

but no such vote took place. In any event, even if such a vote does take place, Mastercroft as holder of 85.11% of the shares would reject the Plan.

139. In the circumstances, there are numerous grounds as to why both the Plan itself and the vote thereon at the Adjourned Meeting of 13 October 2015 are to be declared invalid.

THE REMUNERATION OF THE BUSINESS RESCUE PRACTITIONERS

140. The BRPs are only entitled to charge a statutorily determined tariff amount in terms of section 143(1) of the Companies Act.

141. The BRPs may propose an agreement for an increased fee to be calculated on a contingency basis in terms of section 143(2) of the Companies Act but this can only take place in terms of section 143(3) if it is approved by the holders of the majority of the creditors' voting interest present and voting at a meeting called for the purpose of considering the proposed agreement and also by the holders of the majority of the voting rights attached to any shares of the company present and voting at a meeting called for that purpose.

142. At the meeting of creditors held on 28 September 2015, the BRPs proposed that a vote be taken in respect of a prospective increase of their remuneration, on the basis that *inter alia* the statutory tariff had not been updated since 2008.

143. Ballot forms were handed to all attendees at the meeting, with the option of them voting either for, or against, the increase of the BRPs' fees. EMAG and Mastercroft voted against the increase sought by the BRPs. By the time the

meeting was adjourned, the result of the vote was not yet available. As at that stage, EMAG constituted 32% of the voting interest of creditors (as the additional creditors had not yet materialised) and as Mastercroft in any event voted against the increase in remuneration, the increased fee should have been rejected. To date, to my knowledge the result of the vote has not been released. Despite the fact that that a vote was taken on the increase the BRPs' fees, the provision in the Plan dealing with the BRPs remuneration remains unchanged, despite various other amendments to the Plan being voted on at the creditors' meeting on 13 October 2015.

144. In this respect, paragraph 14 of the proposed Plan proposes an increased fee, more than double, from R1,750.00 per hour to R3,500.00 per hour, retrospectively with effect from of the BRPs' appointment. Although this is predicated upon the approval of the Plan, the BRPs cannot obviate the requirement for a meeting called for the purposes of considering such a proposed agreement for increased fees by making it part of a business rescue plan of some 81 pages, and where in any event such meeting has already been held and a vote taken.
145. In the event that the Plan itself and the vote thereon is not set aside, then in any event it is submitted that the agreement to charge the increased fee is to be declared invalid.
146. Further, as set out above, the BRPs were materially financially interested in the Plan being adopted as a doubling of their fee is dependent thereon. The BRPs are invited to disclose what their estimated fees to date are and how

that fee increases upon the adoption of the increased fee proposed in the Plan.

THE RELIEF SOUGHT

147. As:

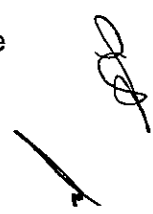
147.1 the proposed Plan put to the creditors at the Adjourned Meeting of 13 October 2015 was materially deficient and failed to comply substantially with section 150 of the Companies Act;

147.2 the vote that then took place thereon included the exercise of further voting interests of R1,4 billion, including a voting interest exercised by SARS exceeding R579 million in respect of a disputed claim, all of which was undisclosed by the BRPs to the meeting;

both the Plan and the vote thereupon are liable to be declared invalid.

148. In any event, the agreed increased remuneration for the BRPs is also to be declared invalid.

149. To the extent that the BRPs remain of the view that there are reasonable prospects for Evraz Highveld to be rescued, then they are obliged to seek the revision of the Plan to properly reflect all the required statutory information, including but not limited to a complete list of all creditors, including SARS, and the effect that the inclusion of the additional claims of SARS will have on the proposals in the plan and the likely dividend in the business rescue and liquidation scenarios.

150. Evraz Highveld and the BRPs have challenged the claims by SARS and cannot now simply accept that those claims are good, particularly where the inclusion of the claims materially prejudices the interests of all creditors whose dividend will be massively reduced, whether in a business rescue or liquidation scenario.
151. The affected persons are also entitled to know what the BRPs intentions are in relation to challenging the SARS claims and for the appropriate amendments to be made to the Plan to cater for a continued challenge to the claims of SARS.
152. As described in the letter from Baker & McKenzie dated 3 October 2015, proposals 1 and 2 in the plan contain a level of conditionality in relation to the conditions precedent that are patently unacceptable by ordinary commercial standards.
153. To include Proposals 1 and 2 based upon such conditions and without describing the distinct risk that these conditions precedent will not be fulfilled, misleads creditors.
154. ENSafrica on behalf of the BRPs in their response of 7 October 2015: *"to put it bluntly, Highveld is not an attractive asset to a potential purchaser"* and that *"to exacerbate the situation a potential purchaser cannot mitigate its risk or get comfort from warranties"* and that there are *"huge uncertainties around certain liabilities"*.
155. In the circumstances, the prospects of Proposals 1 and 2 coming to fruition is negligible (Proposal 1 cannot succeed in any event as Mastercroft as the
- 

major shareholder has not approved of the proposal) and to the extent that Proposal 3 is the only viable proposal, then that should be the proposal put forward in the Plan and be embarked upon as soon as possible without ongoing unnecessary business rescue fees and costs being incurred in the interim until March 2016 in relation to proposals that are unlikely to materialise.

156. The BRPs are to make forthright and proper disclosure of the material facts in the proposed Plan and put that to the vote of creditors who have legitimate claims.
157. This the BRPs have not done and in the circumstances, the applicants seek the relief set out in the notice of motion.

CONFIRMATORY AFFIDAVITS

158. I attach confirmatory affidavits deposed to by Callum O'Connor, a senior associate and Berna Malan, a consultant, both currently in the employ of Baker & McKenzie insofar as the conduct and engagement of Baker & McKenzie is concerned referred to in this affidavit and as to what took place at the statutory meeting on 13 October 2015. The affidavits are marked, "FA30" and "FA31", respectively.

WHEREFORE I pray for an order in terms of the notice of motion to which this affidavit is annexed.


TANIA MOSTERT



I hereby certify that the deponent has acknowledged that she knows and understands the content of this affidavit, which was sworn to and signed before me at Plereia on the 20th day of October 2015, the regulations contained in Government Notice no. R1258 of 21 July 1972, as amended, and Government Notice no. R1648 of 19 August 1977, as amended, having been complied with.



COMMISSIONER OF OATHS

Full names:

Business address:

Designation and area for which appointment held:

Office (if appointment held ex officio):

SARIE DU PLOOY
ACMA, CGMA
COMMISSIONER OF OATHS
4 DAVENTRY STREET, LYNNWOOD MANOR

(FA)

Circular Resolution
of the Board of Directors of
EAST METALS AG

Baarerstrasse 131, 6300 Zug, Switzerland

Pursuant to Article 713, Section 2 of the Swiss Code of Obligation and Article 13 et seqq. of the Articles of Association of EAST METALS AG (the "Company"), the undersigned, being all of the duly elected members of the Board of Directors of the Company, by signing this circular resolution consent to the adoption of the following resolutions with the same force and effect as if said resolutions had been duly adopted at a meeting of the Board of Directors and waive their right to a discussion.

1. Background and Initial Situation

The Company is a creditor of Evraz Highveld Steel and Vanadium Limited ("Evraz Highveld"), which is currently in business rescue. On 13 October 2015, the business rescue practitioners ("Practitioners") held a vote to adopt the business rescue plan ("Plan") of Evraz Highveld. The Company voted against the adoption of the Plan. However, the Plan was adopted by creditors in a manner which the Company disputes.

2. Motion

2.1. It is therefore requested to accept and approve that the Company launch:

- a) a court application to set aside the vote adopted by creditors and the Practitioners on 13 October 2015 in the business rescue proceedings of Evraz Highveld or any other appropriate relief that may be available to the Company; and
- b) all and any ancillary court proceedings that may be required on the advice of the Company's attorneys.

2.2. It is therefore requested to accept and approve that:

Tania Mostert, a citizen of South Africa, I.D. No. 761208 0116 085, is authorized in her sole discretion:

- a) to conduct the application(s) and all proceedings or processes flowing from or relating thereto on behalf of the Company;
- b) to do whatever is required in respect of conducting said application(s), proceedings or processes including the signing of any and all documents relating to such application on behalf of the Company; and
- c) to do whatever is required to enforce or protect the Company's rights or interests in the said application(s), proceedings or processes.

Du Plessis, Van Der Merwe Incorporated t/a Baker & McKenzie ("Baker & McKenzie") is appointed as the Company's attorneys in respect of the above.

Without limiting the general nature of the above, Tania Mostert is authorized to instruct Baker & McKenzie in respect of all matters referred to in this resolution and to act in accordance with the advice given by such attorneys.

All steps already taken by Tania Mostert and Baker & McKenzie, for any of the above purposes are ratified.

3. Resolution

With this the members of the Board of Directors adopt the following resolution: The proposed motion is accepted and approved.

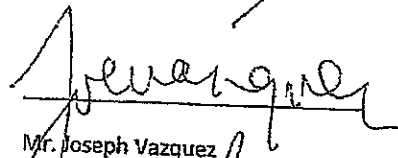
The members of the Board of Directors:

Place/date: Luxembourg, 16.10.2015



Mr. Giacomo Baizini

Place/date: Zug, 16.10.2015



Mr. Joseph Vazquez

Place/date: Zug, 16.10.2015

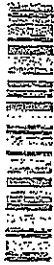


Mrs. Alevtina Gribennikova

4 FAZ "



Mastercroft S.à r.l.
1, rue de Louvigny, L-1946 Luxembourg
Grand-Duchy of Luxembourg
Tel. +(352) 267 343; Fax. +(352) 267 343 0000



Mastercroft S.à r.l.
Société à responsabilité limitée
1, rue de Louvigny, L-1946 Luxembourg Grand-Duchy of Luxembourg
R.C.S.: B 186304
(the Company)

Minutes of the meeting of the board of managers of the Company
held on the 16th day of October 2015 at 14:00 at the registered office of the
Company

Present or represented:

- Mr. Alexander Gehrke, Manager;
- Mr. Giacomo Baizini, Manager;
- Mr. Kurt Nauer, Manager, represented by Giacomo Baizini.

acting in their capacity as members of the Board of Managers of the Company (the "Board of Managers" and each individually a "Manager").

In attendance of:

- Ms. Natalia Gulyaeva, General Counsel and Corporate Secretary of Evraz Group S.A.

The meeting was opened at 14.00 p.m.

Mr. Giacomo Baizini took the chair of the meeting (the "Chairman"). Ms Natalia Gulyaeva was appointed as a secretary of the meeting (the "Secretary").

It was confirmed that all Managers were duly notified of the meeting and have received all documentation and information in connection with the items mentioned in the agenda prior to the meeting.

The meeting was thus regularly constituted in accordance with the coordinated articles of association of the Company and could validly resolve upon all the items of the agenda.

AGENDA

1. Authorization and appointment
2. Ratification

WHEREAS

- 1) The Company owns shares in the share capital of Evraz Highveld Steel and Vanadium Limited ("Evraz Highveld"), under Business Rescue, incorporated and existing under the laws of the Republic of South Africa;
- 2) On 13 October 2015, the business rescue practitioners ("Practitioners") held a vote to adopt the business rescue plan ("Plan") of Evraz Highveld. The Company voted against the adoption of the Plan. However, the Plan was adopted by creditors in a manner which the Company disputes.
- 3) It is therefore requested to accept and approve that the Company launch:
 - a) a court application to set aside the vote adopted by creditors and the Practitioners on 13 October 2015 in the business rescue proceedings of Evraz Highveld or any other appropriate relief that may be available to the Company; and
 - b) all and any ancillary court proceedings that may be required on the advice of the Company's attorneys.

DECLARATIONS – RESOLUTIONS

The Board of Managers confirms that he has no opposite interest in the matters referred to in the present meeting.

The Board of Managers is of the opinion that the matters referred to herein are in compliance with the articles of incorporation of the Company and the applicable legal

provisions and will not result in any breach of any restriction imposed by the law, any agreement to which the Company is a party or any arrangement by which the Company is bound.

Each Manager acknowledges having carefully reviewed and considered the Document referred to this resolution.

After due and careful consideration of the above, the Board of Managers resolves to take the following resolutions, which are deemed to be in the Company's corporate interest and conducive to its corporate purpose:

FIRST RESOLUTION

The members of the Board of Managers approve to authorize:

Tania Mostert

a citizen of South Africa, ID No 761208 0116 085

in her sole discretion:

- a) to conduct the application(s) and all proceedings or processes flowing from or relating thereto on behalf of the Company;
- b) to do whatever is required in respect of conducting said application(s), proceedings or processes including the signing of any and all documents relating to such application on behalf of the Company; and
- c) to do whatever is required to enforce or protect the Company's rights or interests in the said application(s), proceedings or processes.

Du Plessis, Van Der Merwe Incorporated t/a Baker & McKenzie ("Baker & McKenzie") is appointed as the Company's attorneys in respect of the above.

Without limiting the general nature of the above, Tania Mostert is authorized to instruct Baker & McKenzie in respect of all matters referred to in this resolution and to act in accordance with the advice given by such attorneys.

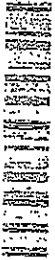
SECOND RESOLUTION



All steps already taken by Tania Mostert and Baker & McKenzie, for any of the above purposes are ratified.

The Board of Managers noted that all items of the agenda have been duly considered and resolved to close the meeting at 14.30 p.m.

