



MATUSON

ASSOCIATES

**GENERAL MEETING OF AFFECTED PERSONS:
EVRAZ HIGHVELD STEEL AND VANADIUM
LIMITED**

Date: 19 February 2018

DISCLAIMER

The details contained in this presentation are limited in nature, solely for the attention of affected persons of Evraz Highveld Steel and Vanadium Limited (“Highveld” or “the company”) and do not purport to contain all of the information relating to the various headings set out in this presentation.

Save where expressly otherwise stated, the joint Business Rescue Practitioners (“BRPs”) have assumed and relied upon the accuracy and completeness of all information on which this presentation is based and have also assumed that any financial information reproduced herein and/or provided by their sources is complete, accurate, not misleading and based on reasonable assumptions. However, neither the BRPs nor any other person is making any warranty or representation, express or implied, as to the accuracy or completeness of the information contained herein, or as to the reasonableness of the assumptions on which any of the same is based.

This presentation also contains forward-looking information and statements. These may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations and statements regarding future realisations. Such information and statements are subject to various risks and uncertainties, many of which are difficult to predict, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information or statements.

The figures used in this presentation are estimates only and are subject to change. Affected persons are referred to the risks detailed in this presentation and the business rescue plan indicating the various factors which could potentially affect the figures set out in this presentation.

DISCLAIMER CONT.

Save to the extent expressly confirmed in writing by the BRPs, this presentation should not be relied upon as financial and legal advice recommending any particular course of action. Furthermore, this presentation shall not be considered as legal, tax, accounting or similar specialist advice by the BRPs or any other person. Further, notwithstanding any other term of this disclaimer and to the maximum extent permissible under applicable law, each of the BRPs and their advisors expressly disclaim any and all liability for the contents of, or for omissions from, this document or any written or oral communication transmitted or made to any person in connection with this presentation.

In furnishing this presentation, the BRPs do not undertake any obligation to provide access to any additional information or to update this presentation or any additional information or to correct any inaccuracies in any such information which may become apparent. The views expressed herein are subject to change. The business and financial position is subject to change which may not be reflected herein. This presentation should only be construed in light of the presentation to which it relates.

CONTENTS

Section	
1.	Welcome
2.	Wind-Down Plan
4.	Sustainable Income Streams
3.	Progress to Date
5.	Creditors' Claims
6.	General
7.	Questions
8.	Conclusion

WELCOME



WIND-DOWN PLAN



ASSET CLASS 3 – STRATEGIC ASSETS

Iron Plant 1

- Highveld has commenced with the sale of Iron Plant 1.
- Advertisements have been placed in the Engineering News and Mining Weekly as well as being published on numerous website.

Links to the advertisement can be found below:

<http://www.miningweekly.com/>

<http://www.engineeringnews.co.za/article/iron-plant-1-at-highveld-industrial-park-for-sale-2018-02-09/>

- The closing date to register an interest to purchase Iron Plant 1 is the 23 February 2018.
- Register your interest by emailing: ironplant@hipark.co.za

The advertisement is a rectangular graphic with a dark blue background on the left and a photograph of an industrial steel mill at night on the right. The photograph shows large industrial structures, including a tall cooling tower, illuminated by bright orange and yellow lights. The text is white and yellow, providing details about the sale of Iron Plant 1.

INVITATION TO REGISTER AN INTEREST TO PURCHASE IRON PLANT 1

Evraz Highveld Steel and Vanadium Limited (in Business Rescue) offers investors a unique opportunity to acquire a state of the art smelter, capable of producing a range of products including pig iron, ferro-alloys and valuable slag products from fines.

Features include:

- Three 45mVA open slag bath furnaces
- 10 pre-reduction/pre-heating kilns
- Tap weight of 80 tons
- Associated raw material handling equipment

Should you wish to participate and obtain details of the bidding process for this unique asset, please indicate your interest by no later than close of business on Friday, 23 February 2018.

