

Form 59
Rule 29.02(1)

Affidavit

No. VID420 of 2025

Federal Court of Australia
District Registry: Victoria
Division: Commercial and Corporations List

IN THE MATTER OF ONESTEEL MANUFACTURING PTY LTD (ADMINISTRATORS APPOINTED) ACN 004 651 325

SEBASTIAN DAVID HAMS, MARK FRANCIS XAVIER MENTHA, LARA LUISA WIGGINS AND MICHAEL ANTHONY KORDA IN THEIR CAPACITY AS JOINT AND SEVERAL ADMINISTRATORS OF ONESTEEL MANUFACTURING PTY LTD (ADMINISTRATORS APPOINTED) ACN 004 651 325

First Plaintiffs


ONESTEEL MANUFACTURING PTY LTD (ADMINISTRATORS APPOINTED) ACN 004 651 325

Second Plaintiff

WHYALLA PORTS PTY LTD ACN 153 225 364

Defendant

Affidavit of: **Laura Johns**
Address: Level 5, 60 Martin Place Sydney NSW 2000
Occupation: Solicitor
Date: 7 April 2025



Filed on behalf of (name & role of party) Defendant
Prepared by (name of person/lawyer) Laura Johns
Law firm (if applicable) Norton Rose Fulbright
Tel +61 2 9330 8101 Fax _____
Email Laura.johns@nortonrosefulbright.com
Address for service Level 5, 60 Martin Place Sydney NSW 2000
(include state and postcode)

Contents

Document number	Details	Paragraph	Page
1	Affidavit of Laura Johns affirmed on 6 April 2025	N/A	1-3
2	Annexure "LJ-1", being a copy of an email from Norton Rose Fulbright to Arnold Bloch Leibler on 4 April 2025.	N/A	4-8
3	Annexure "LJ-2", being a copy of an affidavit of Lara Wiggins dated 17 March 2025.	N/A	9-23



THIS IS THE ANNEXURE MARKED "LF1"
ANNEXED TO THE AFFIDAVIT OF
LAURA JOHNS
SWORN THIS 7th DAY OF APRIL 2025
BEFORE ME

LM

Harry Lawless

From: Laura Johns
Sent: Friday, 4 April 2025 5:55 PM
To: Leon Zwier
Cc: Genevieve Sexton; Raphael Leibler; Scott Atkins; Alex Mufford; Harry Lawless; Nicole Flint
Subject: RE: OneSteel Manufacturing Pty Limited (administrators appointed) and Whyalla Ports Pty Limited | Federal Court Proceeding VID420/2025 [NRF-APAC.1073247.4074507.FID3487581]
E-mail ID: 0
Matter Number: 4074507

Dear Mr Zwier

Our client does not agree to the proposed orders.

Our client would consent to the following orders:

1. The court notes that the parties intend to mediate the proceedings by no later than the end of the week commencing Monday, 14 April 2025.
2. The Defendant file and serve affidavits by Thursday, 17 April 2025.
3. The Plaintiffs file and serve any affidavits in reply by 5pm Thursday, 24 April 2025.
4. The parties file and exchange an outline of submissions with a 15 page limit by Wednesday, 30 April 2025.
5. The proceedings be set down for trial in the week commencing Monday, 5 May 2025.

For abundant caution, regarding proposed order (1), our client does not agree to mediation by a court appointed Registrar. We have made enquiries with two independent mediators and will advise on their availability as soon as we receive confirmation.

Further, our client understands precisely the urgency and importance of the matters it seeks to be resolved. It continues to be impacted by the action taken by your clients. This is not as you suggest "a 4 week stroll". Our client is suggesting reasonable time to ensure that any mediation has the maximum chance of resolving the issues in dispute. The above timetable can cause no prejudice to your clients' sale and realisation process when they have secured already an up to 12 month extension of the convening period and having regard to the steps described by your client at paragraph [66] of their evidence and the only recent engagement of 333 Capital, the investment banking arm of KordaMentha as sales advisor.

Please advise if our orders are agreed. Our client otherwise reserves all its rights.

Kind regards
Laura

Laura Johns | Partner
Norton Rose Fulbright Australia
Level 5, 60 Martin Place, Sydney, Australia
Tel +61 2 9330 8101 | Mob +61 433 935 174 | Fax +61 2 9330 8111
laura.johns@nortonrosefulbright.com

NORTON ROSE FULBRIGHT
nortonrosefulbright.com

BEATON 2024



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LAW & RELATED SERVICES >\$30M

From: Leon Zwier <LZwier@abl.com.au>
Sent: Friday, 4 April 2025 11:30 AM
To: Laura Johns <laura.johns@nortonrosefulbright.com>
Cc: Genevieve Sexton <GSexton@abl.com.au>; Raphael Leibler <RLeibler@abl.com.au>; Scott Atkins <scott.atkins@nortonrosefulbright.com>; Alex Mufford <alex.mufford@nortonrosefulbright.com>; Harry Lawless <harry.lawless@nortonrosefulbright.com>; Nicole Flint <NFlint@abl.com.au>
Subject: Re: OneSteel Manufacturing Pty Limited (administrators appointed) and Whyalla Ports Pty Limited | Federal Court Proceeding VID420/2025 [NRF-APAC.1073247.4074507.FID3487581]

Dear Laura,

Thank you for your letter of 4:37 pm yesterday 3 April 2025.

