RTI 25-26-73
the following information has been released in response to a request for information relating to Liberty Bell Bay

TASMANIAN DEVELOPMENT BOARD

July 2025 Out of Session Meeting

Commercial-in-Confidence

Board Paper: 1	**Agenda:**	**OOS - JULY 2025**
Title:	**Liberty Bell Bay –**	
Description: Financial		**Purpose: For endorsement**
Synopsis:		

Liberty Bell Bay (LBB) formerly known as the Tasmanian Electro Metallurgical Company (TEMCO) provides a significant contribution to the State as a long-term export manufacturing business, employer and general driver of economic activity.

State Growth has been working with LBB regarding its various prolonged challenges around ore supply and working capital withdrawal.

The gravity of the situation with LBB has escalated in recent weeks, with the business closing off production in all four furnaces and commencing a period of limited operations.

LBB's capital position has become critical, as indications are that:

- LBB may run out of available capital by the end of July.
- LBB may be unable to fund its ore supply resulting in staff leaving and threatening the long-term sustainability of the operation.
- LBB risks losing access to its key USA market if it fails to make a bid there in the key ordering season, as well as recommence production by or around September.

In July 2025, the Department engaged professional services firm, Deloitte, to assist in understanding the current financial position of the LBB business and possible future outcomes, such as administration, and the options available to Government.

Findings to date, indicate there exists a sustainable financial pathway and operating model, which is based on reasonable pricing and market assumptions, for the LBB smelter to return to its profitable position, were it to be recapitalised.

A summary of the work completed to date, and the insights and recommendations from Deloitte, have been included in this Paper.

Cabinet has recently met and, in principle, agreed that intervention may be required and are seeking advice from the Board of Tamanian Development and Resources (TDR).

Recommendations:

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It is recommended the Board of TDR:

1. Note the contents of this paper and its attachments
2. Endorse the continued operation of Liberty Bell Bay as being a continuation of a business undertaking that is of special significance to the economic development of the State
3. Note the advice received from Deloitte and KWM (attached)
4. Recommend the Minister provide an urgent loan of up to $20 million to Liberty Bell Bay under section 35 of the *Tasmanian Development Act 1983* for the purchase of essential ore required for ongoing production, based on the draft terms attached to this paper
5. Note that, if the Board supports these recommendations, the Liberty Bell Bay loan would be funded from TDR borrowings and that there is sufficient headroom within the borrowing cap; and
6. Note that State Growth will continue negotiations with the Australian Government, Liberty Bell Bay, and other interested parties on a broader support package for further consideration by the Board of TDR at a later date and that the Board's deliberations on this paper will inform those negotiations.

Prepared by:	**Submitted by:**	**Endorsed by:**
Out of Scope Dennis Hendriks Out of Scope	Jenna Cairney A/Deputy Secretary John Perry Coordinator-General	John Perry Coordinator-General Jenna Cairney A/Deputy Secretary

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1. BACKGROUND

LBB, formerly known as TEMCO provides a significant contribution to the State as a long-term major export manufacturing business, employer, and general driver of economic activity.

s.35 [redacted]

The Bell Bay manganese alloy smelter has operated since 1961, being established and owned under various structures within the BHP Group, until its 100 per cent sale from the devolved South32 to the GFG Group in 2021. Through its time under BHP and South32 ownership, the business was commonly known and referred to as TEMCO.

South32's common ownership of the Groote Eylandt Mining Company (GEMCO) manganese ore mine provided vertical integration for Australian manganese alloy manufacturing. The GEMCO facility remains under South32 ownership and remains a key supplier of manganese ore to LBB.

South32 announced its intention to exit TEMCO in 2019 and undertook a global sale process which was looking as though no buyer would be found. The Office of the Coordinator-General (OCG) directly approached Sanjeev Gupta about Tasmanian opportunities including TEMCO and the GFG Alliance purchased the business from South32 in early 2021.

LBB has the capacity to manufacture up to approximately 270,000 tonnes of Ferro Manganese and Silico Manganese through its four furnaces. Its 2023 production was around 225,000 tonnes, being its last full year of production prior to the extended GEMCO outage (see timeline below).

LBB is Australia's only manganese alloy smelter, with its products predominately used within steel manufacturing for both domestic and overseas consumption. Its overseas markets have traditionally been in USA, Japan, Chile and New Zealand.

Softer global conditions, combined with other operational constraints over 2024 and into 2025, resulted in production reducing to around 170,000 tonnes (prior to the production pause), with around 100,000 tonnes of this being sold into the USA.

LBB will typically sell around 30,000 to 35,000 tonnes of product into the Australian market annually, through the Infrabuild, Whyalla Steel and Bluescope operations, noting that LBB was not supplying into Whyalla (in administration) at the time of its production pause.

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The overall market outlook and associated financial performance of LBB is thus heavily underpinned by global steel production and its linkages to economic demand and activity.

Manganese forms a key component in steel manufacturing, enhancing product strength, wear and resistance to corrosion, with an estimated 90 per cent of all manganese alloy being used for this activity.

Manganese is identified as a critical mineral within the Australian Government's Future Made in Australia National Interest framework. It is understood that there is a strong desire amongst Australian steel manufacturers to preserve sovereign capability in manganese alloy production and supply, due to associated risks with an 100per cent reliance on imports.

2. ECONOMIC CONTRIBUTION

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Most of this activity is centred in the Northern Tamar region, with around 90 per cent of employees, and a high proportion of supply businesses and thus indirect jobs, residing in the local community.

LBB also requires significant volumes of energy to maintain operations, being the third highest consumer of electricity in the State, and under direct agreement with

Hydro Tasmania (Hydro). LBB also consumes large quantities of natural gas and coal.

A summary of LBB's assessed direct contribution to State Government related entities is presented below. The figures presented are based on annual expenditures under a full operating scenario (three furnaces), noting that the Stamp Duty amount is a one-off item, but remaining due.

These figures do not include an amount of s.35 [redacted] currently held by Aurora Energy (Aurora) as a security deposit for its energy retail agreement with LBB – Aurora provides billing and related services for the direct Hydro agreement and holds associated credit exposure.

It is understood that Aurora will be seeking an additional amount of up to s.35 [redacted] cash security, calculated to reflect increases in Hydro pricing from 2025, and LBB's projected increases in consumption when it ramps up its operations after the shutdown. The requirement to pay this amount is currently on hold, due to the current production pause and related decreases in monthly billing amounts, and therefore credit exposure.

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3. CURRENT SITUATION

LBB has experienced multiple operational challenges over a prolonged period, which have resulted in the business recently closing off production in all its four furnaces. A high-level timeline outlining the key events leading up to the current production pause is presented below.

It is Deloitte's and our assessment that there is currently a very high risk that LBB either cannot or will not be able to restart from this pause position (it will be too challenging to bring back to life) unless there is an immediate capital injection into the business.

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The urgency around this capital injection is critical for the following reasons:

1. LBB is forecast to drain its known capital reserves in or around the end of July, or possibly into August.

2. LBB's owners GFG Group appear unable and/or unwilling to provide any capital into the business.

3. Similarly, LBB has been unable to secure sufficient finance from market and its assessed credit risk has seen the finance it can secure become increasingly expensive.

