

**IN THE HIGH COURT OF SOUTH AFRICA
GAUTENG PROVINCIAL DIVISION, PRETORIA**

CASE NO: _____/2015

In the matter between:

EAST METALS AG

First Applicant

MASTERCROFT S.A.R.L

Second Applicant

and

**EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED
(IN BUSINESS RESCUE)**
(Registration Number: 1960/001900/06)

First Respondent

PIERS MARSDEN N.O.

Second Respondent

DANIEL TERBLANCHE N.O.
(in their representative capacities as the joint
business rescue practitioners of Evraz Highveld
Steel and Vanadium Limited in business rescue)

Third Respondent

**MAPOCHS MINE PROPRIETARY LIMITED (IN
BUSINESS RESCUE)**
(Registration Number: 2008/009382/07)

Fourth Respondent

JOHN EVANS N.O.

Fifth Respondent

JOHN LIGHTFOOT N.O.
(in their representative capacities as the joint
business rescue practitioners of Mapochs Mine
Proprietary Limited in business rescue)

Sixth Respondent

INDEX

ITEM	DESCRIPTION	PAGE
1.	Notice of Motion dated 27 November 2015	1 - 6
2.	Appendix "X" to the Notice of Motion	7 - 8
3.	Founding Affidavit of Tania Mostert	9 - 48
4.	Annexure "FA1" : Revised Final Offer of the International Resources Project Limited	49 - 63
5.	Annexure "FA2" : Business Rescue Plan for Mapochs Mine Proprietary Limited	64 - 111
6.	Annexure "FA3" : Letter from Baker & McKenzie to ENSafrica dated 24 November 2015	112 - 115
7.	Annexure "FA4" : Letter from Baker & McKenzie to ENSafrica dated 26 November 2015	116 - 117
8.	Annexure "FA5" : Letter from ENSafrica to Baker McKenzie dated 26 November 2015	118 - 119
9.	Annexure "FA6" : Letter from Baker & McKenzie to ENSafrica dated 26 November 2015	120 - 121
10.	Annexure "FA6" : Letter from ENSafrica to Baker & McKenzie dated 27 November 2015	122

DATED AT SANDTON ON THIS 27th DAY OF NOVEMBER 2015


BAKER & MCKENZIE ATTORNEYS
 Applicants' Attorneys
 1 Commerce Square
 39 Rivonia Road
 Sandhurst, Johannesburg
 (011) 911-4300
 Ref: G Rudolph/JB/CO/BM

E-mail:
john.bell@bakermckenzie.com
callum.oconnor@bakermckenzie.com
c/o Adams & Adams
Lynwood Bridge
4 Daventry Street
Lynwood Manor

TO:
THE REGISTRAR
PRETORIA HIGH COURT

AND TO:
EVRAZ HIGHVELD STEEL AND VANADIUM
(IN BUSINESS RESCUE)
c/o ENSafrica, attorneys for Evraz Highveld Steel And Vanadium Limited (in
business rescue)

SERVICE BY HAND AND VIA EMAIL
goertel@ens.co.za
lfield@ens.co.za

PIERS MARSDEN N.O.
c/o ENSafrica, attorneys for Evraz Highveld Steel And Vanadium Limited (in
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lfield@ens.co.za

MAPOCHS MINE PROPRIETARY LIMITED (IN BUSINESS RESCUE)

c/o Fluxmans Inc, attorneys for Mapochs Mine Proprietary Limited (in business rescue)

SERVICE BY HAND AND VIA EMAIL

pkemp@fluxmans.com

cstrime@fluxmans.com

JOHN EVANS N.O.

c/o Fluxmans Inc, attorneys for Mapochs Mine Proprietary Limited (in business rescue)

SERVICE BY HAND AND VIA EMAIL

pkemp@fluxmans.com

cstrime@fluxmans.com

AND TO

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NOTICE OF MOTION

BE PLEASED TO TAKE NOTICE THAT application will be made at **10h00** on
MONDAY, 30 NOVEMBER 2015 or so soon thereafter as counsel may be heard for
an order in the following terms:

1. Dispensing with the Rules pertaining to forms, time periods, service and other process and permitting this application to be heard as one of urgency in terms of Uniform Rule 6(12).
2. The applicants be and are hereby granted leave in terms of section 133(1) of the Companies Act, 2008 to bring these proceedings to the extent that it is so required.
3. Pending the final determination of:
 - (a) the application under case number 85549/15 in the High Court of South Africa, Gauteng Provincial Division, Pretoria ("**the Pending Main Application**"); and/or
 - (b) an application to be brought by the applicants within 20 days hereof for the relief *inter alia* set out in appendix "X" to the Notice of Motion ("**the Envisaged Application**"),
- 3.1. the first, second and third respondents are interdicted and restrained from in any way giving effect to, facilitating or furthering the transaction contained in the business rescue plan of the fourth respondent as published on 20 November 2015 (annexure "**FA2**") to the founding affidavit), including but not limited to being interdicted from:
 - 3.1.1. purchasing from creditors of the fourth respondent their claims;
 - 3.1.2. making any payment envisaged in the fourth respondents' business rescue plan;

- 3.1.3. waiving any claim in or against the fourth respondent; and
- 3.1.4. waiving any right to a dividend or distribution from the fourth respondent, which the first respondent would be entitled to receive.
- 3.2. Interdicting the meeting of creditors and any other holders of a voting interest, scheduled for 30 November 2015 at 14h00 for the purposes of considering and adopting the fourth respondent's business rescue plan (annexure "FA2" to the notice of motion).
- 4. In the event that the fourth respondent's business rescue plan, which is to be put up for consideration at the meeting of creditors scheduled for 30 November 2015 at 14h00, or any adjourned date, is amended or proposed to be amended, then in such case directing that the adoption of any such amended business rescue plan be postponed for a period at least five (5) business days from the date of such amendment or proposed amendment.
- 5. Directing the first to third respondents, including such other respondents as may oppose any of the relief sought herein, to pay the costs of this application, jointly and severally, the one paying, the other to be absolved.
- 6. Granting the applicants such further and/or alternative relief.

TAKE NOTICE FURTHER that the affidavit of **TANIA MOSTERT** with annexes will be used in support thereof.


TAKE NOTICE FURTHER that if you, the respondents, intend opposing this

application, you are required to:

- a) notify the applicants' attorneys in writing of your intention to oppose by email john.bell@bakermckenzie.com and callum.oconnor@bakermckenzie.com on or before **16h00** on **SATURDAY, 28 NOVEMBER 2015** and that in such notice to appoint an address referred to in Rule 6(5)(b) at which you will accept notice and service of all documents in these proceedings; and
- b) serve your answering affidavit, if any, on or before **09h00** on **SUNDAY, 29 NOVEMBER 2015**, by transmitting the same by e-mail to the addresses set out above.

KINDLY PLACE THIS MATTER ON THE ROLL ACCORDINGLY

DATED AT SANDTON ON THIS 27th DAY OF NOVEMBER 2015



BAKER & McKENZIE ATTORNEYS
Applicants' Attorneys
1 Commerce Square
39 Rivonia Road
Sandhurst, Johannesburg
(011) 911-4300
Ref: G Rudolph/JB/CO/BM
E-mail:
john.bell@bakermckenzie.com
callum.oconnor@bakermckenzie.com
c/o **Adams & Adams**
Lynwood Bridge
4 Daventry Street
Lynwood Manor

TO:
THE REGISTRAR
PRETORIA HIGH COURT

AND TO:

**EVRAZ HIGHVELD STEEL AND VANADIUM
(IN BUSINESS RESCUE)**

c/o ENSafrica, attorneys for Evraz Highveld Steel And Vanadium Limited (in business rescue)

SERVICE BY HAND AND VIA EMAIL

goertel@ens.co.za

lfield@ens.co.za

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c/o Fluxmans Inc, attorneys for Mapochs Mine Proprietary Limited (in business rescue)

SERVICE BY HAND AND VIA EMAIL

pkemp@fluxmans.com

cstrime@fluxmans.com

JOHN EVANS N.O.

c/o Fluxmans Inc, attorneys for Mapochs Mine Proprietary Limited (in business rescue)

SERVICE BY HAND AND VIA EMAIL

pkemp@fluxmans.com

cstrime@fluxmans.com

AND TO
JOHN LIGHTFOOT N.O.
c/o Fluxmans Inc, attorneys for Mapochs Mine Proprietary Limited (in business
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APPENDIX "X"

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Sixth Respondent

APPENDIX "X"

As set out in the Notice of Motion to which this Appendix "X" is attached, the abovementioned applicants intend to bring an application for the relief set out hereunder, or such substantially similar relief as may be appropriate in the circumstances:

1. declaring the actions of the first to third respondents to make the offer contained in the business rescue plan of the fourth respondent to the fourth to sixth respondents *ultra vires* and in breach of the second and third respondents' fiduciary duties towards the first respondent;
2. setting aside the decision by the first to third respondents to waive the first respondent's right and entitlement to receive a dividend and/or distribution from the fourth respondent, as contemplated in the fourth respondents business rescue plan; and
3. removing the second and third respondents as the business rescue practitioners of the first respondent.

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Sixth Respondent

FOUNDING AFFIDAVIT

I, the undersigned,

TANIA MOSTERT

do hereby make oath and say that:

1. I am an adult female and the Financial Director of Evraz Vametco Holdings Proprietary Limited (“EVH”). EVH is a company duly registered and incorporated according to the company laws of South Africa and is an affiliate of Evraz PLC. Evraz PLC is a multinational vertically integrated steel making and mining company headquartered in London, United Kingdom. Evraz PLC is the ultimate holding company of the applicants.
2. I am authorised to depose hereto for and on behalf of both applicants.
3. The facts in this affidavit are within my personal knowledge, unless appears otherwise, and are to the best of my belief correct.

THE PARTIES TO THIS APPLICATION

4.

4.1 The first applicant is **EAST METALS AG**, a limited liability company duly registered and incorporated in accordance with the laws of Switzerland, with its principal place of business at Baarerstrasse 131, 6300 Zug, Switzerland (“**EMAG**”).

4.2 EMAG is a large, if not the largest, creditor of the first respondent with a claim of R378,838,480.27 in respect of monies lent and advanced pursuant to a written loan agreement, for consultancy costs and for

the supply of ferro vanadium slag. EMAG also funded the first respondent when it was in financial difficulty and at a time when commercial banks would no longer lend to it. It did so to support the ongoing operations of the first respondent as a funder of last resort, once the first respondent was faced with the clear downturn in the steel sector.

5.

5.1 The second applicant is **MASTERCROFT S.A.R.L**, a limited liability company duly registered and incorporated in accordance with the laws of the Luxembourg and with its principal place of business at 46A, avenue J.F. Kennedy, L-1855 Luxembourg ("**Mastercroat**").

5.2 Mastercroat holds 85.11% of the issued share capital of the first respondent.

5.3 Mastercroat also opposes the adoption of the business rescue plan.

6.

6.1 The first respondent is **EVRAZ HIGHVELD STEEL AND VANADIUM LIMITED (IN BUSINESS RESCUE)**, a public company duly registered in accordance with the laws of the Republic of South Africa, having its registered office and its principal place of business at Old Pretoria Road, Portion 93 of the Farm Schoongezicht 308 JS, eMalahleni (Witbank) ("**Evraz Highveld**").

6.2 Evraz Highveld was voluntarily placed under supervision and in business rescue by way of a board resolution on 13 April 2015.

7. The second respondent is **PIERS MARSDEN N.O.**, an adult male business rescue practitioner and one of the two business rescue practitioners appointed in the business rescue of Evraz Highveld, with his place of business at First Floor, One on Ninth, corner Glenhove and Ninth Streets, Melrose Estate, Johannesburg.
8. The third respondent is **DANIEL TERBLANCE N.O.**, an adult male business rescue practitioner and one of the two business rescue practitioners appointed in the business rescue of Evraz Highveld, with his place of business at Mazars House, Rialto Road, Grand Moorings Precinct, Century City, Cape Town.
9. The second and third respondents are collectively referred to as the Evraz Highveld business rescue practitioners or "the Evraz Highveld BRPs".
10. The Evraz Highveld BRPs are cited in their representative capacities as the appointed business rescue practitioners of Evraz Highveld.
11. The applicants hereby request the Evraz Highveld business rescue practitioners, in discharge of their statutory duties set out more fully in sections 144 to 146 of the Companies Act read with regulation 125 of the Companies Act, to inform all affected parties of Evraz Highveld of these proceedings.

12. The fourth respondent is **MAPOCHS MINE PROPRIETARY LIMITED (IN BUSINESS RESCUE)**, a private company duly registered in accordance with the laws of the Republic of South Africa, having its registered office and its principal place of business at Old Pretoria Road, Portion 93 of the Farm Schoongezicht 308 JS, eMalahleni (Witbank) ("**Mapochs**").
 - 12.1 Mapochs was voluntarily placed under supervision and in business rescue by way of a board resolution, which resolution was filed with the seventeenth respondent on 20 April 2015.
 - 12.2 Evraz Highveld, the first respondent, is a 74% shareholder of Mapochs.
13. The fifth respondent is **JOHN EVANS N.O.**, an adult male business rescue practitioner and one of the two business rescue practitioners appointed in the business rescue of Mapochs, with his place of business at Building 13, The Woodlands, Woodlands Drive, Woodmead.
14. The sixth respondent is **JOHN LIGHTFOOT N.O.**, an adult male business rescue practitioner and one of the two business rescue practitioners appointed in the business rescue of Evraz Highveld, with his place of business at First Floor, One on Ninth, corner Glenhove and Ninth Streets, Melrose Estate, Johannesburg.
15. The fifth and sixth respondents are collectively referred to as the Mapochs business rescue practitioners or "the Mapochs BRPs".

16. The Mapochs BRPs are cited in their representative capacities as the appointed business rescue practitioners of Mapochs.
17. As with the Evraz Highveld business rescue practitioners, the applicants hereby request the Mapochs business rescue practitioners, in discharge of their statutory duties, to similarly inform all affected parties of Mapochs of these court proceedings in terms of the Companies Act.
18. Each of the following respondents are represented by firms of attorneys, which firms of attorneys will also be furnished with copies of this application:
 - 18.1 Evraz Highveld and the Evraz Highveld BRPs represented by ENSafrica; and
 - 18.2 Mapochs and the Mapochs BRPs are represented by attorneys Fluxmans Inc.

JURISDICTION

19. This Honourable Court has jurisdiction to entertain this application by virtue of:
 - 19.1 the principal place of business; and
 - 19.2 the registered address,of Evraz Highveld and Mapochs, respectively, falling within its area of jurisdiction.

LEAVE IN TERMS OF SECTION 133(1)(b) OF THE COMPANIES ACT

20. As the relief is directed at *inter alia* the offer by the Evraz Highveld to Mapochs, the convening of the meeting of creditors of Mapochs, the implementation of the business rescue plan in respect of Mapochs and the transfer of funds between Evraz Highveld and Mapochs, both of which are in business rescue, this application constitutes legal proceedings against the respective companies in business rescue.
21. In the premises, I respectfully request that the applicants be granted leave to institute these proceedings against both Evraz Highveld and Mapochs as contemplated in section 133(1) of the Companies Act.
22. The applicants' relief is in respect of events that arose after the commencement of business rescue proceedings of Evraz Highveld and Mapochs, respectively. If such leave were not granted, it would be to the grave prejudice of the applicants and other creditors of Evraz Highveld.

BACKGROUND

23. EMAG is one of the largest, if not the largest, creditor of Evraz Highveld and Mastercraft holds of 85.11% of the shares in the first respondent (collectively "**the applicants**"). The applicants are thus "*affected persons*" of the first respondent within the meaning of section 128(1)(a) of the Companies Act, 2008 ("**the Companies Act**").
24. On 21 October 2015, the applicants launched an application in this Court under case number: 85549/15 against *inter alia* the first to third respondents

in which they sought relief from this Court that the Evraz Highveld business rescue plan and the adoption thereof at the statutory meeting on 13 October 2015 be declared irregular and invalid ("**the Pending Main Application**").

25. On 26 October 2015, and pursuant to a refusal by the first to third respondents to undertake to suspend the implementation of the Evraz Highveld business rescue plan, the applicants launched an urgent application under the same case number as the Pending Main Application against *inter alia* the first to third respondents to interdict and restrain the first to third respondents from implementing the Evraz Highveld business rescue plan in respect of the Evraz Highveld, pending the final determination of the Pending Main Application ("**the Urgent Application**").
26. I was the deponent to the founding affidavit in the Pending Main Application and the Urgent Application, respectively.
27. Both the Pending Main Application and the Urgent Application remain pending before this Court and at the date of deposing to this founding affidavit, have yet to be heard.
28. The status of the Pending Main Application is that founding and certain of answering affidavits by the first to third respondents have been delivered. Certain of the other respondents in the Pending Main Application have opposed but not yet delivered an answering affidavit. It is envisaged that the outstanding answering affidavits will be filed within the next two or three weeks, whereafter the replying affidavit will be filed. Save for any unexpected developments, it is envisaged that the papers in that application will be

completed by the end of December 2015 or very early in the new year. Accordingly, the Pending Main Application will be ripe for hearing at the commencement of the next term. The parties have approached the Deputy Judge President ("DJP") for an expedited hearing date for the Pending Main Application and are awaiting the DJP's response. The court file in the Pending Main Application will be made available to the judge hearing this matter, suffice to state for present purposes that the relief sought in the Pending Main Application, broadly summarised, is as follows:

- 28.1 granting the applicants leave in terms of section 133(1) of the Companies Act;
- 28.2 declaring the business rescue plan of the first respondent invalid;
- 28.3 declaring that the vote that took place at the meeting on 13 October 2015 at which the business rescue plan was adopted is invalid and set aside; and
- 28.4 declaring that the agreement on the remuneration of the second and third respondents as business rescue practitioners of the first respondent, as provided for in paragraph 14 of the first respondent's business rescue plan is invalid and set aside.

NATURE OF THIS APPLICATION

- 29. Evraz Highveld's business rescue plan contains three distinct and alternative proposals for the rescue of Evraz Highveld. I pause to point out that in the Evraz Highveld's business rescue plan, which is subject to challenge in the

Pending Main Application, **the transaction which is set out in the Mapochs business rescue plan is part and parcel of the second of the three proposals.** The Court will be referred to the relevant portion of Evraz Highveld's business rescue plan, which forms part of the papers in the Pending Main Application. For present purposes, I highlight that (although there may be some discrepancy in the amounts) what was envisaged in Evraz Highveld's business plan in relation to Mapochs was that the successful bidder, International Resources Project Limited or its nominee ("**IRPL**"), would:

- 29.1 acquire those shares of Mapochs, not already held by Evraz Highveld for a purchase consideration of R5 million; and
- 29.2 acquire of all of the claims of the creditors of Evraz Highveld for a purchase consideration of R30 million; or
- 29.3 acquire all of the business and assets of Evraz Highveld for a purchase consideration of R35 million.

- 30. Thus, the acquisition by IRPL of the Mapochs' creditor claims and business and assets was an integral and indivisible part of proposal 2 Evraz Highveld's business rescue plan, which is the subject matter of the challenge in the Pending Main Application.

RELIEF SOUGHT

- 31. The interim relief set out in the notice of motion is sought, pending the final determination of:

(a) the Pending Main Application; and/or

(b) the Envisaged Application,

31.1 the first second and third respondents are to be interdicted from in any way giving effect to, facilitating or furthering the transaction contained in the business rescue plan of the fourth respondent as published on 20 November 2015 (annexure "FA2" to the founding affidavit), including but not limited to:

31.1.1 purchasing from creditors of the fourth respondent their claims;

31.1.2 making any payment envisaged in the fourth respondents' business rescue plan;

31.1.3 waiving any claim in or against the fourth respondent; and

31.1.4 waiving any right to a dividend or distribution from the fourth respondent, which the first respondent would be entitled to receive.

31.2 Interdicting the meeting of creditors and any other holders of a voting interest scheduled for 30 November 2015 at 14h00 for the purposes of considering and adopting Mapochs' business rescue plan.

31.3 In the event that the fourth respondent's business rescue plan, which is to be put up for consideration at the meeting of creditors scheduled for 30 November 2015 at 14h00, or any adjourned date, is amended or proposed to be amended, then in such case directing that the

adoption of any such amended business rescue plan be postponed for a period at least five (5) business days from the date of such amendment or proposed amendment.

THE IRPL OFFER

32. I annex hereto as **"FA1"**, a copy of a Revised Final Offer from IRPL (**"IRPL Offer"**), addressed to Evraz Highveld and its business rescue practitioners. I refer to paragraphs 3.2, 3.3, 3.4, 4.10, 4.11 and 4.12 of the IRPL Offer. I do not repeat verbatim the contents of those clauses but highlight for present purposes the following:

32.1 The offer to Evraz Highveld includes the offer made to its subsidiary, Mapochs. The two offers designated as the "Highveld Offer" and the "Mapochs Offer", respectively are made as interlinked and indivisible offers, and as part of one interlinked and indivisible transaction;

32.2 each offer (i.e. the Highveld Offer and the Mapochs Offer) is conditional on the other being accepted and becoming unconditional in accordance with its terms;

32.3 it is a requirement of the IRPL Offer that it be included in the Mapochs business rescue plan;

32.4 in clause 4.10 of the IRPL Offer, it is stipulated that Evraz Highveld's BRPs must offer the sums set out therein for the acquisition of:

32.4.1 all the issued shares of Mapochs not already held by Evraz Highveld; and

32.4.2 all the claims of creditors of Mapochs; or

32.4.3 all of the business or the assets of Mapochs.