Set out below are our instructions.

Extreme Urgency and Dire Consequences of Delay

Our clients commenced the Federal Court proceeding because as Administrators they have a limited period of time to sell and realise the OneSteel business and assets or recapitalise OneSteel and the consequences of not doing so are so serious for OneSteel, its creditors and broader stakeholders including the township of Whyalla and the National and State's better interests. All of this is set out in detail in the affidavit of Michael Korda.

The Administrators will request the Court to hear and determine the proceeding as soon as reasonably possible unless the dispute can be resolved.

Pre-Issue Proposal Unreasonable

In your letter you describe the Whyalla Ports Pty Ltd pre-commencement proposal to the Administrators to immediately alter the current status quo by a mere 180 degree backflip in relation to property "without admission" before engaging in without prejudice discussions as "fair and reasonable". It was not.

Legal Costs Reasonably Incurred by Administrators in best interests of Creditors

In your letter you also express concerns about the Administrators incurrence of substantial legal costs by commencing legal proceeding. The Administrators disagree. The issues are of such importance to the administration it required them to commence the legal proceeding as soon as reasonably possible and to prosecute them with diligence. The Administrators seek that this dispute not only to be heard, but determined, within weeks or settled in that envelope in conformity with the objects of Part 5.3A of the Act.

When you refer to my earlier email of Friday 28 March 2025 and the use of my words "there is nothing requiring urgent relief" you take them out of context. You omitted to include the additional words that followed so it reads contextually as "... **there is nothing requiring urgent relief prior**

to the weekend and no proper basis for an ex parte application. " I used those words to dissuade Whyalla Ports Pty Ltd from seeking interim relief.

Immediate Mediation - Administrators Cannot be Delayed by 4 Week Stroll

When the Administrators proposed an immediate and speedy mediation they meant just that, an immediate and speedy one and not a slow delayed drawn out process over weeks as Whyalla Ports now proposes. The Administrators did not envisage delaying the speedy determination of the proceeding but allowing both the mediation and preparation for hearing to continue. The issues are set out in the Korda Affidavit. If your client wishes to mediate this weekend or next week, the Administrators and ABL are available for that purpose. Our clients are content for parties to attend the mediation electronically. Our clients are also content for the Court on Monday to appoint a Registrar to mediate the dispute next week if that is convenient to the Court and Whyalla Ports Pty Ltd.

The appointment of a court appointed Registrar to mediate will also avoid wasting time about which retired Judge or Senior Counsel should mediate, whether that nominee is available, what the costs will be and if so when can that person mediate.

In the meantime our client would like for the Court to set the proceeding down for hearing as soon as reasonably possible.

Proposed Orders and Directions

1. The Defendant file and serve affidavits by 5-00 pm on Monday 14 April 2025;
2. The Plaintiffs file and serve any affidavits in reply by 5 pm Thursday 17 April 2025;
3. The parties file and exchange an outline of submissions with a 15 page limit by Thursday 24 April 2025;
4. The proceeding be referred to a Registrar for mediation in the week commencing 7 April 2025;
5. The proceeding be set down for trial in the week commencing Monday 28 April 2025 or so soon thereafter as the business of the Court allows on an estimate of one day.

Yours sincerely
Leon Zwier

Leon Zwier
Arnold Bloch Leibler
21/333 Collins Street
Melbourne 3000
Australia

lzwier@abl.com.au
+ 613 9229 9646
+ 61 439381683

On 3 Apr 2025, at 16:37, Laura Johns <laura.johns@nortonrosefulbright.com> wrote:

Dear Mr Zwier

Please see attached correspondence.
Kind regards

Laura Johns | Partner
Norton Rose Fulbright Australia
Level 5, 60 Martin Place, Sydney, Australia
Tel +61 2 9330 8101 | Mob +61 433 935 174 | Fax +61 2 9330 8111
laura.johns@nortonrosefulbright.com

NORTON ROSE FULBRIGHT
nortonrosefulbright.com

From: Nicole Flint <NFlint@abl.com.au> **On Behalf Of** Leon Zwier
Sent: Wednesday, 2 April 2025 5:41 PM
To: Laura Johns <laura.johns@nortonrosefulbright.com>; Scott Atkins <scott.atkins@nortonrosefulbright.com>; Alex Mufford <alex.mufford@nortonrosefulbright.com>; Harry Lawless <harry.lawless@nortonrosefulbright.com>
Cc: Genevieve Sexton <GSexton@abl.com.au>; Raphael Leibler <RLeibler@abl.com.au>
Subject: OneSteel Manufacturing Pty Limited (administrators appointed) and Whyalla Ports Pty Limited | Federal Court Proceeding VID420/2025

External Email - Use Caution

Please see **attached** letter.