4. LBB must secure ore supply from the recently re-opened GEMCO facility, owned by South32, and potentially other materials, to re-start production.

   It is understood that LBB had made declarations with South32 to ship this ore during August, however, could not settle terms with South32 as it had neither sufficient capital, nor an invoicing financing arrangement, which allowed the shipment to be released.

   It is currently understood that now the earliest that ore can ship from GEMCO is September.

   The latest information on this matter is that LBB is considering declaring the shipment for September with South32, without a payment pathway in place, due to the critical nature of having a confirmed order of ore.

   Delays in the shipping of ore will continue while LBB's financial situation persists, together with a potential risk also being that its contractual obligations with South32 are breached.

5. Related, LBB is required to participate in a bidding process for its alloys through July to October with prospective US buyers.

   Failure to obtain ore means that LBB would be unable to compete for its position in the US market. It is understood that due to the cyclical nature of the US market, all contracts will be concluded by October for Calendar Year 2026.

   An exclusion from this market could see LBB excluded from its main customer for at least one year with limited ability to recover its position indefinitely in the US.

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LBB has indicated it is unable to bid for tenders unless there is certainty of supply, which is currently unachievable due to capital constraints.

6. Workers have been back on site since 14 July, however, without a confirmed order of ore, steps to recommence production (furnaces being turned back on) cannot be taken and there exists a significant risk that workers:
   a. Cannot be paid due to lack of capital.
   b. Could be stood back down or retrenched due to a lack of planned work on-site.
   c. Exit LBB for other opportunities due to lack of confidence in the sustainability of the operation.

   In this scenario, LBB will face challenges around resecuring a workforce (once needed) due to workers securing alternative employment etc.

OCG, in conjunction with State Growth and its engaged consultants Deloitte, have been working with LBB to understand the extent of its various challenges, and potential pathways forward.

s.35 [redacted]

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s.35 [redacted]

However, this is not considered to be the full amount required to fully capitalise the business (see section 5), as LBB has confirmed that further sources of funding will be needed, either through government or private means.

A number of these requests could also potentially cause challenges for the government with other major industrial clients of Hydro Tasmania and Aurora which may even give risk to ACCC challenges.

4.2 PROPOSAL FROM WHITE OAK COMMERCIAL FINANCE (White Oak): RESTRUCTURING AND SALE

State Growth and the Federal Government's Department of Industry Science and Resources (DISR) have both been engaged with Ernst Young (EY) separately which has been commissioned by White Oak to undertake a commercial review of the LBB smelter.

White Oak is a debtor factoring and finance firm and holds security over the shares of LBB (but not the assets of LBB) by virtue of a deal with other parts of GFG overseas.

EY presented State Growth with an initial proposal (backed by a confidential draft term sheet) which would see White Oak triggering a receivership situation for LBB through its security over the LBB shares (with EY as receivers for the shares) and then appointing a new board over the entity.

EY would then conduct a 60 to 90-day open share sale process which would most likely lead to a share sale to a White Oak affiliate or possibly a third party.

The proposed appointment of a receiver has been made on the condition that LBB would receive significant Tasmanian Government support.

s.35 [redacted]

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This request comprised both direct financial assistance and foregone government revenue. Additionally, the proposal entails substantial indemnities, including personal and environmental liabilities, to be assumed by the State Government and not currently quantified, although clearly very significant.

Deloitte's analysis around the EY prepared cashflow forecast has highlighted that EY has incorporated sensitivities around reduced production volumes and revenue, along with increases in operating costs. These sensitivities inflate the required cashflow support at periods, and therefore the total ask. Further, the EY model removed energy costs on the assumption they would be waived.

Given the independent advice received from Deloitte this proposal is considered to be in totality more than what is required to recapitalise the LBB asset and so does not represent good value for money for the Tasmanian Government.

Other issues with this option included:

- The Tasmanian Government would have very limited control over the allocation and use of funds. While a first-ranking charge over assets may be available, its practical value is likely to be minimal given the scope of indemnities required.
- The arrangement places comprehensive exposure on the Tasmanian Government, which is expected to play a critical role at every key juncture despite having limited oversight. Given the scale of support required in the short to medium term, unwinding these commitments even in the long term - particularly if a new owner is identified - would likely prove highly challenging.

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5. FINANCIAL ANALYSIS AND ASSESSMENT OF BUSINESS VIABILITY

Deloitte has been commissioned to provide independent financial and risk analysis on LBB, using data provided from several sources including:

(iii) Financial information and cashflow models provided direct from LBB.

(iii) Direct engagement with LBB management.

(iii) The cashflow models on LBB developed by EY as part of its commissioned work for White Oak, which use LBB source data.

Deloitte's ongoing work has been invaluable in understanding the rapidly evolving situation at LBB and its changing financial position, assessing the funding proposals from LBB and White Oak and overall, determining the ongoing and future viability of LBB and the most appropriate option(s) to present to government on securing the LBB asset.

Three of Deloitte's presentations are included as attachments being:

(iii) *Attachment A – Deloitte 22 May 2025* – Details around corporate structure, the Whyalla administration, and potential options for government around its own administration process for LBB.

The request for this report came from a desire to understand further the background to the Whyalla administration, and the levers available to the South Australian Government at the time.

(iii) *Attachment B – Deloitte 4 July 2025* – Details around intercompany loans and dividend payments, and options for government to treat the LBB situation.

This report was prepared following the first tranche of financial information released by LBB, noting that prior to this time the GFG Group had been unwilling to share any of the businesses direct financial reports. It is the first assessment of the historical and current financial position of LBB using company provided data.

(iii) *Attachment C – Deloitte 24 July 2025* - The most up to date assessment of projected cashflow, cash on hand and the amount(s) required to fully capitalise LBB.

This presentation incorporates information sourced from LBB's internal weekly cashflow forecast, and the EY developed cashflow model which Deloitte has secured (from LBB not EY).

These figures remain subject to change in reflection of regular discussions with LBB management, and the critical nature of securing an ore shipment – ongoing time delays in resuming production pushes revenues out further and increases the ultimate amount needed to recapitalise the business due to holding costs.

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Overall, Deloitte determines that there exists a sustainable financial pathway and operating model, with reasonable pricing and market assumptions, for the LBB manganese smelter to return to a profitable position, were it to be recapitalised.

This model does not require ongoing government support once the business is recapitalised, although this could be a future option for the government to consider for various reasons.

Current Position

LBB is severely capital constrained. Based on the most recent cashflow (noting these are currently being updated and provided every two or three days), LBB could drain its remaining capital as early as next week or potentially stretch out further into late August. This is due to two variables being:

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s.35 [redacted]

Given ore supply is now unlikely to be received until September at the earliest, it is understood that no payments (sales) for processed ore will be received until at least mid-December, meaning the company will need to finance operations through other mechanisms.

It is unknown what ability exists within the GFG group to provide funds to LBB however, currently there is no indication that GFG is either able to or willing to inject capital into LBB from the broader group.