REGISTER YOUR INTEREST BY E-MAILING:
ironplant@hipark.co.za

Prospectus is available at:



When responding, please include:

- e-mail address
- company name
- company registration number
- telephone number

CLOSING DATE: FRIDAY, 23 FEBRUARY 2018

HIGHVELD

ASSET CLASS 3 – STRATEGIC ASSETS

Structural Mill

- The contract manufacturing agreement (CMA) remains in place
- Market volumes lower than anticipated – currently rolling on average 7 500 t per month
- Tariff protection is now in place – obtained a 10% Ad Valorem duty
- Working relationship with AMSA has been restructured and streamlined
- Held extensive negotiations and discussions with AMSA and renegotiated the pertinent points within the CMA.
- Mainline rail has been designated for State owned Entities
- In the process of applying to ITAC for safeguard's on the imported products

ASSET CLASS 3 – STRATEGIC ASSETS

Structural Mill Milestones and Option Price:

AMSA Option

- 1st Option – 18 months from start of CMA i.e. September 2018
- 2nd Option – end of CMA March 2019
- 3rd Option - end of extended CMA 30 March 2020 (If AMSA elect to extend the contract)

Option Price

- Base Price
- EBITDA Multiple

The board of HSM is currently considering measures to:

- Increase EBITDA, manage any transaction risk, maximise proceeds and manage contingencies
- Use of consultants to facilitate the above and ensure best outcome achieved for creditors.

Strategic Capital Solutions has been mandated by the board of Highveld Structural Mill to assist with the execution of the AMSA option, optimisation of the EBITDA and maximise the purchase price and the return for creditors .

Strategic Capital Solutions is a related party to Piers Marsden.

EBITDA Maximisation

- Monitor AMSA's compliance with the CMA.
- Engage with AMSA, management and the International Trade Administration Commission of South Africa ("ITAC") to ensure that the 10% tariff is implemented and retained. Thereafter to investigate and action the implementation of follow up protection including safeguards
- Exploring of alternative revenue sources specifically investigating the possibility of developing the supply of main line rail to the market. This could include the sourcing of capital necessary to access this market.

Proceeds from Maximisation

- Calculation of the purchase price, specifically calculation and audit of AMSA profit on products. This would need to include the calculation of both profits made on production of input materials as well as sales of product.
- Provide input on tax structures to ensure minimal tax leakage with adequate tax planning.
- Lead the negotiations with AMSA

Manage Transaction Risk

- Engage with advisors and the Competition Commission to identify any possible challenges to increase the probability of the Competition Commission approving the AMSA transaction in as quick a timeframe as possible.
- Assist in identifying all environmental risks identified by AMSA are mitigated and all licences are in place and available for transfer.

Contingency planning

- Identify and cultivate potential alternative purchasers for the business to the extent necessary.
- Identify and if necessary secure funding for the continuity of the business in the event of a termination of the CMA or the non-exercise of the option.

Monthly Retainer

A fixed monthly retainer, based on estimated work to be completed.

Success Fee

In order to align results with the objective of proceeds maximisation, a fee will be payable on the exit price above the base price.

ASSET CLASS 3 – STRATEGIC ASSETS

Resource Stockpiles

Fe/Ti/V, Titanium & Lime Resource

Total consideration R697.9 million

- Payments received
 1. R70 million (Ex VAT) payment received
 2. Balance payable over various periods of 2 to 10 years.

Iron Plant 2

Signed exclusivity with listed producer of speciality products:

- Requirement to conclude DD and bank feasibility by 31 March 2018

Plate Mill

- Signed exclusivity with requirement to conclude DD and bank feasibility by 31 March 2018
- Clean up of operation including dismantling of non-productive assets underway

