



**EVRAZ Highveld Steel and Vanadium Limited  
(in business rescue)**

**Registration number 1960/001900/06**

**("Highveld")**

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**August\September 2023 update**

**Report to the Companies and Intellectual Property Commission and to all Affected  
Persons**

**In terms of Section 132(3)(a) of the Companies Act 71 of 2008**

**Prepared by:**

**Piers Marsden - Business Rescue Practitioner ("BRP")**



Attention: **All Affected Persons of EVRAZ Highveld Steel and Vanadium Limited (in business rescue) (“Highveld”)**

**RE: REPORT ON THE PROGRESS OF THE BUSINESS RESCUE PROCEEDINGS OF HIGHVELD**

**Introduction**

1. In terms of section 132(3) of the Companies Act 71 of 2008 (“Act”), if a company’s business rescue proceedings have not ended within three (3) months after the start of those proceedings, or such longer time as the Court, on application by the practitioner, may allow, the practitioner must –
  - 1.1. prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and
  - 1.2. deliver the report and each update in the prescribed manner to each affected person, and to the:
    - 1.2.1. Court, if the proceedings have been the subject of a court order; or
    - 1.2.2. Commission (“**CIPC**”), in any other case.
2. As defined in S128(1)(a) of the Companies Act, no. 71 of 2008, “affected person” in relation to a company, means:
  - A shareholder or creditor of the company;
  - Any registered trade union representing the employees of the company; and
  - If any of the employees of the company are not represented by a registered trade union, each of those employees or their respective representatives.
3. Therefore, as required, this **Update Report** is being delivered by the BRP in terms of section 132(3) of the Act.
4. Reference is made in this Update Report to the adopted business rescue plan (“**Plan**”). Any capitalised terms not defined herein shall have the meaning ascribed to same in the Plan. It is therefore important that this Update Report be read in conjunction with the Plan and the previous update reports.

**Business Rescue Proceedings.**

5. The business rescue practitioner paid dividend no.10 in the amount of **R5m** to concurrent creditors during September 2023. A total of **R867m** has been paid to date to creditors, inclusive of dividend no.10. The debt owed to retrenched employees has been settled.
  
6. The BR process now focuses on:
  - a. management of the sale process of strategic assets;
  - b. maintenance of the strategic assets;
  - c. collection of the purchase price payments from Purchasers of strategic assets, as well as the Titanium and Vanadium bearing resources;
  - d. preparing and managing creditor dividend payments; and
  - e. reporting on dividend payment projections.

**Creditors' claims update - as of 30 September 2023**

**Business rescue - Claims from Creditors**

<b>Post-Commencement Claims</b>	<b>Rm</b>	<b>Commencement date</b>	<b>Paid to Date</b>	<b>Balance</b>
Employees		322	322	-
PCF Provider *		236	236	-
Post commencement Creditors		48	16	32
<b>Total</b>		<b>606</b>	<b>574</b>	<b>32</b>

<b>Pre-Commencement Claims</b>	<b>Rm</b>	<b># of Claims</b>	<b>Amount of claims Paid</b>	<b>Accepted Claim Value</b>
Claims Accepted		528	293	1 795
<b>Total</b>		<b>528</b>	<b>293</b>	<b>1 795</b>

**Total Paid to All Creditors Rm** **867**

\* Paid to the IDC inclusive of R86m interest

7. Recent developments on Strategic Assets
  - 7.1. A contract has been concluded for the sale of the Plate Mill.
  - 7.2. A contract has been concluded for the sale of the Steel Plant.
  - 7.3. Contracts on the sale of other strategic assets are on track per the agreements concluded.



8. The remediation of legacy environmental liabilities is managed through the Remediation Trust Fund, which was established through the BR process. A number of the projects have successfully been completed and the trust fund continues to execute on its mandate, with a number of projects with significant cost implications still to be undertaken during the BR process. These may have a material impact on future dividends.
  
9. A decision was taken by the national prosecuting authority to proceed with criminal charges against the Company in terms of the National Environmental Management Act 107 of 1998 for ten alleged offences committed by the Company during May and June 2015. If convicted of an offence the Company could be liable to pay a fine not exceeding R10 million for each offence. Legal counsel has been appointed in the matter to advise the Company and further updates will be provided in due course.
  
10. **Update on Dividend Prospects**
  - 10.1. As at 30 September 2023, 10 dividend payments totaling R293m have been made to concurrent creditors as detailed below:
    - 10.1.1. 2.25 cent in the Rand paid August 2020
    - 10.1.2. 1,1 cent in the Rand paid January 2021
    - 10.1.3. 1,1 cent in the Rand paid September 2021
    - 10.1.4. 0,6 cent in the Rand paid March 2022.
    - 10.1.5. 1.0 cent in the Rand paid June 2022.
    - 10.1.6. 0.3 cent in the Rand paid September 2022.
    - 10.1.7. 1.0 cent in the Rand paid in November 2022.
    - 10.1.8. 8.3 cent in the Rand paid in April 2023.
    - 10.1.9. 0.28 cent in the Rand paid in June 2023.
    - 10.1.10. 0.28 cent in the Rand paid in September 2023.
  
  - 10.2. To date 16.21 cents has been paid to concurrent creditors.

11. **Conclusion**

The business rescue continues in accordance with Proposal 3, i.e. the wind-down of EVRAZ Highveld Steel and Vanadium Limited (“Highveld”), as contemplated in the Plan.

The business rescue process continues to focus on the collection of payments for assets sold and the distribution of dividends to creditors.