Medium Term

s.35 [redacted]

The current known listing of future capex is presented below in Section 7, noting that some of these items are categorised as maintenance rather than upgrades and therefore could be covered within the annual s.35 [redacted]

6. OPTIONS ANALYSIS

OCG, in conjunction with the Department and Deloitte, have been working at pace, using rapidly evolving information, to determine the ongoing viability of the LBB asset and its actual capital requirements, the size of and conditions around these various government asks, and ultimately, to understand and present to government the most appropriate pathway forward.

Any information presented and its associated amounts could and is likely to be subject to change.

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s.35 [redacted]

It is fundamental that the focus should always be on ensuring the wellbeing of the workers, suppliers, contractors and community who earn their livelihood from the LBB asset and are therefore critically dependent on its ongoing viability and operations.

Equally, any agreed option(s) will need to be very carefully implemented, with appropriate advice, to ensure that Tasmania's financial interests are considered and protected. These options have been developed in conjunction with our external advisers, Deloitte and King&Wood Mallesons (see Attachments A – D).

Option 1: Do Nothing

s.35 [redacted]

The prevailing view is that GFG is unlikely to initiate administration proceedings for LBB in a timely manner, which puts the LBB operations at significant risk in the interim.

Additionally, it appears improbable that LBB will secure sufficient funding to acquire immediate ore supply putting its US market activities at jeopardy. If the US markets are lost and additional skilled personnel depart due to diminished confidence, the long-term viability of the operation and its potential to return to profitability would be significantly compromised

This poses significant risks to the future sustainability of LBB.

It is our view that should LBB enter administration under this scenario it is a high possibility that it will fail to reopen, due to losing its key US market.

This would impact the Tasmanian economy by approximately $500 million per annum.

Option 2: Staged Financial Support Package: Immediate and Contingent Loan

s.35 [redacted]

This option proposes to support LBB's immediate operational needs and safeguard its longer-term viability, through a two-tiered loan package.

This package will require significant safeguards to protect the State interest and encompasses:

Primary Loan Facility:

An initial loan of up to $20 million provided to LBB to fund the purchase of essential ore required for ongoing production.

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This funding is intended to ensure the continuity of operations and preserve value in the short term. This would save significant LBB expenditure through the removal for the need for high fee ore finance and will allow for continued access to US markets.

The loan would be structured in line with the following parameters considered:

- Secured to the fullest extent possible, in accordance with legal advice.
- Structured to enable the loan agreement to form a trigger for the Tasmanian Government to initiate an administration in the event of a default.
- Structured to minimise leakage of any funds from LBB to other GFG entities including seeking advice with respect to the payment of funds direct to South32.

This option will also require LBB to either source other operational funding or default.

Legal advice has been sought with respect to how best protect the State interest under this scenario and the KWM advice is attached (Attachment D).

A draft Indicative Non-Binding Terms Sheet is also shown at attachment (Attachment 3) which has been provided to LBB for its review. This sets out a range of conditions to be agreed prior to moving forward and is discussed further below.

Risk Mitigation through Legal Structuring and Advice

s.31

[redacted]

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s.31 [redacted]

All conditions and arrangements will be structured in accordance with legal advice obtained, ensuring compliance with relevant laws and regulations.

Contingent Support Facility:

s.35 [redacted]

This secondary loan facility would not be made available to LBB under normal circumstances. Instead, it would be activated only in the event that LBB is unable to stabilise the operation and administration is triggered and/or to assist a new owner in maintaining operational continuity.

The funds could then be deployed to stabilise operations and support the business through the transition process. This staged approach balances immediate operational support with a contingency mechanism to help protect against downside risk and ensure continuity in the event of distress.

An arrangement with White Oak could also be incorporated into this staged approach. For example, White Oak could trigger its receivership scenario at either the primary, or contingent facility stage.

Option 3: Support a solvent sale of LBB through White Oak finance

s.35 [redacted]

EY submitted a revised proposal to State Growth on 25 July 2025 (attached). Detailed analysis of the revised offer is underway.

s.35 [redacted]

This also remains subject to the provision of environmental liabilities to be assumed by the State Government.

The Tasmanian Government would have very limited control over the allocation and use of funds.

While a first-ranking charge over assets may be available, its realised value is likely to be minimal given the scope of indemnities required by White Oak (given its objective to try to extract value from ultimately selling its shares in LBB).

Currently, this option may not be viable based on the Australian Government's current position around LBB however those discussions are ongoing (see below).

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Payment of a loan under option 2 with respect to ore may not necessarily preclude this option from still being explored.

Option 4: Provide conditional funding support to LBB

s.35 [redacted]

This would involve offering LBB a lesser amount of money conditional upon them providing a first ranking security over assets sufficient to provide the Tasmanian Government with a trigger to enable administration or to entice them to enter voluntary administration.

If successful, this could enable the Tasmanian Government to take control of the business now however it is fully expected this is likely to be unpalatable to GFG.

It would provide a clear signal of intention which may result in GFG taking alternative steps that could further jeopardise the long-term future of the plant including encouraging it to hold off for longer raising concerns outlined in Option 1.

This could also result in funds being utilised for purposes that benefit GFG, but not necessarily LBB.

7. AUSTRALIAN GOVERNMENT POSITION

OCG and State Growth has been directly engaging and collaborating with the Commonwealth Department of Industry, Science and Resources (DISR) - as a working group - on LBB since March this year, which more recently has incorporated direct weekly meetings between the group, the business and its owners.

It is noted that DISR has been considering and holding active involvement with the GFG Group for some time through the Whyalla steelworks and its subsequent administration.

s.35 [redacted]

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[redacted]

8. MATTERS FOR CONSIDERATION

Need for Assistance

The LBB business demonstrates a need for assistance. The financial pressure driven by adverse economic conditions and the aftermath of the natural disaster at Groote Island, has made Tasmanian Government support critical for the business to survive while negotiating options for moving forward. GFG's withdrawal of working capital from the business together with macroeconomic factors have disrupted cash flow and reduced consumer demand, while the natural disaster has caused significant operational and therefore financial impact.

The support will not immediately change the risks and challenges the business faces; however, it does provide the Tasmanian Government with more options than it has available in the present, including the potential to appoint an administrator over the Company and to help salvage what remains of the business should LBB fail to recapitalise.

It is the view of the Department that without support, there is a high likelihood of liquidation, which would result in the indefinite closure of the business, and loss of jobs and economic benefit the business provides to the State. Furthermore, support would send an important signal to potential stakeholders who may have an interest in the operation.

Strategic Importance

As noted, LBB provides a significant contribution to the State as a long-term major export manufacturing business, employer, and general driver of economic activity.

At full production (under a three-furnace model), LBB supports around 350 direct jobs and an estimated 525 additional indirect jobs. It spends approximately $203 million in goods and services and salaries annually through around 190 Tasmanian supply businesses and overall, generates an estimated $450 million in economic activity across Tasmania

Value for Money

The rationale for providing support at this stage is fundamentally one of preservation and value protection. While an immediate return on support funds isn't likely, the

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investment is necessary to safeguard the company's operational continuity and strategic relevance through the current financial year cycle.