Interested Parties

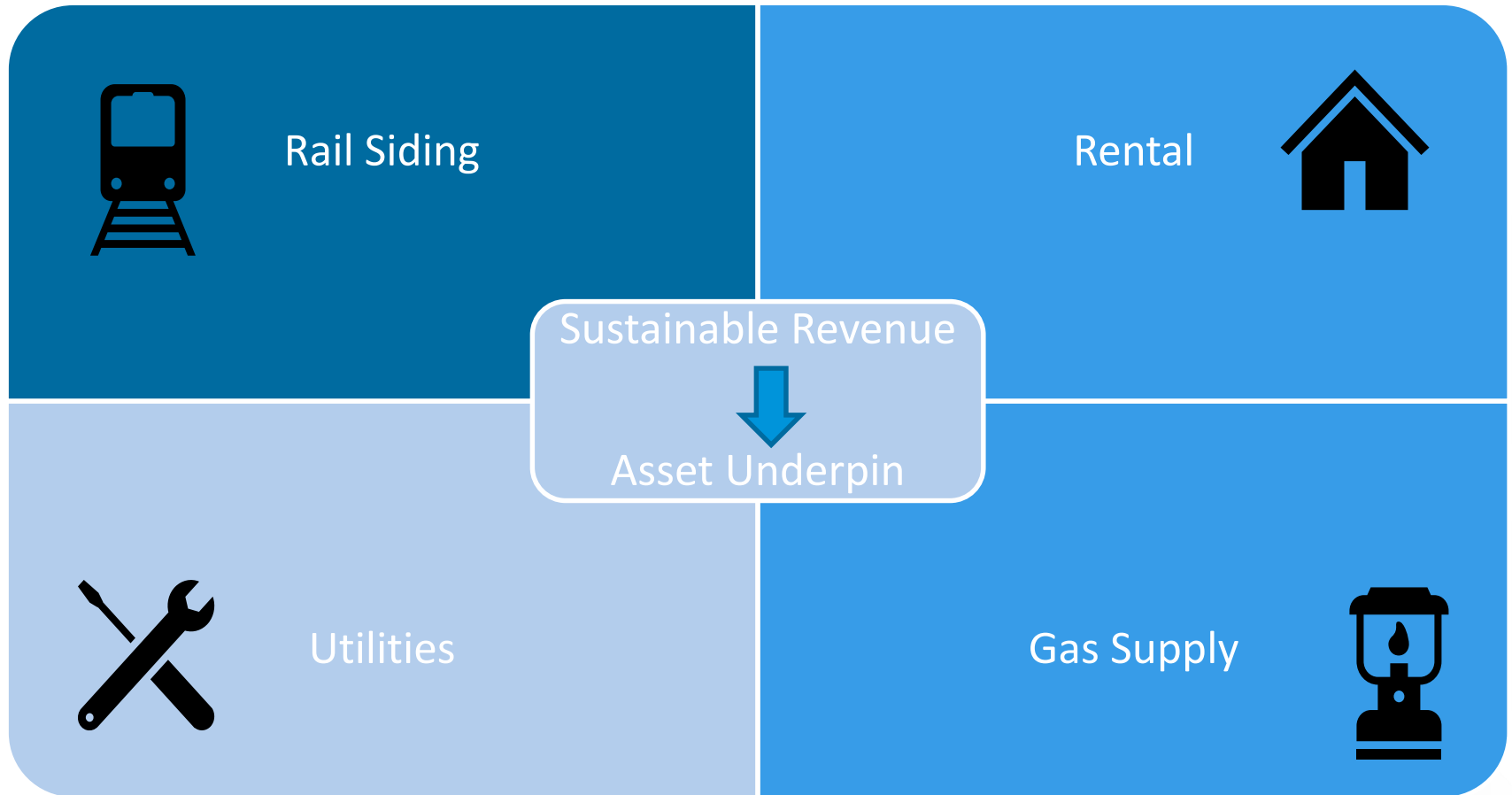
Highveld and the BRPs have engaged with 295 interested parties regarding various assets.

Creditors who wish to participate in any future tenders should register their interest with evrazhighveld@matusonassociates.co.za

SUSTAINABLE INCOME STREAMS



INDUSTRIAL PARK CONCEPT



SUSTAINABLE INCOME STREAMS

Current Status

- Cash positive
- Growing revenue line
- 21 Tenants on site
- Bringing significant economic activity to the area
- Currently approximately 832 employees on site
- Has facilitated significant support from local and national government which will maximise the return on the strategic assets

Endgame

- Subdivision of industrial park
- An Environmental remediation plan is being implemented
- Sale of the assets and the revenue stream to a fit and proper party

PROGRESS TO DATE



RECEIPTS TO DATE

Receipts March 2016 to January 2018 (R'000)	YTD Budget	Actual YTD	Variance
Wind-Down Sales	745 412	295 480	-449 933
Stores and Consumables	15 000	37 844	22 844
Utilities	44 111	43 674	-437
Receivables – Steel Local	5 527	10 579	5 052
VAT Receivables / (Payable)	-20 551	-19 920	631
Other (Deposits, Sundry, Interest)	24 635	75 939	51 304
Total Cash Inflow	814 134	443 596	-370 537

Comments

- Wind down sales less than expected as a result of delay in sale of Structural Mill and Iron Plant 2
- All assets realised to date at a higher value than original forecast

PAYMENTS TO DATE

Payments March 2016 to January 2018 (R'000)	TD Budget	Actual TD	Variance	
Admin (IT, Security, Cell Phone and Other)	30 236	35 142	4 906	• Security in excess of budget
Environmental	3 768	2 431	-1 337	• Performed in house or outsourced
Interest	49 806	40 500	-9 306	• Secured creditor being serviced
Insurance & Other	28 901	8 195	-20 706	
Professional Fees	26 477	22 357	-4 120	• Significantly less than budget
Staff Costs	116 362	95 242	-21 120	• Portion of costs carried by HSM
Energy	61 595	51 156	-10 439	• Energy reduction framework and incentive in place
Operational Costs	55 831	50 751	-5 081	
Total Cash Outflow	372 976	305 774	-67 203	

It is estimated that the potential dividend for concurrent creditors will be increased to approximately 20 cents for concurrent creditors.