[The remaining of this page has been intentionally left blank; the signature page follows]



Alexander Gehrke

Giacomo Baizini

Kurt Nauer

Represented by Giacomo
Baizini

PROXY

The undersigned, Mr. Kurt Nauer, residing professionally at 13, avenue Monterey, L-2163, Luxembourg, Grand Duchy of Luxembourg (the "Principal"),
Being a manager of

Mastercroft S.à r.l.

A. *Société à responsabilité limitée* incorporated under the laws of Luxembourg, with its registered office at 1, rue de Louvigny, L-1946 Luxembourg and registered with the Luxembourg Register of Commerce and Companies under number B186304 (the "Company"),

Hereby constitutes and appoints any other manager of the Company (the "Attorney") acting individually, as the Principal's true and lawful agent and attorney-in-fact, for the purposes of representing the Principal at the meetings of the Board of Managers of the Company to be held from 15 October 2015 till 16 October 2015 inclusive, resolving on all questions of the agenda thereof at the Attorney's discretion.

The Attorney may represent the Principal on the above mentioned meetings of the Board of Managers, vote in the name and on behalf of the Principal on any resolution submitted to said meeting as described above, approve and sign all acts and records, and in general do anything necessary or useful for the execution of the present proxy, promising ratification.

The Attorney may in the name and on behalf of the Principal waive any and all procedure of convening or others.



Name: Kurt Nauer

Title: Manager

Date: 15 October 2015

Place: Luxembourg

"FA3"

Company Report

windeed
 information is our business


Date requested 2015/10/19 14:11
 Reference -
 Information source Companies and Intellectual Property Commission

This report is compiled exclusively from the very latest data directly supplied to WinDeed by the Companies and Intellectual Property Commission (CIPC).

COMPANY SUMMARY	
Name	EVRAZ HIGHVELD STEEL AND VANADIUM
Status	BUSINESS RESCUE
Registration number	1960/001900/06
Registration date	1960/05/19

DIRECTOR AND OTHER SUMMARY			
ACTIVE			
Name	ID Number	Type	Status
WESTSTRATE, ANRE	6507070008089	COMPANY SECRETARY (NATURAL PERSON)	ACTIVE
BORISOV, VALERY	1765759	DIRECTOR	ACTIVE
BURGER, IZAK JOHANNES	6109105105087	DIRECTOR	ACTIVE
MARALACK, ANDREW PHILLIP	7103115232089	NON EXECUTIVE DIRECTOR	ACTIVE
PETERSEN, BAREND	6003215142082	NON EXECUTIVE DIRECTOR	ACTIVE
SCUKA, DMITRIJ	6511240000000	NON EXECUTIVE DIRECTOR	ACTIVE
TATYANIN, PAVEL SERGEEVICH	7402230000000	NON EXECUTIVE DIRECTOR	ACTIVE
YANBUKHTIN, TIMUR IBRAGIMOVICH	6410010000000	NON EXECUTIVE DIRECTOR	ACTIVE
BHABHA, MOHAMMED	6004295147082	NON EXECUTIVE INDEPENDENT DIRECTOR	ACTIVE
MOSOLOLI, THABO FELIX	6909125396031	NON EXECUTIVE INDEPENDENT DIRECTOR	ACTIVE
INACTIVE			
Name	ID Number	Type	Status
BOYD, LESLIE	3703035073085	DIRECTOR	DECEASED
YOUNG, GUY FRANKLIN	6911155173083	ALTERNATE DIRECTOR	RESIGNED
COCHIUS, HERMAN	4511085026088	COMPANY SECRETARY (NATURAL PERSON)	RESIGNED
DIENER, AMANDA	6309190012087	COMPANY SECRETARY (NATURAL PERSON)	RESIGNED

LEWIS, CATHERINA ISABELLA	7111130303082	COMPANY SECRETARY (NATURAL PERSON)	RESIGNED
THEISS, JURGEN	6405315028089	COMPANY SECRETARY (NATURAL PERSON)	RESIGNED
BALLANDINO, WALTER GIOVANNI	5111010000000	DIRECTOR	RESIGNED
BARBER, DAVID DUNCAN	5208295096089	DIRECTOR	RESIGNED
BARNARDO, EBENHAEZER	4703305009081	DIRECTOR	RESIGNED
BAUM, PHILIP MICHAEL	5410305138006	DIRECTOR	RESIGNED
BOTHA, IAN	7104225040081	DIRECTOR	RESIGNED
BOYD, LESLIE	3703035073002	DIRECTOR	RESIGNED
BRAGG, WILLIAM FREDERICK EDMUND	4112175064087	DIRECTOR	RESIGNED
CAMPBELL, JAMES WILBERT	4912125060089	DIRECTOR	RESIGNED
CHEGWIDDEN, JEFFREY ARTHUR	4306025080009	DIRECTOR	RESIGNED
COLEBANK, CHRISTOPHER JOHN	4911175070089	DIRECTOR	RESIGNED
DAVIDSON, HARRY ERSKINE	4506135068080	DIRECTOR	RESIGNED
DE BEER, BERNARDINE ELIZABETH	5609270123089	DIRECTOR	RESIGNED
DE NYSSCHEN, ANDRE JOHANNES	4910045045081	DIRECTOR	RESIGNED
DIACK, KEVIN ERNEST	5708015063004	DIRECTOR	RESIGNED
GARCIA, MICHAEL DENNIS	6410190000000	DIRECTOR	RESIGNED
GOMWE, GODFREY GREGORY	5508120000000	DIRECTOR	RESIGNED
HARRIS, ANTHONY	4508245078082	DIRECTOR	RESIGNED
JONES, TREVOR EDWARD	4104065062081	DIRECTOR	RESIGNED
KING, MICHAEL WALLIS	3703165039005	DIRECTOR	RESIGNED
LUZIK, OLGA	71 9444403	DIRECTOR	RESIGNED
MACDONALD, ALEXANDER SCOTT	5301120000000	DIRECTOR	RESIGNED
MARTIN, DAVID PHILIP	5503205084088	DIRECTOR	RESIGNED
MATTEUCCI, LUIGI	5401065026085	DIRECTOR	RESIGNED
MBAZIMA, NORMAN BLOE	5807130000000	DIRECTOR	RESIGNED
MCBRIDE, RICHARD WESTWOOD	5404185018008	DIRECTOR	RESIGNED
MOTSEPE, DAPHNE RAMAISELA	5704240789083	DIRECTOR	RESIGNED
PARDOE, GEORGE RUPERT	5702105028001	DIRECTOR	RESIGNED
PFUFF, DAVID BRIAN	6506265034009	DIRECTOR	RESIGNED
PIENAAR, ALLIT JOHAN	4607015085085	DIRECTOR	RESIGNED
SHONGWE, BHEKISISA JAMES THEMBA	5503255791087	DIRECTOR	RESIGNED
SOROKIN, ALEXANDER	3653359000000	DIRECTOR	RESIGNED
TRAHAR, ANTHONY JOHN	4906015038007	DIRECTOR	RESIGNED
VALENTA, JAN	7803110000000	DIRECTOR	RESIGNED
WINSTANLEY, MICHAEL	4403105155107	DIRECTOR	RESIGNED
YATES, CHRISTOPHER WILLIAM POPHEM	3902265048102	DIRECTOR	RESIGNED
BAIZINI, GIACOMO CARLO	7001040000000	NON EXECUTIVE DIRECTOR	RESIGNED
FROLOV, ALEXANDER VLADIMIROVICH	6405170000000	NON EXECUTIVE DIRECTOR	RESIGNED
MANNINA, GIUSEPPE ANTONINO	5201220000000	NON EXECUTIVE DIRECTOR	RESIGNED
NKOSI, VUSIMUZI MOSES	7003215327088	NON EXECUTIVE DIRECTOR	RESIGNED
BRAYSHAW, COLIN BERTRAM	3507155043087	NON EXECUTIVE INDEPENDENT DIRECTOR	RESIGNED
NGONYAMA, BABALWA	7410040902086		RESIGNED

		NON EXECUTIVE INDEPENDENT DIRECTOR	
SURGEY, PETER MONTAGU	5412025707086	NON EXECUTIVE INDEPENDENT DIRECTOR	RESIGNED
PRETORIUS, DEON CORNELIUS	6611045104088	OFFICER	RESIGNED

AUDITOR SUMMARY

ERNST AND YOUNG

COMPANY INFORMATION

Enterprise name	EVRAZ HIGHVELD STEEL AND VANADIUM	Status	BUSINESS RESCUE
Registration number	1960/001900/06	Enterprise type	PUBLIC COMPANY
Tax number	9250026607	Business start date	1960/05/19
Short name	-	Registration date	1960/05/19
Translated name	-	Financial year end	12
Old reg. number	600190006	Fin effective date	1960/05/19
Conv. company No	-	CK date received	-
Region	GAUTENG	CK date	-
Country	-	Date of type	1960/05/19
Country of origin	-		
Issued shares	-		
Issued capital	-		
Authorized shares	-		
Authorized capital	-		
Industry code	0		
Industry	PRIVATE HOUSEHOLDS, EXTERRITORIAL ORGANISATIONS, REPRESENTATIVES OF FOREIGN GOVERNMENTS AND OTHER ACTIVITIES NOT ADEQUATELY DEFINED TO PRODUCE STEEL AND VANADIUM PRODUCTS		
Principal business	TO PRODUCE STEEL AND VANADIUM PRODUCTS		
Registered address	PORTION 93 OF, THE FARM SCHOONGEZICHT, NO 30&JS DISTRICT, EMALAHLENI, 1039		
Postal address	P O BOX 111, WITBANK, 1035		

DIRECTORS AND OTHER (59)

WESTSTRATE, ANRE			
Initials	A	Status	ACTIVE
ID/Passport number	6507070008089	Type	COMPANY SECRETARY (NATURAL PERSON)
Date of birth	1965/07/07	Appointment date	2013/08/21
Profession	COMPANY SECRETARY	Resignation date	2000/05/05
Country of residence	SOUTH AFRICA	Member size (%)	0.00
Residential address	PORTION 93 OF, THE FARM SCHOONGEZICHT, NO 30&JS DISTRICT, EMALAHLENI, 1039	Member contribution (R)	0.00
Postal address	P O BOX 111, WITBANK, 1035		

BORISOV, VALERY			
Initials	V	Status	ACTIVE
ID/Passport number	1765759	Type	DIRECTOR
Date of birth	1971/03/11	Appointment date	2014/10/01

"FA" 4 b

**MINUTES OF A MEETING OF THE DIRECTORS OF EVRAZ HIGHVELD STEEL AND
VANADIUM LIMITED**
**REGISTRATION NUMBER 1960/001900/06 (the Company) HELD ON 13 APRIL 2015 AT
SANDTON**

- PRESENT:** Mr B Petersen (Chairman)
Mr M Bhabha
Mr T Mosoloff
Mr AP Maratack
Mr IJ Burger (Chief Executive Officer)
- TELECONFERENCE:** Mr T Yanbukhtin
Mr P Tatyarin
Mr D Scuka
Mr V Borisov
- IN ATTENDANCE:** Ms A Weststrate (Company Secretary)
- BY INVITATION:** Mr Dmitriy Melnikov (EVRAZ plc)
Ms C van Zuylen (Legal representative from Bowman
Gilfillan)
Mr C Douglas (Legal representative from Bowman Gilfillan)
Mr J Jones (Cliffe Decker Hofmeyer attorneys)

NOTICE AND CONSTITUTION:

There being a majority of directors present and notice to all directors having been given in terms of clause 5.1 and 5.2 of schedule 2 of the Company's Memorandum of Incorporation and section 73(5)(a) of the Companies Act, 2008 (the Companies Act), the Chairman declared the meeting to have been properly convened and constituted.

The following resolutions were then passed, with each resolution being dated 13 April 2015, and each resolution being sequentially numbered in the order it was passed:

Evraz Highveld Steel and Vanadium Limited
 Registration No: 1960/001900/06 incorporated in the Republic of South Africa
 Certified in accordance with the requirements of DIN EN ISO 9001:2008 and DIN EN ISO 14001:2004 Quality and Environmental Management Systems
 P.O. Box 114, Witbank 1035, Tel: +27 (0) 13 690 9911, Fax: +27 (0) 13 690 9293, www.evrazhighveld.co.za, general@evrazhighveld.co.za
 DIRECTORS: B Petersen (Chairman), I J Burger (Chief Executive Officer), M Bhabha
 V Borisov (Russian), A P Maratack, T Mosoloff, D Scuka (Uzech), P S Tatyarin (Russian), T Yanbukhtin (Russian)

COMPANY SECRETARY: Ms A Weststrate

2015-04-13

REGISTERED OFFICE
 COMPANY SECRETARY
 PROPERTY REGISTRAR

8

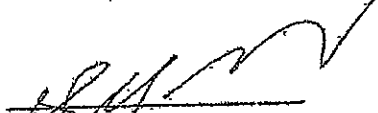
RESOLUTIONS:

1. **RESOLVED THAT** the Company voluntarily begins business rescue proceedings and the Company is placed under supervision in terms of section 129(1) of the Companies Act 71 of 2008, it being recorded that the board has reasonable grounds to believe that:
 - 1.1 the Company is in financial distress in that it is reasonably unlikely to be able to pay its debts as and when they become due within the immediately ensuing six months; and
 - 1.2 there appears to be a reasonable prospect of rescuing the Company.

2. **RESOLVED THAT** Daniel Terblanche and Piers Marsden be and are hereby appointed as the joint business rescue practitioners of the Company.