The sector is inherently cyclical. Failing to operate in the market in the near term could significantly weaken the company's competitive standing in the market. The onset of this deterioration would be to risk the loss of key personnel, capabilities and customer relationships – particularly if the business enters a prolonged care and maintenance phase.

The decision to provide support represents a defensive investment to ensure the business remains intact and viable in the future. Without this support, the Company does not have the finances to secure the next shipment of manganese ore, meaning its future as a going concern could be compromised.

Overall, the cost of inaction now is seen to be greater than the proposed support which aims to keep the business viable in the near term and secures the strategic option for divestment in the future, whether that divestment be voluntary and at the election of the company, or via an enforcement action such as a sale under an administration process.

While there is clearly an elevated risk in relation to this transaction the broader economic and strategic implications of inaction could prove to significantly more severe.

s.35 [redacted]

Economic Impact

LBB's assessed overall economic contribution to the state is summarised earlier noting the business' modelled total annual impact ($454 million) represents around 1.1 per cent of Tasmanian Gross Product ($40,620 million in 2023-24).

Competitive Landscape

LBB is Australia's only manganese alloy smelter. Manganese forms a key component in steel manufacturing and is identified as a critical mineral within the Australian Government's Future Made in Australia National Interest framework.

While there is some risk other companies may make a similar request to the Tasmanian Government for financial assistance, if the recommendations are agreed to, the assistance in question is highly specific and a unique case.

s.35 [redacted]

9. RISK ASSESSMENT

A number of risks have been identified with this proposal. These have been assessed on the basis of information available.

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A summary of the risks of the proposal and the rating assessed, are as follows:

Risk Item	Risk Rating
Industry and Sector Risk	High
Ability to Service Risk	High
Security Risk	High
Quality of Management Risk	High

Industry and Sector Risk

Ferro and Silico Manganese producers face a range of industry risks primarily linked to their dependence on global steel production, as manganese is a critical input in steelmaking. Fluctuations in the world price of steel directly impact manganese demand and pricing, making producers vulnerable to global economic cycles and construction or manufacturing trends. Producers are exposed to exchange rate volatility which serves as a significant risk, particularly for those producers operating in emerging markets and exporting in US dollars where a weakening local currency can increase operational costs or reduce margins when revenues are repatriated.

Additionally, the industry is exposed to supply chain disruptions, geopolitical instability in key mining regions (such as South Africa, Gabon, and Australia), environmental regulations, and increasing pressure to adopt sustainable mining practices. Market concentration among a few dominant players and logistical constraints in transporting bulk commodities further amplify these risks.

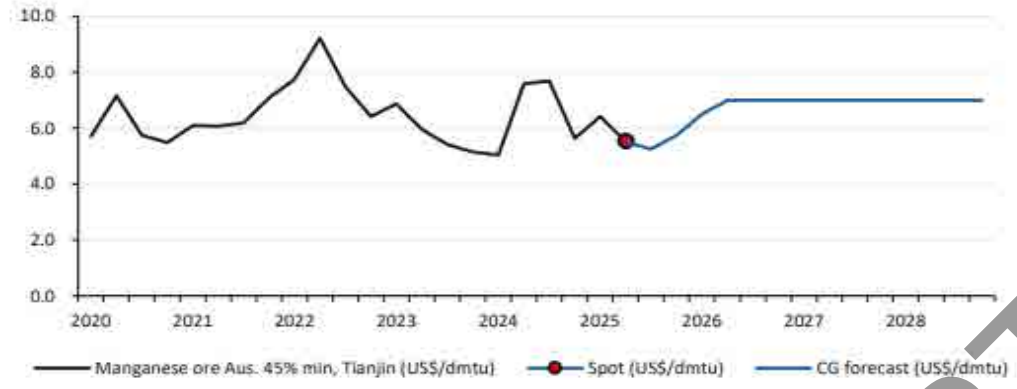
In 2025, the industry is facing several short-term supply challenges. Production disruptions - such as the pause at South32's GEMCO operation - have led to reduced output, South32's South Africa Manganese operation has also reported slightly lower volumes *(RBC Capital Markets – South32 Limited: 3Q: Cutting Cannington Estimates, April 2025)*. These supply constraints, coupled with softening demand in key industrial sectors and trade-related uncertainties, have put pressure on manganese alloy prices. The market expectation is that exports of manganese ore from South32's GEMCO operation will resume in mid-2025, which may temporarily depress ore prices before a projected recovery in 2026. *(Canaccord Genuity 2025: Equity Research – South32 Limited)*.

Barriers to entry for industry players remain high due to capital intensity, environmental compliance requirements, and the need for long-term supply contracts.

Figure – Manganese Ore Price Forecast

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Figure 3: We consider it likely that manganese prices will fall when GEMCO resumes exports in May, before returning to higher levels in CY26



Source: Asian Metal, Canaccord Genuity estimates

Fundamentally, the medium to long-term industry outlook remains constructive for Ferro and Silico Manganese producers. The shift toward EAF steelmaking, which relies more heavily on Silico Manganese, is expected to support demand growth. Additionally, the expansion of stainless and specialty steel applications, particularly in emerging markets, will likely drive increased consumption of both Ferro and Silico Manganese. IBISWorld 2025 report on Steel Manufacturing forecasts industry growth over the next five years an annualised rate of 2.2per cent, driven by increased infrastructure investments and sustainable construction practices.

In summary, while the Ferro Manganese and Silico Manganese industry is currently contending with cyclical and structural pressures, its long-term fundamentals remain strong. Demand is expected to rebound as global steel markets stabilise and evolve, offering opportunities for well-positioned suppliers to capitalize on emerging trends in alloy steel production and sustainable metallurgy.

Liberty Bell Bay

LBB is Australia's only manganese alloy smelter, with its products predominately used within steel manufacturing for both domestic and overseas consumption. Its overseas markets have traditionally been in USA, Japan, Chile and New Zealand.

Softer global conditions, combined with other operational constraints (see below) over 2024 resulted in a reduction in production to around 170,000 tonnes with around 100,000 tonnes being sold into the US.

While there is little ongoing certainty it appears possible that Australia may receive some benefit from the US tariff situation. It is also conceivable that a reduction in ore input prices may occur because of South32 resumption of production.

Ability to Service Risk

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Security Risk

Under the proposed security structure, the State would hold:

(a) First ranking General Security Deed over all assets and undertaking of the Borrower.

(b) Without limiting the General Security Deed, a first ranking Specific Security Deed (structured as a purchase money security interest) over the Ore funded by the loan under the Facility.

(c) A registered mortgage over the Borrower's real property.

The current security framework presents a significant and acknowledged risk, particularly in relation to the protection of key assets. These assets carry substantial environmental liabilities, which amplify the potential impact of any breach or failure in security measures. While the available security mechanisms provide a foundational level of protection, they are not without limitations, and the exposure remains significant. Ultimately, there is a high risk that the value of security provided would not be sufficient to cover the outstanding loan amount.

Every effort is being made to mitigate risk through comprehensive legal advice and strategic oversight.