33. On the basis of the documentation in the possession of the applicants, and more particularly, Evraz Highveld's business rescue plan and the IRPL Offer, it is abundantly clear that **the Mapochs Offer and the Highveld Offer are interlinked and indivisible and the Mapochs Offer is part of Evraz Highveld's business rescue plan**. I pause to mention that Mapochs' ability to extract ore generates a substantial additional revenue stream for Evraz Highveld. This is of paramount significance in that given the challenge to the Evraz Highveld business rescue plan in the Pending Main Application, and the relief sought in setting aside that business rescue plan, it would be extremely prejudicial to permit the furtherance of any transaction envisaged in Evraz Highveld's business rescue plan and indeed the Mapochs Offer, which is an indivisible part of the offer put up for approval in Evraz Highveld's business rescue plan. This is one of the main reasons that the interim interdict is sought.
34. To permit the transaction set out in Evraz Highveld's' business rescue plan, and which is the subject matter for approval at the creditors meeting of Mapochs on 30 November 2015 at 14h00 to proceed, would be to permit part implementation of the transactions envisaged in the Evraz Highveld's business rescue plan, and which is the subject matter of the challenge in the Pending Main Application. Argument will be addressed to the Court at the hearing in this regard.

35. Having regard to the terms put up in Evraz Highveld's business rescue plan, it would appear that some of the terms in the IRPL offer have been further revised. The applicants are not in possession of any further amendments to the IRPL offer annexed hereto but notwithstanding such amendments, the Mapochs Offer and the Highveld Offer remain clearly interlinked (even if the Evraz Highveld BRPs now seek to suggest that they are not). For the purpose of interim relief, the interconnectedness of the transactions (the Mapochs Offer and the Highveld Offer), as set out in Evraz Highveld's business rescue plan, approved on 13 October 2015 and the IRPL Offer, must be accepted.
36. The fact that the two offers are clearly interlinked and interconnected will also be demonstrated in argument with reference to the fluidity and ease with which the terms set out in the fourth respondent's business rescue plan were proposed to be amended within days of being published and within a day or two of the applicants' attorneys raising issues in relation thereto.
37. **In this regard, I will refer in particular to the correspondence from the attorneys for the first to third respondents and more particularly the letter dated 26 November 2015 (which I will refer to more fully below), in terms of which the offer reflected in the Mapochs business rescue plan, and being one made by Evraz Highveld to Mapochs, was simply substituted with an offer made directly by IRPL to Mapochs (paragraph 8 of the ENSafrica 26 November 2015 letter).**

38. This fluidity also further highlights that the business rescue practitioners of Evraz Highveld and Mapochs are not acting independently, and at arms length of each other and IRPL, but acting in the interests of IRPL. It is abundantly evident that these business rescue practitioners are doing, and will do, everything necessary to ensure that IRPL acquires the assets of Evraz Highveld and either directly or indirectly of Mapochs.

URGENCY IN TERMS OF UNIFORM RULE 6(12)

39. The business rescue of:

39.1 Evraz Highveld is a matter of great importance to not only the affected parties but also the greater eMalahleni (Witbank) community. It is also a matter of much public interest, having attracted significant press; and

39.2 Mapochs is similarly a matter of significant importance to the Rossenkal community, which community surrounds Mapochs and from which community Rossenkal derives its labour force.

40. I attach hereto, marked **"FA2"** the published business rescue plan of Mapochs.

41. The Evraz Highveld business rescue plan was published on 15 September 2015 and purportedly adopted by creditors on 13 October 2015, which adoption is subject to challenge in terms of the applicants' Main Application ("**the Evraz Highveld Plan**").

42. The Mapochs business rescue plan was published on Friday, 20 November 2015 and its adoption is due to be voted on by creditors on Monday, 30 November 2015 at 14h00 ("**the Mapochs Plan**").
43. Upon a perusal of the proposals set out in Mapochs Plan, and as set out in more detail below, it is readily apparent that the business rescue practitioners of Evraz Highveld no longer seek to implement the proposals to rescue Evraz Highveld set out in the Evraz Highveld Plan prepared by them and purportedly adopted by creditors on 13 October 2015. The Mapochs Plan evidences a new approach by the Evraz Highveld BRPs, which seeks to burden Evraz Highveld with the liabilities of Mapochs to the prejudice of the applicants and the affected persons of Evraz Highveld in general.
44. I say so because the proposals contained in the Mapochs Plan that relate to Evraz Highveld, include *inter alia*:
- 44.1 the acquisition by Evraz Highveld of creditors' claims against Mapochs, which in light of Mapochs' apparent insolvency, are valueless (however, this now appears subject to a proposed amendment by the Evraz Highveld BRPs, as set out in the ENSAfrica correspondence set out below);
- 44.2 Evraz Highveld waiving its significant claims against Mapochs, in a total amount of almost R1.8 billion, made up of Evraz Highveld's creditors claims against Mapochs and a massive shareholder loan; and

- 44.3 Evraz Highveld obtaining and advancing significant funding to Mapochs, the repayment of which simply cannot occur, thereby leaving Evraz Highveld with grave liabilities (again, this now appears subject to a proposed amendment by the Evraz Highveld BRPs, as set out below).
45. Such conduct serves to confirm that the BRPs of Evraz Highveld are no longer concerned with the rescue of Evraz Highveld and the benefit of its affected persons. In fact, what is clear is that the Evraz Highveld BRPs are acting at the behest of, and looking after the interests of, IRPL and not the creditors of Evraz Highveld. The breach of their duties to Evraz Highveld and its creditors will be the subject matter of the Envisaged Application. For the moment I simply point out that without any rational reason, the Evraz Highveld BRPs have adamantly maintained that they will waive all claims that Evraz Highveld has against Mapochs.
46. Not only is this a pertinent term of the Mapochs Plan, but even given the changed terms and the substituted offeror as per annexure **"FA5"** (the letter from ENSafrica dated 26 November 2015) and notwithstanding that the offer is purportedly no longer one from the Evraz Highveld BRPs, but IRPL, the BRPs of Evraz Highveld have in their attorneys letter of 27 November (annexure **"FA7"**) continued to maintain that the BRPs have the authority to waive their entitlement to the dividend.
47. It doesn't take much to appreciate that the BRPs of Evraz Highveld are prepared to do whatever it takes - notwithstanding that this may not be in the

interest of, or even with the knowledge of, the creditors of Evraz Highveld - to push through the offer by IRPL both in relation to the Mapochs Offer and the Highveld Offer.

48. In my founding affidavit in the Pending Main Application, I detail the various ways in which the Evraz Highveld BRPs have acted improperly and not in the best interest of the creditors.
49. As set out in more detail below, the business rescue proposals set out in the Mapochs Plan relevant to Evraz Highveld and based on an offer from the Evraz Highveld BRPs, clearly:
 - 49.1 do not benefit Evraz Highveld and significantly prejudices it;
 - 49.2 does not constitute a transaction contemplated within, and undertaken as part of the implementation of the Evraz Highveld Plan;
 - 49.3 are not in the ordinary course of Evraz Highveld's business;
 - 49.4 do not constitute a *bona fide* transaction at arm's length for fair value approved in advance and in writing by Evraz Highveld's BRPs;
 - 49.5 are patently unauthorised by its creditors; and
 - 49.6 are irrational, *ultra vires* and not in the interests of creditors and affected persons of Evraz Highveld.
50. There is no legitimate commercial rationale conceivable for the proposals relevant to Evraz Highveld in the Mapochs Plan. The Evraz Highveld BRPs and Mapochs BRPs are colluding to procure that the assets are stripped out

of Evraz Highveld and that it is loaded with the liabilities of Mapochs, with the result that Mapochs is unburdened for an acquisition by a third party.

51. The vote to adopt the business rescue plan of Mapochs is scheduled for 14h00 on Monday, 30 November 2015. Immediately thereafter, and before the end of the week, a flow of R53 million from Evraz Highveld to Mapochs pursuant to the adoption of the Mapochs Plan is required for the Mapochs Plan to be consummated (again, I point out that this appears to be the subject of a proposed amendment to the Mapochs Plan, detailed further below). Accordingly, for purposes of the relief sought in terms of this application it is self evident that the application stands to be heard as soon as possible and before 14h00 on Monday, 30 November 2015.
52. In the circumstances, this application has been launched as soon as possible after:
 - 52.1 the publication of the Mapochs Plan on Friday, 20 November 2015, which came to the attention of the applicants on 23 November 2015, when the proposals contained in the Mapochs Plan were first revealed to the applicants;
 - 52.2 the inadequate and late response provided by the Evraz Highveld BRPs pursuant to a letter addressed to their attorneys, ENSafrica, on Tuesday, 24 November 2015 raising the applicants' various concerns, which letter was copied to the Mapochs BRPs, who have also not yet responded;

52.3 the responses from ENSafrica on 26 November 2015 and 27 November 2015, which do not abate matters or address the applicants' grave concerns, but compound such concerns; and

52.4 the refusal by the Evraz Highveld BRPs as late as Friday, 27 November 2015 to postpone the meeting to adopt the Mapochs Plan, scheduled for Monday, 30 November 2015 at 14h00.

53. Accordingly, the applicants have launched this application expeditiously and as soon as possible after having responses from ENSafrica, who act for Evraz Highveld and its BRPs, during the evening of Thursday, 26 November 2015 and the morning of Friday, 27 November 2015.

54. The offer by Evraz Highveld to acquire all creditors claims against Mapochs and the offer for consideration at the meeting to adopt the business rescue plan of Mapochs are being challenged so that they may be guided accordingly.

55. In the premises, the applicants will not be afforded substantial redress at a hearing in due course if the relief sought is not granted. Unless urgent relief is granted, the issue will become moot as, given the manipulation of the offer (i.e. the Evraz Highveld BRPs waiving claims in Mapochs and a flow of funds from Evraz Highveld to Mapochs - unless amended and adopted as proposed by the Evraz Highveld BRPs, set out below) the Mapochs Plan will in all likelihood be approved on Monday 30 November 2015 and if this is done, payment will be made by Friday, 4 December 2015.

THE EVRAZ HIGHVELD BUSINESS RESCUE PROCEEDINGS

56. As set out above, on 15 September 2015, Evraz Highveld's BRPs published the Evraz Highveld Plan. In short, the Plan proposes three separate and alternative proposals by the BRPs for the rescue of Evraz Highveld:

56.1 a Revised Final Offer by IRPL or its nominees to the BRPs in terms of which IRPL has offered to acquire all of the issued shares in Evraz Highveld through a scheme of arrangement in terms of section 114, read with section 115 of the Companies Act ("**Proposal 1**"); alternatively

56.2 an indivisible offer by IRPL to acquire the business of Evraz Highveld as a going concern and:

56.2.1 to acquire the shares held by Evraz Highveld in Mapochs as well as all the claims of creditors of Mapochs; or

56.2.2 to acquire all of the business or the assets of Mapochs,

("Proposal 2"); further alternatively

56.3 in the event of the failure of Proposal 1 and/or Proposal 2, that the business of Evraz Highveld be wound down, entailing the sale of its assets by private treaty or public auction ("**wind down**").

57. On 15 September 2015, simultaneously with the publication of the Plan, the BRPs provided EMAG and Mastercroft's advisors, The Standard Bank of South Africa Limited, with a copy of IRPL's Final Offer, which contains IRP's

offer to the BRPs in respect of Proposal 1 and Proposal 2, discussed in more detail below.

58. As mentioned above, the applicants challenge the validity of the vote adopting the Evraz Highveld Plan and the plan itself and seek to set it aside in terms of the Pending Main Application.

THE MAPOCHS BUSINESS RESCUE PROCEEDINGS

59. As set out above, on 20 November 2015, Mapochs BRPs published the Mapochs Plan. In short, Part B of the Mapochs Plan proposes the following for the rescue of Mapochs (paragraph 20 of the Mapochs Plan):

59.1 Evraz Highveld will:

59.1.1 purchase all of the claims of the Mapochs creditors for a total purchase consideration of R53 million (less any business rescue costs incurred - which are predicted to be an amount of R16 million); and

59.1.2 on or before Friday, 4 December 2015 pay the amount of R53 million to a dedicated Mapochs Plan fund to acquire the claims of Mapochs' creditors, which will be irrevocably sold and ceded out to Evraz Highveld

("the Sale of Claims").

- 59.2 Upon receipt of the R53 million, the Mapochs creditors will end the Mapochs business rescue proceedings, whereafter they will act as

"Receivers" to distribute the proceeds of the sale for the benefit of Mapochs' creditors;

59.3 Mapochs will pay to the Mapochs Plan Fund the following -

59.3.1 any distributions from Evraz Highveld pursuant to all claims Mapochs has against Evraz Highveld ("**the Evraz Highveld Distributions**");

59.3.2 the proceeds of any payment(s) received from Vanchem Vanadium Products Limited ("**Vanchem**") pursuant to the purported claims Mapochs has against Vanchem ("**the Vanchem Debt**");

59.3.3 the proceeds of any VAT refunds from SARS in respect of VAT returns for all periods up to 30 November 2015 (i.e any refunds that became payable during the business rescue proceedings) ("**VAT refunds**"); and

59.3.4 the balance of any cash generated by the Mapochs BRPs from trading during business rescue.

59.4 In terms of paragraph 20.7 of the Mapochs Plan, the BRPs anticipate that the contributions to the plan fund will be between R67 million and R74 million, made up as follows:

59.4.1 the Sale of Clams - R53 million;

59.4.2 the Evraz Highveld Distributions - R3 million to R5 million;

59.4.3 the Vanchem Debt - R3 million to R8 million; and

59.4.4 the VAT refunds - R8 million.

60. Paragraph 20.6 of the Mapochs Plan states *inter alia* that, despite Evraz Highveld's significant claims against Mapochs (an amount in excess of R55 million rand according to Annexure A to the Mapochs Plan), Evraz Highveld will waive any entitlement to receive a dividend or distribution under the Mapochs plan.
61. Paragraph 21.5 of the Mapochs Plan contemplates Mapochs trading post business rescue and provides further as follows:
- 61.1 The Evraz Highveld BRPs have advised the Mapochs BRPs that they have secured and set aside the requisite funding to advance monies to Mapochs to cover any short term funding shortfalls that may materialise post business rescue;
- 61.2 The Evraz Highveld BRPs have further indicated that if the Evraz Highveld business rescue is implemented, further capital will be advanced to Mapochs to fund capital expenditure and exploration. I pause to note that the Mapochs BRPs do not state from whom the funding will be procured.
62. Paragraph 21.3 of the Mapochs Plan also indicates that Evraz Highveld has since the commencement date of the Mapochs business rescue proceedings provided Mapochs with approximately R5.2 million of post commencement

finance. It should be noted that this was during a period within which Evraz Highveld itself was in business rescue.

63. In recent correspondence from ENSafrica on 26 and 27 November 2015, they point to certain "inaccuracies" in the Mapochs Plan. This appears from the correspondence attached hereto. There has, however, been no written of formal amendment to the Mapochs Plan nor any guarantee that the amendments suggested by the Evraz Highveld BRPs, detailed below, will be proposed to, or adopted by, the creditors of Mapochs at the meeting scheduled for Monday, 30 November 2015 at 14h00. Similarly, there has been no guarantee provided that the meeting will be postponed to effect these suggested amendments.

THE APPLICANTS' RIGHTS

64. As set out above, the applicants are respectively the largest shareholder and largest creditor of Evraz Highveld. Accordingly, their material interest in the business rescue of Evraz Highveld is self-evident as is their interest in the protection of all of its assets including the claims which it has against any party, including Mapochs.
65. Absent in the Evraz Highveld Plan is any mention of the abovementioned proposals set out in the Mapochs Plan, which information has also not been separately brought to the attention of creditors or affected persons in the business rescue proceedings of Evraz Highveld.

66. Furthermore, the purchase of the Mapochs **shares**, alternatively **the business** of Mapochs as contemplated in Proposal 2 of the Evraz Highveld Plan and the IRL offer is not mentioned in the Mapochs Plan.

67. The applicants were struck by the proposals contained in the Mapochs Plan and by the manner in which Mapochs would purportedly be rescued, particularly in light of the fact that the Evraz Highveld Plan makes no mention of Evraz Highveld:

67.1 having secured funds for the rescue of Mapochs ("**the Rescue Funds**"); or

67.2 of the post commencement finance that Evraz Highveld advanced to Mapochs, despite Evraz Highveld itself also being in financial distress and under business rescue; or

67.3 waiving its entitlement to receive dividends under the Mapochs Plan.

68. A major source of disquiet for the applicants is the effect that the rescue of Mapochs will have on the financial position of Evraz as:

68.1 It is readily apparent that the Evraz Highveld BRP's are in the process of pursuing the implementation of Proposal 2 as detailed above. This proposal entails the sale of the Evraz Highveld business to IPRL with the result that Evraz Highveld will, following such implementation be rendered a shell without any assets and income generating capability; and

- 68.2 Proposal 2 also envisages a potential sale of the business of Mapochs to IPRL which would similarly render Mapochs a shell with no assets and income generating capability. Even if the shares are sold to IRL in terms of Proposal 2, it would be very easy for IRPL to transfer the business out of Mapochs immediately after such a sale. If the relief sought in this application is not granted, then the liabilities of Mapochs will have been stripped from it, making it an easy acquisition target for IRPL.
69. The rescue of Mapochs as contemplated in the Mapochs Plan, and as read with the Evraz Highveld Plan, results in the respective business rescue plans allowing the stripping of the assets of both Evraz and Mapochs and substantially increasing their liabilities without any means to such settle such liabilities.
70. The second applicant will accordingly be left with a majority shareholding in a company (Evraz Highveld) worth nothing and which company will most likely have to be wound up as it would be both factually and commercially insolvent.
71. Also, EMAG, as a creditor of Evraz Highveld, has to be contend with a nominal dividend which is clearly reduced based on the waiver by Evraz Highveld of its claim against Mapochs, which from a consideration of the Mapochs Plan is not only the R57 million claim reflected in Annexure A thereof but also its shareholders loan in excess of nearly R1.7 billion, also reflected in Annexure "A" to the Mapochs Plan.

72. Accordingly, and on 24 November 2015, the applicants' attorneys, Baker & McKenzie, addressed an urgent letter, a copy of which is marked "FA3" hereto to the Evraz Highveld BRPs' attorneys, ENSafrica, in which they stated *inter alia* the following -

- "1. We have been provided with a copy of the business rescue plan for Mapochs Mining (Pty) Ltd ("Mapochs") as published in Friday, 20 November 2015 ("the Plan") and provided to us on Monday, 23 November 2015.
2. We do not intend to deal exhaustively with all the queries we have in respect of the Plan at this juncture but insofar as it concerns your clients, we note that in terms of the Plan, Evraz Highveld Steel and Vanadium (Pty) Ltd ("**Highveld**")
 - (a) will purchase the creditors' claims in Mapochs ("**the Claims**") for an aggregate purchase consideration of R53 million and for which amount it has apparently secured funding ("**the Funding**");
 - (b) will waive any entitlement to receive a dividend or distribution under the Plan, thereby waiving Highveld's entire claim of R55,783,730.00 against Mapochs; and
 - (c) has, since as early as 20 April 2015, being the date after Highveld itself was placed in business rescue, provided Mapochs with post commencement finance in the aggregate amount of approximately R5.2 million ("**the PCF**").
3. We further note that the business rescue plan of Highveld ("**the Highveld Plan**") does not make mention of any of the above, which information was also not brought to the attention of the creditors or affected parties at any of the creditors meetings.
4. You will appreciate that our clients are deeply concerned about the transaction detailed in the Plan, which clearly contemplates the incurrence of additional liabilities and debtors on the part of Highveld in circumstances where Highveld will, if proposal two or three to the Highveld Plan is implemented, most likely be rendered a shell company with no income generating capability.
5. Aside the apparent lack of information in respect of the Highveld Plan, there appears to be no conceivable commercial basis or rationale explaining how your clients, as the *de facto* board of Highveld, could agree to the underlying transactions forming the

basis of the offer set out in the Plan, especially given the current financial predicament Highveld finds itself in, coupled with the uncertainty of its operational future.

6. *In order to properly consider the mechanics of the offer contemplated in the Plan and to advise our clients in relation thereto, please urgently provide us with the following information:*
- (a) the name of the financial institution from which Highveld secured the Funding;*
 - (b) the terms and conditions attaching to the Funding, including, but not limited to:*
 - (i) the repayment terms;*
 - (ii) the applicable interest rate;*
 - (iii) any security to guarantee the repayment of the Funding;*
 - (c) how your clients envisage Highveld will generating sufficient incomes [sic] to repay the Funding, having regard to the potential implementation of proposal 2 or 3 of the Highveld Plan, which will leave Highveld as a shell without any income generating assets;*
 - (d) whether your clients are proceeding with the sale of Mapochs in terms of the Highveld Plan on the basis that the shares in Mapochs will be sold or whether the business will be sold and if the business is sold, how it is envisaged that Highveld will recover the Claims purchased from Mapochs in terms of the Plan;*
 - (e) what financial analysis did your client undertake and what financial information of Mapochs did your clients considered [sic] in concluding that Mapochs will be able to repay the Claims purchased by Highveld, it being readily apparent from the Plan that the projected balance sheet evidences that Mapochs will remain factually insolvent. In this respect, no provision is made for repayment of the Funding in either the projected cash flow statement or income statement;*
 - (f) in the absence of any authority or mandate given to your clients in the Highveld Plan (without any acknowledgement on our clients' part that the Plan was validly adopted, which they continue to deny), and given the business rescue status of Highveld at the time, on*

what mandate did your clients act, and what commercial consideration and financial information were taken into account by your clients, in:

- (i) securing the Funding and in proceeding with the acquisition of the Claims on or before 4 December, before the Highveld Plan has been substantially implemented;*
- (iv) advancing the PCF;*
- (v) waiving Highveld's rights to share in the distribution contemplated in the Plan; and*
- (vi) not off-setting the claim Highveld has against Mapochs against Mapochs' purported claim against Highveld; and*
- (g) any explanation for the statement in paragraph 20.7.2 of the Plan that Mapochs will only receive a distribution from Highveld of between three to five million Rand on a purported claim in excess of R178 million i.e. a dividend from Highveld of less than two cents in the Rand, when the Highveld Plan envisages a low dividend scenario of 16 cents in the Rand?*

7. In view of the imminent vote on the Plan, due to take place on Tuesday, 30 November 2015, we require your clients' urgent response to the above by no later than close of business on 25 November 2015."