3. **RESOLVED THAT** Izak Johannes Burger (and any other director of the Company) be and is hereby authorised on behalf of the Company, to do or cause to be done, all such things, and sign, and cause to be signed, all such documentation, as may be necessary or desirable to give effect to the foregoing, and insofar as any director has done any of the foregoing prior to the passing of this resolution, such action be and is hereby ratified and approved.

There being no further business the meeting was closed.



 CHAIRPERSON
 Barend Petersen

KOMMISSIE VAN ONROERENDE EIEN INTELLIGENTIE EIGENDOM ONS REGERING
2015-04-13
GOEPANENAM... PROPERTY COMMISSION



"FA5"

BUSINESS RESCUE PLAN

Prepared in terms of section 150 of the Companies Act, No. 71 of 2008, as amended

in relation to

EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED

(Registration No. 1960/001900/06)

(in business rescue)

Prepared by:

DANIEL TERBLANCHE

(joint business rescue practitioner)

 **MAZARS**

and

PIERS MICHAEL MARSDEN

(joint business rescue practitioner)


**MATUSON
ASSOCIATES**

PUBLICATION DATE: 15 SEPTEMBER 2015

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Annexure A: List of the material assets of the Company

Annexure B: List of the Creditors of the Company

Annexure C: Income statement, balance sheet and cash flow

1. INTERPRETATION AND PRELIMINARY

The headings of the paragraphs in this Business Rescue Plan are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Business Rescue Plan nor any paragraph hereof. Unless a contrary intention clearly appears:

1.1. words importing –

- 1.1.1. any one gender includes the other gender;
- 1.1.2. the singular includes the plural and *vice versa*; and
- 1.1.3. persons include natural persons, created entities (incorporated and unincorporated and the State) and *vice versa*,


1.2. the following terms and/or expressions shall have the meanings assigned to them hereunder and cognate expressions shall have corresponding meanings –

- 1.2.1. "Adoption Date" means the date upon which the Business Rescue Plan is approved in accordance with section 152(2), read with section 152(3)(b) and section 152(3)(c)(ii)(aa), of the Companies Act;
- 1.2.2. "Advisors" means the advisors to the BRPs, namely Matuson & Associates, Mazars and ENSAfrica, and their respective employees or representatives;
- 1.2.3. "Affected Person" or "Affected Persons" shall bear the meaning ascribed thereto in section 128(1)(a) of the Companies Act, being shareholders, creditors, employees of the Company and the registered trade unions representing employees of the Company;
- 1.2.4. "BRPs" means the joint business rescue practitioners appointed in terms of section 129(3)(b) of the Companies Act, being Marsden and Terblanche, and shall include a reference to "Receivers" as the context requires in Part B of this Business Rescue Plan;
- 1.2.5. "Business" means the business of the Company from time to time including, *inter alia*:
 - 1.2.5.1. the processing of magnetite iron ore;
 - 1.2.5.2. the manufacture of steel billets, blooms, slabs and high grade vanadium slag;
 - 1.2.5.3. the production of structural sections including universal columns, parallel flanged beams and channels; and

- 1.2.5.4. the production of hot rolled coil and light and heavy plates.
- 1.2.6. "Business Day" means any day other than a Saturday, Sunday or official public holiday in South Africa;
- 1.2.7. "Business Rescue" means proceedings to facilitate the rehabilitation of the Company, which is financially distressed, as more fully defined in section 128(1)(b) of the Companies Act and paragraph 6.1 herein;
- 1.2.8. "Business Rescue Costs" means the remuneration and expenses of the BRPs and other claims arising out of the costs of the Business Rescue;
- 1.2.9. "Business Rescue Plan" means this document together with all of its annexures, as amended from time to time, and prepared in accordance with section 150 of the Companies Act;
- 1.2.10. "CIPC" means the Companies and Intellectual Property Commission, established in terms of section 185 of the Companies Act;
- 1.2.11. "Claims" means any claim against the Company, the cause of action in respect of which arose:
- 1.2.11.1. prior to or on the Commencement Date; or
- 1.2.11.2. during Business Rescue;
- 1.2.12. "Commencement Date" means 13 April 2015, being the date upon which Business Rescue commenced in accordance with section 129(1), read with section 132(1)(a)(i), of the Companies Act;
- 1.2.13. "Commitments" means the competition law commitments imposed on, *inter alia*, Evraz, the Company and Mapochs Mine by the European Commission prior to the Commencement Date during 2007, under case number M.4494;
- 1.2.14. "Company" means Evraz Highveld Steel and Vanadium Limited, Registration No. 1960/001900/06, a public company incorporated in accordance with the laws of South Africa listed on the JSE, which shares are currently suspended from trading, at present under Business Rescue;
- 1.2.15. "Companies Act" means the Companies Act, No. 71 of 2008, as amended;
- 1.2.16. "Competition Act" means the Competition Act, No. 89 of 1998, as amended;
- 1.2.17. "Competition Commission" means the Competition Commission as constituted in the Competition Act;

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- 1.2.18. "Concurrent Creditors" means all unsecured Creditors;
- 1.2.19. "Contracts" means those contracts entered into by the Company and third parties, either prior to or after the Commencement Date;
- 1.2.20. "Creditors" means all persons, including legal entities and natural persons, having Claims;
- 1.2.21. "Creditors' Committee" means the committee formed in terms of section 145(3) of the Companies Act;
- 1.2.22. "Disputed Claims" means any and all Claims which may have been lodged by Creditors and whose Claims have been rejected either in whole or in part by the BRPs or Receivers and which dispute shall be determined in favour of or against such Creditors in terms of the Dispute Mechanism contained in paragraph 38;
- 1.2.23. "Distribution" means distributions to be made to Creditors by the BRPs or Receivers;
- 1.2.24. "Employees" means employees of the Company;
- 1.2.25. "Employees' Committee" means the committee formed in terms of section 144(3)(c) of the Companies Act and also for the purposes of consulting with the Employees in terms of section 189(3), read together with section 189A, of the LRA;
- 1.2.26. "ENSAfrica" means Edward Nathan Sonnenbergs Incorporated, attorneys practising as such at 150 West Street, Sandown, Sandton;
- 1.2.27. "Eskom" means Eskom Holdings SOC Limited, Registration No. 2002/015527/30, a state owned public company with limited liability incorporated in terms of the laws of South Africa;
- 1.2.28. "European Commission" means the European Commission, Director-General, Competition in Europe;
- 1.2.29. "Evraz" means Evraz PLC, Company No. 7784342, a public limited company registered and incorporated in terms of the company laws of Luxembourg;
- 1.2.30. "Financially Distressed" shall bear the meaning ascribed thereto in section 128(1)(f) of the Companies Act;
- 1.2.31. "Final Claims Date" means the final date for the filing of Claims, being 16 November 2015;

- 1.2.32. "**Hochvanadium**" means Hochvanadium Holding AG, Company No. FN169875t, a company incorporated under the company laws of Austria, and a wholly owned subsidiary of the Company;
- 1.2.33. "**Hochvanadium Handels**" means Hochvanadium Handels GmbH, Company No. FN176323z, a company incorporated under the company laws of Austria, and a wholly owned subsidiary of Hochvanadium;
- 1.2.34. "**Hochvanadium Supply Agreement**" means the agreement concluded between Hochvanadium Handels and Treibacher for the supply of vanadium slag;
- 1.2.35. "**IDC**" means the Industrial Development Corporation of South Africa Limited, Registration No. 1940/014201/06, being a corporation established in terms of section 2 of the Industrial Development Corporation Act, No. 22 of 1940, as amended;
- 1.2.36. "**Information Memorandum**" means the information memorandum in respect of the Company, dated 24 June 2015, including all annexures attached thereto;
- 1.2.37. "**Insolvency Act**" means the Insolvency Act No. 24 of 1936, as amended;
- 1.2.38. "**IRL**" means International Resources Limited, Company No. 01-267873, incorporated in the Cayman Islands, being the parent company of IRPL;
- 1.2.39. "**IRPL**" means International Resources Project Limited, Company No. 1736867, incorporated in Hong Kong;
- 1.2.40. "**ITAC**" means the International Trade Administration Commission;
- 1.2.41. "**JSE**" means the securities exchange operated by JSE Limited;
- 1.2.42. "**KPMG**" means KPMG Services (Pty) Limited, Registration No. 1999/012876/07, a company incorporated in accordance with the laws of South Africa;
- 1.2.43. "**LRA**" means the Labour Relations Act, No. 66 of 1995, as amended;
- 1.2.44. "**Management**" means the new management team appointed by the Company prior to the Commencement Date to devise and implement the Turnaround Plan;
- 1.2.45. "**Mapochs Mine**" means Mapochs Mine (Pty) Limited, Registration No. 2008/009382/07, a company incorporated in accordance with the laws of South Africa, at present under Business Rescue and a subsidiary of the Company;
- 1.2.46. "**Marsden**" means Piers Michael Marsden, a business rescue practitioner as contemplated in Regulation 126 to the Companies Act;
- 

- 1.2.47. "Mastercroft" means Mastercroft S.a.r.l., Company No. B186304, a company incorporated under the company laws of Austria, being the majority shareholder of the Company;
- 1.2.48. "Matuson & Associates" means Matuson & Associates (Pty) Limited, Registration No. 2009/008967/07, a company incorporated in accordance with the laws of South Africa;
- 1.2.49. "Mazars" means Mazars Recovery and Restructuring (Pty) Limited, Registration No. 2011/005282/07, a company incorporated in accordance with the laws of South Africa;
- 1.2.50. "MPRD Act" means the Mineral and Petroleum Resources Development Act, No. 28 of 2002, as amended;
- 1.2.51. "Notice of Meeting" means the notice of meeting to all Affected Persons as contemplated in terms of section 151(2) of the Companies Act;
- 1.2.52. "NUMSA" means the National Union of Metalworkers of South Africa, a trade union representing a number of the Employees;
- 1.2.53. "PCF" means post-commencement finance as contemplated in section 135 of the Companies Act;
- 1.2.54. "Potential SARS Claim" means the potential Claim that SARS may have, as more fully dealt with in paragraph 7.5.5.2;
- 1.2.55. "Pre-commencement Claims" means any claim, the cause of action which arose prior to the Commencement Date;
- 1.2.56. "Preferred Bidder" means an interested party who was invited to submit a final binding offer in terms of the Sales Process, as more fully dealt with in paragraph 18;
- 1.2.57. "Proposed Transaction" means the transaction to be concluded with the Successful Bidder as more fully dealt with in paragraph 20;
- 1.2.58. "Publication Date" means the date on which this Business Rescue Plan is published to Affected Persons in terms of section 150(5) of the Companies Act, being 15 September 2015;
- 1.2.59. "Rand" or "R" or "ZAR" means the lawful currency of South Africa;

- 1.2.60. "Receivers" means the receivers appointed in terms of paragraph 21, being Terblanche and Marsden;
- 1.2.61. "Receivership" means the process more fully dealt with in paragraph 21;
- 1.2.62. "Receivership Administration Expenses" means the remuneration and expenses of the Receivers and other claims arising out of the costs of the Receivership;
- 1.2.63. "Redundancy Plan" means the proposed plan by the Company in respect of the Employees, in particular the proposed retrenchment of the relevant Employees;
- 1.2.64. "Sales Process" means the accelerated sales process more fully dealt with in paragraph 18;
- 1.2.65. "SARS" means the South African Revenue Services;
- 1.2.66. "Sasfin" means Sasfin Bank Limited, Registration No. 1951/002280/06, a company incorporated in accordance with the laws of South Africa;
- 1.2.67. "Sasfin Action" means the summons issued by the BRPs against Sasfin, under case number 23560/2015, out of the High Court of South Africa, Gauteng Local Division, Johannesburg;
- 1.2.68. "Secured Creditors" means those Creditors who hold security for their Claims against the Company;
- 1.2.69. "Solidarity" means the Solidarity Union, a trade union representing a number of the Employees;
- 1.2.70. "South Africa" means the Republic of South Africa;
- 1.2.71. "Substantial Implementation Date" means the date upon which the BRPs file with CIPC a notice that all of those events contemplated in paragraph 34 have occurred and whereupon Business Rescue will terminate;
- 1.2.72. "Successful Bidder" means IRPL or nominee;
- 1.2.73. "Tax/Taxation" means:
- 1.2.73.1. levies payable to government authorities;
 - 1.2.73.2. normal taxation;
 - 1.2.73.3. capital gains tax;



- 1.2.73.4. value-added tax;
- 1.2.73.5. any taxation arising from new assessments of taxation and/or the reopening of any income tax assessments of the Company for any period prior to the Commencement Date;
- 1.2.73.6. donations tax;
- 1.2.73.7. customs duty;
- 1.2.73.8. securities transfer tax;
- 1.2.73.9. all Pay-As-You-Earn taxation (PAYE) not paid over;
- 1.2.73.10. all other forms of taxation, other than deferred tax;
- 1.2.73.11. any penalties or interest on any of the foregoing;
- 1.2.74. "Terblanche" means Daniel Terblanche, a business rescue practitioner as defined in Regulation 126 to the Companies Act;
- 1.2.75. "Transaction Documents" means agreements and/or documents required to give effect to the Proposed Transaction;
- 1.2.76. "Treibacher" means Treibacher Industrie Aktiengesellschaft, Company No. 198543a, a company incorporated under the company laws of Austria;
- 1.2.77. "Turnaround Plan" means the written turnaround plan, as more fully dealt with in paragraph 5.3;
- 1.2.78. "VAT" means the value-added tax levied in terms of the South African Value-Added Tax Act, No. 89 of 1991 as amended;
- 1.3. any reference to any statute, regulation or other legislation in this Business Rescue Plan shall be a reference to that statute, regulation or other legislation as at the Publication Date, and as amended or substituted from time to time;
- 1.4. any reference in this Business Rescue Plan to any other agreement or document shall be construed as a reference to such other agreement or document as same may have been, or may from time to time be, amended, varied, novated or supplemented;
- 1.5. if figures are referred to in numerals and in words and if there is any conflict between the two, the words shall prevail;

- 1.6. if any provision in a definition in this Business Rescue Plan is a substantive provision conferring a right or imposing an obligation on any person or entity then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of this Business Rescue Plan;
- 1.7. where any term is defined in this Business Rescue Plan within a particular paragraph other than this paragraph 1, that term shall bear the meaning ascribed to it in that paragraph wherever it is used in this Business Rescue Plan;
- 1.8. where any number of days is to be calculated from a particular day, such number shall be calculated as excluding such particular day and commencing on the next day. If the last day of such number so calculated falls on a day which is not a Business Day, the last day shall be deemed to be the next succeeding day which is a Business Day;
- 1.9. any reference to days (other than a reference to Business Days), months or years shall be a reference to calendar days, months or years, as the case may be; and
- 1.10. words or terms that are capitalised and not otherwise defined in the narrative of this Business Rescue Plan (excluding capitalised words or terms used for the purpose of tables) shall bear the meaning assigned to them in the Companies Act.

2. ACTION TO BE TAKEN BY AFFECTED PERSONS

- 2.1. If any Affected Person is in doubt as to what action should be taken arising from the contents of this Business Rescue Plan, such Affected Person or Affected Persons are advised to consult an independent attorney, accountant or other professional advisor in addition to any consultation with or direction received from the BRPs.
- 2.2. Nothing contained in this Business Rescue Plan shall constitute Tax advice to any Affected Person, nor do the BRPs make any representations in respect of tax, other than expressly stated in this Business Rescue Plan.

3. STRUCTURE OF THE PLAN

For the purposes of section 150(2) of the Companies Act, this Business Rescue Plan is divided into 3 (three) parts as follows –

3.1. PART A - BACKGROUND

This part sets out the background to the Company and the factors that resulted in the Company being Financially Distressed and being placed under Business Rescue.

3.2. **PART B - PROPOSALS**

This part describes the terms of the Proposed Transaction and includes, *inter alia*, the benefits and/or effect of adopting the Business Rescue Plan as opposed to the Company being placed into liquidation.

3.3. **PART C – ASSUMPTIONS AND CONDITIONS**

This part sets out, *inter alia*, what conditions need to be fulfilled in order for the Business Rescue Plan to become effective, and to be implemented.



PART A – BACKGROUND

4. COMPANY INFORMATION**4.1. Shareholding Structure**

As at the Publication Date:

4.1.1. the issued share capital of the Company comprises 99,150,098 (ninety nine million, one hundred and fifty thousand and ninety eight) no par value ordinary shares, held as follows:

4.1.1.1. Mastercroft is an 85.11% shareholder of the Company;

4.1.1.2. RMB Securities is a 7.3% shareholder of the Company; and

4.1.1.3. other shareholders with a shareholding of less than 2% each, totalling 7.59%.

4.2. Directors

4.2.1. As at the Commencement Date, the Directors, according to CIPC, were:

Name of Director	Active or Resigned	Date of Appointment
Izak Johannes Burger (CEO)	Active	19/08/2014
Valery Borisov (CFO)	Active	01/10/2014
Andrew Phillip Maralack	Active	19/08/2014
Barend Petersen (Chairman)	Active	19/08/2014
Dmitrij Scuka	Active	11/11/2010
Pavel Sergeevich Tatyarin	Active	26/10/2010
Timur Ibragimovich Yanbukhtin	Active	01/03/2010
Mohammed Bhabha	Active	01/03/2010
Thabo Felix Mosololi	Active	21/05/2012

4.2.2. The records of the Company are in the process of being updated with CIPC, however, according to the Company records, the following are the directors of the Company as at the Publication Date:

Name of Director	Active or Resigned	Date of Appointment / Resignation
Izak Johannes Burger (CEO)	Active	19/08/2014
Valery Borisov (CFO)	Resigned	11/06/2015
Andrew Phillip Maralack	Active	19/08/2014
Barend Petersen (Chairman)	Active	19/08/2014
Dmitrij Scuka	Active	11/11/2010
Pavel Sergeevich Tatyarin	Active	26/10/2010
Timur Ibragimovich Yanbukhtin	Active	01/03/2010
Mohammed Bhabha	Active	01/03/2010
Thabo Felix Mosololi	Active	21/05/2012

4.3. Company Information

Financial Year End:	31 December
Registered Business Address:	Old Pretoria Road Portion 93 of the Farm Schoongezicht 308 JS eMalaheni (Witbank)
Postal Address:	P.O. Box 111 Witbank 1035
Business Telephone Number:	013 690 9911
Business Fax Number:	013 690 9293
Accountants / Auditors:	Ernst and Young
Sponsor	JP Morgan Equities South Africa (Pty) Ltd
Share Code	EHS ISIN ZAE000146171

5. COMPANY BACKGROUND

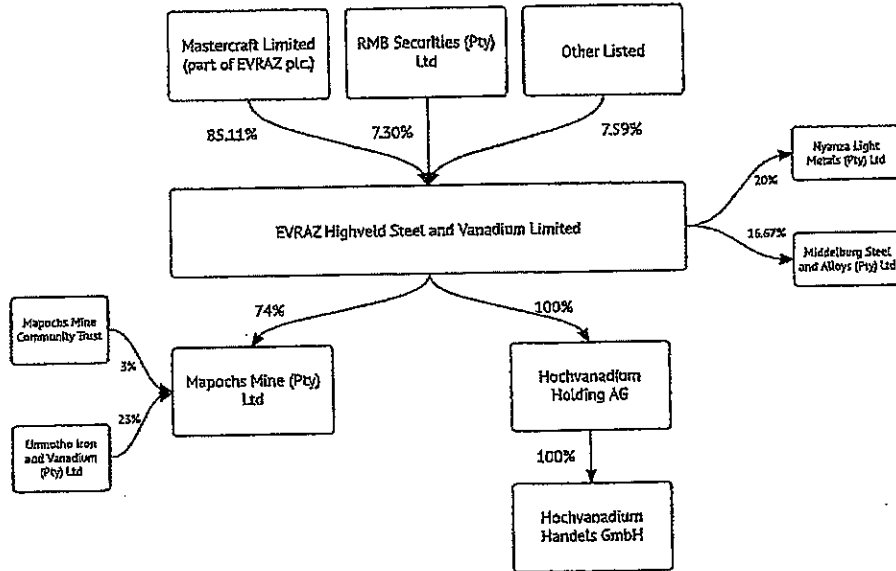
5.1. Background to the Company

- 5.1.1. The Company was registered in 1960, under the registered name of Transvaal Vanadium Company (Pty) Limited with registration number 600190006, to operate as an integrated iron and steelworks supplier.

- 5.1.2. The Company was listed on the JSE during 1969.
- 5.1.3. During August 2008, Mastercroft acquired the share capital held by Credit Suisse and Anglo American PLC in the Company and accordingly, the Company became a subsidiary of Mastercroft.
- 5.1.4. On 19 July 2010 the Company's name was changed to its current registered name and registration number.
- 5.1.5. The Company's Business consists of the supply and processing operations of steel and vanadium bearing slag. The Company operates from its premises at which there are separate plants for iron, steel and vanadium slag and rolling mills for flat and structural products.
- 5.1.6. The Company contributes approximately 10% of South Africa's steel production.
- 5.1.7. As at the Commencement Date, the Company employed 2 233 (two thousand, two hundred and thirty three) permanent employees and 490 (four hundred and ninety) contractors in the Nkangala District near the plant.
- 5.1.8. The Company wholly owns Hochvanadium, to which the Company supplies vanadium slag. Hochvanadium thereon supplies the vanadium slag, for further processing into vanadium products, to Treibacher in terms of the Hochvanadium Supply Agreement.
- 5.1.9. In the preparation of this Business Rescue Plan, and this Part A in particular, the BRPs and the Advisors have relied on factual information provided by the Management and, accordingly, shall not be held responsible for the accuracy thereof.



5.2. Simplified Group Organogram



5.3. Background to the Company's Financial Distress

5.3.1. The main reasons for the failure of the Company are the following:

5.3.1.1. The Company has been loss making since 2010.

5.3.1.2. In particular, the poor financial performance of the Company was attributable, amongst other things, to the following factors:

5.3.1.2.1. historical operational difficulties and sustained financial losses within a capital constrained operating environment;

5.3.1.2.2. weakened global steel and vanadium markets; and

5.3.1.2.3. the reduction of domestic steel demand.

5.3.1.3. The poor performance of the Company escalated to such a point that in November 2014, the new Management intervened and devised the Turnaround Plan.

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5.3.1.4. Prior to the Commencement Date, Management developed a turnaround process as contemplated in the Turnaround Plan, which involved three phases, being:

5.3.1.4.1. the first phase, scheduled for February 2015 focused on fixed costs such as overtime, maintenance and hired labour, with the intention of reducing same;

5.3.1.4.2. the second phase, scheduled from April 2015 focussed on efficiencies and was designed to address the costs associated with consumption rates, yields, productivity, etc;

5.3.1.4.3. the third phase, focused on volume expansion to dilute the fixed cost base of the Company,

5.3.1.5. Notwithstanding the successful implementation of the first phase of the Turnaround Plan, in April 2015 the Management advised that the Company did not have sufficient funding to meet its financial obligations in the short term, and accordingly the board of the Company resolved to place the Company in Business Rescue.

6. SUMMARY OF THE BUSINESS RESCUE

6.1. Introduction

Business Rescue, as defined in section 128(1)(b) of the Companies Act, refers to proceedings to facilitate the rehabilitation of a company that is financially distressed by providing for –

- 6.1.1. the temporary supervision of a company by one or more business rescue practitioners, and of the management of its affairs, business and property;
- 6.1.2. a temporary moratorium on the rights of claimants against a company or in respect of property in its possession; and
- 6.1.3. the development and implementation, if approved, of a plan to rescue the company in question by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the company in question continuing in existence on a solvent basis or, if it is not possible for the company to so continue in existence, results in a better return for the company's creditors or shareholders than would result from the immediate liquidation of the company.

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- 6.2. The following summary sets out the salient dates on which certain events (excluding the Sales Process) have taken and will take place during Business Rescue –

EVENT	DATE
Board Resolution to commence Business Rescue filed at the CIPC	13 April 2015
BRPs appointed	15 April 2015
First Employees' Meeting	29 April 2015
First Creditors' Meeting	30 April 2015
First Creditors' Committee Meeting	22 May 2015
First Employees' Committee Meeting	29 May 2015
Second Creditors' Committee Meeting	16 July 2015
Third Creditors' Committee Meeting	1 September 2015
Second Employees' Committee Meeting	14 September 2015
Business Rescue Plan published	15 September 2015
Meeting to consider the Business Rescue Plan (in terms of section 151 of the Companies Act)	28 September 2015

7. STEPS TAKEN SINCE THE APPOINTMENT OF THE BRPS

7.1. ADMINISTRATIVE MATTERS

7.1.1. Appointment of BRPs

The BRPs were appointed by CIPC on 15 April 2015.

7.1.2. Management Control

In terms of section 140(1)(a) of the Companies Act, the BRPs took over full management control of the Company, but as they were entitled to do, the BRPs delegated certain functions to some of Management.

7.1.3. SENS announcements

The BRPs communicated, through its sponsor, to shareholders by way of issuing SENS announcements.

7.1.4. Reporting to CIPC

The BRPs have complied with all statutory obligations under the Companies Act and will continue to render monthly reports to CIPC as contemplated in section 132(3) of the Companies Act.

7.1.5. KPMG Appointed to Calculate Potential Liquidation Dividend

- 7.1.5.1. The BRPs appointed KPMG as independent experts to calculate the potential liquidation dividend that may have been realised if the Company had been placed into liquidation as at the Commencement Date, to determine a fair and reasonable estimate of the return to each secured creditor, preferent creditor and concurrent creditor if the Company was liquidated.
- 7.1.5.2. KPMG's mandate was to act as independent experts. As will more fully appear below, if the Company had been placed into liquidation as at the Commencement Date, concurrent creditors would have received a dividend of between 0c (zero cents) and 33c (thirty three cents) in the Rand, depending on whether SARS issues an assessment in relation to the Potential SARS Claim.
- 7.1.5.3. In the event of SARS issuing an assessment in relation to the Potential SARS Claim, it is likely that the dividend that is anticipated to accrue to Creditors as a result of the Business Rescue is likely to be higher than the liquidation dividend calculated by KPMG had the Company been placed in liquidation as at the Commencement Date, as set out in paragraph 27.

7.1.6. Extension for Publication of Business Rescue Plan

In terms of section 150(5) of the Companies Act, the Business Rescue Plan was required to be published within 25 (twenty five) Business Days from the appointment of the BRPs. The BRPs obtained an extension from the Creditors as contemplated in section 150(5)(b) of the Companies Act for the publication of the Business Rescue Plan to 15 September 2015.