Importantly, the security arrangements are also intended to incorporate specific triggers that are intended to provide the State with the option of moving forward with an administration.

The Security risk is considered to be high.

Management Quality Risk

Key management personnel at the LBB operation are outlined in the table below.

Management Personnel	Role
Paul Venter	Executive General Manager

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Andrew Wellington	Manager – Commercial
Peter Fragoulis	Manager – Production (on leave)
Alan De Kievit	A/Manager – Production
Michael Spicer	Manager – Health, Safety, Environment and Community
Jarrod Lynch	Manager – Asset Management and Maintenance
Tori Claessens	Human Resources

s.35



Workforce Risk

Public reports over past months outline that there is significant anxiety and uncertainty among the workforce at Liberty Bell Bay. While Liberty reports that it has lost only a few staff and overall staffing remains stable, there is a real risk of further losses. Retaining and recruiting skilled labour is expected to be challenging should further vacancies arise. Consequently, workforce risks are considered high due to the difficulty of attracting new employees in the current market and due to the perceived outlook for the business.

Risk in the Workforce is considered to be High.

1. RECOMMENDATIONS

It is recommended the Tasmanian Development Board:

1. Note the contents of this paper and its attachments

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2. Endorse the continued operation of Liberty Bell Bay as being a continuation of a business undertaking that is of special significance to the economic development of the State
3. Note the advice received from Deloitte and KWM (attached)
4. Recommend the Minister provide an urgent loan of up to $20 million to Liberty Bell Bay under section 35 of the *Tasmanian Development Act 1983* for the purchase of essential ore required for ongoing production, based on the draft terms attached to this paper
5. Note that, if the Board supports these recommendations, the Liberty Bell Bay loan would be funded from TDR borrowings from TasCORP and that $20m is within the borrowing cap; and
6. Note that State Growth will continue negotiations with the Australian Government, Liberty Bell Bay, and other interested parties on a broader support package for further consideration by the Board of TDR at a later date and that the Board's deliberations on this paper will inform those negotiations.

John Perry
Coordinator-General

Attachments

1. Interest Rate Matrix and Credit Risk Matrix
2. Confidential Draft Indicative Non-Binding Terms Sheet Security Assessment
3. Attachment A - Deloitte 22 May 2025
4. Attachment B - Deloitte 4 July 2025
5. Attachment C - Deloitte 24 July 2025
6. Attachment D – King & Wood Mallesons – Options Paper 16 July 2025
7. Attachment E – Draft White Oak Term Sheet 25 July 2025

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Confidential

Proposed Terms – Liberty Bell Bay

1 Background

Liberty Bell Bay formerly known as the Tasmanian Electro Metallurgical Company (TEMCO) is operated by Liberty Bell Bay Pty Ltd (**LBB**) a subsidiary of Liberty Onesteel (Primary) UK Ltd (**Liberty Onesteel**), part of the broader Liberty Steel Group. LBB has and continues to experience financial distress as identified in EY's Report dated 9 July 2025 and provided to the Tasmanian Government (**EY Report**).

s.39 [redacted]

This draft is prepared for discussion purposes only. It does not constitute an offer capable of acceptance or give rise to a binding contract and remains subject to White Oak investment committee approval. It is confidential and may not be disclosed to any other person without the consent of White Oak.

Each party agrees that it will make no written or other public or private disclosures regarding this transaction or the existence of this term sheet to any individual or organisation without the prior written consent of the other party, save to their respective advisors or as required by law or any regulatory authority.

The proposed terms (**Proposed Terms**) are set out below.

RTI

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Tasmanian Government

Document 2

DEPARTMENT OF STATE GROWTH

Dept. Ref _____

Critical Signing Date _____

APPROVED/NOT APPROVED

SIGNED: Out of Scope [redacted]

DATE: 16/7/25

MINUTE FOR THE MINISTER FOR BUSINESS, INDUSTRY AND RESOURCES

SUBJECT:	LIBERTY BELL BAY ASSET – CURRENT SITUATION AND OPTIONS FOR GOVERNMENT

Minister's notation s.27 [redacted]

Recommendation: [redacted]

That you: [redacted]

1. **NOTE the contents of this minute and the current options for government in relation to the Liberty Bell Bay (LBB) asset.**

2. s.27 [redacted]

RTI

3. s.35 [redacted]

4. [redacted]

5. **ENDORSE the Department of State Growth in conjunction with the Office of Coordinator-General and Deloitte investigating s.27 [redacted] for further consideration by Government**

6. **AGREE that the department develop an additional Minute for Cabinet which outlines the updated information and a proposed pathway for consideration and endorsement.**

Current Situation:

The Department of State Growth has been working with Liberty Bell Bay regarding its various challenges. The gravity of the situation with LBB has escalated in recent weeks, with the business closing off production in all four furnaces. The capital position is critical as indications are that:

- LBB may run out of available capital by the end of July.
- LBB may be unable to fund ore supply resulting in staff leaving and also threatening the long-term sustainability of the operation (outlined below)

Both the Department of State Growth and the Federal Government's Department of Industry Science and Resources have been engaged with LBB management and representatives from the GFG group to discuss options for support.

Both departments have also engaged with Ernst Young (EY), which has been commissioned by White Oak to undertake a commercial review of the LBB smelter. White Oak holds security over the shares of LBB (but not the assets of LBB).

LBB has now requested support of s.27 [redacted] from the Tasmanian and Federal governments, plus a suite of other support to be provided by the Tasmanian Government that could cost up to $20 million.

White Oak, via its consultant EY has asked for direct financing support of s.27 [redacted] from the Tasmanian and Federal governments, plus a suite of other support to be provided by the Tasmanian Government that could cost the state up to s.27 [redacted]

The Department of State Growth, backed by external legal and financial advice, has formed an independent view of the amount required to return the LBB to a sustainable footing, which is s.27 [redacted] inclusive of s.27 [redacted] in capex. This is subject to changes in the operating environment and cash flow and does not include future investment in capital expenditure or potential costs of an administrator should the company be placed into administration.

While LBB acknowledges it will need to secure additional finance to continue its operations, to date the company has been unsuccessful in this pursuit. White Oak has thus far failed to confirm it will provide any working capital to help secure the future of the asset, relying solely on government support to prepare the asset for a potential sale process so that White Oak's shares in LBB may be worth something to offset its loans to other GFG companies.

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Assessment of business viability

The Department of State Growth has commissioned Deloitte to provide financial and risk analysis work. Findings to date indicate that there exists a sustainable financial without ongoing Government support and operating model, with reasonable pricing and market assumptions, for the Liberty Bell Bay manganese smelter to return to a profitable position, were it to be recapitalised.

Deloitte's current cashflow modelling concludes that the LBB asset will require approximately s.27 to cover all the cash outgoings required for it to begin its path back to financial sustainability. This is subject to change and this work remains ongoing.

Deloitte's 'base case' allows for s.27 in capex over the next 12-month period. Work continues to identify and model all potential and required future capex, which will be incorporated into State Growth's ongoing due diligence work.

