



MATUSON
ASSOCIATES

Evraz Highveld Steel and Vanadium Limited (in business rescue)

Registration number 1960/001900/06

("The Company")

July 2015

Report to the Companies and Intellectual Property Commission

and to all Affected Persons

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

Prepared by:

Piers Marsden and Daniel Terblanche – Joint Business Rescue Practitioners

Matuson & Associates (Pty) Ltd Reg Nr: 2009/008967/07 VAT Nr: 4780253763

Directors: Les Matuson | Piers Marsden | Gary Kaplan | John Lightfoot

t: +27 (0)11 728 7166/7 f: +27 (0)86 554 9998 w: www.matusonassociates.co.za

1st Floor, One on Ninth, Cnr Glenhove Road & Ninth Street, Melrose Estate, Johannesburg, 2196 | PO Box 92796, Norwood, 2117



1. Introduction

1.1. The Business Rescue Proceedings of the Company have not been concluded within three months of the date of commencement thereof, and therefore as required, this report is being tabled in terms of Section 132 (3) (a) of the Companies Act 71 of 2008 (“Act”).

2. Background

2.1. The Board of Directors signed and filed a resolution placing the Company into business rescue on 13 April 2015, which resolution was confirmed by the Companies and Intellectual Property Commission (“CIPC”) on 14 April 2015.

2.2. Piers Marsden (Matuson & Associates) and Daniel Terblanche (Mazars) were appointed as the joint business rescue practitioners (“BRPs”) and their appointments were confirmed by the CIPC on 15 April 2015.

2.3. In a letter addressed to the directors of the Company, the BRPs advised as follows:

- The duties of the BRPs during business rescue proceedings;
- The duties and responsibilities of the directors during business rescue proceedings; and
- Documentation to be furnished by the directors to the BRPs.

2.4. After an initial review of the affairs of the Company, and in accordance with Section 147 of the Companies Act, the BRPs convened a meeting of creditors on 30 April 2015, at which the BRPs presented initial findings in support of their expressed opinion, that there was a reasonable prospect of the business rescue proceedings being successful, as defined. At this meeting, a Creditors Committee was established.

2.4.1. The Creditors’ Committee has met on two occasions, on the following dates:

- 20 May 2015
- 17 July 2015



3. Business Rescue Process

3.1. The following summary sets out the salient dates on which certain events have/will take place:

	EVENT	DATE
1	Board Resolution to commence BRP filed at the CIPC	13 April 2015
2	Appointment of BRPs	15 April 2015
3	First Meeting of Employees	29 April 2015
4	First Meeting of Creditors	30 April 2015
5	First Meeting of Creditors' Committee	20 May 2015
6	Consent for Extension	22 May 2015
7	First Meeting of Employees Committee	29 May 2015
8	Second Meeting of Creditors' Committee	17 July 2015
9	Publish Business Rescue Plan	31 August 2015
10	Meeting to Consider the Business Rescue Plan	9 September 2015

4. Update on Business Rescue Proceedings

4.1. Together with management, the BRPs identified areas where crucial actions were required.

4.2. The BRPs actions since the commencement of Business Rescue Proceedings include the following:

4.2.1. Discussions with Governmental departments, including:

- Economic Development Department
- Department of Trade and Industry
- Department of Environmental Affairs
- Department of Water and Sanitation
- Department of Public Enterprise
- Treasury.

4.2.2. Discussions with the Representative Trade Unions, including NUMSA and Solidarity.

4.2.3. Application to the International Administration Commission of South Africa (Itac).

4.2.4. Attending to Competition issues.

4.2.5. Attending to Environmental issues.

4.2.6. Discussions with Eskom.



4.2.7. Attending to correspondence with SARS.

5. Post Commencement Finance

5.1. The IDC granted a facility of R150 million to the Company on 29 May 2015. This was made available as a senior secured revolving facility until the end of August 2015.

5.2. Effectively, the facility is a revolving credit facility used to fund the working capital required to fulfil the purchase orders placed by customers.

6. Sales Process

6.1. As the Company is in business rescue, the BRPs commenced an accelerated business rescue sales process.

6.2. The key timelines of the sales process are detailed below:

	EVENT	DATE
1	Indicative Offer Submission Deadline	15 July 2015
2	Selection and Notification of Preferred Bidders	17 July 2015
3	Proof of USD 10 million	27 July 2015
4	Opening of Virtual Data Room (VDR) to Bidders	27 July 2015
5	Due Diligence Finalisation and Close of VDR	21 August 2015
6	Binding Offer Submission Deadline	21 August 2015
7	Evaluation of Binding Offers Received	24 – 27 August 2015
8	Announcement of Successful Bidder	28 August 2015

6.3. Several of the bidders have met the requirement of the USD 10 million and have proceeded to the due diligence phase, which includes:

6.3.1. Access to the VDR.

6.3.2. Scheduled site visits.

6.3.3. Discussions with management team and other relevant stakeholders.

6.4. Final binding offers must be submitted by 21 August 2015.



7. Proof of Claims

- 7.1.** A reminder to submit claims was sent to all creditors on 15 July 2015. To date, there remains a large number of claims outstanding and creditors who have yet to submit their claims are encouraged to do so before the publication of the Plan.
- 7.2.** Total claims received to date amount to approximately R1.2 billion. All claims are currently being reviewed by the BRPs and compared to the Company's ledger.
- 7.3.** A mechanism for the resolution of disputed claims will be included in the Plan unless agreement can be reached.

8. Liquidation vs. Business Rescue

- 8.1.** KPMG, as independent experts, are currently in the process of completing their liquidation dividend calculation. In terms of Section 150 of the Act, the liquidation dividend calculation will be included in the business rescue plan where readers will be able to compare this to the proposed business rescue dividend.

9. Conclusion

- 9.1.** The BRPs remain of the view that there is a reasonable prospect of the Company being rescued as contemplated in Section 128 of the Act.

Companies and Intellectual Property Commission
Republic of South Africa

Form CoR 125.1

About this Form

- This form is issued in terms of section 132 and 141 of the Companies Act, 2008, and Regulation 125 of the Companies Regulations, 2011.
- This Notice and the attached report must be published to every affected person, and to:
 - a) The Commission, if the business rescue proceedings were started by the company; or
 - b) The court, if the proceedings were ordered by the court.
- A report and Notice must be issued at the end of the first three months of the business rescue proceedings, and at regular monthly intervals after that.

Contacting the Commission

The Companies and Intellectual Property Commission of South Africa

Postal Address

PO Box 429
Pretoria
0001
Republic of South Africa
Tel: 086 100 2472

www.cipc.co.za

Business Rescue Status Report

Date: 3 August 2015

Customer Code: _____

Concerning

(Name and Registration Number of Company)

Name: Evraz Highveld Steel and Vanadium Limited

Registration No: 1960/001900/06

The above named company commenced business rescue proceedings on 13 April 2015

Because the business rescue proceedings have not concluded within three months, the appointed business rescue practitioner provides the attached report in terms of section 132 (3).

Name and Title of person signing on behalf of the Practitioner:

Piers Marsden - Joint Business Rescue Practitioner

Authorised Signature:

