



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

Registration number 1960/001900/06

("Highveld")

November 2022 update

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

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

Prepared by:

Piers Marsden - Business Rescue Practitioner ("BRP")



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

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

Introduction

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

Business Rescue Proceedings.

5. The business rescue practitioner paid dividend no.7 in the amount of **R18m** to concurrent creditors during November 2022. A total of **R707m** has been paid to date to creditors, inclusive of dividend no.7. The debt owed to retrenched employees has been settled.

6. The BR process now focuses on:
 - a. management of the sale process of strategic assets;
 - b. maintenance of the strategic assets;
 - c. collection of the purchase price payments from Purchasers of strategic assets, as well as the Titanium and Vanadium bearing resources;
 - d. preparing and managing creditor dividend payments; and
 - e. reporting on dividend payment projections.

Creditors' claims update - as at 30 November 2022

Business rescue - Claims from Creditors

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

Pre-Commencement Claims	Rm	# of Claims	Amount of claims Paid	Accepted Claim Value
Claims Accepted		528	133	1 795
Total		528	133	1 795

Total Paid to All Creditors Rm

707

* Paid to the IDC inclusive of R86m interest

7. Recent developments on Strategic Assets
 - 7.1. A contract has been concluded for the sale of the Plate Mill.
 - 7.2. A contract has been concluded for the sale of the Steel Plant.
 - 7.3. The proceed(s) on the sale of the Structural Mill is ring-fenced in an escrow account awaiting final regulatory approval, which is expected to be issued during Q1 of 2023.
 - 7.4. Contracts on the sale of other strategic assets on track per the agreements concluded.



8. Update on Dividend Prospects

8.1. To date 7 dividend payments totaling R133m have been made to concurrent creditors as detailed below:

- 8.1.1. 2.25 cent in the Rand paid August 2020
- 8.1.2. 1,1 cent in the Rand paid January 2021
- 8.1.3. 1,1 cent in the Rand paid September 2021
- 8.1.4. 0,6 cent in the Rand paid March 2022.
- 8.1.5. 1.0 cent in the Rand paid June 2022.
- 8.1.6. 0.3 cent in the Rand paid September 2022.
- 8.1.7. 1.0 cent in the Rand paid in November 2022.

8.2. The total dividend to be paid to creditors is projected at 43 cents in the rand, if all payments are made in full in terms of the agreements concluded.

8.3. In the view of the BRP, given the current economic climate, it is possible that counter parties may default on contractual obligations. The projected current dividend range is 28 to 43 cents.

9. Conclusion

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

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