It is noted that any costs associated with funding a potential administrator will be in addition to the s.27 with Deloitte's figure being business operations only.

s.27

White Oak request

As part of its overall efforts to secure capital, LBB has been discussing finance options with White Oak Commercial Finance (White Oak), who hold a charge over the shares of LBB as part of broader group financing arrangements outside Australia, which we understand were predominantly around factoring of accounts receivables of other entities.

It is understood that the GFG Group owes in the order of s.27 to White Oak, although none of this amount is owed direct from LBB.

At this time State Growth has had no direct engagement with White Oak, however, has been engaging with EY, who were commissioned by White Oak to produce an Independent Business Review (IBR) on LBB and provide options around realising value from White Oak's security and improving its overall position.

s.27

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s.27 [redacted] However, and as noted above, this is not considered to be the full amount required to fully capitalise the business, as LBB has confirmed that further sources of funding will be needed, either through government or private means. s.27 [redacted]

A total required figure has not been provided by LBB to State Growth to date.

Options

State Growth, in conjunction with the OCG and Deloitte, have been working at pace, using rapidly evolving information, to determine the ongoing viability of the LBB asset and its actual capital requirements, the size of and conditions around these various government asks, and ultimately, to understand and present to government the most appropriate pathway forward. Any information presented and its associated amounts could be subject to change.

For example, assessment of the EY cashflow projection, provided approximately one week ago, indicated that the required direct and indirect capital amount from government for LBB could conservatively total s.27 [redacted], once revenue sensitivities and energy and other government costs are added to the s.27 [redacted] financial loan request.

Based on Deloitte's advice, the current loan facility required would amount to around s.27 [redacted] which assumes LBB continues to pay all government and energy charges at current rates. It noted that this amount does not allow for any potential administration/administrator costs, which are separate from the assessed operating costs of the business.

It is acknowledged that focus should always be on ensuring the wellbeing of the workers, suppliers, contractors and community who earn their livelihood from the LBB asset and are therefore critically dependent on its ongoing viability and operations.

Equally, any agreed option(s) will need to be very carefully implemented, with appropriate advice, to ensure that Tasmania's financial interests are considered and protected.

Option 1: Do Nothing

s.27 [redacted]

The prevailing view is that GFG is unlikely to initiate administration proceedings for LBB in a timely manner, which puts the LBB operations at significant risk in the interim. Additionally, it appears improbable that LBB will secure sufficient funding to acquire immediate ore supply putting its US market activities at jeopardy.

If the U.S. markets are lost and additional skilled personnel depart due to diminished confidence, the long-term viability of the operation and its potential to return to profitability would be significantly compromised

This poses significant risks to the future sustainability of LBB. It is the Department's view that should LBB enter administration under this scenario it is unlikely to reopen. This would impact the Tasmanian economy by approximately $500 million per annum.

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Option 2: Support a solvent sale of LBB through White Oak finance

s.27 [redacted]

As previously noted, the overall support currently requested by White Oak — approximately s.27 [redacted] —is significantly higher than other options. This figure comprises both direct financial assistance and foregone government revenue. Additionally, the proposal entails substantial indemnities, including personal and environmental liabilities, to be assumed by the State Government.

The Tasmanian Government would have very limited control over the allocation and use of funds. While a first-ranking charge over assets may be available, its practical value is likely to be minimal given the scope of indemnities required.

The arrangement places comprehensive exposure on the Tasmanian Government, which is expected to play a critical role at every key juncture despite having limited oversight. Given the scale of support required in the short to medium term, unwinding these commitments even in the long term —particularly if a new owner is identified - would likely prove highly challenging.

Finally, this option is not viable based on the Australian Government's current position around LBB, being that it:

s.27 [redacted]

Option 3: Staged Financial Support Package: Immediate and Contingent Loan

s.27 [redacted]

This option proposes to support LBB's immediate operational needs and safeguard its longer-term viability, through a two-tiered loan package. This package will require sufficient safeguards to protect the State interest and the LBB Taskforce will be actively engaged to progress this work

Primary Loan Facility:

An initial loan of up to $20 million (US $8-11) million provided to LBB to fund the purchase of essential ore required for ongoing production. This funding is intended to ensure the continuity of operations and preserve value in the short term and try to elicit some further funding of LBB from GFG.

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This would also save significant LBB expenditure through the removal for the need for high fee ore finance.

The loan would be structured with the following parameters considered:

- secured to the fullest extent possible, in accordance with legal advice currently being sought.
- structured, subject to legal advice, to enable the loan agreement to form a trigger for the Tasmanian Government to initiate an administration in the event of a default.
- structured to minimise leakage of any funds from LBB to other GFG entities including seeking advice with respect to the payment of funds direct to South 32.

This option will also require LBB to either source other operational funding or default.

Contingent Support Facility:

s.27 [redacted]

It is intended that this facility would also be supported (potentially underwritten) by the Australian Government.

This secondary loan facility would not be made available to LBB under normal circumstances. Instead, it would be activated only in the event that LBB is unable to stabilise the operation and administration is triggered and/or to assist a new owner in maintaining operational continuity.

The funds would then be deployed to stabilise operations and support the business through the transition process.

This staged approach balances immediate operational support with a contingency mechanism to help protect against downside risk and ensure continuity in the event of distress.

Option 4: Provide conditional funding support to LBB

s.27 [redacted]

This would involve offering LBB a lesser amount of money conditional upon them providing a first ranking security over assets sufficient to provide the Tasmanian Government with a trigger to enable administration or to entice them to enter voluntary administration.

If successful, this could enable the Tasmanian Government to take control of the business now however it is fully expected that this is likely to be unpalatable to GFG. It would provide a clear signal of intention that may result in GFG taking alternative steps that could further jeopardise the long-term future of the plant including encouraging them to hold off for longer raising concerns outlined in Option 1.

This could also result in funds being utilised for purposes that benefit GFG but not necessarily LBB.

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While it is impossible to fully understand GFG's ability to provide capital to LBB it can be assumed that they would be reluctant to do so in any meaningful manner if they believe that Government or others may step in and trigger an administration in similar circumstance to Whyalla.

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Caretaker conventions

The approved Cabinet Minute raises Caretaker conventions and provides the following commentary.

Two key principles of operating in caretaker, are that the Government avoids:

1. Making major policy decisions that are likely to commit an income government or limit its freedom to act.

2. Entering into major contracts or agreements or approving a major variation or termination of a major contract (grant deed).

If such action is required in this period, the Minister, after agreement with the Premier, would usually consult the relevant Opposition spokesperson regarding the commitment.

Background:

Liberty Bell Bay (LBB) has experienced multiple operational challenges over a prolonged period, which has resulted in the business recently closing off production in all its four furnaces.

State Growth assesses that there is currently a very high risk that LBB either cannot or will not be able to restart from this pause position (it will be too challenging to bring back to life) unless there is an immediate capital injection into the business.