7.1.7. Publication of Notice of Meeting and Business Rescue Plan

- 7.1.7.1. The Business Rescue Plan was prepared and will be published to all Affected Persons on 15 September 2015.
- 7.1.7.2. Publication will take place in the following manner:
- 7.1.7.2.1. via email or fax to all known Creditors, to the extent that the email addresses or fax numbers of known Creditors are available;
 - 7.1.7.2.2. publication on the website of the Company; and

7.1.7.2.3. copies will be available at the registered office of the Company.

7.1.8. Cash Resources

- 7.1.8.1. In order to preserve the cash resources of the Company, the BRPs stopped all credit orders, and implemented a system in which orders had to be paid for prior to delivery.
- 7.1.8.2. Debtor collection mechanisms were implemented in order for the debtors of the Company to be collected promptly. Notably the BRPs offered payment discounts to debtors in order to expedite payment by them of outstanding debts owing to the Company.
- 7.1.8.3. The BRPs obtained PCF from the IDC, which is dealt with further in paragraph 7.5.10 below.
- 7.1.8.4. The BRPs performed an analysis of the stock on hand and identified that there was a significant amount of stock-on-hand, which could be realised to generate further cash reserves, which the Company has done.

7.2. LABOUR

7.2.1. Employees' Meetings:

- 7.2.1.1. A first meeting with the Employees was convened on 29 April 2015. At this meeting:
- 7.2.1.1.1. the business rescue process was explained, and possible outcomes were presented to the Employees;
- 7.2.1.1.2. assistance was also given to the Employees by providing answers to their various queries.

7.2.2. Employees' Committee:

- 7.2.2.1. At the first meeting of Employees of the Company, nominations were requested for the establishment of the Employees' Committee, subsequent to which the Employees' Committee was duly established.
- 7.2.2.2. The Employees' Committee comprises the following:

- 7.2.2.2.1. representatives from NUMSA;
- 7.2.2.2.2. representatives from Solidarity; and
- 7.2.2.2.3. representatives for the independent employees (being those employees unrepresented by trade unions),

7.2.2.3. The Employees' Committee met on 29 May 2015 and 14 September 2015.

7.2.3. Lay-off:

7.2.3.1. Following legal advice, a notice was transmitted to NUMSA and Solidarity, which notice contemplated a 'rotational-lay-off' process.

7.2.3.2. NUMSA and Solidarity thereafter engaged and consulted with the Company in respect of the notice in paragraph 7.2.3.1 and whether there were any viable alternatives to the proposed course of action. The Employees were placed on 'rotational-lay-off' effective as follows:

7.2.3.2.1. shift employees - 23 July 2015; and

7.2.3.2.2. day shift employees - 27 July 2015.

7.2.4. Section 189 of the LRA Process:

7.2.4.1. Notwithstanding the placement of the Employees on 'rotational-lay-off', it became apparent that the Company's existing operational requirements were not met by the Company's current organisational structure.

7.2.4.2. More particularly, for the Business Rescue efforts to be successful, and for liquidation to be avoided, it is necessary for the Company to reduce its costs significantly.

7.2.4.3. The Company has formed the view that the best way for the Company to reduce its costs significantly in order for the Business Rescue efforts to be successful, and for liquidation to be avoided, is by the Company reducing the number of positions in its structure and implementing a curtailed operating model, being the proposed Redundancy Plan.

7.2.4.4. As a result, on 21 July 2015, the Company issued notices in terms of section 189(3) read together with section 189A of the LRA ("section 189(3) notices") to all Employees and their trade unions.

7.2.4.5. There appeared to be 1,089 positions out of the total 2,242 positions that would be potentially affected as a result of the Proposed Redundancy Plan.

7.2.4.6. The issuance of the section 189(3) notices was the first step in a statutory facilitated consultation process which commenced on 31 July 2015 under the auspices of the CCMA. The Company and the consulting parties held further consultation meetings on 13 August 2015, 19 August 2015, 10 September 2015 and 15 September 2015.

7.2.5. The Company will, for a minimum period of 60 (sixty) days as prescribed in terms of the LRA, consult with the consulting parties, on all the issues set out in the section 189(3) notice. This consultation process has been facilitated by commissioners from the CCMA and is set to end on or around 21 September 2015 to the extent that agreement cannot be reached sooner and/or subject to the exhaustion of consultations.

7.3. CREDITORS

7.3.1. Creditors' Meeting:

7.3.1.1. A first meeting of Creditors, as contemplated in section 145(1)(a) of the Companies Act, was convened on 30 April 2015 ("the First Meeting").

7.3.1.2. At the First Meeting:

7.3.1.2.1. the business rescue process was explained and possible outcomes were presented to the Creditors;

7.3.1.2.2. assistance was also given to the Creditors by providing answers to their various queries;

7.3.1.2.3. claims were submitted by Creditors; and

7.3.1.2.4. a Creditors' Committee was formed.

7.3.2. Creditors' Committee

- 7.3.2.1. As set out above, at the First Meeting, a Creditors' Committee was formed.
- 7.3.2.2. The Creditors' Committee comprises members who are able to provide advice to the BRPs in respect of the Company.
- 7.3.2.3. The Creditors' Committee has consulted with the BRPs on three occasions.

7.4. LEGAL**7.4.1. Court Application:****7.4.1.1. Sasfin:**

- 7.4.1.1.1. On 30 June 2015, the BRPs instituted the Sasfin Action in respect of a debtor discounting agreement and certain penalties and damages claimed in terms thereof.
- 7.4.1.1.2. Sasfin has opposed the Sasfin Action and same is proceeding in the ordinary course.
- 7.4.1.1.3. To the extent necessary, by the adoption of this Business Rescue Plan, Creditors authorise the BRPs to conclude a settlement agreement or compromise in terms of the Sasfin Action.

7.4.2. Suspension of Contracts:

- 7.4.2.1. Section 136(2)(2) of the Companies Act authorises the BRPs during Business Rescue to entirely, partially or conditionally suspend, for the duration of the business rescue proceedings, any obligation of the Company that arises under an agreement to which that the Company was a party at the Commencement Date and would otherwise become due during the Business Rescue.

7.4.2.2. The BRPs deemed it necessary to suspend the Company's obligations in terms of payment of Directors' fees.

7.4.3. **General:**

7.4.3.1. The BRPs were required to engage attorneys to advise on, *inter alia*, issues relating to:

7.4.3.1.1. employment;

7.4.3.1.2. competition;

7.4.3.1.3. Tax;

7.4.3.1.4. regulatory issues, including environmental compliance issues;

7.4.3.1.5. contractual disputes;

7.4.3.1.6. PCF;

7.4.3.1.7. post-commencement agreements;

7.4.3.1.8. the Sales Process;

7.4.3.1.9. Claims against the Company; and

7.4.3.1.10. various issues arising out of the Business Rescue.

7.5. **BUSINESS RESCUE INITIATIVES**

7.5.1. **Continuation with the Turnaround Plan**

Although the Turnaround Plan was initiated by Management prior to the Commencement Date, the BRPs have utilised the expertise of Management as well as the concepts developed in the Turnaround Plan during Business Rescue.

7.5.2. **Sales Process**

The Sales Process was embarked upon, the details of which are set out in paragraph 18.

7.5.3. Engagement with Department of Environmental Affairs and the Department of Water and Sanitation

- 7.5.3.1. In order to determine any potential environmental liability of the Company, the BRPs appointed three independent environmental specialists, namely, Golder Associates Africa (Pty) Limited, Resonant Environmental (Pty) Limited and Airshed Planning Professionals to evaluate and assess the potential environmental liability of the Company and to propose certain management measures.
- 7.5.3.2. One of the primary purposes of these reports was to inform the likely amount which would be required to effect these measures in the short, medium and long term.
- 7.5.3.3. It is the intention of the BRPs to establish a ring-fenced fund, which is separated from operating expenses and capital expenses, to implement these measures on an ongoing basis at the Company's steelworks.
- 7.5.3.4. The establishment of this fund is considered necessary in order to mitigate the risk of potential criminal and administrative enforcement action from the Department of Environmental Affairs going forward.
- 7.5.3.5. In order to regulate the establishment of this fund and arrive at an agreement with the Department of Environmental Affairs regarding enforcement action, it is considered necessary to develop an Environmental Management Cooperation Agreement ("EMCA") between the Company and the Department of Environmental Affairs. The BRPs have engaged with the Department of Environmental Affairs and the Department of Water and Sanitation in order to discuss these reports and the need to avoid the shutdown of the operations so as to ensure that the Company would be in a financial position to contribute to the fund which, in turn, will enable the Company to implement the recommended management measures.
- 7.5.3.6. The BRPs met with the Department of Environmental Affairs and agreed in principle that a memorandum of motivation would be prepared for the Chief Director responsible for Compliance and Enforcement to brief the Minister of Environmental Affairs in order to

obtain her consent to proceed with the proposed EMCA and a Trust Deed for the creation of the ring fenced trust.

7.5.4. Engagement with Eskom

- 7.5.4.1. The Company is reliant on the provision of electricity for the operation of the Business.
- 7.5.4.2. Prior to production ceasing (as dealt with further in paragraph 8.2), and in an attempt to reduce electricity costs, the BRPs agreed with Eskom that the electric furnaces would not run during peak winter tariff times, but would only be operated in non-peak times.
- 7.5.4.3. The BRPs further engaged with Eskom in order to negotiate:
 - 7.5.4.3.1. the continued supply of electricity;
 - 7.5.4.3.2. a possible waiver and/or reduction of Eskom's winter tariffs and guarantee requirements as well as participation in the electricity buy-back program. This was not agreed to by Eskom; and
 - 7.5.4.3.3. a waiver of certain fixed costs for so long as the Company is not in production.


7.5.5. Engagement with SARS

- 7.5.5.1. There is currently a dispute with SARS regarding the imputation by the Company of the net income of its controlled foreign company ("CFC"), Hochvanadium Handels, in the determination of its taxable income. The income of Hochvanadium Handels was not imputed to the Company's income for the 2007 to 2009 and 2010 to 2012 years on the basis that the Company placed reliance on the foreign business establishment ("FBE") exemption contained in section 9D of the Income Tax Act No. 58 of 1962, which exempts a CFC's income from being attributable to a taxpayer's income. SARS has challenged the exemption of Hochvanadium Handels income from inclusion in the Company's income and contends that it did not meet the requirements of the definition of an FBE, and accordingly seeks to adjust the Company's taxable income for those years of assessment;

7.5.5.2. 2007 to 2009 years of assessment:

- 7.5.5.2.1. a letter of audit findings has been issued in terms of which SARS seeks to impute Hochvanadium Handels income in the amount of R1 437 187 954 (one billion, four hundred and thirty seven million, one hundred and eighty seven thousand, nine hundred and fifty four Rand) to the Company. In the letter of audit findings, SARS has indicated that the "relevant" penalties and interest will be imposed, although no details have been provided regarding such interest and penalties;
- 7.5.5.2.2. a response to SARS' letter of audit findings was submitted denying the conclusions reached therein and challenging the findings both on the grounds of prescription and on the merits. No response has been received from SARS to date;
- 7.5.5.2.3. SARS has not yet formally issued an assessment in respect of the 2007 to 2009 years of assessment. Until such time as SARS issues an assessment, SARS does not have a claim against the Company; and
- 7.5.5.2.4. should SARS adjust the Company's income by the amount of R1 437 183 954 as set out in the letter of audit findings, such adjustment would result in the Company's assessed loss being reduced and give rise to an actual tax liability of approximately R402 411 507 (four hundred and two million four hundred and eleven thousand five hundred and seven Rand), plus interest and penalties in respect of the 2007 to 2009 years of assessment;

7.5.5.3. 2010 to 2012 years of assessment:

- 7.5.5.3.1. SARS has issued revised assessments adjusting the Company's income by including an amount of R747 831 573 (seven hundred and forty seven million, eight hundred and thirty one thousand, five hundred and seventy three Rand) in the Company's income
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for the 2010 to 2012 years of assessment, and levied an understatement penalty of approximately R4 000 000 (four million Rand) in respect of the 2012 year of assessment;

7.5.5.3.2. the adjustments have the effect of decreasing the Company's assessed loss. However, the adjustments have not resulted in an actual tax liability for the Company, save for the cash outlay for the understatement penalty of R4 000 000 (four million Rand); and

7.5.5.3.3. the company has formally responded to SARS and submitted a Notice of Intention to Appeal against the revised assessments in respect of these years of assessment. No response has not been received from SARS to date.

7.5.6. ITAC application

7.5.6.1. In an attempt to preserve the value of the Company, an application was submitted to ITAC. ITAC is responsible for conducting tariff amendment and trade remedy investigations in accordance with Government policy and domestic law and World Trade Organisation Agreements that South Africa is a signatory to.

7.5.6.2. The application made by the BRPs to ITAC was for an increase in general customs duty rates on structural steel products from "free" to 10%.

7.5.6.3. The basis of the application is that the Company is the sole manufacturer of heavy structural steel products in South Africa and requires such a duty to protect local production.

7.5.6.4. Pursuant to the application, ITAC's verification visit to the Company took place and the BRPs anticipate ITAC to consider the application during their September Commission meeting that is to take place during the first part of September.

7.5.7. Engagement with the Competition Commission


Prior to Business Rescue, the Competition Commission had instituted investigations and complaints against the Company. The BRPs have continued

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with discussions with the Competition Commission regarding a settlement in respect of all investigations and complaints instituted by the Competition Commission.