Please note this dividend forecast is an estimate and is subject to the realisation of the assets, the quantum and timing thereof as well as the finalisation of creditors claims and the risks detailed in the Business Rescue Plan.

CREDITORS' CLAIMS



CREDITORS' CLAIMS

Claim Status	# of Claims	Value of Claims	Accepted Claim Value
Total Claims Received	549	2 589 341 817	1 338 190 986

SARS

- SARS' claim remains at R689m, but remains disputed.
- Excludes any Air liquide damages

Payments	Amount	Payments Made	Balance Due
PCS Creditors	28 922 771	14 037 885	14 884 886
Employees	300 673 428	96 398 143	204 275 285
		110 436 028	

Employees

- All staff were retrenched during February 2016. The retrenchment liability totals R300 million.
- To date, a total of approximately R96 million has been paid out to employees.

GENERAL



UPDATE ON LEGAL MATTERS

Matter	Status
Air Liquide	Settlement discussions continue
Mastercraft/ Evraz	Unchanged
SARS	Proceedings continue
Competition Commission	Settled



- An environmental trust fund (Highveld Remediation Trust) has been established.
- The main function of this Trust Fund is to enable and assist Highveld to execute its Statutory Obligations associated with:
 - Facilities management
 - Dismantling of facilities
 - Historic disposal facilities (decommission, cap and close)
 - Return water dam decommissioning
 - Resource decommissioning

COMMUNITY RELATIONS

Highveld is continuing with its community outreach projects

- Some of the projects commenced included:
 - Computer skills
 - Three groups of learners have since the start of the project in November 2017 completed training.
 - The first Computer Literacy Training for 2018 commenced on 22 January 2018.
 - Farming
 - Highveld has approximately 700ha of agricultural land and a number of Agri Projects aimed at benefiting the local community are currently under consideration.
 - The planting of 150 ha of maize on a dry land basis with the cooperation of local farmers has commenced and is progressing satisfactorily.
 - The establishment of an agricultural training academy is well advanced and we are awaiting on feedback from potential funders.
 - There are currently 12 subsistence farmers who are farming vegetables at Highveld owned property.



STRATEGIC PARTNERS

Highveld has been able to secure strategic partnerships with:

- **National Government:** We are working closely with Dept. of Economic Development as well as with the Dept. of Trade and Industry with regards to various initiatives including the Black Industrialist Program.
- **Provincial Government:** In the process of aligning with the MEC's and MEGA growth initiatives including the possibility of establishing a SEZ on site.
- **ESKOM:** We have a steering committee established to consider 5 strategic initiatives, including rail usage, training centres and a plan to restore the major energy users.
- **IDC:** Working with the IDC in supporting start-up businesses that want to lease workshops and other premises at Highveld Industrial Park.
- **SASOL:** With the ongoing support of SASOL supplying MR gas, we are now in discussions with operators that will possibly re-start the Highveld Plate Mill and Highveld Iron Plant 2, both of which will be large users of gas. Significant employment opportunities will be created with the re-start of these two strategic assets and the support of SASOL is one of the key contributions in achieving the re-start of these assets.

QUESTIONS



CONCLUSION



CONCLUSION

Wind-down is proceeding according to plan.

Functional specifications / Prospectuses are available on the Highveld Website (www.evrashighveld.co.za). Please send details of any interested parties in any of the assets to the BRP's.

Key goals in the next 12 months

1. Monthly profit from the Industrial Park and Structural Mill – pay and reduce the employees, IDC and post-commencement creditors' liabilities
2. Structural Mill - Sell and settle the above parties and pay dividends to concurrent creditors
3. Iron plant 1 – Sell in terms of existing process or scrap within coming year
4. Iron plant 2 and plate mill – Options to be converted to deals or sell by public auction
5. Industrial Park – Subdivision first, thereafter look for potential buyers or pay creditors monthly dividends from the profits

General Meeting of Affected Persons

- Next meeting is likely to be held in July 2018



MATUSON
ASSOCIATES