Downloaded link (referred to in attached letter : <https://www.imanageshare-au.com/pd/1XwwXoBOKjw>)

Leon Zwier | Partner

Arnold Bloch Leibler
Level 21, 333 Collins Street, Melbourne Victoria 3000
E: LZwier@abl.com.au | T: +61 3 9229 9607 | M: +61 439 381 683 | [Vcard](#)

Wurundjeri Country

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THIS IS THE ANNEXURE MARKED "LJ-2"
ANNEXED TO THE AFFIDAVIT OF

Laura Johns

NOTICE OF FILING SWORN THIS 7th DAY OF APRIL 2025
BEFORE ME

Details of Filing

MM

Document Lodged: Affidavit - Form 59 - Rule 29.02(1)
Court of Filing: FEDERAL COURT OF AUSTRALIA (FCA)
Date of Lodgment: 18/03/2025 9:54:00 AM AEDT
Date Accepted for Filing: 18/03/2025 10:02:31 AM AEDT
File Number: VID325/2025
File Title: IN THE MATTER OF ONESTEEL MANUFACTURING PTY LTD
(ADMINISTRATORS APPOINTED) ACN 004 651 325
Registry: VICTORIA REGISTRY - FEDERAL COURT OF AUSTRALIA



Sia Lagos

Registrar

Important Information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The date of the filing of the document is determined pursuant to the Court's Rules.



Form 59
Rule 29.02(1)

AFFIDAVIT

No. VID 324 of 2025

Federal Court of Australia
District Registry: Victoria
Division: Commercial and Corporations List

**IN THE MATTER OF ONESTEEL MANUFACTURING PTY LTD (ADMINISTRATORS APPOINTED)
ACN 004 651 325**

**SEBASTIAN DAVID HAMS, MARK FRANCIS XAVIER MENTHA, LARA LUISA WIGGINS and
MICHAEL ANTHONY KORDA IN THEIR CAPACITY AS JOINT AND SEVERAL ADMINISTRATORS
OF ONESTEEL MANUFACTURING PTY LTD (ADMINISTRATORS APPOINTED) ACN 004 651 325**

First Plaintiffs

ONESTEEL MANUFACTURING PTY LTD (ADMINISTRATORS APPOINTED) ACN 004 651 325

Second Plaintiff

Affidavit of: **Lara Luisa Wiggins**
Address: Level 31, 525 Collins Street, Melbourne VIC 3000, Australia
Occupation: Chartered Accountant
Date: 17 March 2025

Contents

Document number	Details	Paragraph	Page
1	Affidavit of Lara Luisa Wiggins on 17 March 2025 in support of the application for orders under sections 439A(6) and 447A of the <i>Corporations Act 2001</i> (Cth) and section 90-15 of the <i>Insolvency Practice Schedule (Corporations) 2016</i> (Cth).	N/A	1-14
2	Annexure "LLW-1", being a paginated bundle of documents annexed to the affidavit and shown to the deponent.	4	15-236

Filed on behalf of: the First Plaintiffs
Prepared by: Leon Zwier
Law firm: **ARNOLD BLOCH LEIBLER**
Tel: 9229 9999 Fax: 9229 9900
Email: lzwier@abl.com.au
Address for service: Level 21, 333 Collins Street, Melbourne, VIC 3000

Ref: 011929197

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Raphael Wiggins Wiggins
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I, **LARA LUISA WIGGINS** of Level 31, 525 Collins Street, Chartered Accountant, **SAY ON OATH:**

1 I am, together with Mark Mentha, Sebastian Hams and Michael Korda, a voluntary administrator of the second plaintiff, OneSteel Manufacturing Pty Limited (Administrators Appointed) ACN 004 651 325 (**OneSteel**).

2 I make this affidavit on behalf of myself and the other voluntary administrators (the **Administrators**). References in this affidavit to "we", "us", "our" or "ourselves" are references to the Administrators.

3 Except where I otherwise indicate, I make this affidavit from my own knowledge. Where I depose to matters from information and belief, I believe those matters to be true.

4 Exhibited and shown to me at the time of swearing this affidavit is a bundle of documents to which I refer in this affidavit that are paginated and marked "**LLW-1**". Where I refer to a document within **Annexure LLW-1**, I do so by referring to the page number within the bundle.

A. Introduction

5 I am a Chartered Accountant. I have the title of KordaMentha Partner. KordaMentha is an advisory and investment entity that provides amongst other services, restructuring and turnaround advice and services. I am a Registered Liquidator. I have over 16 years' experience advising stakeholders in complex advisory, insolvency and restructuring assignments.

6 I make this affidavit in support of the orders sought by the Administrators in the **Originating Process** dated 17 March 2025.

7 OneSteel manufactures steel products at Whyalla, South Australia. OneSteel also mines iron ore from locations in the Middleback Ranges, South Australia. OneSteel produces over 75% of Australian structural steel used in rail projects and major infrastructure projects. It is the only domestic producer of steel long products.