73. Despite acknowledging receipt of the abovementioned letter, ENSafrica did not respond by close of business on Wednesday, 25 November 2015.

74. On 26 November 2015, Baker & McKenzie addressed a further letter to ENSafrica, a copy of which is marked "FA4" hereto, in which it stated the following -

- "1. The Mapochs Mining (Pty) Ltd ("**Mapochs**") business rescue plan ("**the Plan**") refers.*
- 2. The transaction contemplated, and described, in Paragraph 20 of the Plan clearly constitutes a conditional offer on the part*

Evrax Highveld Steel and Vanadium Ltd ("Evrax Highveld") to Mapochs ("the Offer") which offer stands to be accepted by means of an adoption of the Plan at the creditors meeting scheduled for 30 November 2015.

3. *It follows that, in order for the Offer to have been properly formulated, considered by the Mapochs business rescue practitioners and subsequently included in the Plan for purposes of forming the basis of the proposed rescue of Mapochs, same had to have been extensively negotiated and would have been the subject matter of much discussion between Evrax Highveld and Mapochs.*
4. *In the premises, and in addition to the queries raised in our correspondence of 24 November 2015, to which we have not yet had any substantive response, our clients as affected parties in the ongoing business rescue proceedings of Evrax Highveld, require the following information from your clients:*
 - (a) *who, on behalf of Evrax Highveld, made the Offer to Mapochs;*
 - (b) *on what authority did such person/s act in making the Offer;*
 - (c) *who on the part of Evrax Highveld was involved in the formulation of the Offer and in deciding that the Offer should be made and under what authority did they act in doing so;*
 - (d) *which of the affected parties to the business rescue proceedings of Evrax Highveld were informed of, and/or involved in formulating, the Offer;*
 - (e) *to whom at Mapochs was the Offer communicated; and*
 - (f) *when was any initial version of the Offer and also the final Offer communicated to Mapochs.*
5. *We also require copies of all correspondence exchanged between Evrax Highveld and Mapochs in relation to the Offer.*
6. *Our clients require the above information and documentation before close of business today, 26 November 2015."*

75. On 26 November 2015, at approximately 17h00 ENSAfrica responded by letter, a copy of which is marked "FA5" hereto, to Baker & McKenzie, in which they stated *inter alia* as follows -

- "2. The business rescue plan for Mapochs Mine (Pty) Ltd ("Mapoch's Mine") as published on Friday, 20 November 2015 ("Mapochs BR Plan"), contains certain inaccuracies which our client will seek to rectify by way of proposing amendments to the Mapochs BR Plan at the meeting to be held on Monday, 30 November 2015.
- 2.1 One of the inaccuracies contained in the Mapochs BR Plan is the reference to the creditors' claims of Mapochs Mine being acquired for a consideration of R53 000 000...The consideration of R53 000 000... is in fact to be allocated as follows:
- 2.1.1 R35 000 000...in respect of the acquisition of the creditors' claims against Mapochs Mine (as contemplated in the business rescue plan of EHSV adopted on 13 October 2015 ("EHSV BR Plan")); and
- 2.1.2 R18 000 000...in respect of the acquisition of stockpiles.
- 2.2 A further inaccuracy is a reference to EHSV having provided PCG to Mapochs Mine of R5 200 000. This amount was a prepayment for raw materials to be delivered to EHSV. Mapochs Mine failed to deliver the raw materials and accordingly must repay this amount.
3. The offer submitted by International Resource Project Limited ("IRPL") to our clients in relation to the "Proposed Transaction" (as that term is defined in the EHSV BR Plan) specifically required our clients to facilitate the acquisition by IRPL of Mapochs Mine.
4. Accordingly, the actions taken by our clients in respect of the offer for Mapochs Mine as detailed in the Mapochs Mine BR Plan, as to be amended, is within the confines of the EHSV BR Plan.
5. The R53 000 000...offer amount is to be provided to Highveld by IRPL in terms of a PCF agreement. In the event that the proposal with IRPL is implemented, this liability will be transferred to IRPL with the assets and, accordingly, no liability will remain with Highveld as alleged in your letter of 24 November 2015.
6. It follows that your clients' concerns regarding the offer made by EHSV to Mapochs Mine are unfounded.
7. It is clear that your clients intend objecting to every aspect of the business rescue proceedings (all of which objections have no merit) in order to stop the implementation of the EHSV BR Plan.
8. Although it is not necessary to do so, in order to avoid any further attempts by your clients at delaying the implementation of the business rescue plan of EHSV, the offer made by EHSV to Mapochs Mine will be

made directly by IRPL to Mapochs Mine and an appropriate amendment to the Mapochs BR Plan will be proposed.

9. *In respect of the claim submitted by Mapochs Mine against EHSV, this claim was disputed by our clients based on documents which we found subsequent to the meeting on 13 October 2015. These documents were sent to you on 20 October 2015. The dispute was resolved on the basis that the claim of Mapochs Mine was reduced to approximately R26 000 000..."*

76. On 26 November 2015, Baker & McKenzie addressed a further letter, a copy of which is marked "**FA6**" hereto, to ENSafrica, in which they stated *inter alia* as follows -

" ...

3. *What is unclear from your correspondence under reply is whether the proposed amendments will also include a deletion of those parts of the Mapochs business rescue plan ("the Plan"), specifically but not limited to paragraph 20.6 thereof, which envisages Evraz Highveld Steel and Vanadium Limited (in business rescue) waiving its entitlement to share in the dividend/distribution to concurrent creditors under the Plan.*
4. *If indeed this is not the case, then our questions in relation to your clients' authority to have agreed to such a compromise as detailed in our letters of 24 and 26 November 2015, stand to be answered. Agreement on such a compromise is clearly not detailed in the Highveld business rescue plan, nor can it be contended that the IRPL offer (as referred to in paragraph 3 of your correspondence) provides any legal basis for your clients to contend that they have [through] such an offer such an offer been mandated to compromise of Highveld's claims at their discretion.*
5. *In addition to the above, and in light of the substantive amendments that will have to be [effected] to the Plan, which might very well have an impact on the dividend calculation contained therein, please advise whether your clients will request the Mapochs business rescue practitioners to postpone the creditors meeting in order for the Plan to be amended and re-circulated to creditors."*

77. On 27 November 2015, ENSafrica responded by letter, a copy of which is marked "FA7" hereto, to Baker & McKenzie, in which they stated *inter alia* as follows -

- "3. Our clients in their capacity as business rescue practitioners of EHSV have the authority to waive the entitlement to the dividend.
4. The meeting on Monday will be dealt with in accordance with the provisions of Section 152 of the Companies Act, 71 of 2008.
5. The proposed amendments do not affect the dividend range of Mapochs Mine."

78. I am advised that the Evraz Highveld BRP's primary obligation is to rescue Evraz Highveld and ancillary thereto they are statutorily obliged to manage the company as the *de facto* board of directors.

79. In this regard, I am further advised that the Evraz Highveld BRP's have the same fiduciary obligations to Evraz as the board members, which includes the obligation to act in good faith and for a proper purpose, in the best interest of the company and with the necessary degree of skill and diligence that may reasonably be expected of a person carrying out the same function.

80. Quite apart from the issue of authority and *vires*, the Evraz Highveld BRPs have not acted in good faith and have not acted in the best interest of Evraz Highveld and its creditors. I refer to what I have set out elsewhere in this application.

81. What is clearly not envisaged by the provisions of the Companies Act is a situation where the business rescue practitioner, as the directing mind of the

company in business rescue, can unilaterally decide to pursue business dealings on behalf of the company which is not in the ordinary course of the business of the company. Any such conduct and decision on the part of the business rescue practitioner is patently unauthorised and *ultra vires*.

82. From the present facts the Highveld BRP's have not been authorised in terms of the Evraz Highveld Plan (the adoption of which remains in dispute), or through some other means to:

82.1 obtain funding from a third party to acquire the claims of creditors against Mapochs;

82.2 advance post-commencement funding to Mapochs;

82.3 offer to purchase the claims of creditors of Mapochs;

82.4 pay an amount of R53 million to the Mapochs BRPs; and

82.5 waive the significant claims that Evraz Highveld has against Mapochs and to share in the distribution contemplated in the Mapochs Plan.

83. In addition, the abovementioned actions:

83.1 does not seek to achieve the rescue of Evraz Highveld nor do they improve the financial position of Evraz Highveld, its shareholders, creditors or other affected parties; and

83.2 do not constitute actions which are in the ordinary day to day management or business dealings of the Evraz Highveld.

84. The Evraz Highveld BRP's have accordingly not only acted *ultra vires* but are not acting in good faith, for a proper purpose or in the best interest of Evraz Highveld. I submit that they have done so with the improper purpose of assisting IRPL to push through its dual offers.
85. By pursuing and having pursued the actions detailed above the Evraz Highveld BRP's are allowing Evraz Highveld to undertake actions which will be inconsistent with the Companies Act as contemplated in section 20(4) thereof.
86. In summary, the shareholders and creditors of Evraz Highveld, have the following rights:
- 86.1 to be provided with all information reasonably required to facilitate affected persons in deciding whether or not to accept or reject the plan in accordance with section 150(2) of the Companies Act;
 - 86.2 that the Evraz Highveld BRPs will exercise the proper degree of care and independence in the performance of their functions; and
 - 86.3 that the Evraz Highveld BRPs will not compromise material claims it has against Mapochs.
87. That the business of Evraz Highveld will not be carried on recklessly or with improper purpose. Accordingly, the transfer of the amount of R53 million is in breach of the rights of all creditors and shareholders of Evraz Highveld, including the applicants.

PENDING MAIN AND ENVISAGED APPLICATIONS

88. As I have already pointed out, despite the applicants having demonstrated a clear right, the interim relief is nevertheless sought pending the final determination of the Envisaged Application and Pending Main Application. As such, I am advised that it is only necessary for the applicants to show a *prima facie* right, which they clearly do.

IRREPARABLE HARM AND BALANCE OF CONVENIENCE

89. I submit that the applicants will suffer irreparable harm if the Evraz Highveld BRPs are permitted to waive its claims against Mapochs in terms of the proposal contained in the Mapochs Plan or even in relation to the amendment now suggested to waive the claims against Mapochs (regardless of the source of the funding).

90. I say so for the following reasons:

90.1 as the major shareholder in Evraz Highveld (which remains in business rescue), and in the event that Proposal 2 of the Evraz Highveld plan is implemented, Evraz Highveld will be rendered a shell company, with no income generating assets;

90.2 there is no commercial rationale for the purchase by Evraz Highveld of the creditors' claims against Mapochs in circumstances where Mapochs is factually insolvent and unable to pay Evraz Highveld for such creditors' claims (it remains to be seen whether the Evraz

Highveld BRPs' proposed amendments will indeed be proposed, and if so, adopted by the creditors of Mapochs);

90.3 the Evraz Highveld BRPs have not been authorised by the Evraz Highveld Plan (the adoption of which remains in dispute) to:

90.3.1 offer to acquire all creditors' claims against Mapochs; and

90.3.2 waive the significant claims that Evraz Highveld has against Mapochs and to share in the distribution contemplated in the Mapochs Plan.

91. Furthermore, once the Mapochs Plan is approved and payment is made, it will be impractical to reverse the transaction contemplated therein. It will also mean that one of the conditions precedent in the IRPL Final Offer will be fulfilled, thereby furthering that transaction, which is the subject of a challenge in the Pending Main Application.

92. I am advised that having demonstrated a clear right, it is not necessary to establish that the balance of convenience is in the applicants' favour. However, by reason of what is set out above, the prejudice to the applicants is self evident. On the other hand, there can be no conceivable prejudice to the respondents as the interim relief will simply mean that the adoption of the Mapochs business rescue plan, if it is ultimately adopted in the form that has been published, would have been delayed, pending either the outcome of the Pending Main Application (which will be heard in early 2016), alternatively pending the outcome of the Envisaged Application, which should be disposed of in the next few months.

93. As set out in the founding affidavit in the Pending Main Application, the applicants remain willing to agree to an expedited hearing of the Pending Main and Envisaged Application.
94. In this regard, I highlight the fact that the Highveld Offer and the Mapochs Offer are interlinked and the acceptance of one is a condition precedent in the other. In the Evraz Highveld Plan, the transaction is made subject to the approval of the Competition Commission. As I understand, no Competition Commission approval has been sought as yet, let alone granted.
95. I am advised that in the experience of our instructing attorneys, it is highly unlikely, that if that approval is finally sought, it will be obtained before 31 January 2016.

NO ALTERNATIVE REMEDY

96. It is manifestly clear that the applicants have no alternative satisfactory remedy other than to apply for the relief sought in terms of the notice of motion.
97. There is no manner in which the applicants would be capable of successfully recovering, as damages, either the Rescue Funding and/or the dividend to which it would be entitled to under the Mapochs Plan.

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 _____ on the _____ day of November 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):

"FAI"

INTERNATIONAL RESOURCES PROJECT LIMITED

(Company No. 1736967)

Fourth Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Incorporated in Hong Kong

by email to:

Mr Piers Marsden
on behalf of the Business Rescue Practitioners of
Evraz Highveld Steel and Vanadium Limited (the "Company")
~~pmarsden@evraz.com~~

Ms Michelle du Preez
ENSAfrica
~~mduprez@ensafrika.com~~

Ms Sandra du Toit
The Standard Bank of South Africa Limited
~~sandra.dutoit@standardbank.co.za~~

by hand to:

Mr Piers Marsden
on behalf of the Business Rescue Practitioners of the Company
c/o Michelle du Preez
ENSAfrica
150 West Street
Sandton, Johannesburg
2196

and to

The Standard Bank of South Africa Limited
c/o Sandra du Toit
30 Baker Street
Rosebank, Johannesburg
2196

15 September 2015

Dear Sirs

**REVISED FINAL BINDING OFFER FROM INTERNATIONAL RESOURCES PROJECT LIMITED TO
ACQUIRE THE COMPANY**

1. Introduction

- 1.1. We refer to our indicative non-binding proposal dated 15 July 2015 (the "Indicative Proposal"), in respect of the Company (in business rescue), your response thereto of 17 July 2015 (the "Response"), our Final Offer of 28 August 2015 and the subsequent communications we had with regard thereto. This letter contains the revised final binding offer ("Revised Final Offer") by the final offeror (the "Offeror") described in paragraph 2 below, in respect of the Indicative Proposal. This Revised Final Offer addresses, in a consolidated form, the various issues discussed during our aforesaid communications regarding the Final Offer.
- 1.2. We confirm that the refundable deposit of USD10 000 000,00 (ten million US dollars) has been deposited into escrow in accordance with paragraph 5 of your Response (the "Deposit").
- 1.3. We confirm further that we have conducted a due diligence investigation into the Company and its affairs, have been assisted by you and your advisors in this regard and thank you for such assistance.
- 1.4. We understand that the business rescue practitioners ("BRPs") of the Company are in the course of implementing a redundancy plan whereby about 60% of the current labour force of the Company and Mapochs will be retrenched ("Redundancy Plan"). In this regard please see paragraph 7.1.1.5 below.
- 1.5. Although this Revised Final Offer is final and binding on the Offeror, its implementation is subject to the fulfillment, or waiver by the Offeror, of the conditions precedent listed in paragraph 7 below.

2. Offeror

- 2.1. The Indicative Proposal delivered to you was submitted on a letterhead of Siyolo Energy and Africa Resources Proprietary Limited (the "Initial Offeror"). Please note that this entity is not the Offeror under this Revised Final Offer.
- 2.2. The Offeror under this Revised Final Offer is International Resources Project Limited ("IRP"). The Offeror is a private limited company incorporated in Hong Kong and is principally

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engaged in investments in natural resources globally, as referred to more fully in paragraph 7.2 of the Indicative Proposal. The further details of the Offeror are set out in the letterhead of this Revised Final Offer.

2.3. As mentioned to you in paragraph 4.2.2 of the Indicative Proposal, it is the intention of IRP through its parent company International Resources Limited (Company No. 01-267873), incorporated in the Cayman Islands as an Exempted Company with limited liability and with its business offices at 4th Floor, Prince's Building, 10 Charter Road, Central, Hong Kong ("IRL"), to recruit the Industrial Development Corporation of South Africa (the "IDC") or any other developmental financial institution in South Africa as an investor to hold between 10% and 30% of the issued share capital of the Company. In this regard we are pleased to be able to confirm that we have already initiated discussions with the IDC, which has indicated that it is interested in taking up such an investment in the Company.

2.4. The Offeror further intends to offer shares in the Company to suitable BEE entrepreneurs (including in particular the Initial Offeror, Syolo Energy and African Resources Proprietary Limited of Dr Iqbal Surva, or its nominee), employees of the Company and Mapochs (in the form of an Employee Share Option Scheme), the local communities in the areas of the Company's steel plant and the Mapochs Mine, suitable beneficiation partners and the current Mapochs BEE shareholders, should their shares in Mapochs Mine Proprietary Limited (in business rescue) ("Mapochs") be acquired by the Offeror pursuant to the Mapochs Offer referred to in paragraph 3.2 below. The intention is that the Company will have a local participation and racial profile in keeping with the policies and aspirations of the Government of South Africa and that this will have been done by the Scheme Implementation Date referred to in paragraph 4.4.1 below or as soon as possible thereafter.

3. The Linked Offer

3.1. It has been agreed with you that if you find this Revised Final Offer acceptable, that you will please submit it to the creditors and shareholders of the Company as part of the business rescue plan ("BR Plan") in respect of the Company, to be presented by the BRPs of the Company, for consideration and hopefully approval as part of the business rescue process in respect of the Company.

3.2. Included in this Revised Final Offer is a final binding offer made by us with regard to the Company's subsidiary Mapochs (the "Mapochs Offer"). To distinguish between the two offers we shall hereafter refer to this offer as the "Highveld Offer" and to the "Mapochs Offer" by that name.

3.3. We have informed you and the BRPs of Mapochs that the Highveld Offer and the Mapochs Offer constitute an interlinked and indivisible transaction for the Offeror (the "Transaction").

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Each is conditional on the other being accepted and becoming unconditional in accordance with its terms in the finalisation of the BR Plan relating to the company concerned.

- 3.4. We have further informed you and the BRPs of Mapochs that, regard being had to the aforesaid, the two offers will be submitted to you in the form of this Revised Final Offer and that you in turn should please submit the Mapochs Offer to the BRPs of Mapochs, to include in the BR Plan for Mapochs. We would therefore in particular appreciate your written confirmation that this approach will be followed.

4. The Highveld Offer and the Mapochs Offer

- 4.1. In paragraph 2 of the Indicative Proposal you were informed that we were considering a number of potential acquisition structures for the Company and Mapochs. We have completed the process of consideration and offer to complete the Transaction in the manner described below.
- 4.2. The Offeror hereby offers to acquire all of the issued share capital of the Company through a scheme of arrangement in terms of s114 (the "Scheme") of the Companies Act, 2008 (the "Companies Act").
- 4.3. The implementation of the Scheme will be subject to the fulfilment, or waiver by the Offeror, of the conditions precedent listed below in paragraph 7. The terms and conditions of the Transaction will be recorded in a Definitive Agreement, which we propose to negotiate and conclude with you after approval of the BR Plans for Highveld and Mapochs by their respective bodies of creditors and shareholders, should the Highveld Offer and the Mapochs Offer be accepted by those creditors and shareholders, and/or be confirmed by the court in terms of s163 of the Companies Act.
- 4.4. Although the Highveld group of companies (i.e. the Company and Mapochs) ("Highveld Group") has been loss-making for several years, is in effect insolvent and has been placed in business rescue, with the consequence in our view that there is no economic value in the issued share capital of the Highveld Group, the Offeror nonetheless hereby offers to the shareholders of the Company to acquire all of the shares held by them in the Company (the "Scheme Shares") for the aggregate sum of ZAR20 000 000,00 (twenty million Rand), to be apportioned equally to the total number of Scheme Shares (the "Scheme Consideration"). This offer is made on the following assumptions:
- 4.4.1. that the Scheme Shares will represent all of the issued share capital of the Company on a fully diluted and fully converted basis at the date of the implementation of the Scheme, i.e. the date upon which the Scheme Shares are transferred to the Offeror (the "Scheme Implementation Date"); and

- 4.4.2. that there are no outstanding options or rights of any description or any agreement binding on the Company to create such options or rights whatsoever to acquire any further or other shares in the Company.
- 4.5. The Scheme Consideration will be paid in ZAR.
- 4.6. In addition to the offer of the Scheme Consideration to the shareholders of the Company, the Offeror will lend and advance to the Company as a loan the sum of ZAR350 million, to enable the Company to acquire all the claims of creditors of the Company for an all-inclusive amount in respect of shareholders claims on loan accounts, SARS claims for outstanding taxes and penalties and any or all other creditors claims of whatever description against the Company (the "Highveld Creditors Acquisition"). The Offeror will not be assuming any liabilities whatsoever of the Company, whether of a civil or a criminal nature, arising prior to the Scheme Implementation Date.
- 4.7. The Offeror offers to pay for the Highveld Creditors Acquisition in two instalments, as follows:
- 4.7.1. the sum of ZAR234 million will be paid on the Scheme Implementation Date;
- 4.7.2. a further sum of ZAR116 million will be paid by not later than the first anniversary date of the Scheme Implementation Date.
- 4.8. Further, the Offeror offers to lend and advance to the Company as a loan a further sum of ZAR180 million to enable the Company to repay to the IDC the post commencement funding advanced by the IDC to the Company to fund the Company's business rescue process (the "IDC Payment"). The Offeror hereby offers to lend and advance the sum of the IDC Payment to the Company by a date which is not later than the third anniversary date of the Scheme Implementation Date, to enable the Company then to make the IDC Payment to the IDC.
- 4.9. Should the shareholders and/or the creditors of the Company not approve the Highveld Offer described above, the Offeror hereby alternatively offers to acquire all of the business or assets of the Company for the sum of ZAR350 million, subject to payment on the dates referred to in paragraphs 4.7.1 and 4.7.2. In such event the reference to the Scheme Implementation Date should be read as a reference to "Transaction Implementation Date".
- 4.10. Finally, the Offeror offers with regard to Mapochs, i.e. the Mapochs Offer, in addition to the Highveld Offer described above, that the BRPs of Highveld must offer to the BRPs of Mapochs the following, for which the Offeror will place the BRPs of the Company in funds in addition to the funds described in paragraphs 4.4 to 4.8 above:

4.10.1. the sum of ZAR5 million for all the issued shares of Mapocho not already held by the Company; and

4.10.2. the sum of ZAR80 million to enable Mapocho to acquire all the claims of creditors of Mapocho for an all-inclusive amount in respect of shareholders claims on loan accounts, SARS claims for outstanding taxes and penalties and any or all other creditors claims of whatever description against Mapocho (the "Mapocho Creditors Acquisition"). The Company will not be assuming any liabilities of Mapocho, whether of a civil or criminal nature, arising at any time and from whatever cause;

or

4.10.3. the sum of ZAR35 million for all of the business or the assets of Mapocho.