7.5.8. Engagement with the European Commission

7.5.8.1. Commitments:

- 7.5.8.1.1. Evraz's acquisition of a controlling shareholding in the Company was notified to the European Commission and the South African competition authorities. Given the potential competition concerns which the European Commission determined were likely to flow from the transaction, the parties proposed the Commitments to the European Commission (which were adopted by the European Commission and the South African competition authorities) to remedy any potential concerns which would apply to both the Company and Mapochs Mine.
- 7.5.8.1.2. A number of the Commitments have already been fulfilled.
- 7.5.8.1.3. The BRPs met with the European Commission's monitoring trustee in order to explain the business rescue process and confirm that the Company was still complying with the remaining Commitments.
- 7.5.8.1.4. In light of the Sales Process and the Proposed Transaction, however, the BRPs have initiated steps to waive the Commitments in order to be able to cancel, modify or restructure (depending on the circumstances) the arrangements currently in place, to the extent required. In this regard, the European Commission has confirmed that the Commitments may be waived following the divestiture of the Company to an independent third party on the basis of a motivated request that meets all the requirements of a waiver.
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- 7.5.8.1.5. The aforementioned request will be made to the European Commission shortly after the Business Rescue Plan has been adopted by the Creditors.

7.5.9. Engagement with the JSE

- 7.5.9.1. Pursuant to the Business Rescue, the Company's listing on the JSE was suspended.
- 7.5.9.2. The BRPs approached the JSE to discuss the Business Rescue and the continued listing of the Company as a public company going forward.
- 7.5.9.3. In order to ensure that the Company remains listed, the BRPs undertook to prepare the required financial statements as soon as possible.
- 7.5.9.4. A request was made to the JSE, requesting an extension for the publication of the annual financial statements of the Company.

7.5.10. Post Commencement Finance

- 7.5.10.1. On 29 May 2015, the IDC granted a revolving credit facility to the Company in the amount of R150 000 000.00 (one hundred and fifty million Rand) as PCF ("the IDC Claim"). The IDC Claim is secured by the Company's previously unencumbered assets.
- 7.5.10.2. The PCF was to be utilised by the BRPs to fund the working capital required by the Company to fulfil the purchase orders placed with the Company during Business Rescue.
- 7.5.10.3. In the light of production ceasing, as more fully dealt with in paragraph 8.2, the terms of the PCF facility are being renegotiated with the IDC.
- 7.5.10.4. The IDC have indicated that they are willing to negotiate and engage with the Successful Bidder with regard to the further funding of the Company following an acquisition.

8. TRADING FOLLOWING THE COMMENCEMENT DATE

8.1. MARKET CONDITIONS

- 8.1.1. Vanadium prices have reduced by 28% since May 2015. This was as a result of the poor demand for the alloy driven primarily by reduced steel demand

worldwide. This has had a significant adverse impact on achievable income from the vanadium stream.

8.1.2. Steel local markets:

8.1.2.1. The reduction of economic activity in the domestic market sectors of, *inter alia*, construction, mining, general engineering, infrastructure development and original equipment manufacturing supplies, has negatively impacted on the Business. An approximate decrease in volume of 30% - 40% quarter on quarter in these markets was experienced from 2014 to 2015.

8.1.2.2. Furthermore, the decrease in steel consumption by a projected 17% from 2014 to 2015 severely impacted on the Business. Domestic steel sales volumes were further adversely impacted by a sharp (65%) increase in low cost subsidised imports, resulting in average selling prices decreasing by around 25%.

8.1.2.3. As a result of the significant reduction in domestic steel demand the Company had to drastically increase its export sales volumes. The combined impact of reductions in domestic as well as export prices resulted in an average reduction of 26%.

8.1.3. Steel exports:

In light of a continued lower oil price and steep increases in steel imports from China, the market demand and achievable price for the Company's products in the traditional export markets have decreased drastically.

8.2. PRODUCTION AND TRADING:

8.2.1. In addition to the issues relating to the import and export of products, with the increased cost of electricity and pressure on steel prices as well as unsustainably low demand for structural products, including severe working capital constraints, the Management and the BRPs agreed to scale down production.

8.2.2. In this regard, although the Company has 6 (six) electric arc furnaces that operate when the Company is running at full production capacity, the number of furnaces in operation were reduced to 2 (two) furnaces and thereafter all furnaces were switched off resulting in production ceasing.

8.2.3. The furnaces were switched off in a controlled manner to minimise the cost of start-up. By switching off the furnaces, the Company was able to conduct certain required maintenance on the furnaces.

8.2.4. Despite Company having ceased production, the Company continued to trade during Business Rescue by realising stock-on-hand.

9. **MATERIAL ASSETS AND SECURITY OF THE COMPANY AS AT THE COMMENCEMENT DATE (INCLUDING ESTIMATED REALISATION VALUE ON LIQUIDATION)**

A list of the categories of material assets of the Company at book value and the security given in relation thereto is attached hereto as **Annexure A**. If any Affected Person requires a detailed schedule of assets, please contact Michelle Scrusse of Matuson & Associates at mscruse@matusonassociates.co.za.

10. **CREDITORS OF THE COMPANY AS AT THE COMMENCEMENT DATE**

10.1. A list of the Creditors of the Company, as reflected in the Company's records, as at the Commencement Date is attached hereto as **Annexure B**.

10.2. As required in terms of the Companies Act, **Annexure B** indicates which of the aforesaid Creditors:

10.2.1. would qualify as secured, statutorily preferent or concurrent in terms of the laws of insolvency; and

10.2.2. have proved their Claims.

11. **CREDITORS VOTING INTEREST AND VOTING BY PROXY**

11.1. In terms of the Companies Act, for the purpose of any vote by Creditors:

11.1.1. a Creditor has a voting interest equal to the value of the amount owed to that Creditor by the Company on the date of the vote on the Business Rescue Plan; and

11.1.2. a Creditor who would have a subordinated claim in liquidation has a voting interest, as independently appraised and valued at the request of the BRPs, equal to the amount, if any, that the Creditor could reasonably expect to receive in a liquidation of the company.

11.2. A Creditor who has a Disputed Claim, contingent Claim, prospective Claim, damages or unliquidated Claim will only be allowed to vote in the sole discretion of the BRPs.

- 11.3. Voting by proxy will be allowed as long as the form of proxy attached to the Notice of the Meeting is lodged with the BRPs in terms of section 152 of the Companies Act. Creditors and Affected Persons are required to lodge their forms of proxy by no later than 10h00 on 25 September 2015.
- 11.4. All forms of proxy given on behalf of a company, a legal entity or a trust must be accompanied by a valid and authorised resolution supporting the appointment of the proxy.
- 11.5. Notwithstanding what has been stated in this paragraph, the BRPs have a discretion to accept any proxy submitted.

12. PROBABLE DIVIDEND ON LIQUIDATION

- 12.1. The BRPs engaged KPMG as an independent expert to calculate the potential dividend in a liquidation scenario as at the Commencement Date.
- 12.2. The calculation in support of a liquidation dividend as at the Commencement Date is based on an independent exercise undertaken by KPMG and the reader is encouraged to properly consider the calculation presented by KPMG and satisfy themselves as to the accuracy thereof. If any Affected Person requires a full copy of the liquidation and distribution account, please contact Michelle Scuse of Matuson & Associates at mscuse@matusonassociates.co.za.
- 12.3. KPMG relied on an independent valuation of the assets of the Company for the purpose of calculating the liquidation dividend as at the Commencement Date, and the approximate realisation value is set out in the full liquidation calculation document prepared by KPMG.
- 12.4. The methodology used by KPMG in calculating the liquidation dividend is the methodology chosen by KPMG in their sole discretion and the BRPs are not in a position to comment on the methodology.
- 12.5. The probable dividend which Concurrent Creditors would receive if the Company was to be liquidated as at the Commencement Date is in a range of between 0 - 33 cents in the Rand.
- 12.6. Based on the dividend calculation of KPMG as at the Commencement Date, the BRPs estimate that the probable dividend which Concurrent Creditors would receive if the Company was to be liquidated as at the Publication Date would be in a range of between 0 - 20 cents in the Rand.
- 12.7. The figures in paragraphs 12.5 and 12.6 take into account the costs associated with a liquidation, as calculated in terms of Section 89 of the Insolvency Act.

12.8. The aforesaid dividend range depends on whether SARS issues an assessment in respect of the Potential SARS Claim and consequently lodges a claim against the Company. In this regard, it is anticipated that if the Company was liquidated at:

12.8.1. the Commencement Date, Concurrent Creditors would receive an approximate dividend of:

12.8.1.1. 33 (thirty three) cents in the Rand if SARS does not have a claim against the Company;

12.8.1.2. 8 (eight) cents in the Rand if SARS does have a claim against the Company, with interest but without penalties; or

12.8.1.3. 0 (zero) cents in the Rand if SARS does have a claim against the Company and includes interest and penalties.

12.8.2. the Publication Date, Concurrent Creditors would receive an approximate dividend of:

12.8.2.1. 20 (twenty) cents in the Rand if SARS does not have a claim against the Company;

12.8.2.2. 0 (zero) cents in the Rand if SARS does have a claim against the Company, with interest but without penalties; or

12.8.2.3. 0 (zero) cents in the Rand if SARS does have a claim against the Company and includes interest and penalties.

13. HOLDERS OF THE COMPANY'S ISSUED SECURITIES

Please refer to paragraph 4.1.1. If any Affected Person requires a detailed list of the holders of the Company's issued securities, please contact Michelle Scrusse of Matuson & Associates at mscruse@matusonassociates.co.za.

14. THE PRACTITIONERS' REMUNERATION

14.1. The BRPs' remuneration is at the tariff for a large sized company based on the Company's public interest score at the Commencement Date. The public interest score calculated in terms of Regulation 26(2) of the Companies Act as at the Commencement Date was 9 579.

14.2. A company is regarded as a large sized company if its public interest score is over 500. The Company's public interest score is a factor of 19.

14.3. To date, Marsden and Terblanche have charged out their time at the prescribed tariff rates set out in Regulation 128 to the Companies Act. In terms of section 143(2) of the Companies Act,

the BRPs hereby propose an agreement providing for further remuneration, additional to the prescribed tariff, resulting in an increase in the charge out rate of the BRPs from R1 750 per hour to R3 500 per hour (excluding VAT), retrospectively, with effect from the date of their appointment. This fee is payable on the Adoption Date and is based on an approximation of the BRPs' standard hourly rates and the tariff rates. On approval of the Business Rescue Plan the Creditors and the Company agree to this increase and the payment of the difference in the prescribed tariff and agreed increased hourly rate since the date of the BRPs appointment.

15. **STATEMENT ABOUT WHETHER THE BUSINESS RESCUE PLAN INCLUDES A PROPOSAL MADE INFORMALLY BY A CREDITOR**

This Business Rescue Plan does not include any informal proposals made by a Creditor or Creditors of the Company.

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PART B – PROPOSALS

16. OBJECTIVE AND PURPOSE OF BUSINESS RESCUE

16.1. The purpose of the Business Rescue provisions contained in the Companies Act, as set out in section 7(k) of the Companies Act, is to provide for the efficient rescue and recovery of financially distressed companies, in a manner that balances the rights and interests of all relevant stakeholders.

16.2. The objective of Business Rescue, as set out in section 128(1)(b)(iii) of the Companies Act, is to develop and implement a plan that rescues the Company:

16.2.1. by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the Company continuing in existence on a solvent basis; or

16.2.2. if the aforementioned is not possible, results in a better return for the Company's creditors or shareholders than would result from the immediate liquidation of the Company.

16.3. This Business Rescue Plan seeks to:

16.3.1. rescue the company by implementing one of the proposals set out herein; and

16.3.2. provide Affected Persons with information so that they may:

16.3.2.1. assess the likely outcome of the dividend yield calculation under Business Rescue, as set out in 27.1; and

16.3.2.2. be reasonably assured of the likelihood of obtaining a better outcome under Business Rescue for all Affected Persons, when compared to a liquidation.

17. MORATORIUM

17.1. In terms of the Companies Act, the commencement of Business Rescue places a moratorium on legal proceedings against the Company. This means that Creditors, even though their rights may be secured, will not be able to proceed in any forum against the Company for non-payment of debts during Business Rescue.

/s/ [Signature]

17.2. The intention of a moratorium is to give the Company the best possible chance to implement the Business Rescue Plan, whether by way of the 1st Proposal, 2nd Proposal or 3rd Proposal.

17.3. In the current circumstances, the moratorium in relation to the Company commenced on the Commencement Date and is expected to remain in place until the BRPs file a notice of substantial implementation with the CIPC.

18. THE SALES PROCESS

In an attempt to rescue the Company, the BRPs initiated a two phased accelerated Sales Process. The Sales Process followed can be summarised as follows:

18.1. Phase 1:

18.1.1. Initially 27 (twenty seven) parties expressed their interest in participating in the Sales Process. The BRPs addressed a formal letter to all interested parties on 6 June 2015 which, *inter alia*, set out the terms, timelines, requirements and process to be followed and adhered to by interested parties ("1st Process Letter").

18.1.2. The 1st Process Letter required all interested parties to sign a confidentiality agreement and to pay a non-refundable amount of R50 000.00 (fifty thousand Rand) ("Phase 1 Requirements") in order to participate in the Sales Process and to receive a copy of the Information Memorandum.

18.1.3. Seven (7) interested parties complied with the Phase 1 Requirements and were accordingly furnished with a copy of the Information Memorandum.