8 OneSteel is part of a group of companies described as the Mining & Primary Steel Group (**MPS Group**). The MPS Group is part of the Gupta Family Group Alliance or **GFG Alliance**, being an international group of mining, industry and trading businesses associated with Sanjeev Gupta. OneSteel is the only company in the GFG Alliance placed into external administration in Australia.

B. Appointment

9 On 19 February 2025, the State Government of South Australia (**State Government**) appointed us as Administrators of OneSteel pursuant to section 436C of the *Corporations Act 2001* (Cth) (**Act**). A copy of the Administrators' notice of appointment lodged with the Australian Securities and Investments Commission (**ASIC**) is at **pages 1 to 3 of Annexure LLW-1**. A copy of an

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ASIC company search performed in relation to OneSteel on 15 March 2025 is at **pages 4 to 34 of Annexure LLW-1**

10 Since our appointment, we have been primarily focused on stabilising the business operations of OneSteel and improving the safety of its operations. OneSteel is continuing to trade during the administration to preserve the status quo and maximise the prospect of the business continuing operations, whilst also considering options such as restructuring or recapitalising or selling the OneSteel business. The early stages of the administration have identified severe challenges to the Administrators (including with respect to the state of disrepair of OneSteel's operations and occupational health and safety) which I explain in more detail below.

C. Convening of Second Creditors Meeting

11 Unless extended by order of the Court, the **Convening Period** for the second meeting of creditors of OneSteel will end on Thursday 20 March 2025. If not extended, we will be required to hold the meeting within five business days of that date. The Administrators are not currently in a position to have formed an opinion about the matters which creditors must consider at the second meeting of creditors of OneSteel (**Second Creditors' Meeting**). The Administrators believe that it is in the best interests of OneSteel's creditors that the Convening Period be extended for a period up to twelve (12) months, with the ability to convene the Second Creditors' Meeting sooner if necessary or appropriate. The Administrators do not currently have sufficient funding to continue operations for twelve (12) months.

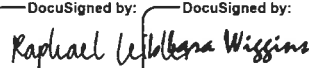
D. Initial Funding of Administrators

12 On 19 February 2025, the Treasurer of South Australia, for and on behalf of the Crown in right of the State of South Australia, and the Administrators, entered into a Funding and Indemnity Deed (**Funding and Indemnity Deed**). Under the Funding and Indemnity Deed the State agreed to provide funding for the Administrators to undertake and perform the administration. This includes the costs of the Administrators and their staff and disbursements, the costs of an Expert Advisor, and the costs of funding the general working capital of the OneSteel business or any claim. The funding limit under the Funding and Indemnity Deed is \$400 million or such other amount that the parties may agree in writing from time to time.

E. State and Commonwealth Support Package

13 The OneSteel day to day operations are conducted from Whyalla. Whyalla is the third largest town in in South Australia. The closure of the OneSteel operation would cause substantial hardship for the residents of Whyalla.

14 On 20 February 2025, the State Government and the Commonwealth announced a multi-billion-dollar package to support OneSteel described as the Sovereign Steel Package. The joint State and Commonwealth package includes:

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- (a) \$100 million in creditor assistance payments, infrastructure upgrades, jobs matching and a skills hub;
- (b) a co-investment of \$384 million to fund the Whyalla Steelworks operations during the administration; and
- (c) \$1.9 billion to work with a new owner to invest in upgrades and new infrastructure.

A copy of the Sovereign Steel Package announcement is at **pages 35 to 38 of Annexure LLW-1**.

F. Size and complexity of OneSteel

- 15 OneSteel owns and operates the Whyalla Steelworks and nearby iron ore mines located in the Middleback Ranges in South Australia. The operations at the Whyalla Steelworks are fully integrated, involving mining the raw materials, processing the raw materials and distributing finished steel products. The Whyalla Steelworks operate a blast furnace and steel rolling mills which produce raw steel, steel billets, long products (structural steel) and rail products. The total nameplate production capacity at the steelworks is approximately 1.2Mtpa of cast steel and 1.0Mtpa of raw iron. Approximately 60% of the product is cast to billet and transferred by rail to the Newcastle rolling mills in billet form for further processing. Approximately 450Ktpa of hot rolled product (including rail) is converted to finished products in the rolling mill. These products are used to build and maintain infrastructure across the country, including railways, buildings, bridges, hospitals, schools, defence assets and transmission infrastructure.
- 16 The magnetite reserves of OneSteel are so vast they are estimated to be sufficient for over 100 years of future mining operations.
- 17 OneSteel employs approximately 1,487 employees directly. OneSteel also has entered into a number of independent contracts with independent contractors that result in a further 1,500 people working regularly on site. Our initial investigations indicate the total direct employee entitlements exceed \$189 million, including annual leave, long service leave, pay in lieu of notice and redundancies. Approximately 15.6% of the employees have over 25 years of service with OneSteel, explaining the significant redundancy contingent liability. The OneSteel operations also indirectly support jobs in the broader community of Whyalla, South Australia.