4.11. It is a condition precedent of the Highveld Offer that the Mapocho Offer be accepted and closed, with the consequence that the Company either becomes the sole shareholder of Mapocho or the owner of all of its assets and accordingly the Offeror will provide to the BRPs of Highveld as a loan similar to the loan referred to in paragraph 4.6 above, the funds required to make the payments referred to in paragraph 4.10 above. That will be done at such time agreed to in writing by the Offeror and the BRPs of the Company.

4.12. It is the Offeror's view that the Highveld Offer linked with the Mapocho Offer reflects a fair and reasonable offer in respect of the Highveld Group, based on the current market prices of the major inputs and products of the Highveld Group, applying a discounted cash flow method to arrive at a net asset value of the Company and, as far as the Mapocho Offer is concerned, Mapocho.

6. Funding of the Offer and Financing of the Working Capital of the Company

6.1. The Offeror has secured, through IRL, external funding in respect of its acquisition commitments described in paragraph 4 above. The Offeror confirms that this funding is adequate for the payment of the sums referred to in paragraph 4 above, when they become due and payable.

6.2. The Offeror has further calculated that an amount of approximately ZAR1 billion will initially be required by the Company for purposes of working capital and capital expenditure. This amount has already been committed by IRL for this purpose, together with the aggregate of the amounts referred to in paragraph 4 above for purposes of the Highveld Offer and the Mapocho Offer, as evidenced by the letter of financial support by IRL, a copy of which is attached hereto.

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- 5.3. As the sole shareholder of the Company, the Offeror will be prepared to invest capital in the Company in the form of equity or loan financing as required from time to time, to enable the Company to upgrade its existing production facilities in order to break the production bottlenecks that have largely contributed to the Company's current financial problems. This will be done by way of drawdown against the funding made available by IRL to the Offeror, as referred to in paragraph 5.2 above.
- 5.4. As security for the Offeror's payment obligation after the Scheme Implementation Date, i.e. the obligation to pay the amount of ZAR116 million referred to in paragraph 4.7.2 above, the Offeror will, as may in due course be agreed with you:
- 5.4.1. leave the sum of USD10 million referred to in paragraph 1.2 in escrow, to be drawn down by you when the deferred payment of ZAR116 million has to be made; or
- 5.4.2. pledge to you Scheme Shares of the Company which the Offeror will be receiving on implementation of the Scheme upon such terms and conditions mutually agreed by the Offeror and you.

6. Board Approvals

The Offeror has received the full support of its board of directors (the "Offeror Board") and of the board of directors of its parent company IRL (the "IRL Board") for the submission of this Revised Final Offer to the BRPs of the Company (and of the Mapochs Offer by the BRPs of the Company to the BRPs of Mapochs), on the terms and conditions stated herein. Copies of the relevant board resolutions are attached hereto.

7. Conditions Precedent and Regulatory Approvals

- 7.1. The implementation of the Highveld Offer and the Mapochs Offer is subject to and conditional upon each of the following conditions precedent being fulfilled to the satisfaction of the Offeror at its sole discretion or waived by the Offeror, where permitted by applicable law and should the Offeror in its own discretion be prepared to do so:

7.1.1. In respect of both the Highveld Offer and the Mapochs Offer

- 7.1.1.1. that the IDC or any other developmental financial institution in South Africa acquires a shareholding of between 10% and 30% of the issued share capital of the Company and provides an appropriate sum of shareholder's loan acceptable to the Offeror as well as further financing of no less than 50% of the estimated required working capital and capital expenditure of the Highveld Group after

Implementation of the Transaction, upon such terms and conditions agreeable to the Offeror.

- 7.1.1.2. That the respective business rescue plans in respect of the Company and Mapocha, recommending adoption of the Highveld Offer and the Mapocha Offer, are unconditionally approved by the creditors and shareholders of the Company and Mapocha or the court in terms of s153 of the Companies Act.
- 7.1.1.3. That the acquisition by the Offeror of the Company in terms of the Revised Final Offer and by the Company of Mapocha in terms of the Mapocha Offer are approved by the Competition Commission and the Competition Tribunal, if required, in terms of the Competition Act, 1998 and if any conditions for such approvals are imposed by those competition bodies, that such conditions are agreeable to the Offeror.
- 7.1.1.4. That the BRPs of the Company and Mapocha settle and agree with the relevant South African governmental authorities as part of the business rescue plans ("BR Plans") for the Highveld Group remedial action plans for the Company and Mapocha (whether actual or contingent) including but not limited to matters of environmental rehabilitation, pollution, competition law transgressions, such mine regulatory and mining health and safety and occupational transgressions as may exist, all outstanding litigation, unresolved labour and taxation issues.
- 7.1.1.5. That the BRPs of the Company settle all claims (including potential claims) with employees who are affected under the Redundancy Plan.
- 7.1.1.6. If and to the extent required by applicable law, that the approvals of the Transaction in terms of the Highveld and Mapocha Offers be obtained from the Department of Mineral Resources, the Department of Environmental Affairs, the Department of Land Use and of Water Affairs, the South African Revenue Service without the imposition of any post Scheme Implementation Date penalties and financial obligations on the Company and/or Mapocha, not provided for in the BR Plans and/or forming part of the Creditors Acquisitions for either the Company or Mapocha.

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7.1.1.7. That by the date of fulfillment or waiver, as the case may be, of all the conditions precedent referred to in this paragraph 7, save for this paragraph 7.1.1.7, the provisions of paragraph 8.2 have been complied with to the satisfaction of the Offeror, in its sole discretion.

7.1.2. ~~in respect of the Company only~~

7.1.2.1. that the BRPs of the Company cancel or suspend indefinitely or through negotiation with the counter-parties and in consultation with the Offeror, modify or restructure to the extent possible in terms of section 136 of the Companies Act and to the satisfaction of the Offeror, the following contracts without post Transaction implementation recourse to the Company and/or the Offeror in connection with such cancellation, modification or restructuring:

7.1.2.1.1. the Hochvanadium/Treibacher agreements;

7.1.2.1.2. the Eskom supply agreement and related on-supply agreements with Afrox and Air Liquide, including the agreement of a new payment guarantee with Eskom;

7.1.2.1.3. the Air Liquide gas agreement;

7.1.2.1.4. the Sasol gas agreement, to the effect that the contracting parties should abide with the original terms of the contract;

7.1.2.1.5. the Nyanza Light Metals JV agreement with Arkel;

7.1.2.1.6. the Emalahleni Local Council water supply agreement;

7.1.2.1.7. the conclusion of a new long-term transport agreement with Transnet; and

7.1.2.1.8. such other agreements identified by the Offeror during the period ending on 15 January 2016.

7.1.2.2. Should the BRPs in consultation with the Offeror not be able to modify or restructure to the satisfaction of the Offeror through negotiation with the counter-parties all of the above contracts save

for those referred to in paragraphs 7.1.2.1.2 and 7.1.2.1.6, the BRPs will be required to cancel those contracts, save if the Offeror should in writing request them not to do so and then also waives the paragraph 7.1.2.1 condition precedent in respect of those contracts.

- 7.1.2.3. If the contracts referred to in paragraphs 7.1.2.1.2 and 7.1.2.1.6 cannot through negotiation with the counter-parties in consultation with the Offeror be modified or restructured to the satisfaction of the Offeror, the Offeror shall have the election to waive the condition precedent in paragraph 7.1.2.1 above applicable to those two contracts or to declare such condition precedent to be unfulfilled.
- 7.1.2.4. That the BRPs of the Company settle with the European Commission ("EC") the issues arising out of Mastercraft Limited's acquisition of its current 85% shareholding in the Company, as referred to at page 41 of the Information Memorandum ("IM") with regard to the Company made available by the BRPs to the Offeror. All Commitments referred to on page 41 of the IM must be fully discharged and released upon settlement with the EC.
- 7.1.2.5. That the Johannesburg Stock Exchange (JSE Limited) approves the takeover of the Company by the Offeror in terms of this Offer. The Offeror intends to delist the Company from the JSE on the first trading day after the Scheme Implementation Date, in accordance with the JSE Listings Requirements.
- 7.1.2.6. That the pending application by the Company to the International Trade Administration Commission for an increase from 0% to 10% in the general customs duty rate levied on structural steel products imported into South Africa at least for the first two years after the Scheme Implementation Date, be approved.
- 7.1.2.7. That Mastercraft Limited, as 85% majority shareholder of the Company, gives its irrevocable written undertaking to the Offeror that it will vote in favour of the Highveld Offer at the meeting of the shareholders of the Company convened for that purpose in terms of the BR Plan for the Company, failing which that the alternative Transaction structure referred to in paragraph 4.9 above be followed.

- 7.1.2.8. That the Company's wholly owned subsidiaries, Hochvanadium Handels GmbH ("HH") and Hochvanadium Holding AG ("HHAG"), be liquidated or disposed of in a manner such that HH and HHAG are no longer subsidiaries of the Company.

7.1.3. ~~In the interest of Mapocho's only;~~

- 7.1.3.1. That the BRPs of Mapocho cancel or suspend indefinitely or through negotiation with the counter-parties and in consultation with the Offeror, modify or restructure to the absolute satisfaction of the Offeror the following contracts and without any recourse to Mapocho and/or the Offeror in connection with such cancellation, modification or restructuring:

7.1.3.1.1. the Vanchem Iron Ore supply agreement; and

7.1.3.1.2. such other agreements identified by the Offeror before or during the period ending on 15 January 2018.

- 7.1.3.2. Should the BRPs in consultation with the Offeror not be able to modify or restructure to the satisfaction of the Offeror through negotiation with the counter-parties any of the contracts referred to in paragraph 7.1.3.1.2, the BRPs will be required to cancel those contracts, save if the Offeror should in writing request them not to do so and then also waives the paragraph 7.1.3.1 condition precedent in respect of those contracts.

- 7.1.3.3. If the contract referred to in paragraph 7.1.3.1.1 cannot through negotiation with the counter-parties in consultation with the Offeror be modified or restructured to the satisfaction of the Offeror, the Offeror shall have the election to waive the condition precedent in paragraph 7.1.3.1 above applicable to that contract or to declare such condition precedent to be unfulfilled.

- 7.2. Without prejudice to the Offeror's right to determine if a particular condition precedent has been satisfied, the Offeror will use its reasonable commercial endeavours and act in good faith to achieve the fulfilment of the aforesaid conditions precedent and the obtaining of all required regulatory approvals referred to above on the express basis that the BRPs of both the Company and Mapocho will do the same.

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- 7.3. Should all the conditions precedent and regulatory approvals not have been received by 31 March 2016 and should the Scheme Implementation Date not have occurred by 30 June 2016, or such other dates as the Offeror and the BRPs of the Company and Mapocho may agree in writing, the Highveld Offer and the Mapocho Offer will lapse and be of no further force and effect and the Deposit referred to in paragraph 1.2 above together with any interest accrued thereon will immediately be repaid by the BRPs and/or the Company to the Offeror.

8. Execution of Definitive Agreement

- 8.1. The Offeror and the BRPs of the Company and Mapocho will enter into a Definitive Agreement in such form and substance acceptable to all of them, within 10 business days after approval of the respective BR Plans for the Company and Mapocho by the creditors and shareholders of the Company and Mapocho. The Definitive Agreement will set out conditions precedent for completion of the Transaction stipulated in paragraph 7 of the Revised Final Offer.
- 8.2. The Definitive Agreement will, amongst other things, provide that as soon as possible after the signature date of the Definitive Agreement, the BRPs of respectively the Company and Mapocho, as applicable, will commence with and procure that the following are commenced with and progressed by the date of fulfillment or waiver, as the case may be, of all the conditions precedent listed in paragraph 7, with the exception of the condition precedent in clause 7.1.1.8, to the satisfaction of the Offeror:
- 8.2.1. That the Offeror is satisfied with the implementation logistics and details of the Redundancy Plan.
 - 8.2.2. That the BRPs of the Company and Mapocho regularise all property titles of the two companies in accordance with the relevant applicable laws and regulations and put in place surface right permits where required and not yet in place.
 - 8.2.3. That the BRPs of the Company assist with the granting of the work visas in South Africa by the Department of Labour and other applicable government departments for the Offeror's current and future employees and contractors to be employed in the Highveld Group.

9. Technical capabilities of the Offeror

- 9.1. In addition to its financial ability, as described in paragraph 6 above, to implement this Revised Final Offer, the Offeror has the technical capabilities and support from its parent company, IRL, to operate the business of the Company and the mining operations of

Mapooha efficiently and economically. These technical capabilities have been described at paragraph 10 of the Indicative Proposal and are repeated herein for purposes of good record.

- 9.2. As regards the mining capabilities of the Offeror, reference may be had to the IRL group of companies which has set up offices in South Africa and which has controlled ca.130 km² prospecting rights of Vanadium Tlano-Magnetite resources in South Africa through a subsidiary. The substantial Magnetite resources of IRL have built up a solid base for the long term development of the Company. The IRL team comprises chief economic and exploration geologist, Professor Yao Yong, the Chief Geologist and General Manager of IRL in South Africa. Before joining IRL, Mr. Yao was Director and Associate Professor of Exploration Geology of Rhodes University. From 2004-2011, Mr. Yao was General Manager and Chief Representative of Anglo Platinum in China, who had successfully directed and managed Anglo Platinum's geological and exploration projects in China. Mr. Yao obtained his Ph.D. at Technische Universität München (TUM) Germany in 1997 and has now over 34 years of experience in high education, economic and mining geology, mineral exploration, geochemistry and geophysics, orebody modelling, resource economy, and mining administration and management. He, together with his professional team members have solid and substantial experience in geological exploration, resource management, mining technology and exploitation.
- 9.3. As regards the industrial process capabilities of the Offeror, among its team, it has another team leader who was previously the Chairman of ChengDe Iron & Steel (one of the 2 scalable steel and vanadium producers in China. ChengDe has a capacity of 8 m tons of crude steel and 26k tons of vanadium products per annum) and before that he was Deputy General Manager of TangShan Iron & Steel, whose capacity is over 11m tons of crude steel per annum. It was under his management that ChengDe Iron & Steel increased its production capacity to 8 m tons. Along with the capacity increase, ChengDe Iron & Steel also invested in environmental protection facilities whilst maintaining a level of profitability. This demonstrates that the Offeror's team has substantial experience in the steel and vanadium industry.
- 9.4. The Offeror, together with its affiliated companies within the group, has over 100 technical professionals emanating primarily from global mining and metallurgical industries, including surface mining, mineral processing, smelting, oxygen refining, steelmaking, as well as steel milling. The Offeror will bring its in-house managerial and technical expertise and provide comprehensive assistance to the Company to ensure profitable and sustainable operations.
- 9.5. Furthermore, through the acquisition of the assets of Chaoyang Jin Gong Vanadium and Titanium Technology Limited (a third party company), IRL is conducting a trial project in

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Liaoning Province, PRC, through its wholly-owned subsidiary Maxdo Vanadium Tiansi Liaoning Company Limited ("Maxdo Liaoning"). Maxdo Liaoning is a vanadium, titanium and magnetite manufacturing company with phase 1 planned annual production capacity of vanadium, high grade titanium (92%) and cast iron products of 200ktpa. The smelter is currently being constructed with construction works having commenced from May 2015 and is expected to be completed by end of 2015. An ultra-high grade V_2O_5 facility is being constructed on the same site.

10. Preservation of workforce

It is the understanding of the Offeror that about 50% of the labour force will be retrenched by the BRPs of the Company under the Redundancy Plan. The implementation of the Transaction will not further impact on the workforces of the Company and Mapochs.

11. Offeror's contacts and advisors

11.1. The primary contact for the Offeror in respect of this Offer is Mr Edmund Kwan (email: ~~edmund.kwan@highveld.co.za~~).

11.2. The South African legal advisors to the Offeror in respect of the Transaction are Edward Nathan Sonnenbergs Inc. (ENSafrica). The primary contacts at ENSafrica are Mr. Kenny Chiu and Mr. Will Huang.

12. Final comments

12.1. In summary, we strongly believe that this Revised Final Offer represents a very attractive proposition for the Company, Mapochs and their respective shareholders and creditors. We trust therefore that it will be favourably received by you, the creditors and shareholders for the following main reasons:

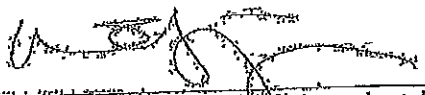
- 12.1.1. the Revised Final Offer, if accepted, will place the shareholders of the Company and of Mapochs in a significantly better position than would be the case should either of the Company and Mapochs be liquidated;
- 12.1.2. the creditors of the Highveld Group will receive a significantly better dividend than they would in the event of the liquidation of the Highveld Group;
- 12.1.3. the position of the workforce of the Highveld Group would be protected to the best possible extent;
- 12.1.4. all current legislative and regulatory defaults and/or transgressions of the Highveld Group would be regularised; and

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- 12.1.5. the stakeholding of the Highveld Group would be reprofiled to accord with the aspirations and the policies of the Government of South Africa.
- 12.2. We remain available to expand, in meetings with the BRPs of the Company and Mapochs and their advisors or in writing; on any aspect referred to herein or in respect of which the BRPs and their advisors may require such expansion.
- 12.3. This Revised Final Offer may be used for and referred to the BR Plans in respect of both the Company and Mapochs.

Yours faithfully



M T Steyn, director, Edward Nathan Sonnenberg Inc.,
as duly mandated attorneys for the Offeror and duly
authorised thereto



BUSINESS RESCUE PLAN

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

in relation to

MAPOCHS MINE PROPRIETARY LIMITED

(Registration No. 2008/009382/07)

(in business rescue)

Prepared by:

JOHN EVANS

(joint business rescue practitioner)



and

JOHN LIGHTFOOT

(joint business rescue practitioner)



PUBLICATION DATE: 20 NOVEMBER 2015

Paragraph number and description	Page
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Table of Contents

1. INTERPRETATION AND PRELIMINARY	3
2. DISCLAIMER.....	9
3. SUMMARY OF BUSINESS RESCUE.....	10
4. OBJECTIVE AND PURPOSE OF BUSINESS RESCUE.....	11
5. STEPS TAKEN SINCE THE APPOINTMENT OF THE BRPS	12
6. TRADING FOLLOWING THE COMMENCEMENT DATE.....	14
7. STRUCTURE OF THE PLAN.....	14
8. COMPANY INFORMATION	16
9. COMPANY BACKGROUND	17
10. MATERIAL ASSETS AND SECURITY OF THE COMPANY AS AT THE COMMENCEMENT DATE (INCLUDING ESTIMATED REALISATION VALUE ON LIQUIDATION)	19
11. CREDITORS OF THE COMPANY AS AT THE COMMENCEMENT DATE	20
12. PROOF OF CLAIMS BY CREDITORS.....	20
13. DISPUTE RESOLUTION	21
14. CREDITORS VOTING INTEREST AND VOTING BY PROXY	23
15. PROBABLE DIVIDEND ON LIQUIDATION.....	24
16. HOLDERS OF THE COMPANY'S ISSUED SECURITIES.....	24
17. THE PRACTITIONERS' REMUNERATION	24
18. STATEMENT AS TO WHETHER THE BUSINESS RESCUE PLAN INCLUDES A PROPOSAL MADE INFORMALLY BY A CREDITOR.....	25
19. MORATORIUM	26
20. PROPOSED BUSINESS RESCUE PLAN.....	26
21. ORDER OF DISTRIBUTION – PAYMENT WATERFALL IN BUSINESS RESCUE	27
22. CONDITIONS PRECEDENT	29
23. EFFECT ON CREDITORS	29
24. EFFECT OF THE BUSINESS RESCUE PLAN ON THE HOLDERS OF EACH CLASS OF THE COMPANY'S ISSUED SHARES	31
25. COMPARISON OF THE BUSINESS RESCUE TO LIQUIDATION	31
26. BENEFITS OF ADOPTING THE BUSINESS RESCUE PLAN COMPARED TO LIQUIDATION	32
27. RISKS OF THE BUSINESS RESCUE.....	33
28. CIRCUMSTANCES IN WHICH THE BUSINESS RESCUE WILL END AND THE TERMINATION OF BUSINESS RESCUE.....	35

29.	CONDITIONS FOR THE BUSINESS RESCUE PLAN TO BE SUBSTANTIALLY IMPLEMENTED ...	35
30.	EFFECT OF THE BUSINESS RESCUE PLAN ON EMPLOYEES	35
31.	PROJECTED BALANCE SHEET AND PROJECTED STATEMENT OF INCOME AND EXPENSES PREPARED ON THE ASSUMPTION THAT THE BUSINESS RESCUE PLAN IS ADOPTED	35
32.	EXISTING LITIGATION	36
33.	ABILITY TO AMEND THE BUSINESS RESCUE PLAN	36
34.	SEVERABILITY	36
35.	BRPS' CERTIFICATE.....	37

Annexure A: List of the Creditors of the Company

Annexure B: 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 un-incorporated 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 as provided in section 152(2) of the Companies Act;
- 1.2.2. **"Advisors"** means the advisors to the BRPs, namely Matuson & Associates, RS Advisors and Fluxmans, and their respective directors, members, employees or representatives;
- 1.2.3. **"Affected Person"** or **"Affected Persons"** shall bear the same meaning ascribed thereto in section 128(1)(a) of the Companies Act, being the 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 to the Company who are Lightfoot and Evans.
- 1.2.5. **"Business"** means the business of the Company from time to time including, *inter alia*:
 - 1.2.5.1. the mining and processing of magnetite iron ore.
 - 1.2.5.2. supply of lumpy ore to EVRAZ Highveld.
 - 1.2.5.3. supply of fines ore to Vanchem Vanadium Products.
 - 1.2.5.4. Rehabilitation of mined areas.

- 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;
- 1.2.8. **"Business Rescue Costs"** means the remuneration and expenses of the BRPs, post commencement claims and 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;
- 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"** subject to the proviso below means all claims against the Company, the cause of action in respect of which arose, prior to or on the Commencement date, of whatsoever nature and from whatsoever cause, including claims, arising from contract, delict, actual, contingent, prospective, conditional, unconditional, liquidated, unliquidated, assessed, unassessed, whether or not due for payment of performance, specific or otherwise, and including all claims arising out of any agreements entered into by the Company on or prior to the commencement date, all such claims to be, calculated and admitted, as envisaged in the Insolvency Act, that would attach to them upon the issue of a winding up order in respect of the Company, whether or not such claims are proved or not, which claims shall, for the purpose of this Business Rescue Plan, be treated as if the Company had been liquidated on the Commencement Date; provided however that in applying the provisions of the Insolvency Act any preferences or rights of preferences as created in that act attributing to any Creditor is expressly excluded such that no Creditor can claim against the Company any preferences in respect of their claim insofar as such preference(s) are dealt with, established or created in the Insolvency Act.
- 1.2.12. **"Commencement Date"** means 20 April 2015, being the date upon which Business Rescue commenced;
- 1.2.13. **"Company"** means Mapochs Mine Proprietary Limited, Registration No. 2008/009382/07 (currently under business rescue), a company incorporated in accordance with the laws of South Africa;
- 1.2.14. **"Companies Act"** means the Companies Act, No. 71 of 2008, as amended;

- 1.2.15. **"Concurrent Claims"** means Claims that are not Secured Claims or Preferent;
- 1.2.16. **"Concurrent Creditors"** creditors having Concurrent Claims against the Company;
- 1.2.17. **"Contracts"** means those contracts entered into by the Company with third parties, either prior to or after the Commencement Date;
- 1.2.18. **"Creditors"** means all persons natural and legal, having Secured Claims, Preferent Claims and/or Concurrent Claims against the Company;
- 1.2.19. **"Creditors' Committee"** means the committee of Creditors of the Company formed in terms of section 145(3) of the Companies Act;
- 1.2.20. **"Disputed Claims"** means those Claims which have been lodged by Creditors and have been rejected either in whole or in part by the BRPs and which dispute(s) shall be determined Creditors in terms of the dispute mechanism contained in paragraph 13;
- 1.2.21. **"Distribution"** means distributions to be made to Creditors by the BRPs after the Substantial Implementation Date in their capacity as Receivers;
- 1.2.22. **"DMR"** means the Department of Mineral Resources;
- 1.2.23. **"Employees"** means the employees of the Company;
- 1.2.24. **"Employees' Committee"** means the committee of employees of the Company formed in terms of section 144(3)(c) of the Companies Act and for the purposes of consulting with the Employees in terms of section 189(3), read together with section 189A, of the LRA;
- 1.2.25. **"Evans"** means John Evans;
- 1.2.26. **"EHSV"** means Evraz Highveld Steel and Vanadium Limited (in Business Rescue), Registration No. 1960/001900/06 (in business rescue), a company incorporated in accordance with the laws of South Africa, and a 74% shareholder of the issued share capital of the Company;
- 1.2.27. **"Financially Distressed"** shall bear the same meaning as ascribed thereto in section 128(1)(f) of the Companies Act;
- 1.2.28. **"Final Claims Date"** means the final date for the filing of Claims, being 31 January 2016;
- 1.2.29. **"Fluxmans"** means Fluxmans Incorporated, a firm of attorneys;

- 1.2.30. **"Insolvency Act"** means the Insolvency Act No. 24 of 1936, as amended;
- 1.2.31. **"Lightfoot"** means John Lightfoot;
- 1.2.32. **"KPMG"** means KPMG Services (Pty) Limited, Registration No. 1999/012876/07, a company incorporated in accordance with the laws of South Africa;
- 1.2.33. **"Management"** means the Company's management team at the Commencement Date;
- 1.2.34. **"Matuson"** means Matuson & Associates (Pty) Limited, Registration No. 2009/008967/07, a company incorporated in accordance with the laws of South Africa;
- 1.2.35. **"MPRDA"** means the Mineral and Petroleum Resources Development Act, No. 28 of 2002, as amended;
- 1.2.36. **"Notice of Meeting"** means the notice of meeting to all Affected Persons as contemplated in terms of section 151(2) of the Companies Act;
- 1.2.37. **"NUMSA"** means the National Union of Metalworkers of South Africa, a trade union representing a number of the Employees;
- 1.2.38. **"PCF"** means post-commencement finance as contemplated in section 135 of the Companies Act;
- 1.2.39. **"Plan Fund"** means the fund which has been created by the BRPs for purposes of receiving for the benefit of Creditors from EHSV payment of the sum of R53 million and the proceeds of the additional claims more fully described in paragraphs 20.1 to 20.5 and will be administrated by the BRPs in their capacity as such until the Substantial Implementation Date and thereafter by them in their capacity as Receivers for the Creditors;
- 1.2.40. **"Preferent Claims"** means Claims determined, calculated and admitted as having a preference as envisaged in the Companies Act;
- 1.2.41. **"Preferent Creditors"** means creditors having Preferent Claims against the Company;
- 1.2.42. **"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 20 November 2015;

- 1.2.43. **"Rand"** or **"R"** or **"ZAR"** means the lawful currency of South Africa;
- 1.2.44. **"Receivers"** shall mean Evans and Lightfoot who will from the Substantial Implementation Date act as the joint receivers for creditors to complete the implementation of the plan as provided herein;
- 1.2.45. **"RS Advisors"** means RS Advisors cc, Registration No. 2008/000968/23, a close corporation incorporated in accordance with the laws of South Africa;
- 1.2.46. **"SARS"** means the South African Revenue Services;
- 1.2.47. **"SARS Claims"** means all claims for Tax (in the broadest possible sense in which such term is utilised) of whatsoever nature and howsoever arising and includes levies, penalties and interest of whatsoever nature, whether assessed or not and irrespective of the date upon which the returns for such tax have been or are still to be submitted by the Company to SARS;
- 1.2.48. **"Secured Claims"** means those Claims against the Company that have been determined, calculated and admitted as secured as envisaged in the Insolvency Act;
- 1.2.49. **"Secured Creditors"** means creditors having Secured Claims against the Company;
- 1.2.50. **"Solidarity"** means the Solidarity Union, a trade union representing certain of the Employees;
- 1.2.51. **"South Africa"** means the Republic of South Africa;
- 1.2.52. **"Substantial Implementation Date"** means the date upon which the BRPs file with the CIPC a notice that all of those events contemplated in paragraph 20.4 and 21.4 have occurred whereupon Business Rescue will terminate;
- 1.2.53. **"Tax/Taxation"** means:
- 1.2.53.1. levies payable to government authorities;
 - 1.2.53.2. normal taxation;
 - 1.2.53.3. capital gains tax;
 - 1.2.53.4. value-added tax, including any amount due at the Commencement Date, or that become due as a result of the adoption and implementation of this Business Rescue Plan;

- 1.2.53.5. 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;
- 1.2.53.6. donations tax;
- 1.2.53.7. customs duty;
- 1.2.53.8. securities transfer tax;
- 1.2.53.9. DMR royalties;
- 1.2.53.10. all Pay-As-You-Earn taxation (PAYE) not paid over;
- 1.2.53.11. all other forms of taxation, other than deferred tax;
- 1.2.53.12. any penalties or interest on any of the foregoing;
- 1.2.54. "VAT" means the value-added tax levied in terms of the South African Value-Added Tax Act, No. 89 of 1991 as amended;
- 1.2.55. "VVP" means Vanchem Vanadium Products Pty Limited, Registration No. 1960/001900/06 (in business rescue);
- 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. DISCLAIMER

- 2.1. This Business Rescue Plan is published in compliance with the provisions of The Act within the time constraints provided for in terms of The Act. This document is provided solely for the information of Affected Persons to the Proceedings.
- 2.2. This Business Rescue Plan is confidential to the Affected Persons of the Company and prepared solely for the purpose(s) set out in The Act. No person may refer to or use the names of the BRPs or the Business Rescue Plan for any other purpose, disclose or refer to them in any prospectus or other document, or make them available or communicate them to any other party. No other party is entitled to rely on our Business Rescue Plan for any purpose whatsoever and the BRPs accept no duty of care or liability to any other party who is shown or gains access to this Business Rescue Plan.
- 2.3. **Affected Persons are advised to seek independent legal advice in order to consider the proposal as presented.**
- 2.4. This Business Rescue Plan is based upon information provided to the BRPs since the commencement of Proceedings by the Company, its management, Affected Persons and third parties.
- 2.5. In compiling this Business Rescue Plan the BRPs have accepted and relied on representations and the authenticity of documents provided to them. Should it become necessary to make representations, and documents referred to herein, admissible for Court purposes, the authors of the representations and documents would have to confirm these in the relevant Court processes should it become necessary.
- 2.6. Since their appointment the BRPs have undertaken preliminary investigations into the affairs of the Company pursuant to their statutory obligations. Their investigations have been limited due to the time constraints placed on them by The Act. There may therefore be certain issues that require additional investigation(s) for a final conclusion or determination

to be formed. Whilst we have set out our conclusions in this Business Rescue Plan arising from the investigations conducted to date, please note that a liquidator (if appointed) may undertake further detailed investigations into the affairs of the Company.

- 2.7. The statements and opinions expressed in this Business Rescue Plan are given in good faith and in the belief that such statements and opinions are not false or misleading. Should any new information become available between the date of this Business Rescue Plan and the date of any subsequent meetings or reports the BRPs reserve their right to alter any conclusions reached on the basis of that new information.
- 2.8. In preparing this Business Rescue Plan and formulating the proposals contained therein we have made the necessary forecasts with respect to asset realisations and the total value of Claims of Creditors. These forecasts and estimates may change as Assets are realised and Creditors prove their Claims against the Company. Whilst this Business Rescue Plan estimates the likely outcomes for Affected Persons, the forecasts are by their very nature uncertain and the ultimate outcome may therefor differ from the forecast contained in the Business Rescue Plan.
- 2.9. The BRPs reserve the right, should it come to their attention that material information has been withheld or additional information is brought to their attention, to amend this Business Rescue Plan.
- 2.10. For convenience, this document may have been made available in electronic as well as hard copy format. Multiple copies and versions of this document may, therefore, exist in different media. Only the final hard copy should be regarded as definitive.

3. SUMMARY OF BUSINESS RESCUE

3.1. 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 –

- 3.1.1. the temporary supervision of a company by one or more business rescue practitioners, and of the management of its affairs, business and property;
- 3.1.2. a temporary moratorium on the rights of claimants against a company or in respect of property in its possession; and
- 3.1.3. 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.

- 3.2. The following summary sets out the salient dates on which certain events have taken and will take place during Business Rescue –

EVENT	DATE
Board Resolution to commence Business Rescue filed at the CIPC	20 April 2015
BRPs appointed	21 April 2015
First Employees' Meeting	28 April 2015
First Creditors' Meeting	6 May 2015
First Creditors' Committee Meeting	26 May 2015
First Employees' Committee Meeting	7 October 2015
Second Creditors' Committee Meeting	15 October 2015
Third Creditors' Committee Meeting	10 November 2015
Business Rescue Plan published	20 November 2015
Meeting to consider the Business Rescue Plan (in terms of section 151 of the Companies Act)	30 November 2015

4. OBJECTIVE AND PURPOSE OF BUSINESS RESCUE

- 4.1. 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.
- 4.2. 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:
- 4.2.1. 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
 - 4.2.2. 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.

4.3. This Business Rescue Plan seeks to:

- 4.3.1. rescue the company by implementing the proposal set out herein; and
- 4.3.2. provide Affected Persons with information so that they may:
 - 4.3.2.1. assess the likely outcome of the dividend yield calculation under Business Rescue, as set out in paragraph 22 and
 - 4.3.2.2. be reasonably assured of the likelihood of obtaining a better outcome under Business Rescue for all Affected Persons, when compared to a liquidation (See paragraph 25) .

5. **STEPS TAKEN SINCE THE APPOINTMENT OF THE BRPS**

5.1. **ADMINISTRATIVE MATTERS**

5.1.1. Appointment of BRPs

The BRPs were appointed by CIPC on 21 April 2015.

5.1.2. Management Control

In terms of section 140(1)(a) of the Companies Act, the BRPs took over full management control of the Company in substitution for its board and pre-existing management, but as they were entitled to do, the BRPs delegated certain functions to some of the Directors who are part of the board and pre-existing Management. The functions taken by the BRPs to administer the affairs of the Company and to protect its assets, and to ascertain whether the Company could be rescued or whether it was necessary to dispose of certain of the Company's assets to achieve a better dividend for Creditors in Business Rescue as compared to the dividend that would accrue to Creditors and Employees on a liquidation.

5.1.3. Reporting to CIPC and Affected Persons.

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

5.1.4. 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) 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 24 November 2015.

5.1.5. Publication of Notice of Meeting and Business Rescue Plan

This Business Rescue Plan has been published to all Affected Persons on 20 November 2015 as follows:

- 5.1.5.1. via email or fax to all known Creditors, to the extent that the email addresses or fax numbers of known Creditors are available;
- 5.1.5.2. publication on the website of the Company; and
- 5.1.5.3. copies will be available at the registered office of the Company.

5.2. **LABOUR**

- 5.2.1. A first meeting with the Employees was convened on 29 April 2015.
- 5.2.2. At the first meeting of Employees of the Company, the employees were asked to make nominations for the establishment of an Employees' Committee, which nominations were received on 21 September 2015. One Employees Committee meeting was convened and we have had a number of meetings with NUMSA and Solidarity.
- 5.2.3. The customers of the Company, do not require ore at the present time, the BRP's have initiated shift changes and lay-off to reduce costs until production resumes.

5.3. **CREDITORS**

A first meeting of Creditors, as contemplated in section 145(1)(a) of the Companies Act, was convened on 6 May 2015 ("the First Meeting"). At the First Meeting:

- 5.3.1. the business rescue process was explained and possible outcomes were presented to the Creditors;
- 5.3.2. assistance was also given to the Creditors by providing answers to their various queries;
- 5.3.3. claims were submitted by Creditors; and
- 5.3.4. a Creditors' Committee was formed.

5.4. ADVISORS TO THE BRP'S

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

- 5.4.1. employment;
- 5.4.2. regulatory issues, including environmental compliance issues;
- 5.4.3. contractual disputes;
- 5.4.4. post-commencement agreements;
- 5.4.5. the Sales Process;
- 5.4.6. Claims against the Company; and
- 5.4.7. various issues arising out of the Business Rescue.

6. TRADING FOLLOWING THE COMMENCEMENT DATE

- 6.1. The company was not trading on the commencement date.
- 6.2. The BRP's entered into interim supply agreements with both of its existing customers EVRAZ Highveld and VVP, enabling the company to recommence mining and production.
- 6.3. During August 2015 both customers advised the BRP's that due to current market conditions specifically the prevailing steel and vanadium prices, that they no longer required the Company to supply them with ore. VVP repudiated its obligations to the Company in terms of this interim agreement and the Company accepted such repudiation. The BRPs have restructured operations to reduce costs whilst continuing to develop this Business Rescue Plan.

7. 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 –

7.1. 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. The section provides information on the assets and liabilities of the Company and estimates the dividends which the Creditors could receive on liquidation of a Company.

7.2. PART B - PROPOSALS

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

7.3. 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

8. COMPANY INFORMATION**8.1. Shareholding Structure**

As at the Publication Date the issued share capital of the Company comprises of 1000 (one thousand) no par value ordinary shares. MShareholding of the Company:

- 8.1.1. Evraz Highveld is an 74% shareholder of the Company;
- 8.1.2. Mapochs Mine Community Trust is a 3% shareholder of the Company; and
- 8.1.3. Umnotho Iron and Vanadium Pty Ltd is a 23% shareholder of the Company.

8.2. Directors

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

Name of Director*	Active or Resigned	Date of Appointment
JJ Nel (Chairman)	Active	2013/02/01
JD Molefe	Active	2011/05/24
MG Curror	Active	2012/02/24
J Bonnet (CFO)	Active	2013/03/06
ZM Nkosi	Active	2012/02/29
E Reato	Active	2011/11/23
J Nell (Alternative director)	Active	2013/08/20
J Valenta	Active	2011/11/23

- 8.2.2. The records of the Company are in the process of being updated by the 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
JJ Nel (Chairman)	Active	2013/02/01
JJ Fourie	Resigned	2015/09/30

Name of Director*	Active or Resigned	Date of Appointment/ Resignation
MG Curror	Resigned	2015/11/06
J Bonnet (CFO)	Active	2013/03/06
TG Molebatsi	Active	2015//04/14
E Reato	Active	2011/11/23
J Zitha	Active	2015//04/14
J Nell (Alternative director)	Active	2013/08/20

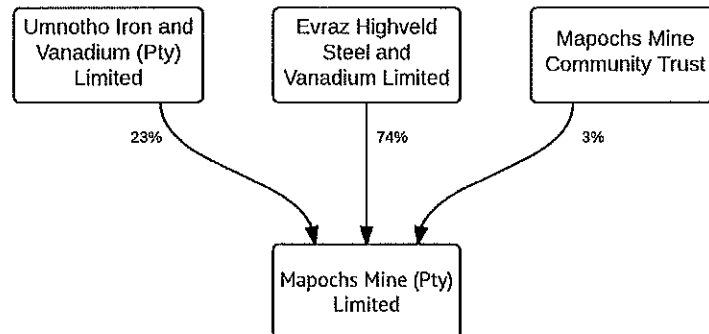
8.3. Company Information

Financial Year End:	31 December
Registered Business Address:	Old Pretoria Road Portion 93 of the Farm Schoongezicht 308 JS eMalahleni (Witbank)
Postal Address:	P.O. Box 111 Witbank 1035
Business Telephone Number:	013 273 5000
Business Fax Number:	013 273 5037
Accountants / Auditors:	Ernst and Young

9. COMPANY BACKGROUND

- 9.1. The Company was registered in 2008, under the registered name of Mapochs Mine Proprietary Limited with registration number 2008/009382/07, to explore and mine for minerals and carry all other business incidental thereto.
- 9.2. As at the Commencement Date, the Company employed 144 (one hundred and forty) permanent employees and 60 (sixty) contractors in the Roossenekal area near the Mine.

9.3. Simplified Group Organogram



In addition to the above VVP holds 'A' ordinary shares, which are non-participating (in profits or assets), but have veto voting rights in respect of decisions that if implemented would or is likely to result in the Company breaching or amending or postponing its obligation to the Rights of Access Mapochs and Fines Supply Agreement or result in affecting or altering its ability to perform thereunder or is likely to result in a non-profitable exploitation of the Mapochs Mine in each case in any manner detrimental to the A shareholders. The extent of the A shares rights are set out fully in the Company's Memorandum of Incorporation ("MOI") (a public document available from the CIPC and the BRPs).

9.4. Background to the Company's Financial Distress

The main reasons for the failure of the Company as set out in the affidavit of Jacques Bonnet supporting commencement of business rescue, are the following:

- 9.4.1. historical operational difficulties at the steelworks (Evrax Highveld) , the Company's main customer and sole shareholder;
- 9.4.2. the filing by Evraz Highveld for business rescue, which places in doubt the Company's ability to source funding that it historically obtained from Evraz Highveld;
- 9.4.3. the effect of the onerous supply agreement concluded with VVP.

10. **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 shown below. If any Affected Person requires a detailed schedule of these assets, please contact Michelle Scruse of Matuson & Associates at mapochs@matusonassociates.co.za.

List of Assets as at 31 March 2015

Property Plant and Equipment	Cost	Acc. Dep.	Carrying Value
Land	13 860 552	-	13 860 552
Improvements	91 179 524	-22 885 053	68 294 471
Plant and Machinery	42 845 541	-14 610 010	28 235 531
Mobile Equipment	4 936 811	-4 233 736	703 075
Equipment	27 626	-27 626	-
WIP	1 212 981		1 212 981
Total	154 063 035	-41 756 425	112 306 610

Inventory	Carrying Value
Work in Progress	8 777 592
Consumable Stores	17 550 863
Finished Products	58 038 347
Total	84 366 802

Trade Debtors	Carrying Value
Trade receivables	127 421 690.14

11. CREDITORS OF THE COMPANY AS AT THE COMMENCEMENT DATE

11.1. 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 A**.