18.1.4. Subsequent to the Information Memorandum being distributed:

18.1.4.1. 2 (two) of the interested parties formally withdrew from the Sales Process;

18.1.4.2. 1 (one) interested party indicated that it would not be submitting an offer as contemplated in the Sales Process; and

18.1.4.3. 1 (one) interested party did not engage further.

18.1.5. In terms of the 1st Process Letter, the 3 (three) remaining interested parties were required to submit non-binding indicative offers ("Non-Binding Indicative Offers") to the BRPs by no later than 15 July 2015. The 1st Process Letter set out the criteria for and what details had to be included in the Non-Binding Indicative Offers.

- 18.1.6. The 3 (three) interested parties submitted their Non-Binding Indicative Offers timeously and the contents of those Non-Binding Indicative Offers were evaluated by the BRPs and their Advisors and disclosed to the Creditors Committee at the second Creditors' Committee meeting held on 16 July 2015.
- 18.2. Phase 2:
- 18.2.1. Pursuant to the support of the Creditors' Committee at the second Creditors' Committee meeting, all 3 (three) interested parties were invited to proceed to the second phase of the Sales Process as Preferred Bidders. In this regard a second letter was addressed to the 3 (three) Preferred Bidders on 17 July 2015 which, *inter alia*, set out the process going forward and the requirements the Preferred Bidders had to comply with in order to participate in the second phase of the Sales Process ("2nd Process Letter").
- 18.2.2. The 2nd Process Letter reiterated the requirement for a Preferred Bidder to furnish the BRPs with proof to the satisfaction of the BRPs that it had the financial ability to conclude and implement a transaction. In this regard Preferred Bidders were specifically advised that in order to participate in the second phase of the Sales Process, Preferred Bidders were required to either pay a refundable cash deposit of USD10 million (ten million Dollars) ("Phase 2 Deposit") into the bank account of an escrow agent to be agreed upon and on terms acceptable to the BRPs, or deliver to the BRPs an unconditional guarantee of USD10 million (ten million Dollars) in a form acceptable to the BRPs in their sole discretion ("Phase 2 Deposit Requirements"), before the Preferred Bidder would be granted access to a virtual data room in order to proceed with a due diligence of the Company.
- 18.3. Two (2) of the three (3) Preferred Bidders did not provide proof to the satisfaction of the BRPs that the Phase 2 Deposit Requirements had been complied with. In this regard:
- 18.3.1. the Successful Bidder was one of the Preferred Bidders who had not provided proof to the satisfaction of the BRPs that the Phase 2 Deposit had been placed in trust with an escrow agent acceptable to the BRPs. On request from the BRPs, however, the Successful Bidder immediately brought the Phase 2 Deposit into South Africa and deposited it with an escrow agent acceptable to the BRPs; and
- 18.3.2. another Preferred Bidder had not provided proof to the satisfaction of the BRPs that the Phase 2 Deposit Requirements had been complied with. This Preferred Bidder was accordingly also requested to bring the Phase 2 Deposit into South Africa to be held with any first tier bank – i.e. The Standard Bank of South Africa Limited, Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited or Investec Bank Limited. Despite numerous requests (including, *inter alia*, three
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written requests on 29 July, 3 August and 14 August 2015), this Preferred Bidder failed to bring the Phase 2 Deposit into South Africa. Despite the aforesaid, and in the interests of Creditors, the BRPs allowed this Preferred Bidder to remain in the Sales Process, however, this Preferred Bidder was not, *inter alia*, granted access to the virtual data room. Creditors are advised that this Preferred Bidder has repeatedly threatened litigation due to the aforesaid.

- 18.4. Upon compliance with the Phase 2 Deposit Requirements, the Successful Bidder and one other Preferred Bidder were, *inter alia*, granted access to a virtual data room, site visits, meetings with Management and a suite of detailed financial and legal reports, including, operation, financial, tax, legal and other relevant information in relation to the Company, in order to conduct a due diligence.
- 18.5. The formal due diligence process concluded on 21 August 2015 and the Preferred Bidders were required to submit a final binding offer on the same date ("Final Offer").
- 18.6. At the request of two of the Preferred Bidders, the deadline for the submission of Final Offers was extended from 21 August 2015 to 28 August 2015. All three Preferred Bidders were granted the extension for the submission of Final Offers.
- 18.7. On 26 August 2015, the BRPs were advised that the consortium representing one of the Preferred Bidders had broken-up as one of the members of the consortium had elected to withdraw from the Sales Process and had instructed its escrow agent to return the Phase 2 Deposit to such consortium member. This resulted in the remaining consortium member no longer complying with the requirement to have the Phase 2 Deposit placed in trust or escrow with a reputable institution.
- 18.8. On 28 August 2015, being the date upon which Final Offers had to be received from the Preferred Bidders, the BRPs received an urgent request from the remaining consortium member to allow it to proceed with submitting a Final Offer as a Preferred Bidder, notwithstanding that the Phase 2 Deposit amount had been withdrawn. The remaining consortium member tendered to replace the Phase 2 Deposit as soon as practicable. The BRPs advised the remaining consortium member that it could proceed as a Preferred Bidder at its own risk, reserving the rights of the Company and the BRPs.
- 18.9. On 28 August 2015, three (3) Final Offers were received by the BRPs from the three (3) Preferred Bidders.
- 18.10. Only one Preferred Bidder, the Successful Bidder, had provided acceptable proof of payment of the Phase 2 Deposit. Notwithstanding their concerns regarding the inability of two of the Preferred Bidders to secure the Phase 2 Deposit, and in the interests of Creditors, all three (3) Final Offers were evaluated by the BRPs and their Advisors and disclosed to the Creditors

Committee at the third Creditors' Committee meeting and the second Employees' Committee meeting.

- 18.11. At the third Creditors' Committee meeting, a member of the Creditors' Committee requested that in respect of the Preferred Bidder whose consortium partner withdrew from the Sales Process, the BRPs allow one (1) or two (2) days for the Phase 2 Deposit to be provided by this Preferred Bidder. This Preferred Bidder, however, was unable to furnish the Phase 2 Deposit within the aforesaid time.
- 18.12. Accordingly, the BRPs, in consultation with their Advisors and pursuant to the discussions at the third Creditors' Committee meeting, selected the Successful Bidder's proposal.
- 18.13. The three (3) Preferred Bidders who had submitted Final Offers were advised of the outcome of the Sales Process and the selection of the Successful Bidder on 3 September 2015.
- 18.14. For ease of reference a summary of the Sales Process timeline is set out below:

Procedure	Date
Distribution of an information memorandum	6 June 2015
Indicative, non-binding offer submission deadline	15 July 2015
Selection of shortlisted Preferred Bidders by the BRPs	17 July 2015
Proof of USD10 million guarantee from Preferred Bidders and opening of virtual data room	27 July 2015
Due diligence finalisation and close of virtual data room	21 August 2015
Binding offer submission deadline	28 August 2015
Evaluation of binding offers received	28 August 2015 – 3 September 2015
Notification of Successful Bidder	3 September 2015

19. THE SUCCESSFUL BIDDER

- 19.1. IRL is a Hong Kong based company with global interests in mining, forestry and real estate. IRL's major shareholders are committed to the future of South Africa from both an economic and social point of view. In this regard, a foundation founded by IRL's chairman recently donated USD3 000 000 (three million USD) for the construction of the Makgatho Lewanika Mandela Primary School in Mvezo.
- 19.2. IRL's key management:
- 19.2.1. Dr Wen Heng Mu: Dr Mu is the ex-Chairman and CEO of Cheng De Iron and Steel, one of the major Vanadium Titanium Magnetite ("VTM") steel mills in China. Dr Mu has a track record of turning around steel plants and

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increasing efficiency and yield. He is the author of numerous technical and managerial papers.

19.2.2. Dr. John Chao: Dr Chao is the ex-manager of industry studies and research for Rio Tinto Iron and Titanium. Dr Chao has over 30 years of experience in titanium ore processing, ore beneficiation, smelting and refining. Under his technical guidance, Rio Tinto's Sorel smelter completed its modernisation program. He is also the author of numerous technical papers and has several patents in metallurgical furnaces.

19.2.3. Mr Ji Bin Liu: Mr Liu is the president of Maxdo Vanadium and Titano Liaoning Company Limited. Mr Liu has over 20 years' operating experience in integrated steel mills, including production, maintenance equipment design, plant construction and project management. Under his watch, plant investment was reduced from RMB1.8bn to RMB1.2bn for Tangshan Stainless Steel. He was also the recipient of the "Hebei Metallurgical Management Modernisation and Innovation Prize".

19.2.4. Dr Yong Yao: Dr Yao obtained his Ph.D. at the Technical University of Munich in Germany. He also has a M.Sc. from China University of Geosciences (Beijing). He has been a post-doctoral fellow and (Senior) Research Officer for the University of the Witwatersrand and Director and an Associate Professor of MSc exploration Geology at Rhodes University. He has more than 34 years in geological academic education, mineral exploration and mining industry.

19.3. IRL's turnaround plan is built on the following key pillars:

19.3.1. Production levels: IRL plans to commence production as soon as practicably possible after the effective date. Production levels are to increase to 910ktpa within 18 months. The production is then expected to increase to 1.5 mtpa over the next 3-4 years. With the Company operating at full capacity, the spend will bring much needed relief to local suppliers to the steel industry.

19.3.2. Capex: IRL will commit R4.1 billion of capital over the next 5 (five) years. This includes the refurbishment of existing equipment, the building of a vanadium slag and titanium production line, as well as a much needed 200MW co-generation plant to offset the high cost and unreliable supply of electricity.

19.3.3. Technology and Skills transfer. Key to IRL's plans to restore the Company to its former status, by using proprietary technology involving the fluid-bed pre-reduction of VTM ore, BOF vanadium extraction, production of advanced

industrial grade and ultra-high grade V_2O_5 s. The Company's technology will also facilitate the extraction of saleable titanium oxide. This substantially increases the value add of the Company and will increase profitability, investment, local spend, employment and contribution to GDP. In addition, IRL has a team of over 100 professionals and experts with international and local experience in exploration, mineral processing, ironmaking, electric furnaces, BOF operations, steelmaking, casting, milling, vanadium and titanium extraction and marketing.

19.4. Operational turnaround:

19.4.1. Costs: The management-led initiative to review all costs critically will be continued. The TAP program presented at the first creditors' meeting had yielded significant cost savings of approximately R25 million per month. This process will continue under the leadership of IRL.

19.4.2. Steel: The Company has applied to ITAC for price protection as referred to in paragraph 7.5.6. In addition, the Company is expected to submit additional applications for counter-valence and antidumping. The Company has also lobbied for designation of steel for local Government's infrastructure build programme.

19.4.3. Vanadium: The Company needs to be restored to a fully integrated supplier of high grade vanadium slag.

19.5. Corporate citizenship:

IRL believes fundamentally in the need to comply or exceed standards of health and safety, environmental compliance and workforce development.

19.6. The final ownership structure will also include an ESOP (Employee Share Ownership Scheme) and community participation with their BEE partner Siyolo Energy and African Resources and/or its nominee as part the Sales Process.

20. **THE SUCCESSFUL BIDDER'S PROPOSED TRANSACTIONS**

20.1. The Successful Bidder submitted its Final Offer on the 28th of August 2015 in accordance with the timelines determined by the BRP's in the Sales process.

20.2. Pursuant to receipt of the Successful Bidder's Final Offer, and as requested by the members of the Creditors Committee, the BRP's engaged with the Successful Bidders and negotiations ensued which resulted in the Successful Bidder revising certain salient terms of its Final Offer to the benefit of stakeholders.

20.3. In this regard, the Successful Bidder submitted an improved and revised offer on 15 September 2015, the terms of which are included in this Business Rescue Plan.

20.4. The below table sets out the salient details relating to the Successful Bidder's revised offer ("Proposed Transaction"):

Successful Bidder	International Resources Project Limited (or nominee) Company Number: 1736867 Incorporated in Hong Kong
Linked Offer	<ul style="list-style-type: none"> • The Successful Bidder submitted an interlinked and indivisible offer in respect of both the Company ("Highveld Proposal") and Mapochs Mine ("Mapochs Mine Proposal"). • The Highveld Proposal amount and the Mapochs Mine Proposal amount are cumulative. • It is a requirement of the revised Final Offer that the BRPs propose the Mapochs Mine Proposal to the joint BRPs of Mapochs Mine.
1st Proposal	<ul style="list-style-type: none"> • In terms of the written binding revised Final Offer submitted by the Successful Bidder to the BRPs: The Successful Bidder has offered to acquire all of the issued shares in the Company through a scheme of arrangement in terms of section 114, as read with section 115, of the Companies Act ("Scheme"). The Successful Bidder has offered R20 000 000.00 (twenty million Rand) to acquire all of the shares in the Company. • It is envisaged that the BRPs will propose the Scheme to the existing shareholders of the Company after the Adoption Date. • In addition to the Scheme, the Successful Bidder has offered to advance to the Company, via loan account, an amount of R350 000 000.00 (three hundred and fifty million Rand) to Creditors in order to acquire all of the claims which Creditors have against the Company on the date upon which the Proposed Transaction is implemented ("Implementation Date"). The acquisition of Creditors' Claims shall be referred to herein as the ("Creditor Claims Acquisition").



	<ul style="list-style-type: none"> The Successful Bidder has, in addition to the above, offered to lend and advance to the Company a loan in an amount of R150 000 000.00 (one hundred and fifty million Rand) to enable the Company to repay the PCF made available by the IDC to the Company ("IDC Payment"). The Successful Bidder has offered to advance the IDC Payment to the Company (so as to enable the Company to repay the IDC Claim) by no later than the 3rd anniversary of the Implementation Date.
2 nd Proposal	<ul style="list-style-type: none"> As an alternative to the above, if the shareholders of the Company and/or the Creditors of the Company do not approve the transaction structure set out above, the Successful Bidder has offered to acquire the business of the Company as a going concern for a purchase consideration of R350 000 000.00 (three hundred and fifty million Rand) ("Sale of Business Proceeds").
	<ul style="list-style-type: none"> The Successful Bidder has, in addition to the above, offered to pay an amount of R150 000 000.00 (one hundred and fifty million Rand) to enable the Company to repay the PCF made available by the IDC to the Company ("IDC Payment"). The Successful Bidder has offered to advance the IDC Payment to the Company (so as to enable the Company to repay the IDC Claim) by no later than the 3rd anniversary of the Implementation Date; The BRPs would then distribute the Sale of Business Proceeds to Creditors to discharge all of the claims of Creditors against the Company as at the Implementation Date ("Business Acquisition"), and settle the PCF advanced by the IDC with the IDC Payment; the above shall be referred to herein as the "Company Offer".
Highveld Creditor / Highveld Business Acquisition	<p>The R350 000 000.00 (three hundred and fifty million Rand) ("Consideration Amount") to be paid either in terms of the Creditor Claims Acquisition or the Business Acquisition will be paid to Creditors in two tranches as follows:</p> <ul style="list-style-type: none"> R 234 000 000.00 (two hundred and thirty four million rand) on the Implementation Date.

	<ul style="list-style-type: none"> • R 116 000 000.00 (one hundred and sixteen million rand) by no later than the first anniversary of the Implementation Date. • The second consideration amount of R 116 000 000.00 (one hundred and sixteen million rand) will be secured through either (i) a cash deposit in the amount of USD 10 million to be retained in an escrow account with an agreed escrow agent; or (ii) a pledge in favour of the BRP's of the Scheme Shares (if the Scheme is approved) on terms mutually agreeable to the Successful Bidder and the BRP's.
Mapochs Mine Proposal	<ul style="list-style-type: none"> • The sum of ZAR 5 000 000.00 (five million rand) for the issued shares in Mapochs Mine not already held by the Company; and • The sum of ZAR 30 000 000.00 (thirty million rand) to enable Mapochs Mine to acquire all the claims of creditors of Mapochs Mine (the "Mapochs Share Transaction Amount"). <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> • The sum of ZAR 35 000 000.00 (Thirty five million rand) for all of the business or the assets of Mapochs Mine (the "Mapochs Sale of Business Amount").
Suspensive Conditions	<p>The revised Final Offer received from the Successful Bidder requires the fulfilment or waiver, as the case may be, of certain suspensive conditions of the Revised Final Offer attached hereto.</p> <p>The Successful Bidder requires all suspensive conditions to be fulfilled by 31 March 2016 and the Implementation Date to be no later than 30 June 2016.</p> <p>The BRPs are confident that the suspensive conditions will either be fulfilled or waived by agreement between the parties.</p>
Effect on Employees	<p>Following the implementation of the Proposed Transaction, there will be no further impact on the employment of employees.</p>

Ongoing operations of the Company and Mapochs Mine	Following the Implementation Date it is the intention of the Successful Bidder to restart the Company's operations. In order to facilitate this, the Successful Bidder has committed to make a working capital facility in an amount of R1 000 000 000.00 (one billion Rand) available to the Company and Mapochs Mine following the implementation of the Proposed Transaction.
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21. **PROPOSAL 1: THE IMPLEMENTATION OF THE SCHEME**

- 21.1. The first proposal to rescue the Company is the implementation of the Scheme ("1st Proposal").
- 21.2. In the event that the Scheme is successful, the terms of this paragraph shall apply to the implementation of the Scheme with effect from the Implementation Date.
- 21.3. On the Implementation Date, the BRPs will file a notice of substantial implementation, thereby discharging the Company from Business Rescue.
- 21.4. With effect from the Substantial Implementation Date, the BRPs will be appointed as the Receivers in order to receive and distribute the Consideration Amount in terms of this paragraph.
- 21.5. The Consideration Amount will be allocated as follows:
- 21.5.1. firstly, payment of the Receivership Administration Expenses; and
- 21.5.2. thereafter, payment in accordance with the payment waterfall (which will exclude the IDC Claim) as more fully dealt with in paragraph 28.
- 21.6. In return for the right to participate in the Distribution, and with effect from the Implementation Date:
- 21.6.1. the total Pre-commencement Claims of each Creditor (excluding any Pre-commencement Claim of SARS, which will receive payment in terms of the Distribution in full and final settlement of any such Claim), reduced by the amounts to be paid to such Creditor in terms of the Distribution, will be deemed to have been ceded and transferred to the Successful Bidder; and
- 21.6.2. aside from their rights to claim payments in terms of the Distribution, no Creditor shall have any claim against the Company or the Successful Bidder.

- 21.7. The Receivers will have all such powers as may be necessary for them to discharge their obligations in terms of the Receivership and without in any way restricting the generality of such powers, the Receivers shall have the following powers and obligations:
- 21.7.1. to perform all acts and discharge all duties which the Receivers are required to perform and discharge in order to give effect to the implementation of terms of the Receivership;
 - 21.7.2. to open and operate banking accounts and investments as if they were trustees in terms of section 70(1) of the Insolvency Act, *mutatis mutandis*;
 - 21.7.3. to admit or reject any Claims tendered for proof as provided for in paragraph 29;
 - 21.7.4. to compromise the Claims and defend any proceedings which may be instituted against the Receivers for the enforcement of Claims disputed by the Receivers;
 - 21.7.5. to abandon to secured Creditors any property held as security at a value agreed to between the secured Creditor and the Receivers;
 - 21.7.6. to proceed in terms of the Dispute Mechanism or institute any legal proceedings in their capacities as the Receivers, as they may in their sole discretion deem appropriate, against any person as may be required to give effect to the Receivership and to defend any proceedings brought against the Receivers arising out of the Receivership where the subject matter of the dispute relates to their powers and obligations in terms of the Receivership;
 - 21.7.7. to have access to all books, records, documentation and trading figures of the Company as they may reasonably and properly require for the execution of their duties as Receivers in terms of the Receivership;
 - 21.7.8. to engage the service of attorneys, advocates, other professional advisers and service providers in connection with any matter concerning the Receivership, their functions and duties, to dispense with taxation and to agree on the amount of their reasonable fees and charges and to pay such fees and disbursements of such persons out of the monies becoming available to the Receivers in terms of the Receivership;
 - 21.7.9. to receive any and all amounts payable to them by the Successful Bidder in terms of the Proposed Transaction and the power to disburse all such amounts to any relevant person/s and Creditors contemplated in this Proposed Transaction.
- 21.8. The Receivers will be entitled to charge out their time at the rate of R3 500.00 per hour, excluding VAT.
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- 21.9. With effect from the Implementation Date, the Successful Bidder will be entitled, in compliance with the provisions of the Companies Act to change the Company's name.

22. PROPOSAL 2: SALE OF THE BUSINESS AS A GOING CONCERN

- 22.1. The second proposal to rescue the Company is based on the alternative option provided for in the Proposed Transaction, being the sale of the Business in terms of the Business Acquisition ("2nd Proposal").
- 22.2. The Consideration Amount will be distributed by the BRPs in terms of the waterfall (excluding the IDC Claim) set out in paragraph 28.
- 22.3. With the exception of shareholders, the terms and conditions are essentially the same as the 1st Proposal.
- 22.4. The 2nd Proposal will result in a better return than upon a liquidation and will balance the interests of all stakeholders.

23. PROPOSAL 3: WIND-DOWN OF THE COMPANY

- 23.1. In the event of the Proposed Transaction failing for any reason, or no alternative proposal on similar acceptable terms being made, the BRPs propose that the Business Rescue proceeds in accordance with the third proposal to rescue the Company, being the wind-down of the Company ("3rd Proposal").
- 23.2. The 3rd Proposal would entail the sale of all of the Company's assets, by way of private treaty or public auction, as opposed to the sale of the Company as a going concern.
- 23.3. In this regard, the BRPs have received expressions of interest from various parties for the purchase of certain of the Company's assets.
- 23.4. The advantages of proceeding with the 3rd Proposal as opposed to a liquidation are, *inter alia*, as follows:
- 23.4.1. Employees may receive full severance packages in terms of the LRA, alternatively, Employees may have an opportunity to accept and conclude voluntary separation agreements;
- 23.4.2. SARS will rank as a concurrent creditor, as opposed to a preferent creditor;
- 23.4.3. the fees of the BRPs will be substantially less than the fees of liquidators; and
- 23.4.4. Creditors will receive distributions in a shorter timeframe than in a liquidation.

23.5. Affected Persons are referred to paragraph 30 below for more information relating to the advantages of proceeding in terms of Business Rescue as opposed to a liquidation.

23.6. In the circumstances, the 3rd Proposal will result in a better return than upon a liquidation and will balance the interests of all stakeholders.

24. EFFECT ON CREDITORS

24.1. Contracts

24.1.1. In the event that the Business Rescue proceeds in terms of the Proposed Transaction (whether in terms of the 1st Proposal or 2nd Proposal), one of the suspensive conditions precedent to the Proposed Transaction is the cancellation, modification or restructuring of certain Contracts. To the extent that Contracts are cancelled, Creditors' Claims for damages will be limited as contemplated in paragraph 24.2;

24.1.2. In the event that the Business Rescue proceeds in terms of the 3rd Proposal, there will be no continuation of the Business and no continuation of Contracts, save for those Contracts which may be assigned. Creditors' Claims for damages will be limited as contemplated in paragraph 24.2.

24.2. Damages

24.2.1. In the event that Creditors claim damages, whether contractual or delictual, against the Company, which damages Claim is accepted by the BRPs or proved by way of the Dispute Mechanism or by Court or similar proceedings, such damages Claims:

24.2.1.1. shall be a concurrent Claim, unless the Creditor holds security for such claim;

24.2.1.2. will be deemed to be limited to general damages suffered over the lesser of 6 (six) months from the date on which the alleged damages Claim arose or the balance of the Contract duration. For purposes hereof, general damages are those which, on an objective basis, would be reasonably foreseeable at the time of entering into the relevant Contract as a probable consequence of, and with a sufficiently close connection to, any breach by the Company of such Contract so as to be said to flow naturally and generally and not to be too remote;

24.2.1.3. will be deemed to exclude all consequential (including loss of profit) and indirect damages; and

24.2.1.4. if disputed, will be resolved in terms of the Dispute Mechanism, detailed in paragraph 38.

24.3. Claims and release of the Company from the payment of debts

24.3.1. In the event of the Business Rescue proceeding in terms of the:

24.3.1.1. 1st Proposal, Claims will be dealt with in accordance with paragraph 21;

24.3.1.2. 2nd Proposal:

24.3.1.2.1. Creditors shall retain their Claims against the Company for any balance that may still be due to them by the Company after receipt of the final Distribution;

24.3.1.2.2. Therefore if the Business Rescue Plan is implemented in accordance with its terms and conditions, a Creditor will not be deemed to have acceded to the discharge of the whole or part of a debt owing to that Creditor and will not lose its rights to enforce the relevant debt or part of such debt against the Company and the provisions of section 154(1) of the Act will not apply; and

24.3.1.2.3. A Creditor will also notwithstanding the fact that this Business Rescue Plan has been adopted and implemented, will be entitled to enforce any debt owed to it by the Company immediately before the beginning of Business Rescue, except for any payment that is made pursuant to this Business Rescue Plan.

24.3.1.3. 3rd Proposal:

24.3.1.3.1. After receipt of the final Distribution and substantial implementation, Creditors shall retain their Claims against the Company for any balance that may still be due to them by the Company;

24.3.1.3.2. Therefore if the Business Rescue Plan is implemented in accordance with its terms and conditions, a Creditor will not be deemed to have acceded to the discharge of the whole or part of a debt owing to that Creditor and will not lose its rights to enforce the relevant debt or part of such debt against the Company and the provisions of section 154(1) of the Act will not apply.

24.3.1.3.3. A Creditor will also notwithstanding the fact that this Business Rescue Plan has been adopted and implemented, be entitled to enforce any debt owed to it by the Company immediately prior to Business Rescue, except for any payment that is made pursuant to this Business Rescue Plan.

24.3.2. **Section 22 of Value Added Tax Act:**

24.3.2.1. No Claims will be compromised in terms of this Business Rescue Plan.

24.3.2.2. In this regard:

24.3.2.2.1. in terms of the 1st Proposal, the Pre-commencement Claims will be deemed to be ceded to the Successful Bidder; and

24.3.2.2.2. in terms of the 2nd Proposal and the 3rd Proposal, Creditors will retain their Claims against the Company for any balance that may still be due to them by the Company.

25. **EFFECT ON EMPLOYEES**

25.1. 1st Proposal:

25.1.1. The Redundancy Plan currently in consultation will be proceeded with to finality, in terms of which the BRPs anticipate that approximately 50% of the Employees of the Company will be retrenched; and

25.1.2. The remaining Employees, after the implementation of the Redundancy Plan, will continue to be employed on no less favourable terms of employment.