G. State of affairs of OneSteel

- 18 Since taking control of OneSteel, we have identified that OneSteel has sustained a long period of underinvestment, inadequate or no maintenance, poor health and safety practices, has insufficient spare parts and inefficiencies operationally and financially. Based on unaudited management accounts for the seven months to 31 January 2025, prior to our appointment, OneSteel generated a loss before tax of approximately \$1.5 million per day. The business is

still currently loss making. We recognise that we must find a way in which these losses can be reduced to make the operations viable and investable in the longer term.

19 We are not currently satisfied that OneSteel is compliant with all occupational, health and safety requirements but we are taking steps to ensure that it will be in the future. Health and safety is currently one of our major areas of focus. We are also extremely concerned about the health and wellbeing of the Whyalla workforce.

20 Given the poor state of the steelworks, we entered into a Services Agreement with BlueScope Steel (AIS) Pty Ltd (**BlueScope**) for the provision of, amongst other things, advisory services at the Whyalla Steelworks. The Services Agreement set out the scope of Phase 1 as follows:


BlueScope will review the condition of the iron and steelmaking processes and equipment OneSteel, including to identify any immediately apparent issues that are critical to the safety or near-term functionality of those processes and equipment. This review will include the following areas of operations:

- *Services infrastructure*
- *Marine infrastructure*
- *Mines*
- *Pellet plant*
- *Coke making*
- *Iron making*
- *Steel making*
- *Rolling mill*
- *IT/OT systems*

21 We expect it will take months to stabilise the business. And the business operations must be stabilised before we start to prepare it for sale or recapitalisation.

OneSteel's associated entities and intercompany arrangements



22 The affairs of OneSteel and other GFG Alliance entities are financially and operationally intermingled. This has made it difficult for the Administrators to obtain a complete set of the books and records of OneSteel, which we require to conduct investigations and prepare a report to creditors in accordance with our obligations under section 439A of the Act and rule 75-225 of the *Insolvency Practice Rules (Corporations) 2016 (Cth) (IPR)*. For example, we have read in the media that directors of GFG Alliance or related entities (including Infrabuild Australia Pty Ltd ACN 631 112 457 (**InfraBuild**)) have sought Safe Harbour protection under section 588GA of the Act but, despite our lawyers' requests to obtain a copy of the Safe Harbour plan from the lawyers for GFG Alliance, the Safe Harbour Plan has not been provided to us. A copy of the article in the Australian titled "Sanjeev Gupta's directors seek safe harbour" dated 2 March 2025 is at **pages 39 to 42 of Annexure LLW-1**. Copies of the communications between our lawyers and the lawyers for GFG Alliance are at **pages 43 to 62 of Annexure LLW-1**.

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- 23 As at the date of this affidavit, the Administrators are yet to receive unfettered access to the books and records of OneSteel. We anticipate that we will need to issue numerous requests for information and documents (in addition to those already made) and if this is unsuccessful or too slow may need to take steps to compel those with access to OneSteel's books and records to produce them.
- 24 The intermingling of the affairs of OneSteel and other GFG Alliance entities is apparent from the extent of the shared services between the companies in the GFG Alliance. The Administrators have identified that OneSteel has complex arrangements with related entities in the GFG Alliance including:
- (a) shared services agreements with InfraBuild (ACN 631 112 457) and other GFG Alliance entities for transaction and operational support services, including payroll, IT and procurement (InfraBuild is also one of OneSteel's largest customers);
 - (b) shared service agreements for corporate services, shipping and export related activities with GFG Alliance entities locally and internationally; and
 - (c) shared services agreements with Liberty Group entities, including with Liberty Primary Metals Australia Pty Ltd (ACN 631 112 573), Whyalla Ports Pty Ltd (ACN 153 225 364), Liberty Bell Bay Pty Ltd (ACN 004 456 035) and Tahmoor Coal Pty Ltd (ACN 076 663 968).
- 25 The Administrators have not currently commenced, but will need to, investigate the nature, impact and lawfulness of these related party transactions, arrangements and relationships. This is expected to take significant time given our inadequate access to documents, complexity of the agreements in place and the materiality of the transactions to OneSteel's financial and operating position. As stated above, addressing health and safety and losses has taken much of our initial focus.

Financial position of OneSteel

- 26 OneSteel's indicative Statement of Financial Position as at 31 January 2025 (based on unaudited management accounts) records:
- (d) total assets of \$1.676 billion; and
 - (e) total liabilities of \$1.271 billion.
- 27 OneSteel's indicative Statement of Profit or Loss for the seven-month period ending 31 January 2025 (based on unaudited management accounts) records:
- (f) sales revenue of \$669 million;

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- (g) cost of sales of \$847.3 million; and
- (h) a loss (before income tax) of \$319.1 million for that period.

During this period, OneSteel operated at a negative gross profit margin of 26.7%, equating to a loss of approximately \$1.5 million per day before tax. Based on our preliminary analysis we do not believe that the realisable value of the assets will be anywhere near the most current book value.