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

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

11.2.2. whether they have submitted/proved their Claims.

	Aggregate per System	Aggregate per claims received	Voting interest
Total Pre commencement Creditors	208 407 596	188 373 576	226 765 095
Business Rescue Creditors			13 135 021
Total Creditors			239 900 116

12. PROOF OF CLAIMS BY CREDITORS

12.1. The exchange rate in respect of all Claims expressed in foreign currency will be determined as at the Commencement Date.

12.2. Creditors are required to lodge their Claims prior to the Final Claims Date for purposes of participating in the Distribution:

12.2.1. The BRPs or the Receivers, as the case may be, have a discretion as to whether to allow a Creditor to lodge any Claim after the Final Claims Date; and

12.2.2. Creditors that have lodged Claims after the Final Claims Date, and whose Claims have been accepted by the BRPs or the Receivers in the exercise of the BRPs' or the Receivers' aforesaid discretion, forfeit their right to participate in Distributions that have been made prior to the lodgement of their Claims.

- 12.3. Claims shall be proved to the satisfaction of the BRPs, as the case may be, and supported by an affidavit. If any Creditor requires the affidavit form, please contact Michelle Scruse of Matuson & Associates at mapochs@matusonassociates.co.za.
- 12.4. In the event that the BRPs, as the case may be, dispute a Claim or security, such disputed Claims will be dealt with in accordance with the Dispute Mechanism more fully set out in paragraph 13.

13. DISPUTE RESOLUTION

- 13.1. Reference in this paragraph to BRPs will include reference to Receivers.
- 13.2. Subject to paragraph 13.4, save as provided for in section 133 of the Companies Act, in respect of all or any disputes by the BRPs on Claims submitted by Creditor(s), PCF Creditors and Employees, which disputes include, but are not limited to, disputes on the existence or otherwise of Claim(s), on the quantum of Claim(s), security claimed by a Creditor, the nature of the security, the extent and value of the security and the like ("**the dispute**") the dispute may be resolved in accordance with the dispute mechanism outlined below ("**the Dispute Mechanism**").
- 13.3. The dispute mechanism procedure will be as follows:
 - 13.3.1. All creditors who have received notification from the BRPs of a dispute are within 15 days after the Final Claims Date, to contact the BRPs and to meet with the BRPs this with a view to attempt to reach agreement on the dispute.
 - 13.3.2. If the Creditor does not avail itself of this 15 day opportunity or if after having availed itself and the dispute is not resolved within the 15 day period, the Creditor will be afforded 7 days (reckoned from the date of expiry of the 15 days) to nominate one of the retired judges from the list below as an expert (not as an arbitrator or mediator) to preside over and to resolve the dispute. Should the Creditor not make this nomination the BRPs will do so on his/her/its behalf and this nomination will be binding on the Creditor(s). The list of these retired judges are:
 - 13.3.2.1. E. Goldstein;
 - 13.3.2.2. J. Kriegler;
 - 13.3.2.3. P. Blidon;
 - 13.3.2.4. J. Heher;
 - 13.3.2.5. T. Cloete; and

13.3.2.6. M. Joffe.

- 13.3.3. The retired judge when nominated and who agrees to accept such appointment (hereinafter referred to as the "**expert**") will be requested to endeavour to complete his mandate within 30 days of his appointment or within such further time period as the expert in his sole discretion may determine. To the extent that any expert as nominated by the Creditor or Employee/s refuses to act or is not available to act, the Creditor, or if he refuses or does not do so within three days of being requested by the BRPs to do so, the BRPs on his/her/its behalf is then obliged to choose another retired judge(s) from the above list until one such judge is available to act and is agreeable to act.
- 13.3.4. The expert will in his sole and absolute discretion determine:
- 13.3.4.1. the venue at which the dispute is to be resolved;
 - 13.3.4.2. the rules, regulations and procedures that will govern the determination of the dispute;
 - 13.3.4.3. the date(s) for the determination of the dispute;
 - 13.3.4.4. will give his award / determination within 5 days of the completion of the process as determined by him;
 - 13.3.4.5. will as part of his award / determination determine who is liable for the costs of the determination such costs to include his costs, legal costs, venue costs, recording equipment (if applicable), transcript of evidence (if applicable) and the like.
- 13.3.5. The Creditor/s agrees that, save for any manifest error the determination of the expert will be final and binding on the Creditor/s, the Company and the BRPs and will not be subject to any subsequent review or appeal application / procedure / process.
- 13.3.6. The expert shall be entitled at his discretion to make an award for costs.
- 13.3.7. The Creditor, the Employee/s, the Company and the BRPs undertake to use their utmost endeavours to ensure that the entire dispute is determined by the expert within the 30 day period as set out above.
- 13.3.8. To the extent necessary, should the BRPs be of the view that certain of the disputes, may be settled or compromised, the BRPs shall be authorised to settle and compromise any such dispute.

- 13.4. The BRPs may in their sole and absolute discretion decide that the dispute mechanism is not appropriate for resolving the dispute and/or that the application of the dispute mechanism may result in prejudice to any Creditor(s) or Employee(s) or the Company. In such event, the Creditor(s) or Employee(s) concerned shall be entitled in terms of 133 of the Companies Act to refer the dispute to Court and if an expert has already been nominated, such nomination shall lapse and be of no further force or effect.

14. CREDITORS VOTING INTEREST AND VOTING BY PROXY

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

14.1.1. 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

14.1.2. 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. In this regard the BRP's have assessed the voting rights of subordinated rights of creditors as follows:

- EHSV
- Mapochs Mine Community Trust
- Umnotho Iron and Vanadium (Pty) Ltd

- 14.2. A Creditor who has a Disputed Claim, contingent Claim, prospective Claim, damages or unliquidated Claim will only be allowed to vote as determined by the BRPs in their sole discretion.

- 14.3. Voting by proxy will only 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 17h00 on 27 November 2015.

- 14.4. 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.

- 14.5. Notwithstanding what has been stated in this paragraph, the BRPs have a discretion to accept any proxy submitted.

15. PROBABLE DIVIDEND ON LIQUIDATION

- 15.1. The BRPs engaged KPMG as independent experts to calculate the Commencement Date, potential dividend in a liquidation scenario.
- 15.2. 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 Scruse of Matuson & Associates at mapochs@matusonassociates.co.za.
- 15.3. 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.
- 15.4. 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.
- 15.5. The probable dividend which Concurrent Creditors would receive if the Company was to be liquidated as at the Commencement Date is 4.7 cents in the Rand.
- 15.6. The probable dividend in paragraph 15.5 takes into account the costs associated with a liquidation, as calculated in terms of Section 89 of the Insolvency Act.

16. HOLDERS OF THE COMPANY'S ISSUED SECURITIES

A list of the holders of the Company's issued securities is set out in paragraph 8.1 above

17. THE PRACTITIONERS' REMUNERATION

- 17.1. 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 1 367.
- 17.2. The Company is regarded as a large sized company as its public interest score exceeds 500.
- 17.3. To date, Evans and Lightfoot 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 754 per

hour to R3 000 per hour (excluding VAT), retrospectively, with effect from the date of their appointment.

- 17.4. With effect from the Substantial Implementation Date and for all or any services rendered by the BRPs in their capacities as Receivers, they will be paid out of cash in the Plan Fund R3,000.00 each per hour plus VAT, this in addition to all legal fees and other advisor costs incurred in administering the plan Fund and adjudicating the Claims of Creditors all of which will be paid out of cash in the Plan Fund.

18. **STATEMENT AS TO WHETHER THE BUSINESS RESCUE PLAN INCLUDES A PROPOSAL MADE INFORMALLY BY A CREDITOR**

This Business Rescue Plan is proposed by EHSV and does not include any informal proposals made by any other Creditor or Creditors of the Company.

PART B – PROPOSALS

19. MORATORIUM

In terms of the Companies Act, the commencement of Business Rescue places a moratorium on legal proceedings against the Company. The moratorium will remain in place until the BRPs file a notice of substantial implementation with the CIPC.

20. PROPOSED BUSINESS RESCUE PLAN

- 20.1. EHSV wishes to purchase from the Creditors their Claims for a total purchase consideration of R53 million (less the business rescue costs and expenses referred to in 20.3) and the proceeds of the payment referred to in 20.5 and its sub-paragraphs.
- 20.2. Pursuant hereto EHSV will, on or before 4 December 2015, pay R53 million to the Plan Fund into a bank account nominated by the BRPs. These funds are currently being held in trust at Edward Nathan Sonnenberg Inc for this purpose.
- 20.3. EHSV will pay this R53 million to acquire the Claims of the Creditors of the Company. On adoption of the plan the Claims of the Creditors, excluding EHSV own Claims, are irrevocably sold and ceded out and out to EHSV save that delivery and ownership and all other benefits in and to the Claims in the Claim will without further ado, formality or otherwise automatically pass from each of the Creditors to EHSV on payment of their proportionate distribution from the R53 million (after first deducting from the R53 million the unpaid business rescue costs and expenses estimated at R16 million).
- 20.4. The BRPs will on receipt of the R53 million end the business rescue proceedings whereafter the BRPs will act as Receivers for the Creditors to distribute the proceeds for the benefit of Creditors referred to in paragraph 20.5.
- 20.5. In addition to the above the Company hereby irrevocably agrees to pay to the Plan Fund into the bank account nominated by the Receivers, as soon as they receive it the following:
 - 20.5.1. Any distributions from EHSV pursuant to all claims it has against EHSV. EHSV has agreed to pay the proceeds of the distributions directly to the Plan Fund; and
 - 20.5.2. The proceeds of any payment(s) received from VVP pursuant to the claims the Company has against VVP; and

- 20.5.3. The proceeds of any VAT refunds from SARS in respect of the VAT returns for all periods up to 30 November 2015 (ie any refunds that became payable during the business rescue proceedings).
- 20.5.4. The balance of any cash generated by the BRPs from trading during business rescue which stands to the credit of the Company's bank accounts on the Adoption Date.
- 20.6. EHSV has a number of Claims against Mapochs. If it does not receive a dividend pursuant to their Claims this will increase the value of the distribution to the remaining Creditors by approximately 30%. Pursuant hereto and subject to the proviso at the end of this paragraph EHSV for purposes of increasing the distributions to Creditors (other than itself), EHSV agrees to waive any right or entitlement it has to receive any distribution from the BRPs (where apposite) and from the Receivers from the Plan Fund (on their appointment as such) this without prejudice to any other rights or entitlements EHSV holds in respect of those Claims: provided however this waiver excludes the claim EHSV has for repayment of monies (estimated to be about R6 million) for monies it has advanced to the Company after the Commencement Date and for any claims and expenses that EHSV has paid on the Company's behalf during Business Rescue. .
- 20.7. The anticipated contributions to the Plan Fund as set out above are estimated to total between R67 million and R74 million made up as follows:
 - 20.7.1. EHSV – R53 million
 - 20.7.2. EHSV business rescue distributions – R3 million to R5 million
 - 20.7.3. VVP Debt – R3 million to R8 million (given that it is business rescue)
 - 20.7.4. VAT refunds due – R8 million

21. ORDER OF DISTRIBUTION – PAYMENT WATERFALL IN BUSINESS RESCUE

- 21.1. The Plan Fund will be administered by the BRP's until substantial implementation and thereafter by them as Receivers for the Creditors.
- 21.2. Subject to the terms of this Business Rescue Plan the BRPs will make the following payments from the Plan Fund in the following order of preference and will be distributed as follows:
 - 21.2.1. all BRPs fees and disbursements; thereafter

- 21.2.2. the payment of the BRPs costs and expenses including, but not limited to, the costs of advisors, all unpaid trading liabilities, legal expenses, other creditor liabilities incurred during Proceedings; thereafter
- 21.2.3. Employees for their employment during Business Rescue (to the extent that they have not been paid for their services during Business Rescue);
- 21.2.4. Subject to the provisions of paragraph 21.4 above to the Creditors of the Company in proportion to their Claims.
- 21.3. Based on the information the BRPs have to date, the probable dividend which Concurrent Creditors should receive as a result of the adoption of the Business Rescue Plan, 34 cents to 40 cents in the Rand computed as follows:

	Worst Case		Best Case	
Plan fund - R millions				
Inflows	R	67.0	R	76.0
Outflows				
BR costs to 30 November 2015	R	-8.8	R	-8.8
Repayment of EHSV advance	R	-5.2	R	-5.2
Receiver Costs	R	-0.8	R	-0.8
	R	<u>52.2</u>	R	<u>61.2</u>
Creditors - R millions				
Total	R	226.7	R	226.7
Less :				
EHSV	R	-55.7	R	-55.7
SARS	R	<u>-18.0</u>	R	<u>-18.0</u>
	R	<u>153.0</u>	R	<u>153.0</u>
Dividend - Cents in the Rand		34.12		40.00

21.4. **Timing of distributions:**

- 21.4.1. The Receivers will distribute proportionally R18 million to known Creditors whose Claims have been accepted within 14 days of the later of adoption of the Business Rescue Plan and/or acceptance of the Claim; and
- 21.4.2. A second distribution will be paid within 14 days of the Final Claims Date; and
- 21.4.3. The final distributions will be paid once all claims have been adjudicated.

21.5. Trading post business rescue

- 21.5.1. EHSV have advised the BRPs that they have secured and set aside the requisite funding to advance monies to the Company to cover any short term funding shortfalls that may materialise post business rescue.
- 21.5.2. EHSV have further indicated that if the business rescue of EHSV is implemented, further capital will be advanced to the Company to fund capital expenditure and exploration.
- 21.5.3. EHSV in their offer to rescue the Company, have stated their intention to supply VVP on the same terms and conditions as set out in the Right of Access to Mapochs and Fines Supply Agreement.

22. CONDITIONS PRECEDENT

The Business Rescue Plan is subject to fulfilment of the following conditions precedent:

- 22.1. Adoption of the plan by Creditors as required in terms of Section 152 (a & b); and
- 22.2. Payment of the R53 million by EHSV to the Plan Fund on or before 4 December 2015.

23. EFFECT ON CREDITORS

- 23.1. The proposal contained in this arrangement seeks to regulate the terms of the purchase of all the claims of creditors by EHSV. The amounts due to the Creditors of the Company and the rights of all Creditors shall be limited to the right to claim payment in terms of this Business Rescue Plan and no Creditor shall have any other Claim against the Company pursuant to the adoption of this Business Rescue Plan¹.
- 23.2. Upon implementation of this Business Rescue Plan as provided for in Chapter 6 of the Act:
 - 23.2.1. a person, legal and/or natural and a Creditor is not entitled to enforce any debt owed by the Company immediately prior to the Commencement Date except to the extent provided for in this Business Rescue Plan
 - 23.2.2. Each Creditor, on receipt of the distributions contemplated herein, will have ceded and assigned to EHSV their Claims against the Company. The Company will thus have no liability to any person, Creditors, actual, contingent or prospective for any monies and/or losses, damages and/or the like other than

¹Section 152(4) and Section 154(2) of The Act

to EHSV in respect of existing Claims and the Claim acquired in terms of this Plan;

23.3. This business rescue plan is conditional upon the Company fully meeting its obligations to Creditors as set out in this Business Rescue Plan. In the event of any breach by the Company of its obligations to Creditors in terms of the Business Rescue Plan, or in the event the Company is placed in liquidation before the obligations to Creditors have been discharged, the full balance due to Creditors in terms of their original claims against the Company shall immediately become due, owing and payable by the Company to the Creditors.

23.4. **Damages**

23.4.1. In respect of any Creditors claim for losses or damages, whether contractual or delictual, against the Company, and such losses or damages Claims be accepted by the BRPs or proved by way of the Dispute Mechanism or is fixed by Court Order or similar proceedings, such damages Claims:

23.4.1.1. shall be a concurrent Claim, and treated as such unless the Creditor holds security for such claim;

23.4.1.2. 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;

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

23.4.1.4. if disputed, will be resolved in terms of the Dispute Mechanism, detailed in paragraph 13.

23.5. **Taxes**

23.5.1. Until the business rescue proceedings are terminated on one of the grounds set out in Section 132(2) of the Companies Act, the BRPs undertake that the Company shall ensure that all tax obligations for which the company is liable for

prior to and up to the Substantial Implementation Date (including the filing of returns and payment of outstanding taxes) will be complied with.

- 23.5.2. Any assessed loss will be subject to and dealt with in accordance with the provisions of the tax laws of South Africa, subject to any objection, appeal or any other available dispute resolution procedures or remedies available to the Company or the BRPs.
- 23.5.3. No Claims will be compromised in terms of this Business Rescue Plan as the adoption and implementation of the Plan will not create any obligation to make any payment to SARS in terms of Section 22 of the VAT act.
- 23.5.4. The BRPs acknowledge that, notwithstanding the above in the event that any VAT liability arises as a result of a compromise of debts in terms of this plan, that liability will occur after the Commencement Date and as such, is not subject to compromise and is payable in full. The BRPs warrant that provision for any VAT liability triggered in terms of section 22 of the VAT Act 89 of 1991 has been made and will be settled by the Company.

24. EFFECT OF THE BUSINESS RESCUE PLAN ON THE HOLDERS OF EACH CLASS OF THE COMPANY'S ISSUED SHARES

- 24.1. The rights of shareholders will not be altered by this plan.

25. COMPARISON OF THE BUSINESS RESCUE TO LIQUIDATION

- 25.1. The following table sets out a comparison of the outcomes that are likely to arise under the Business Rescue as compared to a liquidation (the liquidation calculation is based on the information provided in KPMG's liquidation calculation):

Class of creditor	Liquidation	Business Rescue
Secured	100 cents	100 cents
Business Rescue / PCF Creditors	N/A	100 cents
Employees	26 cents	100 cents
Concurrent creditors	4.7cents	34 to 40 cents

26. **BENEFITS OF ADOPTING THE BUSINESS RESCUE PLAN COMPARED TO LIQUIDATION**

The benefits to Creditors of adopting the Business Rescue Plan compared to a liquidation are as follows:

- 26.1. The Business Rescue should result in a significantly better return to creditors.
- 26.2. The average time it takes to conclude a liquidation process can be between 18 – 24 months, or longer depending on the complexity of the estate. Given the complexity of the Company, it is likely that a liquidation would last longer than 24 months with limited ability to pay an interim dividend to concurrent Creditors.
- 26.3. Rescue of the Business, will have a significant effect on the Roosenekal community which is dependent on the Mapochs Mine for much of its lively hood.
- 26.4. **Employees**
 - 26.4.1. The Business Rescue Plan does not contemplate any retrenchments nor any further changes to the current employment terms and conditions
 - 26.4.2. In a liquidation:
 - 26.4.2.1. all jobs will be lost immediately unless the liquidator agrees to continue trading against an indemnity. In the current circumstances, it is highly unlikely that a liquidator would agree to continue trading or that a liquidator would be indemnified against trading losses;
 - 26.4.2.2. Employees would be entitled to receive a maximum preferent amount of R28 000.00 (twenty eight thousand rand) per staff member, to the extent that there are funds available for any remaining claims of participating concurrent creditors; and
 - 26.4.2.3. Employees will only receive payment once the final liquidation and distribution account has been approved at the end of the liquidation process.
- 26.5. **Fees**
 - 26.5.1. The BRPs submit that the entire costs of the Business Rescue will be significantly lower than the liquidation costs. The estimated fees a liquidator would be entitled to in terms of the liquidation calculation prepared by KPMG is approximately R7.6 million based on the realisation of the assets.

26.6. SARS

SARS ranks as a Concurrent Creditor under Business Rescue, whereas, under liquidation, SARS would rank as a preferent creditor.

27. RISKS OF THE BUSINESS RESCUE

27.1. Notwithstanding what has been stated in this Business Rescue Plan, the Business Rescue and the amount which Creditors could receive in terms of the Business Rescue may be adversely affected by, *inter alia*, the following factors:

- 27.1.1. the fulfilment of the conditions precedent in terms of the Proposed Transaction taking longer than expected and/or the Proposed Transaction failing for any reason;
- 27.1.2. unforeseen litigation of any nature whatsoever, howsoever arising, from any cause of action whatsoever;
- 27.1.3. Compliance with environmental and regulations and claims arising out of historical non-compliance.
- 27.1.4. unforeseen damages claims arising from the cancellation of any contracts or agreements of any nature whatsoever, howsoever arising;
- 27.1.5. any changes in legislation that impact Business Rescue;
- 27.1.6. any challenges to this Business Rescue Plan, the rejection thereof or any amendments thereto;
- 27.1.7. any regulatory challenges of any nature whatsoever, howsoever arising;
- 27.1.8. any unforeseen circumstances, outside of the control of the BRPs of any nature whatsoever howsoever arising that impacts on Business Rescue;
- 27.1.9. material discrepancies in the information made available to the BRPs by the Directors and senior management;
- 27.1.10. any operational risks including but not limited to a change in mining method or unforeseen geological challenges;
- 27.1.11. inherent risks in the mining industry;
- 27.1.12. economic conditions worsen effecting Evraz Highveld or VVP; and

- 27.1.13. any change of control would require the approval from the Minister in terms of Section 11 of the MPRD Act.
- 27.2. It should be noted that, in the unlikely event of an immediate liquidation of the Company, the risks set out in this paragraph 27 would still apply.

PART C – ASSUMPTIONS AND CONDITIONS

28. CIRCUMSTANCES IN WHICH THE BUSINESS RESCUE WILL END AND THE TERMINATION OF BUSINESS RESCUE

28.1. The Business Rescue will end –

- 28.1.1. if the Business Rescue Plan is proposed and rejected and no Affected Person or Affected Persons act to extend the Business Rescue Plan in any manner contemplated by the Companies Act; or
- 28.1.2. this Business Rescue Plan is adopted and implemented (with the suspensive conditions fulfilled) and when the BRPs have filed a notice of substantial implementation of the Business Rescue Plan with the CIPC; or
- 28.1.3. a High Court orders the conversion of the Business Rescue into liquidation proceedings.