The urgency around this capital injection is critical for the following reasons:

1. LBB is forecast to drain its capital reserves in or around the next two weeks

2. LBB's owners GFG Group appear unable and/or unwilling to provide any capital into the business

3. Similarly, LBB has been unable to secure finance from market

4. LBB must secure ore supply from the recently re-opened Groote Eylandt Mining Company (GEMCO), owned by South 32, and potentially other materials, to re-start production. It is understood that LBB has made declarations with South 32 to ship this ore, however, is currently unable to confirm with South 32 as it has neither sufficient capital, nor an invoicing financing arrangement, which allows the shipment to be released. It is also understood that now the earliest that ore can ship from GEMCO is September.

   Delays in the shipping of ore will continue while LBB's financial situation persists, together with a potential risk also being that its contractual obligations with South 32 are breached.

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The latest information on this matter is that LBB are considering declaring the shipment for September with South 32, without a payment pathway in place, due to the critical nature of having a confirmed order of ore.

5. Related, LBB are required to participate in a bidding process for its alloys through July to October with prospective US buyers. Failure to obtain ore means that LBB would be unable to compete for their position in the US market. Due to cyclical nature of the US market all contracts will be concluded by October for Calendar Year 2026, An exclusion from this market would see LBB excluded from its main customer for at least one year with limited ability to recover their position indefinitely in the US. LBB have indicated that they are unable to bid for tenders unless there is certainty of supply which is currently unachievable due to capital constraints.

6. Workers are now back on site as of 14th July. However, without a confirmed order or ore, steps to recommence production (furnaces being turned back on) cannot be taken and there exists a significant risk that workers:
   a. Cannot be paid due to lack of capital
   b. Could be stood back down or retrenched due to a, along with a lack of planned work on-site.
   c. Exit LBB for other opportunities due to lack of confidence in the sustainability of the operation.

   In this scenario, LBB will face challenges around resecuring a workforce (once needed) due to workers securing alternative employment etc.

Out of Scope [redacted]

Craig Limkin
Secretary

16 July 2025

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Tasmanian Government

Document 3

DEPARTMENT OF STATE GROWTH

Dept. Ref MIG25/989

Critical Signing Date asap

APPROVED/NOT APPROVED

Out of Scope

SIGNED:

DATE: 30/7/25

MINUTE FOR THE MINISTER FOR BUSINESS, INDUSTRY AND RESOURCES

SUBJECT: LIBERTY BELL BAY ASSET (UPDATE) – CABINET MINUTE

Minister's notation:

Recommendation:

That you:

1. **Endorse the Cabinet Minute at Attachment 1.**

2. **Submit the attached Cabinet Minute for consideration at the next Cabinet meeting, seeking approval for the Department of State Growth to continue to negotiate additional options to recapitalise the Liberty Bell Bay (LBB) asset, utilising the ongoing advice from its advisory team (Deloitte and KWM).**

3. **Note that the Tasmanian Development Board (TDR) has agreed to recommend to you that an urgent loan of up to $20 million be provided to Liberty Bell Bay under section 35 of the *Tasmanian Development Act 1983* for the purchase of essential ore required for ongoing production, with terms of the loan to include:**

   (i) **that LBB grant the State a purchase money security interest (PMSI) in the ore acquired; and**

   (ii) **that the State seek from LBB a first ranking all assets security interest to be registered as All Present and After-Acquired Property (ALLPAAP) on the Personal Property Securities Register (PPSR) (to provide the State with a trigger to place LBB into administration or receivership if a default occurs)**

4. **Note that this loan would support the continuation of operations at LBB and allow an opportunity for the Tasmanian Government to adopt a preferred (medium term) pathway following further advice and due diligence.**

5. **Agree to adopt the TDR recommendation and approve the provision of an urgent loan of up to $20 million to be provided to Liberty Bell Bay under section 35 of the *Tasmanian Development Act 1983,* and request the approval of the Treasurer to make the loan.**

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6. **Note the caretaker conventions suggest that given the scale and significance of this issue, you may wish to recommend to the Premier that consultation occur with the Opposition on this matter.**

7. **Sign and send the memo to the Treasurer (Attachment 3)**

Current Situation:

- State Growth has been working with LBB regarding its various prolonged challenges. The gravity of the situation with LBB has escalated in recent weeks, with the business closing off production in all four furnaces. LBB's capital position has become critical as indications are that:

    - LBB may run out of available capital into August
    - LBB currently has no pathway to secure ore supply which is vital to the recommencement of production. This could result in staff leaving and overall, threaten the long-term sustainability of the operation; and
    - LBB risks losing access to its key US market if it does not recommence production by or around September/October.

Caretaker Considerations

- Governments should avoid entering major contracts or undertakings, approving major variations to or termination of major contracts, or undertakings during the caretaker period (Section 4, Major Contracts and Agreements). This includes commitments and undertakings that could bind an incoming government.

- If it is not possible to defer the commitment until after the caretaker period, for legal, commercial or other reasons:

    (i) the Minister, after agreement with the Premier, should consult the relevant Opposition spokesperson regarding the commitment; and

    (ii) agencies should also ensure that new contracts entered into during the caretaker period include clauses providing for termination in the event of an incoming government not wishing to proceed.

- The convention that the Government avoids entering into major commitments during the caretaker period extends to intergovernmental negotiations and agreements. The Government ordinarily seeks to defer such negotiations or adopts observer status until the end of the caretaker period.

- If it is necessary for the Government to participate fully in intergovernmental negotiations, it should advise the other parties to the negotiations that any outcomes will need to be authorised by the incoming government.

- It is not possible to defer the decision on entering into a contract, or negotiations with the Australian government, for the reasons outlined in the Cabinet Minute. However, there is no agreement sought to be executed with the Australian Government at this stage.

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- In this case, there is risk that including a termination clause in the event of an incoming government not wishing to proceed may weaken the Government's negotiating position with LBB.

- Circumstances require the government to make this decision during the caretaker period. Therefore you, after agreement with the Premier, may wish to consult the relevant Opposition spokesperson prior to a decison. The requirement to consult does not require the government to obtain the endorsement of non-government parties.

- The Conventions (p. 9) define the "Opposition" as the largest minority Party within the Parliament during the Caretaker period, willing to assume office in the event of a change of government either after an election or as a result of a loss of support for the Government in the House of Assembly.

Background:

- Refer attached Cabinet Minute (Attachment 1).

Out of Scope

Angela Conway
Acting Secretary

29 July 2025

Prepared by:	Out of Scope	Cleared by:	Jenna Cairney
Position:		Position:	Deputy Secretary
Email:	[redacted]stategrowth.tas.gov.au	Email:	Out of Scope stategrowth.tas.gov.au
Date:	29 July 2025	Date:	29 July 2025
Phone:	Out of	Phone:	Out of

Attachments:
Attachment 1 - Cabinet Minute (including Cover Sheet)
Attachment 2 – Attachment A – TDR Board Paper Liberty Bell Bay Asset – July 2025
Attachment 3 – Memo to the Treasurer

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Document 4

Minister for Business, Industry and Resources
Minister for Transport
Leader of the House

Level 10, Executive Building, 15 Murray Street, Hobart TAS 7000
GPO Box 123, Hobart TAS 7001
Phone: 03 6165 9405 | Email: Minister.Abetz@dpac.tas.gov.au

Tasmanian Government

Liberty Bell Bay – urgent provision of loan

30 JUL 2025

Dear Treasurer

The Tasmanian Development Board (TDR) has recommended to me that an urgent loan of up to $20 million be provided to Liberty Bell Bay under section 35 of the *Tasmanian Development Act 1983* for the purchase of essential ore required for ongoing production, with terms of the loan to include:

(i) that LBB grant the State a purchase money security interest (PMSI) in the ore acquired; and

(ii) that the State seek from LBB a first ranking all assets security interest to be registered as All Present and After-Acquired Property (ALLPAAP) on the Personal Property Securities Register (PPSR) (to provide the State with a trigger to place LBB into administration or receivership if a default occurs)

Note that this loan would support the continuation of operations at LBB and allow an opportunity for the Tasmanian Government to adopt a preferred (medium term) pathway following further advice and due diligence.