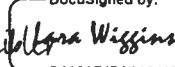
- 28 The OneSteel cashflow forecast for the period 19 February 2025 to 17 May 2025 indicates that OneSteel faces significant cashflow issues, as it has insufficient funds to meet forecast outflows including operating expenses and capital expenditure.
- 29 The cashflow position is also adversely affected by the fact that, prior to our appointment, OneSteel appeared to accept 'prepayments' from some customers for inventory that it has not yet delivered and is not yet in existence. OneSteel also continually sold product to InfraBuild at less than the cost OneSteel incurred in producing that product.

OneSteel Creditors


- 30 The 648 unsecured and 68 secured creditors of OneSteel claim to be owed more than \$1.3 billion, comprising:
 - (i) trade creditors and suppliers (secured and unsecured) owed \$437 million;
 - (j) associated entities with claims estimated to be approximately \$570 million;
 - (k) employees of OneSteel who are owed entitlements of approximately \$189 million;
 - (l) prepaid sales to third parties estimated to be in excess of \$110 million; and
 - (m) the State Government which is owed \$40 million in respect of water and royalties.
- 31 We anticipate these numbers will change as further updates are made to OneSteel's accounts, further proofs of debts are lodged and as we investigate claims against associated entity creditors.
- 32 We need to conduct further investigations to better and more fully understand the precise quantum and size of all creditor claims. We expect this task will take months to complete, particularly given the claims asserted by associated entities of OneSteel.

H. Conduct of the Administration to date

- 33 Since our appointment, the Administrators (together with members of our staff at KordaMentha) have carried out a wide range of tasks, including the tasks summarised in the following table:

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Ongoing Trading	<ul style="list-style-type: none"> (a) prepared a rolling cashflow forecast (b) liaised with customers and suppliers to implement trading controls and purchase order systems (c) entered into a Services Agreement with BlueScope (d) undertaken preliminary investigations into the financial position of OneSteel (e) entered into agreements with OneSteel customers
Stakeholder Engagement	<ul style="list-style-type: none"> (a) established a dedicated website for the OneSteel administration (KM OneSteel Website) and separate email addresses to deal with enquiries and correspondence in relation to the administration for general enquiries, creditors, suppliers and employees (b) provided updates to creditors via the KM OneSteel Website and by email (c) provided updates to the Commonwealth and State in relation to the conduct of the administration (d) established regular lines of communication with employees and their union representatives (e) held meetings and engaged with the Committee of Inspection (f) met with the Whyalla City Council and Whyalla Creditors Coalition to discuss our appointment and answer questions (g) held meetings with the directors, senior management and employees of OneSteel (h) held meetings with directors, senior management and staff of the corporate entities associated with the GFG Alliance (i) liaised with media
Legal	<ul style="list-style-type: none"> (a) engaged ABL and obtained advice on various issues arising in the administration (b) filed an urgent application and obtained orders from this Court in relation to the voting of employees who are union members (c) stayed arbitral proceedings against OneSteel commenced in Singapore
Secured Assets	<ul style="list-style-type: none"> (a) liaised with brokers in relation to insurance arrangements for cover of assets and trading activities (b) reviewed security arrangements on site (c) liaised with pre-appointment insurers to maintain pre-appointment policies where possible (d) wrote to all banking institutions upon our appointment to freeze any bank accounts and cancel any credit cards in the name of OneSteel (e) identified OneSteel's bank accounts and liaised with the banks to ensure the Administrators have full control over the accounts
Leased Assets and Property	<ul style="list-style-type: none"> (a) commenced an investigation to identify all leased assets and property (b) issued notices of intention not to exercise any rights in respect of leased properties (c) issues notices of continued use of leased properties
Secured Creditors	<ul style="list-style-type: none"> (a) completed searches to identify all Personal Property Security Register (PPSR) registrations against OneSteel (b) written to all secured parties to advise them of our appointment and to request documents to assist with our review their claims (c) corresponded with secured creditors (d) established a PPSR register to maintain information (e) communicated with employees regarding the handling of PPSR goods identified on site

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Sale / Recapitalisation Process	<ul style="list-style-type: none"> (a) commenced consideration of a strategy to restructure, recapitalise or sell OneSteel (b) communicated with 333 Capital, an advisory practice, to explore strategic options to prepare the Whyalla Steelworks and mines for a potential sale (c) communicated with interested parties
First Creditors' Meeting	<ul style="list-style-type: none"> (a) prepared the requisite notices and the circulars to creditors (b) prepared for, attended and conducted the First Creditors' Meeting in person and virtually (c) collected and adjudicated proofs of debt and proxies lodged by secured and unsecured creditors prior to the First Creditors' Meeting
Books and Records	<ul style="list-style-type: none"> (a) sought access to the books and records of OneSteel (b) obtained copies of some of the electronic books and records of OneSteel
Employee Entitlement	<ul style="list-style-type: none"> (a) obtained employee entitlement data to calculate employee entitlements as at the date of our appointment (b) processed payroll (c) circulated policies to employees
Creditor assistance scheme	<ul style="list-style-type: none"> (a) working with the government assistance team to review and verify creditor claims for payment under the support packages offered by the government.


I. First Creditors' Meeting and Appointment of Committee of Inspection

34 On 24 February 2025, the Administrators posted to the KM OneSteel Website circulars to creditors, suppliers and employees of OneSteel and a Notice of Meeting for the first meeting of creditors to be held on Monday, 3 March 2025 at 2:00 pm (ACDT) in Whyalla and virtually (**First Creditors' Meeting**). A copy of the circulars to creditors, suppliers and employees of OneSteel and the Notice of Meeting in relation to the First Creditors' Meeting are at **pages 63 to 153 of Annexure LLW-1**.

35 On 3 March 2025, the First Creditors' Meeting was held at the Westland Hotel Motel, 100 McDouall Stuart Avenue, Whyalla, South Australia and virtually via an online meeting room hosted by Zoom. I was the chairperson of the First Creditors' Meeting.

36 During the First Creditors' Meeting, I said the following:

Given the complex nature of the business and the time we consider it will take to stabilise the business, investigate the affairs and conduct a sale or recapitalisation process, we believe it to be in the best interests of creditors of the company to apply to the Court to extend the 25 business day convening period of the second meeting of creditors. We will also simultaneously seek orders that permit us to convene the second meeting sooner should we form the view that it is in the best interests of the creditors and other stakeholders of the company to do so. We plan to progress these applications to court following the first meeting of creditors.

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37 The Administrators' presentation at the First Creditors' Meeting included a slide in relation to the extension to the convening period of the second meeting of creditors. As the minutes disclose, not one creditor in attendance at the First Creditors Meeting voiced any concerns about the foreshadowed application to extend the convening period for the Second Creditors' Meeting.

J. Committee of Inspection

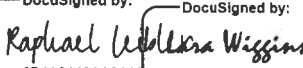
38 On 3 March 2025, at the First Creditors' Meeting, the creditors resolved to appoint a Committee of Inspection and to appoint the following eleven representatives (the **Committee of Inspection**):

- (a) Damien Hodgkinson (InfraBuild Australia Pty Ltd);
- (b) David Foot (Golding Contractors Pty Ltd);
- (c) The Commonwealth Department of Industry, Science and Resources;
- (d) Gavin Hobart (non-union employees / salaried staff);
- (e) George Lippiatt (Aurizon Bulk Central Pty Ltd);
- (f) Henry Carr (Department of Employment and Workplace Relations – as an observer only);
- (g) John Chapman (WH&F Aust Pty Ltd);
- (h) Nari Chandler (SA Water, South Australia Arid Landscape Board & Dog Fence Board);
- (i) Paul Martyn (State SA Department of Energy and Mining);
- (j) Tim Burfield (Environment Protection Authority); and
- (k) Zach Duncalfe (employees / Union – AWU).


39 The minutes of the First Creditors' Meeting have been uploaded to the KM OneSteel Website. A copy of the minutes of the meeting (excluding Appendix A: Attendance Register) are at **pages 154 to 206 of Annexure LLW-1**. A copy of the slide pack presented at the First Creditors' Meeting is Annexure B to the minutes of meeting and is at **pages 162 to 206 of Annexure LLW-1**.

40 On 7 March 2025, the solicitors for the Administrators, Arnold Bloch Leibler (**ABL**) sent a letter to ASIC containing a list of the above members of the Committee of Inspection, a copy of which is at **page 207 of Annexure LLW-1**.

K. Sale or Restructure Options

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- 41 The Administrators have devised a three-step strategy in relation to the OneSteel administration: :
- (a) first, secure and stabilise the business, improve workplace health and safety and continue to trade to increase the potential of the business being transferred to an investor on a stable and long-term footing;
 - (b) second, identify the future state of the business to ascertain whether there is an investable proposition for a new owner; and
 - (c) third, close the transaction to transfer the business to a new owner on a stable and long-term footing (if possible).
- 42 Prior to commencing any sale or recapitalisation process, the Administrators must investigate strategic plans and opportunities for the Whyalla Steelworks and mine, including assessing the investment required, its commercial viability, and funding options. This will involve careful consideration of material capital expenditure plans. The Administrators will need to arrange feasibility studies and financial modelling to be undertaken to inform our assessment. This process will be time intensive and will require careful consideration.
- 43 The Administrators intend to engage 333 Capital to prepare for a future transaction of the business to a new owner. This includes considering any required capital expenditure to transition the business into an investable proposition. 333 Capital is an Australian corporate advisory firm associated with and related to KordaMentha that specialises in providing independent advice on mergers and acquisitions, capital raising, and strategic reviews of businesses.
- 44 Prior to a sale or recapitalisation process being commenced, the Administrators also intend to engage an external corporate adviser. It is expected that once a process is ready to be commenced:
- (a) the corporate adviser would prepare a 'teaser' to attract interest, which may take some weeks to prepare;
 - (b) we would need to establish a data room to enable interested parties to conduct initial limited due diligence;
 - (c) interested parties would need to execute confidentiality agreements before receiving access to the data room;
 - (d) prospective investors would have a window in which to provide non-binding indicative offers;