29. CONDITIONS FOR THE BUSINESS RESCUE PLAN TO BE SUBSTANTIALLY IMPLEMENTED

- 29.1. Substantial implementation will be deemed to have occurred when the conditions precedent referred to above have been fulfilled.
- 29.2. The Plan will be fully implemented when the BRPs have adjudicated all claims and paid all outstanding business rescue costs and distributed all available proceeds to creditors and the Receivers have paid the Creditors their entitlements to payments in terms of the provisions of this Plan.

30. EFFECT OF THE BUSINESS RESCUE PLAN ON EMPLOYEES

All employees will remain in the employment of the Company with no change to their terms and conditions being envisaged in this Plan

31. PROJECTED BALANCE SHEET AND PROJECTED STATEMENT OF INCOME AND EXPENSES PREPARED ON THE ASSUMPTION THAT THE BUSINESS RESCUE PLAN IS ADOPTED

The projected balance sheet, income statement and cash flows, are attached as **Annexure B**.

32. **EXISTING LITIGATION**

The BRPs are not aware of any existing litigation as at the Publication Date.

33. **ABILITY TO AMEND THE BUSINESS RESCUE PLAN**

33.1. Provided that any amendment will not be prejudicial to any of the Affected Persons, the BRPs shall have the ability, in their sole and absolute discretion, to amend, modify or vary any provision of this Business Rescue Plan, provided that at all times the BRPs act reasonably. The amendment will be deemed to take effect on the date of written notice of the amendment to all Affected Persons.

33.2. It is specifically recorded that the provisions of paragraph 33 shall *mutatis mutandis* apply to the extension or reduction of any timeframes by the BRPs.

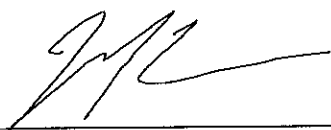
34. **SEVERABILITY**

Any provision in this Business Rescue Plan which is or may become illegal, invalid or unenforceable shall be ineffective to the extent of such prohibition or unenforceability and shall be treated *pro non scripto* and severed from the balance of this Business Rescue Plan, without invalidating the remaining provisions of this Business Rescue Plan or affecting the validity or enforceability of such provision in any other jurisdiction.

35. BRPS' CERTIFICATE

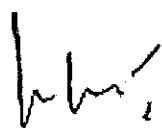
35.1. We, the undersigned, John Evans and John Lightfoot, hereby certify to the best of our knowledge and belief that –

- 35.1.1. any actual information provided herein appears to be accurate, complete and up to date;
- 35.1.2. the BRPs have relied on financial information including opinions and reports furnished to them by Management;
- 35.1.3. any projections provided are estimates made in good faith on the basis of factual information and assumptions as set out herein;
- 35.1.4. in preparing the Business Rescue Plan, the BRPs have not undertaken an audit of the information provided to them by Management and by the Company's auditors, although where practical, the BRPs have endeavoured to satisfy themselves of the accuracy of such information.



John Evans, in his capacity as the appointed joint
business rescue practitioner (in terms of the Companies Act)

Date: 20 November 2015



John Lightfoot, in his capacity as the appointed joint
business rescue practitioner (in terms of the Companies Act)

Date: 20 November 2015

Annexure A:

Vendor Name	Status	Related	Total - Mapochs records	Claim Submitted	Voting Interest	Voting %
Evraz Highveld Steel And Vandium	Concurrent	Yes	57 082 790	55 783 730	55 783 730	23.3%
Sandton Plant Hire (Pty) Ltd	Concurrent	No	44 021 775	42 087 223	42 087 223	17.5%
Blasting & Excavating (Pty) L	Concurrent	No	28 255 253	28 255 253	28 255 253	11.8%
Sars Royalties	Concurrent	No	18 991 322	-	18 991 322	7.9%
Vanchem Vanadium Products (Pty) Ltd	Concurrent	No	313 674	18 393 239	18 393 239	7.7%
SARS VAT	Concurrent	No	18 090 086	-	18 090 086	7.5%
Shell South Africa Refining (Pty) L	Concurrent	No	5 718 252	5 708 655	5 708 655	2.4%
Africa Truck Hire (Pty) Ltd	Concurrent	No	2 641 696	2 641 696	2 641 696	1.1%
Thorburn Security Solutions (Northe	Concurrent	No	2 632 499	2 611 596	2 611 596	1.1%
Autumn Storm Investments 134 (Pty)	Concurrent	No	920 593	2 112 550	2 112 550	0.9%
Ja Du Tiot And Snr Council	Concurrent	No	608 417	1 808 100	1 808 100	0.8%
Mukundi Mining Resources	Concurrent	No	-	1 426 390	1 426 390	0.6%
Veyance Technologies Sa (Pty) Ltd	Concurrent	No	1 085 518	1 108 199	1 108 199	0.5%
Fraser Alexander Tailings (Pty) Ltd	Concurrent	No	1 850 426	1 017 656	1 017 656	0.4%
Renold Crofts (Pty) Ltd	Concurrent	No	151 606	960 945	960 945	0.4%
Hire Engineering & Construction Cc	Concurrent	No	988 778	910 662	910 662	0.4%
Stimela Rail Construction (Pty) Ltd	Concurrent	No	887 329	908 460	908 460	0.4%
Nedbank Ltd	Concurrent	No	880 000	880 000	880 000	0.4%
Diamond Hill Trading 67	Concurrent	No	953 000	793 350	793 350	0.3%
Advance Seed (Pty) Ltd	Concurrent	No	896 553	719 625	719 625	0.3%
Eugene Pretorius And Associates (Pt	Concurrent	No	755 723	679 079	679 079	0.3%
Dredging Solutions (Pt) Ltd	Concurrent	No	622 230	622 230	622 230	0.3%
Industrial Locomotive Service Cc	Concurrent	No	610 527	610 527	610 527	0.3%
A Reyeng Roossenekal (Pty) Ltd	Concurrent	No	723 566	596 371	596 371	0.2%
Magnum Metals	Concurrent	No	869 208	578 386	578 386	0.2%
Eskom	Concurrent	No	549 039	576 899	576 899	0.2%
Vibramech (Pty) Ltd	Concurrent	No	653 226	550 888	550 888	0.2%
F & K Engineering Cc	Concurrent	No	550 506	540 770	540 770	0.2%
Sgs South Africa (Pty) Ltd	Concurrent	No	507 870	526 153	526 153	0.2%
Kpmg Inc	Concurrent	No	530 419	478 091	478 091	0.2%
Mine And Quarry Supplies (Pty) Ltd	Concurrent	No	397 242	472 030	472 030	0.2%
Metso Mining And Construction Sa (P	Concurrent	No	451 696	468 291	468 291	0.2%
Bearing Man (Pty) Ltd	Concurrent	No	465 013	452 370	452 370	0.2%
Avis Forklift Centre	Concurrent	No	366 902	446 214	446 214	0.2%
Osborn Engineered Products Sa (Pty)	Concurrent	No	456 776	445 358	445 358	0.2%
Fraser Alexander Water Treatment	Concurrent	No	485 184	424 536	424 536	0.2%
Budgie Shearer Enterprises Cc	Concurrent	No	84 350	416 657	416 657	0.2%
De Kaap Electrical Cc	Concurrent	No	384 593	384 593	384 593	0.2%
Omnia Fertilizer Div Of Omnia Group	Concurrent	No	347 335	367 949	367 949	0.2%
Occupational Care South Africa (Pty	Concurrent	No	763 230	357 367	357 367	0.1%
Prisma Training Solutions Pty Ltd	Concurrent	No	-	356 797	356 797	0.1%
Thatule Trading Cc	Concurrent	No	348 000	348 000	348 000	0.1%

Vendor Name	Status	Related	Total - Mapochs records	Claim Submitted	Voting Interest	Voting %
Ask Catering Supplies Cc	Concurrent	No	288 894	344 785	344 785	0.1%
Lethiba Construction And Projects	Concurrent	No	372 048	337 848	337 848	0.1%
Moholi Mining Supplies	Concurrent	No	300 289	326 506	326 506	0.1%
Komatsu Southern Africa (Pty) Ltd	Concurrent	No	378 142	314 675	314 675	0.1%
Golder Associates Africa (Pty) Ltd	Concurrent	No	292 937	292 937	292 937	0.1%
Sterling Plastics Cc	Concurrent	No	287 903	280 447	280 447	0.1%
Magnitech Pty Ltd	Concurrent	No	-	276 156	276 156	0.1%
Coninghamlee & Associates	Concurrent	No	-	273 660	273 660	0.1%
Kluber Lubrication (Pty) Ltd	Concurrent	No	272 341	272 341	272 341	0.1%
Afrox Witbank	Concurrent	No	53 032	259 864	259 864	0.1%
Sw Africa Fencing Construction &	Concurrent	No	258 735	258 735	258 735	0.1%
Ernest Lowe Trading	Concurrent	No	250 206	249 349	249 349	0.1%
Electro Field Services	Concurrent	No	202 078	233 143	233 143	0.1%
Builders Market (Pty) Ltd [Middelbu	Concurrent	No	225 057	219 673	219 673	0.1%
Improchem (Pty) Ltd	Concurrent	No	218 681	218 681	218 681	0.1%
Life Occupational Health	Concurrent	No	212 576	212 576	212 576	0.1%
Consolidated Safety Equipment Distr	Concurrent	No	199 342	208 295	208 295	0.1%
Billion Belt Scrapers Cc	Concurrent	No	145 327	201 301	201 301	0.1%
Gkd Buismet Sa (Pty) Ltd	Concurrent	No	187 416	187 416	187 416	0.1%
Gilbarco Afs (Pty) Ltd	Concurrent	No	653 589	185 123	185 123	0.1%
Phakamani - Mapochs	Concurrent	No	184 512	-	184 512	0.1%
Inprint Printers Cc	Concurrent	No	176 088	176 088	176 088	0.1%
Conway Johnson	Concurrent	No	164 080	171 987	171 987	0.1%
Oe Bearings (Pty) Ltd	Concurrent	No	157 086	157 086	157 086	0.1%
Jcs Scales	Concurrent	No	185 250	151 392	151 392	0.1%
Maleboko Precision Engineer (Ltd) L	Concurrent	No	258 141	148 158	148 158	0.1%
C & E Engineering (Pty) Ltd	Concurrent	No	144 750	144 750	144 750	0.1%
Trek Scale Company (Pty) Ltd	Concurrent	No	169 396	144 054	144 054	0.1%
Media Works	Concurrent	No	222 557	143 348	143 348	0.1%
Universal Rigging & Moving	Concurrent	No	141 477	-	141 477	0.1%
Trentyre Earthmover Division	Concurrent	No	226 096	138 741	138 741	0.1%
Sekhukhune District Municipality	Concurrent	No	136 735	136 735	136 735	0.1%
Pauls Laundry Services	Concurrent	No	141 649	133 887	133 887	0.1%
New Communications Cc	Concurrent	No	131 732	131 413	131 413	0.1%
Lintec Engineering (Pty) Ltd	Concurrent	No	137 434	130 371	130 371	0.1%
Jb Manok Building Construction Cc	Concurrent	No	122 795	128 951	128 951	0.1%
Barloworld Equipment	Concurrent	No	127 933	-	127 933	0.1%
Replacement Spares Unlimited Cc	Concurrent	No	127 608	127 608	127 608	0.1%
Screenex Manufacturing (Pty) Ltd	Concurrent	No	124 659	-	124 659	0.1%
Thalia Optometrists Ta Specsavers	Concurrent	No	-	124 530	124 530	0.1%
Weir Minerals Africa (Pty) Ltd	Concurrent	No	87 025	123 752	123 752	0.1%
Thorburn Technical Solutions (North	Concurrent	No	122 283	122 283	122 283	0.1%
The Handy Gardener	Concurrent	No	147 500	118 000	118 000	0.0%
Decamart (Pty) Ltd	Concurrent	No	111 616	111 616	111 616	0.0%

Vendor Name	Status	Related	Total - Mapochs records	Claim Submitted	Voting Interest	Voting %
Flsmidth South Africa (Pty) Lt	Concurrent	No	92 516	92 516	92 516	0.0%
Nashua Mpumalanga	Concurrent	No	137	88 393	88 393	0.0%
Nicor Construction	Concurrent	No	-	87 837	87 837	0.0%
Vosstoffel Edms Bpk	Concurrent	No	80 137	83 287	83 287	0.0%
D P Enterprises	Concurrent	No	83 023	83 023	83 023	0.0%
Kutting Mpumalanga	Concurrent	No	62 642	82 020	82 020	0.0%
Bearings International (Pty) Ltd A	Concurrent	No	72 850	72 850	72 850	0.0%
Masstores (Pty) Ltd T/A Makro	Concurrent	No	170 881	72 528	72 528	0.0%
Eastvaal Motors (Pty) Ltd	Concurrent	No	70 204	70 204	70 204	0.0%
Sheltam (Pty) Ltd	Concurrent	No	61 786	-	61 786	0.0%
Chamber Of Mines Of Sa	Concurrent	No	57 283	57 283	57 283	0.0%
Letaba Dewatering A Div Of Set Poin	Concurrent	No	57 000	-	57 000	0.0%
Fuchs Lubricants Sa (Pty) Ltd	Concurrent	No	54 928	-	54 928	0.0%
Sanitech - Steelpoort	Concurrent	No	54 597	-	54 597	0.0%
Mars Investment Cc T/A Moosa Superm	Concurrent	No	51 902	-	51 902	0.0%
Always Towing And Panelbeating Cc	Concurrent	No	50 730	50 730	50 730	0.0%
Witbank Electrical Wholesalers (Pty	Concurrent	No	51 539	50 154	50 154	0.0%
Brelko Conveyor Products (Pty) Ltd	Concurrent	No	47 613	47 613	47 613	0.0%
Zz Del G4S Security Services Sa (Pt	Concurrent	No	46 055	-	46 055	0.0%
B-Logic Verification Agency	Concurrent	No	-	45 600	45 600	0.0%
Midwit Diesel En Olie Bk	Concurrent	No	67 121	43 755	43 755	0.0%
Mpumalanga Communication Services	Concurrent	No	40 562	40 562	40 562	0.0%
Bearing Man Group (Pty) Ltd	Concurrent	No	38 607	-	38 607	0.0%
Loskop Radio Comms Ck	Concurrent	No	36 021	36 021	36 021	0.0%
Yakha Guest House	Concurrent	No	38 048	35 619	35 619	0.0%
Wasa (Pty) Ltd	Concurrent	No	35 528	35 528	35 528	0.0%
Mpumalanga Crane Services Cc	Concurrent	No	34 955	34 955	34 955	0.0%
Mohlare Koma High School	Concurrent	No	34 000	-	34 000	0.0%
Trrc Nutrition Cc	Concurrent	No	31 928	32 076	32 076	0.0%
Eskom Holdings Ltd - Northern Regio	Concurrent	No	7 512	32 007	32 007	0.0%
Macsteel Vrn-A Div Of Macsteel Serv	Concurrent	No	31 377	31 486	31 486	0.0%
Nj Mnisi Enterprises	Concurrent	No	30 153	-	30 153	0.0%
Metrofile	Concurrent	No	29 507	-	29 507	0.0%
Hytex	Concurrent	No	28 700	-	28 700	0.0%
Maycon Electrical Cc	Concurrent	No	28 541	28 541	28 541	0.0%
Pencox Auto Air Cc	Concurrent	No	26 663	-	26 663	0.0%
Dual Couplers Cc	Concurrent	No	25 251	-	25 251	0.0%
Lowveld Compressor Services	Concurrent	No	23 146	23 146	23 146	0.0%
Jcb Vleis (Edms) Bpk T/A Hygienic V	Concurrent	No	20 175	22 984	22 984	0.0%
Zz Del Metso Minerals Sa (Pty) Ltd	Concurrent	No	22 318	-	22 318	0.0%
Goldquest International Hydraulics Sa	Concurrent	No	-	21 010	21 010	0.0%
The U Joint & Cv Joint Centre	Concurrent	No	20 298	-	20 298	0.0%
Midnight Engineering & Machine Part	Concurrent	No	20 064	20 064	20 064	0.0%
Zz Del Waco Africa-Sgb Division (Wi	Concurrent	No	19 517	-	19 517	0.0%

Vendor Name	Status	Related	Total - Mapochs records	Claim Submitted	Voting Interest	Voting %
Consolidated Water Conditioning Sa	Concurrent	No	18 449	-	18 449	0.0%
Highveld Radio And Appliances Ta The Discounter	Concurrent	No	18 393	18 393	18 393	0.0%
Henmar Properties Cc	Concurrent	No	17 680	18 240	18 240	0.0%
Conveyor Hose Witbank A Div Of Inmi	Concurrent	No	14 777	14 777	14 777	0.0%
Mpumalanga Transformer Services	Concurrent	No	14 159	14 159	14 159	0.0%
Transfire (Pty) Ltd	Concurrent	No	13 090	-	13 090	0.0%
Midas	Concurrent	No	12 865	-	12 865	0.0%
Howson Ramsden	Concurrent	No	12 840	-	12 840	0.0%
The Waste Group (Pty) Ltd	Concurrent	No	49 244	12 654	12 654	0.0%
Man Dirk (Pty) Ltd	Concurrent	No	12 457	12 649	12 649	0.0%
Mpower Bearings (Pty) Ltd	Concurrent	No	11 970	11 970	11 970	0.0%
Krabo Locksmiths Cc	Concurrent	No	10 370	11 761	11 761	0.0%
Sizwe Forms And Printing (Pty) Ltd	Concurrent	No	11 229	-	11 229	0.0%
Delta Health And Safety Equipment	Concurrent	No	11 008	-	11 008	0.0%
Intelligence Transfer Centre Cc	Concurrent	No	10 259	10 259	10 259	0.0%
Avlock International (Pty) Ltd	Concurrent	No	12 203	10 197	10 197	0.0%
Nordbak (Pty) Ltd	Concurrent	No	9 941	-	9 941	0.0%
Auto Fuel (Pty) Ltd (Rand Trust Sec	Concurrent	No	9 763	-	9 763	0.0%
Powermite Africa - A Div. Of Hudaco	Concurrent	No	9 576	-	9 576	0.0%
John Crane (Pty) Ltd	Concurrent	No	8 646	8 646	8 646	0.0%
Ruschem Cc	Concurrent	No	7 524	7 524	7 524	0.0%
Eskom Holdings Limited	Concurrent	No	6 525	7 382	7 382	0.0%
Highveld Signs Cc	Concurrent	No	6 202	6 202	6 202	0.0%
Ambu Training Bk	Concurrent	No	6 184	-	6 184	0.0%
Ns Clinical Technologies (Pty) Ltd	Concurrent	No	5 919	5 954	5 954	0.0%
Globe Witbank	Concurrent	No	5 152	5 152	5 152	0.0%
S Buys Scriptwise (Pty) Ltd	Concurrent	No	10 913	4 655	4 655	0.0%
Regma Sa (Pty) Ltd	Concurrent	No	4 510	4 510	4 510	0.0%
Ikhwezi Fleet Services (Pty) Ltd	Concurrent	No	4 332	4 332	4 332	0.0%
Sunfox 106 Cc T/A Execuair	Concurrent	No	3 477	-	3 477	0.0%
King Mabhoko Lodge Cc	Concurrent	No	3 460	-	3 460	0.0%
Ms Components Cc	Concurrent	No	3 397	3 387	3 387	0.0%
Mechaniquip Cc	Concurrent	No	3 384	3 384	3 384	0.0%
Salomie Klingbiel	Concurrent	No	-	3 150	3 150	0.0%
Thatchers Guest House	Concurrent	No	2 668	2 668	2 668	0.0%
Steiner Hygiene (Pty) Ltd	Concurrent	No	2 600	2 586	2 586	0.0%
Bearing Services Witbank	Concurrent	No	2 255	-	2 255	0.0%
Sebenza Supplies Cc	Concurrent	No	2 133	-	2 133	0.0%
Carmica Medical Distributors Cc	Concurrent	No	2 052	2 052	2 052	0.0%
Gundle Plastall (Pty) Ltd A Div Of	Concurrent	No	1 623	-	1 623	0.0%
Altech Netstar	Concurrent	No	1 258	-	1 258	0.0%
Tractor Grader Supplies Cc	Concurrent	No	1 095	-	1 095	0.0%
			208 470 596	188 373 579	226 765 096	

Post Commencement Creditors

Vendor Name	Status	Related	Total - Mapochs records	Claim Submitted	Voting Interest	Voting %
Evrax Highveld Steel And Vandium	BR Creditor	Yes			5 179 660	2.2%
Sandton Plant Hire (Pty) Ltd	BR Creditor	No			3 200 000	1.3%
Fluzmans Attorneys	BR Creditor	No			500 000	0.2%
Thorburn Security Solutions (Northe	BR Creditor	No			585 000	0.2%
Trek Scale Company (Pty) Ltd	BR Creditor	No			27 500	0.0%
A Reyeng Roossenekal (Pty) Ltd	BR Creditor	No			25 000	0.0%
Kpmg	BR Creditor	No			330 600	0.1%
Telkom	BR Creditor	No			18 000	0.0%
Life Occupational Health	BR Creditor	No			55 000	0.0%
Fraser Alexander Water Treatment	BR Creditor	No			120 000	0.1%
News Communications	BR Creditor	No			40 000	0.0%
Epa Survey	BR Creditor	No			18 000	0.0%
Weir Minerals	BR Creditor	No			330 000	0.1%
Local Councils	BR Creditor	No			45 000	0.0%
Phakamani - Mapochs	BR Creditor	No			45 000	0.0%
Eskom	BR Creditor	No			150 000	0.1%
Fluxmans Attorneys	BR Creditor	No			500 000	0.2%
Pauls Laundry Services	BR Creditor	No			1 212	0.0%
Yanka Laboratories	BR Creditor	No			58 117	0.0%
Elias Motswaledi (Rates & Taxes)	BR Creditor	No			49 632	0.0%
Sekhukhune District Municipality	BR Creditor	No			40 800	0.0%
SARS - November PAYE	BR Creditor	No			621 500	0.3%
Employees - Pension & provident contributions November	BR Creditor	No			535 000	0.2%
Employees - Medical Aid contributions November	BR Creditor	No			465 000	0.2%
Employees - Other deductions	BR Creditor	No			195 000	0.1%
					13 135 021	

