a wealth of experience and expertise. We are confident that the Company will benefit greatly from his leadership.

6. Outlook

The steel market seems to have stabilised with demand in balance and a slight increase in global production as compared to last year. Prices have increased slightly during the period with some likelihood that they could further increase. We are certain that the extensive investments for the Steelworks planned for the third quarter will result in quick positive payback.

BTJ Shongwe
(Chairman)

D Scuka
(Acting Chief Executive Officer)

13 May 2011

GROUP UNAUDITED FINANCIAL RESULTS

Basis of preparation

The Group's financial results for the quarter ended 31 March 2011 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

The accounting policies adopted and methods of computation are consistent with those of the previous financial year, except for the adoption of the following new and amended IFRS standards and IFRIC interpretations during the current year:

- IAS 32, Classification of rights issues (Amended)
- IAS 24, Related party disclosures (Amended)
- IFRIC 14, Prepayments of a minimum funding requirement (Amended)
- IFRIC 19, Extinguishing financial liabilities with equity instruments
- May 2010 Improvements to IFRS (improvements effective for the current financial year)

Where necessary, disclosures have been updated in accordance with these standards, amendments or interpretations. The adoption thereof did not have an impact on the results, cash flows or financial position of the group in the current period.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited as at 31 Mar 2011 Rm	Reviewed as at 31 Mar 2010 Rm	Audited as at 31 Dec 2010 Rm
ASSETS			
Non-current assets	1 656	1 868	1 661
Property, plant and equipment	1 578	1 868	1 607
Deferred tax asset	78	-	54
Current assets	2 443	3 041	2 402
Inventories	927	1 285	1 084
Trade and other receivables and prepayments	949	884	826
Cash and short-term deposits	567	872	492
TOTAL ASSETS	4 099	4 909	4 063
EQUITY AND LIABILITIES			
Total equity	2 551	3 059	2 510

Non-current liabilities	550	721	536
Provisions	550	478	536
Deferred tax liability	-	243	-
Current liabilities	998	1 129	1 017
Trade and other payables	696	818	745
Income tax payable	63	142	54
Provisions	239	169	218
TOTAL EQUITY AND LIABILITIES	4 099	4 909	4 063
Net asset value - cents per share	2 573	3 085	2 532

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Notes	Unaudited for the three months ended 31 Mar 2011 Rm	Reviewed for the three months ended 31 Mar 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
Sale of goods		1 501	1 223	5 125
Revenue		1 501	1 223	5 125
Cost of sales		(1 449)	(1 073)	(5 031)
Gross profit		52	150	94
Selling and distribution costs		(97)	(60)	(301)
Administrative expenses		(75)	(115)	(353)
Other operating income/(expense)	5	128	1	(263)
Operating profit/(loss)		8	(24)	(823)
Finance costs		(11)	(12)	(49)
Finance income		4	11	36
Profit/(Loss) before tax		1	(25)	(836)
Income tax credit	6	20	8	287
Profit/(Loss) for the period/year		21	(17)	(549)
		Cents	Cents	Cents
Earnings/(Loss) per share - basic and diluted		21.2	(17.1)	(553.7)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Unaudited Reviewed Audited

	for the three months ended 31 Mar 2011 Rm	for the three months ended 31 Mar 2010 Rm	for the year ended 31 Dec 2010 Rm
Profit/(Loss) for the period/year	21	(17)	(549)
Other comprehensive income/(loss):			
Exchange differences on translation of foreign operations	20	2	(15)
Total comprehensive income/(loss) for the period/year	41	(15)	(564)

HEADLINE EARNINGS PER SHARE

	Unaudited for the three months ended 31 Mar 2011 Rm	Reviewed for the three months ended 31 Mar 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
Reconciliation of headline earnings/(loss):			
Profit/(Loss) for the period/year	21	(17)	(549)
Add after tax effect of:			
Net (profit)/loss on disposal and scrapping of property, plant and equipment	(*)	-	166
Headline earnings/(loss)	21	(17)	(383)
* Less than R1 million			

	Cents	Cents	Cents
Earnings/(Loss) per share - headline and diluted	21.2	(17.1)	(386.3)
Headline earnings/(loss) per share is calculated in terms of Circular 3/2009 Headline Earnings issued by the South African Institute of Chartered Accountants.			

	Million	Million	Million
Number of shares			
Ordinary shares in issue as at end date *†	99.2	99.2	99.2
* Rounded to nearest hundred			

thousand.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD/YEAR ENDED

	Issued capital and share premium	Other capital reserves	Retained earnings	Total
	Rm	Rm	Rm	Rm
2010				
Balance at 1 January 2010	585	153	2 336	3 074
Loss for the period			(17)	(17)
Other comprehensive income for the quarter		2		2
Balance at 31 March 2010 - Reviewed	585	155	2 319	3 059
Loss for the period			(127)	(127)
Other comprehensive loss for the quarter		(2)		(2)
Balance at 30 June 2010 - Reviewed	585	153	2 192	2 930
Loss for the period			(28)	(28)
Other comprehensive income for the quarter		2		2
Balance at 30 September 2010 - Unaudited	585	155	2 164	2 904
Loss for the period			(377)	(377)
Other comprehensive loss for the quarter		(17)		(17)
Balance at 31 December 2010 - Audited	585	138	1 787	2 510
2011				
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
		Unaudited for the three months ended 31 Mar 2011	Reviewed for the three months ended 31 Mar 2010	Audited for the year ended 31 Dec 2010
		Cents	Cents	Cents

Dividends per share

Dividends declared and paid - - -

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Unaudited for the three months ended 31 Mar 2011 Rm	Reviewed for the three months ended 31 Mar 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
Cash flows from operating activities			
Cash from/(used in) operations before tax paid	114	(131)	(179)
Income tax paid	(*)	-	(109)
Net cash from/(used in) operating activities	114	(131)	(288)
Cash flows from investing activities			
Net additions to property, plant and equipment	(50)	(51)	(250)
Net cash (used in) investing activities	(50)	(51)	(250)
Net increase/(decrease) in cash and cash equivalents	64	(182)	(538)
Cash and cash equivalents at the beginning of the period/year	492	1 072	1 072
Effects of exchange rate changes on cash held in foreign currencies	11	(18)	(42)
Cash and cash equivalents at the end of the period/year	567	872	492

* Less than R1 million

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Companies Act and JSE Limited Listings Requirements
Compliance with the Companies Act 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 S.A. (a fellow subsidiary of Mastercroft Limited) amounted to R377 million (2010: R104 million) for the three months ended 31 March 2011. This constitutes 25% of total revenue for the quarter, compared

to 17% for the year ended 31 December 2010.

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 at zero cost, 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 31 Mar 2011 Rm	Reviewed for the three months ended 31 Mar 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
Revenue from the sale of goods			
Steelworks	1 048	839	3 612
Vanadium	453	384	1 513
Total	1 501	1 223	5 125

	Unaudited for the three months ended 31 Mar 2011 Rm	Reviewed for the three months ended 31 Mar 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
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Operating profit/(loss)			
Steelworks	(118)	(162)	(1 220)
Vanadium	126	138	397
Total	8	(24)	(823)

	Unaudited for the three months ended 31 Mar 2011 Rm	Reviewed for the three months ended 31 Mar 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
Total assets			
Steelworks	3 480	4 399	3 340
Vanadium	619	510	723
Total	4 099	4 909	4 063

4. Supplementary revenue information - Unaudited

		For the three months ended 31 Mar 2011 Rm	For the three months ended 31 Mar 2010 Rm	For the year ended 31 Dec 2010 Rm
Sales volumes of major products				
Total steel	Tons	182 119	147 119	610 602
Ferrovandium	Tons	1 501	1 750	5 488
	V			
Modified Vanadium Oxide	Tons	248	-	468
	V			
Nitrovan	Tons	118	-	-
	V			
Vanadium slag	Tons			
	V ₂ O ₅	3 498	1 382	2 102
Fines ore	Tons	176 242	138 302	623 928
Weighted average selling prices achieved for major products				
Total steel	US\$/t	740	700	715
	US\$/k	29	24	27
Ferrovandium	g V			
	US\$/k	22	-	20
Modified Vanadium Oxide	g V			
	US\$/K	29	-	-
Nitrovan	g V			
	US\$/k	6	6	6
Vanadium slag	g V ₂ O ₅			
Fines ore	US\$/t	41	34	38
Average R/\$ exchange rate		7.00	7.52	7.32

5. Other operating income

The R128 million other operating income relates to the adjustment of the Net Realisable Value provision of R116 million and foreign exchange profits.

6. Income tax

	Unaudited for the three months ended 31 Mar 2011 Rm	Reviewed for the three months ended 31 Mar 2010 Rm	Audited for the year ended 31 Dec 2010 Rm
South African			
Normal			
Current	-	27	-
Prior year under provision	-	-	1
Deferred			
Current	23	-	(318)
Prior year under provision	-	-	21
Non-South African			
Normal			
Current	(3)	(19)	9
Income tax (credit)/expense	20	8	(287)

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

7. Financial ratios - Unaudited

	For the three months ended 31 Mar 2011	For the three months ended 31 Mar 2010	For the year ended 31 Dec 2010
Current ratio	2.45	2.69	2.36
Market capitalisation - Rm	6 937	7 916	8 279

8. Contingent liabilities and guarantees

As required by the Mineral and Petroleum Resources Development Act, a guarantee amounting to R264 million before tax and R190 million after tax (2010: R264 million)

before tax and R190 million after tax) was issued in favour of the DMR for the unscheduled closure of Mapochs Mine.

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 R32 million before tax and R23 million after tax (2010: R32 million before tax and R23 million after tax).

As required by certain suppliers of the Company, guarantees were issued in favour of these suppliers to the value of R9 million (2010: R9 million) in the event that the Company will not be able to meet its obligations to the suppliers.

9. Status of previously reported possible litigation

A new summons was received on 13 May 2010 from the Competition Commission relating to a complaint referring to price fixing allegations of flat products. A comprehensive response with requested documentation was compiled and submitted to the Commission on 5 July 2010. No further response has been received from the Commission.

A summons was received on 3 March 2010 from Xai-Xai Slag Distributors (Proprietary) Limited and Rothinvest 30 (Proprietary) Limited t/a Xai-Xai Slag Management (in liquidation) ("Xai-Xai"). The Company brought an application for exception, which was heard on 14 February 2011. An adverse judgement in the exception hearing was received and the Company's plea was filed and served. Further action is awaited from Xai-Xai.

Directors: B J T Shongwe (Chairman), G C Baizini (Italian), M Bhabha, C B Brayshaw, Mrs B E de Beer, A V Frolov (Russian), Mrs B Ngonyama, D Scuka (Acting Chief Executive Officer) (Czech), P M Surgey, P S Tatyannin (Russian) and T I Yanbukhtin (Russian)

COMPANY SECRETARY: Mrs C I Lewis

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