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- (e) a shortlist of prospective investors may subsequently receive more detailed due diligence and have the opportunity to meet with management;
 - (f) prospective investors would then have a window in which to make final binding offers; and
 - (g) the Administrators would then need to negotiate the final terms and documentation of any offer that is accepted.
- 45 Any sale or recapitalisation process will also require the participation of the Commonwealth and State Government. Having regard to the challenges described in this affidavit, we consider that an informed decision about a recapitalisation or sale process is expected to take a number of months after we are in a position to commence that process. Accordingly, the Administrators anticipate they will be in a position to commence a sale or recapitalisation process in about 6 months. We also expect that a process of the kind described in paragraph 44 will take about 4-6 months (taking into account the holiday period in December / January).
- 46 The Administrators estimate that a period of up to 12 months may be required to restructure, recapitalise or sell OneSteel. However if we are able to move more speedily then we will do so.

Convening the meeting as early as possible


- 47 The Administrators intend to convene the Second Creditors' Meeting at the first available opportunity following a binding transaction in relation to the OneSteel business or a binding proposal for a deed of company arrangement (DOCA). If the Court grants the relief sought in this application, this means that the Second Creditors' Meeting may be held earlier than 20 March 2026.

M. Notification of this Application to the Committee of Inspection

- 48 On 13 March 2025, KordaMentha sent an email to the Committee of Inspection notifying them of the Administrators' intention to make this application and requesting the Committee of Inspection provide any queries, concerns or alternatively confirm their support for the application. The email contained a concise overview of the Administrators' plans (outlined in detail in this affidavit) to use the extended convening period to stabilise the OneSteel business and subsequently transition to a sale and recapitalisation process. A copy of our email to the Committee of Inspection is at pages 208 to 210 of Annexure LLW-1.
- 49 Since that correspondence, the Administrators engaged in discussions with the members of the Committee of Inspection appointed on behalf of the State Government and, on 17 March 2025, the State Government confirmed that it supported an extension to the convening period of up to twelve (12) months.

- 50 The Administrators have also received the following responses from members of the Committee of Inspection:
- (a) Zach Duncalfe (AWU) responded by email at 10:45am on 14 March 2025 confirming that the *"Australian Workers' Union supports the proposed extension understanding the bases on which the administrators are proposing to seek it"*;
 - (b) Henry Carr (Department of Employment and Workplace Relations) responded by email and letter at 3:37pm on 14 March 2025 requesting the Court be informed of any matter or any impact on the OneSteel employees arising from the extension request including;
 - (i) whether any employees are likely to be stood down under the *Fair Work Act 2009* (Cth) without pay during any extended administration period, and the impact of such a stand down;
 - (ii) if any employees are likely to have their employment terminated during any extended administration period, the delay in access to the Fair Entitlements Guarantee scheme for those employees;
 - (iii) the impact on employees and other creditors of increased costs arising from an extended administration period;
 - (iv) the impact on priority employee creditors of the use of secured circulating assets during any extended administration period which would otherwise be available to pay employee entitlements in liquidation;
 - (c) George Lippiatt (Aurizon Bulk Central Pty Ltd) responded by email at 2:57pm on 14 March 2025 stating *"I'm supportive of the proposed extension"*; and
 - (d) Gavin Hobart (non-union employees / salaried staff) responded by email at 4:03pm on 17 March 2025 stating *"I support the request for the extension for the reasons KM have tabled, these being the stabilisation phase, and preparing the business for the market being complex and taking at least the time requested"*. Mr Hobart further noted that OneSteel has *"a number of sustaining items that will need to be invested in during this period of administration to keep the business in a sustainable position moving forward"* and indicated that deferring these works for the period of the administration would compromise the marketability of the business; and
 - (e) The Commonwealth Department of Industry, Science and Resources responded confirming support for the proposed extension.

Copies of the above correspondence from the members of the Committee of Inspection are at pages 211 to 222 of Annexure LLW-1.

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SWORN by the deponent
at Melbourne
in Victoria
on 17 March 2025
Before me:

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DocuSigned by:
Lara Wiggins
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Signature of deponent

DocuSigned by:
Raphael Leibler
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Signature of witness

Raphael Yehudah Leibler
Arnold Bloch Leibler
Level 21, 333 Collins Street, Melbourne 3000
An Australian Legal Practitioner within the
meaning of the Legal Profession Uniform Law
(Victoria)

A person authorised under section 19(1) of the *Oaths and Affirmations Act 2018* (Vic) to take an affidavit.

In accordance with section 27(1A) of the *Oaths and Affirmations Act 2018* (Vic), this affidavit was signed and sworn or affirmed by the deponent by audio-visual link, and the authorized affidavit taker has used a scanned or electronic copy of the affidavit and not the original in completing the jurat requirements. All requirements of section 12 of the *Electronic Transactions (Victoria) Act 2000* (Vic) have been met.