Shareholders Loans

Vendor Name	Status	Related	Total - Mapochs records	Claim Submitted	Voting Interest	Voting %
Evrax Highveld Steel	Subordinated	Yes	1 680 503 248		-	0.0%
Umntho weSizwe (Pty) Ltd	Subordinated	No	64 773 145		-	0.0%
Mapochs Mine Comm Trust	Subordinated	No	53 977 621		-	0.0%

TOTAL Voting Interest**239 900 116**

Annexure B**Mapochs Mine (Pty) Ltd.
Income Statement**

All values denoted in R'000

	Dec-16	Dec-17	Dec-18
Sales	438 564	639 143	675 587
Lumpy Ore	199 633	405 805	428 944
Fines Ore	238 931	233 338	246 643
Cost of Sales	(347 539)	(540 676)	(574 383)
Production cost	(253 724)	(434 064)	(460 901)
Auxiliary material			
Fuel	(44 835)	(78 978)	(83 914)
Auxiliary materials	(16 063)	(28 295)	(30 063)
Energy			
Electricity (Eskom)	(7 394)	(13 329)	(14 995)
Depreciation			
Depreciation	(17 700)	(18 000)	(18 000)
Services			
Contract mining	(122 980)	(216 631)	(230 170)
Equipment hire	(24 349)	(42 890)	(45 571)
Other services	(20 403)	(35 941)	(38 187)
Change in WIP	0	0	0
Staff Cost	(77 935)	(83 000)	(88 395)
Payroll	(45 149)	(48 083)	(51 209)
Overtime	(17 308)	(18 433)	(19 631)
Bonus	(5 691)	(6 060)	(6 454)
Co Contributions	(9 788)	(10 424)	(11 102)
Other	(15 881)	(23 611)	(25 087)
Royalties	(6 916)	(12 183)	(12 944)
Administration	(3 036)	(5 130)	(5 450)
Guardrisk	(5 929)	(6 299)	(6 693)
Gross profit	91 025	98 468	101 204
Admin Cost	(5 793)	(10 205)	(10 843)
Intercompany charge	(5 793)	(10 205)	(10 843)

Social expense	(3 297)	(5 807)	(6 170)
Social expenses	(3 297)	(5 807)	(6 170)

Operating profit	81 935	82 455	84 191
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Net Interest cost	(16 332)	(16 332)	(16 332)
Post ret. Medical aid	(1 065)	(1 065)	(1 065)
Rehab liability	(15 267)	(15 267)	(15 267)

Net profit/(loss)	65 603	66 123	67 858
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EBITDA	83 303	84 123	85 858
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Mapochs Mine (Pty) Ltd.**DIRECT CASH FLOW**

All values denoted in R'000

OPERATING ACTIVITIES

	Dec-16	Dec-17	Dec-18
Cash receipts from customers	448 482	719 378	766 714
Lumpy Ore	194 896	456 748	486 802
Fines Ore	253 587	262 630	279 911
Payments to suppliers	(286 834)	(500 386)	(532 610)
Payments to employees	(77 935)	(83 000)	(88 395)
Income tax/VAT (paid)/VAT received	(40 819)	(53 216)	(55 935)
Net cash flows (used in)/from operating activities	42 895	82 776	89 773
	42 895	82 776	89 773

INVESTING ACTIVITIES

Capital expenditure	(30 250)	(33 000)	(33 000)
Net cash flows (used in)/from investing activities	(30 250)	(33 000)	(33 000)

FINANCING ACTIVITIES

Proceeds from long term borrowings			
- New investor - start - up cash	95 000	-	-
Net cash flows (used in)/from financing activities	95 000	-	-
Net (decrease)/increase in cash & cash equivalents	107 645	49 776	56 773
Payments to Guardrisk	(92 020)	(37 020)	(37 020)
Cash and cash equivalents at beginning of period	289	15 914	28 670
Cash and cash equivalents at end of period	15 914	28 670	48 423

Mapochs Mine (Pty) Ltd.
STATEMENT OF FINANCIAL POSITION

All values denoted in R'000

	Dec-16	Dec-17	Dec-18
	Forecast	Forecast	Forecast
ASSETS			
Non-current assets			
Property, plant and equipment	116 887	131 887	146 887
Deferred tax asset			
Restricted Cash	138 627	170 067	201 507
	255 514	301 955	348 395
Current assets			
Inventory	95 664	99 919	104 450
Trade and other receivables	155 218	164 463	167 918
Prepayments	0	0	0
Income tax receivable			
Cash and short-term deposits#	15 914	28 670	48 423
	266 796	293 051	320 791
TOTAL ASSETS	522 310	595 006	669 185
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	1	1	1
Retained earnings	(1 784 869)	(1 784 869)	(1 784 869)
Current year (loss)/PROFIT	(114 225)	(48 101)	19 757
TOTAL EQUITY	(1 899 093)	(1 832 969)	(1 765 111)
Non-current liabilities			
Deferred tax liabilities			
Provisions	244 322	267 836	291 798
Long term loan	1 931 481	1 931 481	1 931 481
	2 175 803	2 199 316	2 223 279
Current liabilities			
Trade and other payables	193 453	175 097	155 570
Interest-bearing loans and borrowings	0	0	0
Income tax payable	0	0	0
Provisions	52 147	53 562	55 012
	245 600	228 659	210 582
TOTAL LIABILITIES	2 421 403	2 427 975	2 433 861
TOTAL EQUITY AND LIABILITIES	522 310	595 006	668 751

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24 November 2015

Gary Oertel
ENSAfrica
150 West Street, Sandton

Our ref: G Rudolph/ J Bell/50118889
Your ref: G Oertel/ L Field
By email
goertel@ensafrica.com

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Attention: Gary Oertel

Dear Gary

EAST METALS AG & MASTERCROFT S.A.R.L / EVRAZ HIGHVELD STEEL AND VANADIUM (PTY) LTD (IN BUSINESS RESCUE) & MARSDEN NO & OTHERS IN RE: MAPOCHS MINE (PTY) LTD: BUSINESS RESCUE PLAN

1. We have been provided with a copy of the business rescue plan for Mapochs Mining (Pty) Ltd ("Mapochs") as published on Friday, 20 November 2015 ("the Plan") and provided to us on Monday, 23 November 2015.
2. We do not intend to deal exhaustively with all the queries we have in respect of the Plan at this juncture but insofar as it concerns your clients, we note that in terms of the Plan, Evraz Highveld Steel and Vanadium (Pty) Ltd ("Highveld"):
 - (a) will purchase the creditors' claims in Mapochs ("the Claims") for an aggregate purchase consideration of R53 million and for which amount it has apparently secured funding ("the Funding");
 - (b) will waive any entitlement to receive a dividend or distribution under the Plan, thereby waiving Highveld's entire claim of R55,783,730.00 against Mapochs; and
 - (c) has, since as early as 20 April 2015, being a date after Highveld itself was placed in business rescue, provided Mapochs with post commencement finance in the aggregate amount of approximately R5.2 million ("the PCF").
3. We further note that the business rescue plan of Highveld ("the Highveld Plan") does not make mention of any of the above, which information was also not brought to the attention of the creditors or affected parties at any of the creditors meetings.

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Directors

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BERNSTEIN, Gary
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4. You will appreciate that our clients are deeply concerned about the transaction detailed in the Plan, which clearly contemplates the incurrence of additional liabilities and debtors on the part of Highveld in circumstances where Highveld will, if proposal two or three to the Highveld Plan is implemented, most likely be rendered a shell company with no income generating capability.
5. Aside the apparent lack of information in respect of the Highveld Plan, there appears to be no conceivable commercial basis or rationale explaining how your clients, as the *de facto* board of Highveld, could agree to the underlying transactions forming the basis of the offer set out in the Plan, especially given the current financial predicament Highveld finds itself in, coupled with the uncertainty of its operational future.
6. In order to properly consider the mechanics of the offer contained in the Plan and to advise our clients in relation thereto, please urgently provide us with the following information:
 - (a) the name of the financial institution from which Highveld secured the Funding;
 - (b) the terms and conditions attaching to the Funding, including, but not limited to:
 - (i) the repayment terms;
 - (ii) the applicable interest rate; and
 - (iii) any security to guarantee the repayment of the Funding;
 - (c) how your clients envisage Highveld will generating sufficient incomes to repay the Funding, having regard to the potential implementation of proposal 2 or 3 of the Highveld Plan, which will leave Highveld as a shell without any income generating assets;
 - (d) whether your clients are proceeding with the sale of Mapochs in terms of the Highveld Plan on the basis that the shares in Mapochs will be sold or whether the business will be sold and if the business is sold, how it is envisaged that Highveld will recover the Claims purchased from Mapochs in terms of the Plan;
 - (e) what financial analysis did your client undertake and what financial information of Mapochs did your clients considered in concluding that Mapochs will be able to repay the Claims purchased by Highveld, it being readily apparent from the Plan that the projected balance sheet evidences that Mapochs will remain factually insolvent. In this respect, no provision is made for repayment of the Funding in either the projected cash flow statement or income statement;
 - (f) in the absence of any authority or mandate given to your clients in the Highveld Plan (without any acknowledgment on our clients' part that

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the Plan was validity adopted, which they continue to deny), and given the business rescue status of Highveld at the time, on what mandate did your clients act, and what commercial consideration and financial information were taken into account by your clients, in:

- (i) securing the Funding and in proceeding with the acquisition of the Claims on or before 4 December, before the Highveld Plan has been substantially implemented;
 - (iv) advancing the PCF;
 - (v) waiving Highveld's' rights to share in the distribution contemplated in the Plan; and
 - (vi) not off-setting the claim Highveld has against Mapochs against Mapochs' purported claim against Highveld; and
- (g) an explanation for the statement in paragraph 20.7.2 of the Plan that Mapochs will only receive a distribution from Highveld of between three to five million Rand on a purported claim in excess of R178 million i.e. a dividend from Highveld of less than two cents in the Rand, when the Highveld Plan envisages a low dividend scenario of 16 cents in the Rand?
7. In view of the imminent vote on the Plan, due to take place on Tuesday, 30 November 2015, we require your clients' urgent response to the above by no later than close of business on 25 November 2015.
 8. Aside the above, it is noted that your clients are apparently engaged in the conclusion and implementation of proposal two to the Highveld Plan. In this regard we place on record that in terms of the Highveld Plan (again without acknowledging the validity of its adoption), your clients are obliged to first endeavour to implement proposal one thereto, i.e. a sale of shares.
 9. We confirm that it would be incompetent for your clients to proceed with the implementation of proposal two prior to proposal one being put to shareholders. Any suggestion by your clients', as was previously the case, that Mastercroft, as the majority shareholder, is not interested in proposal one is rejected and any actions by your clients premised on this assumption are undertaken at their own peril.
 10. In view of the present legal challenge to the validity of the Highveld Plan it follows that it would be premature for Mastercroft to exercise and election in respect of proposal one thereto prior to the final determination of the main application under case number: 85549/2015.
 11. Mastercroft's rights to approach the High Court for an order setting aside the implementation of proposal two, or three as the case may be, coupled with a suitable claim for damages should your clients persist with the implementation of the aforesaid proposals, remain strictly reserved.

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Yours sincerely



John Bell
Partner
011 911 4366
john.bell@bakermckenzie.com

Cc: John Lightfoot
Matuson & Associates
By email: mapochs@matusonassociates.co.za

John Evans
RS Advisors
By email: mapochs@matusonassociates.co.za

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Baker & McKenzie

1 Commerce Square
39 Rivonia Road
Sandhurst, Sandton
Johannesburg, 2196
South Africa

Tel: +27 11 911 4300
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26 November 2015

Gary Oertel
ENSAfrica
150 West Street,
Sandton

Our ref: J Bell/C O' Connor/
Your ref: G Oertel / L Field
By email
goertel@ensafrica.com

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Attention: Gary Oertel

Dear Gary

MAPOCHS MINING (PTY) LTD: BUSINESS RESCUE PLAN

1. The Mapochs Mining (Pty) Ltd ("Mapochs") business rescue plan ("the Plan") refers.
2. The transaction contemplated, and described, in Paragraph 20 of the Plan clearly constitutes a conditional offer on the part Evraz Highveld Steel and Vanadium Ltd ("Evraz Highveld") to Mapochs ("the Offer") which offer stands to be accepted by means of an adoption of the Plan at the creditors meeting scheduled for 30 November 2015.
3. It follows that, in order for the Offer to have been properly formulated, considered by the Mapochs business rescue practitioners and subsequently included in the Plan for purposes of forming the basis of the proposed rescue of Mapochs, same had to have been extensively negotiated and would have been the subject matter of much discussion between Evraz Highveld and Mapochs.
4. In the premises, and in addition to the queries raised in our correspondence of 24 November 2015, to which we have not yet had any substantive response, our clients as affected parties in the ongoing business rescue proceedings of Evraz Highveld, require the following information from your clients:
 - (a) who, on behalf of Evraz Highveld, made the Offer to Mapochs;
 - (b) on what authority did such person/s act in making the Offer;
 - (c) who on the part of Evraz Highveld was involved in the formulation of the Offer and in deciding that the Offer should be made and under what authority did they act in doing so;

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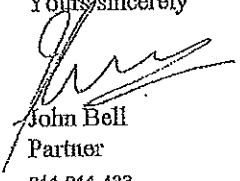
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- (d) which of the affected parties to the business rescue proceedings of Evraz Highveld were informed of, and/or involved in formulating, the Offer;
 - (e) to whom at Mapochs was the Offer communicated; and
 - (f) when was any initial version of the Offer and also the final Offer communicated to Mapochs.
- 5. We also require copies of all correspondence exchanged between Evraz Highveld and Mapochs in relation to the Offer.
 - 6. Our clients require the above information and documentation before close of business today, 26 November 2015.
 - 7. In the interim all our clients' rights remain strictly reserved.

Yours sincerely


John Bell
Partner

011 911 433
john.bell@bakermckenzie.com

cc The Mapochs Business Rescue Practitioners
mapochs@matusonassociates.co.za

ENSAfrica

150 West Street
 Sandown Sandton Johannesburg 2106
 P O Box 783347 Sandton South Africa 2146
 docex 152 Randburg
 tel +2711 289 7600 fax +2710 596 8176
 Info@ENSAfrica.com ENSAfrica.com

Baker & McKenzie
 Per email:

G Oertel/0393308 our ref
 G Rudolph/J Bell/50118889 your ref
 26 November 2015 date

Dear Sirs

**RE: EAST METALS AG & MASTERCROFT S.A.R.L / EVRAZ HIGHVELD STEEL AND VANADIUM LTD
 (IN BUSINESS RESCUE) ("EHSV")
 IN RE: MAPOCHS MINE (PTY) LTD: BUSINESS RESCUE PLAN**

1. We are in receipt of your letters dated 24 November 2015 and 26 November 2015.
2. The business rescue plan for Mapochs Mine (Pty) Ltd ("Mapochs Mine") as published on Friday, 20 November 2015 ("Mapochs BR Plan"), contains certain inaccuracies which our client will seek to rectify by way of proposing amendments to the Mapochs BR Plan at the meeting to be held on Monday, 30 November 2015.
 - 2.1. One of the inaccuracies contained in the Mapochs BR Plan is the reference to the creditors' claims of Mapochs Mine being acquired for a consideration of R53 000 000.00 (fifty three million rand). The consideration of R53 000 000.00 (fifty three million rand) is in fact to be allocated as follows:
 - 2.1.1. R35 000 000.00 (thirty five million rand) in respect of the acquisition of the creditors' claims against Mapochs Mine (as contemplated in the business rescue plan of EHSV adopted on 13 October 2015 ("EHSV BR Plan")); and
 - 2.1.2. R18 000 000.00 (eighteen million rand) in respect of the acquisition of stockpiles.
 - 2.2. A further inaccuracy is the reference to EHSV having provided PCF to Mapochs Mine of R5 200 000.00 (five million two hundred thousand rand). This amount was a prepayment for raw materials to be delivered to EHSV. Mapochs Mine failed to deliver the raw materials and accordingly must repay this amount.

3. The offer submitted by International Resources Project Limited ("IRPL") to our clients in relation to the "Proposed Transaction" (as that term is defined in the EHSV BR Plan) specifically required our clients to facilitate the acquisition by IRPL of Mapochs Mine.
4. Accordingly, the actions taken by our clients in respect of the offer for Mapochs Mine as detailed in the Mapochs Mine BR Plan, as to be amended, is within the confines of the EHSV BR Plan.
5. The R53 000 000.00 (fifty three million rand) offer amount is to be provided to Highveld by IRPL in terms of a PCF agreement. In the event that the proposal with IRPL is implemented, this liability will be transferred to IRPL with the assets and, accordingly, no liability will remain with Highveld as alleged in your letter of 24 November 2015.
6. It follows that your clients' concerns regarding the offer made by EHSV to Mapochs Mine are unfounded.
7. It is clear that your clients intend objecting to every aspect of the business rescue proceedings (all of which objections have no merit) in order to stop the implementation of the EHSV BR Plan.
8. Although it is not necessary to do so, in order to avoid any further attempts by your clients at delaying the implementation of the business rescue plan of EHSV, the offer made by EHSV to Mapochs Mine will be made directly by IRPL to Mapochs Mine and an appropriate amendment to the Mapochs BR Plan will be proposed.
9. In respect of the claim submitted by Mapochs Mine against EHSV, this claim was disputed by our clients based on documents which we found subsequent to the meeting on 13 October 2015. These documents were sent to you on 20 October 2015. The dispute was resolved on the basis that the claim of Mapochs Mine was reduced to approximately R26 000 000.00 (twenty six million rand).
10. We do not deem it necessary to deal with the remaining allegations in your letters, a number of which allegations have been dealt with previously, and any failure to deal with any allegation is not an admission thereof and all our clients' rights to respond thereto are reserved.

Yours sincerely,


EDWARD NATHAN SONNENBERGS INC

Per:

Gary Oertel

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26 November 2015

Gary Oertel
ENSAfrica
150 West Street,
Sandton

Attention: Gary Oertel

Dear Gary

MAPOCHS MINING (PTY) LTD: BUSINESS RESCUE PLAN

1. Thank you for your letter of even date, the contents of which have been noted.
2. We will not at this stage endeavour to deal with each and every allegation therein and our failure to do so should not be construed as an admission thereof. We do however reserve the right to deal with any such allegations in due course.
3. What is unclear from your correspondence under reply is whether the proposed amendments will also include a deletion of those parts of the Mapochs business rescue plan ("the Plan"), specifically but not limited to paragraph 20.6 thereof, which envisages Evraz Highveld Steel and Vanadium Ltd (in business rescue) waiving its entitlement to share in the dividend/distribution to concurrent creditors under the Plan.
4. If indeed this is not the case, then our questions in relation to your clients' authority to have agreed to such a compromise, as detailed in our letters of 24 and 26 November 2015, stand to be answered. Agreement on such a compromise is clearly not detailed in the Highveld business rescue plan nor can it be contended that the IRPL offer (as referred to in paragraph 3 of your correspondence) provides any legal basis for your clients to contend that they have thought such an offer been mandated to compromise of Highveld's claims at their discretion.
5. In addition to the above, and in light of the substantive amendments that will have to be affected to the Plan, which might very well have an impact on the dividend calculation contained therein, please advise whether your clients will request the Mapochs business rescue practitioners to postpone the creditors meeting in order for the Plan to be amended and re-circulated to creditors.

DU Plessis, Van der Merwe Inc. (Registration number 2012/047447/21)

Directors

DELL, John
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CHERRY, Vani

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JANSE VAN RENSBURG, Mike
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6. Your urgent response to the above is required before 10h00 on Friday, 27 November 2015.
7. Our clients rights accordingly remain reserved.

Yours sincerely



John Bell
Partner
011 911 433
john.bell@bakermckenzie.com

cc The Mapochs Business Rescue Practitioners
mapochs@matysonassociates.co.za

ENSafrica

150 West Street
Sandown Sandton Johannesburg 2196
P O Box 783347 Sandton South Africa 2146
doceex 152 Randburg
tel +2711 269 7800 fax +2710 586 6176
info@ENSafrica.com ENSafrica.com

Baker & McKenzie
Per email:

G Oertel/0393308
G Rudolph/J Bell/50118889
27 November 2015

our ref	your ref	date

Dear Sirs

**RE: EAST METALS AG & MASTERCROFT S.A.R.L / EVRAZ HIGHVELD STEEL AND VANADIUM LTD
(IN BUSINESS RESCUE) ("EHSV")
IN RE: MAPOCHS MINE (PTY) LTD ("Mapochs Mine"): BUSINESS RESCUE PLAN**

1. Your letter dated 26 November 2015 refers.
2. We do not deem it necessary to deal with each and every allegation contained in your letter and our clients' rights to deal therewith in the appropriate forum remain reserved.
3. Our clients in their capacity as business rescue practitioners of EHSV have the authority to waive the entitlement to the dividend.
4. The meeting on Monday will be dealt with in accordance with the provisions of Section 152 of the Companies Act, 71 of 2008.
5. The proposed amendments do not affect the dividend range as set out in the business rescue plan of Mapochs Mine.
6. This letter is not exhaustive of all of our clients' views and contentions regarding issues dealt with herein and our clients' rights are reserved.

Yours sincerely,

EDWARD NATHAN SONNENBERGS INC

Per:

Gary Oertel