I request your agreement to approve the loan as recommended by TDR and pursuant to section 35 (3) of the *Tasmanian Development Act 1983*.

I also request your approval pursuant to *Section 37A* of the Act for the loan to be funded from TDR funds.

Yours sincerely

Out of Scope [redacted]

Eric Abetz MP
Minister for Business, Industry and Resources

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Tasmanian Government

Document 5

DEPARTMENT OF STATE GROWTH

Dept. Ref	MIG25/1015
Critical Signing Date	18/08/25

APPROVED / NOT APPROVED

SIGNED: Out of Scope [redacted]

DATE: 18/8/2025

MINUTE FOR THE MINISTER FOR BUSINESS, INDUSTRY AND RESOURCES

SUBJECT: DOCUMENT EXECUTION - $20 MILLION LOAN LIBERTY BELL BAY

Minister's notation:

Recommendation:

That you:

1. **Note the advice in the minute and that Liberty Bell Bay (LBB) is a major contributor to the Tasmanian economy and local employment in the region (more than 900 direct and indirect jobs at full production).**

2. **Note that on 30 July 2025, the then Minister for Business, Industry and Resources agreed to a loan of $20 million to LBB based on the recommendations of the Tasmanian Development Board (MIG25/989) under section 35 of the *Tasmanian Development Act 1983*.**

3. **Note the letter from the Treasurer (Attachment 1), which approves the loan pursuant to section 35(3) of the *Tasmanian Development Act,* and also approves the loan to be advanced from TDR funds pursuant to section 37A of the Act.**

4. **Note that on 6 August 2025, the then Minister for Business, Industry and Resources also approved the non-binding Terms of the loan which were jointly prepared by Crown Law and external law firm King & Wood Mallesons (KWM) and that these terms have been progressed into the attached loan and security documentation.**

5. **Note that LBB was required to pay an invoice, (payment to be made by the Department of State Growth, utilising these loan proceeds) to ore supplier South 32 by close of business 14 August 2025. This payment was to secure a shipment of ore on site at Bell Bay by October and enable LBB to recommence production.**

6. **Note that this invoice is now overdue and South 32 advised LBB on 15 August that:**

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- **failure to pay the provisional invoice constituted a breach of their agreement with South 32; and**
- **LBB now has until close of business 19 August 2025 to make payment to South 32 otherwise it risks a second breach of its agreement.**

7. **Note that to allow arrangements to be made for the payment, State Growth will require confirmation that the documents have been executed by you by COB Monday 18th August.**

8. s.27 [redacted]

9. **Note that loan and security documentation has been correctly executed by LBB, and that all Loan Conditions are now satisfied (in line with the Bilateral Facility Agreement), as confirmed by Crown Law (Attachment 2).**

10. **Note that in accordance with the caretaker conventions and Cabinet Decision #CABD 250700025 the Department conducted a briefing with the Opposition spokesperson on Friday 1 August 2025.**

11. **Sign and date all documents [listed below in duplicate] as indicated and return to the Department by midday on 18 August 2025.**

List of documents to Execute:

1. EXECUTION VERSION - LBB Facility - Bilateral Facility Agreement (Attachment 3)

   Main loan agreement incorporating terms and conditions, conditions precedent and various schedules.

2. EXECUTION VERSION - LBB Facility – GSD (Attachment 4)

   General Security Agreement document which will enable the State to lodge its All Present and After-Acquired Property (ALLPAAP) security interest over Liberty Bell Bay – in accordance with the TDR recommendation.

3. EXECUTION VERSION - LBB Facility – SSD (Attachment 3)

   Specific Security Agreement document which will enable the State to lodge its first ranking purchase money security interest (PMSI) in the ore acquired – in accordance with the TDR recommendation.

4. Client Authorisation (Attachment 6)

   This document authorises the Crown Solicitor to make any Land Titles Office lodgements on behalf of the Minister pursuant to his functions under the TD Act. It needs to be signed and dated by the Minister where indicated, and then returned to the Crown Solicitor for signing prior to lodgement of the registrable mortgage.

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Current Situation:

The critical date allows State Growth to make a payment on invoices from ore supplier South 32 by close of business 18 August 2025.

The payment secures a shipment of ore on site at Bell Bay by October to enable LBB to recommence production. South 32 has advised State Growth that this is the latest available deadline for payment to secure the ore shipment.

The Department of State Growth, in conjunction with OCG and external consultants Deloitte, has been working with Liberty Bell Bay (LBB) regarding its various and prolonged challenges.

LBB is facing a number of critical challenges including a production halt as a result of a capital reserves being drained by parent company, leading to workforce uncertainty and putting ongoing operations at risk.

There are critical timelines for LBB to recommence production. LBB (along with other Manganese smelters) is required to participate in bidding processes to secure sales in the US market for 2026 from now up until October, with contracts for 2026 finalised after the bidding finishes – there are very limited and likely no opportunities to secure US sales for 2026 after this point (October), noting that on a typical production year the US comprises around 70% of LBB's sales.

It is understood that LBB's current inability to verify its volumes and grade of manganese alloy, due to its production pause, means it cannot participate in these bidding processes until it can recommence production, and therefore risks being excluded from the US market for the entire 2026 year.

Should LBB be excluded from the US for at least one year, it is likely to be faced with significant challenges to rebuild this position in the future (regardless of ownership) due to a globally competitive market and associated barriers to re-entry.

In addition, there are concerns around the maintenance of LBB's workforce in a prolonged production pause, specifically that they will exit the business due to lack of confidence in the sustainability of the operation. In this scenario, LBB will face challenges around resecuring a future workforce (once needed) which does require pockets of highly specialises roles, as these workers could have subsequently found alternative employment.

State Growth, in conjunction with the OCG and Deloitte, has been working at pace using rapidly evolving information to determine the ongoing viability of the LBB asset and its actual capital requirements, and to understand and present to government the most appropriate pathway forward.

Tasmania's primary focus remains the wellbeing of the workers, suppliers, contractors and community who earn their livelihood from the LBB asset and are therefore critically dependent on its ongoing viability and operations.

The provision of a secured loan of $20 million for the purchase of ore to recommence LBB operations has recently been considered and endorsed by the Tasmanian Development Board, the then Minister for Business, Industry and Resources and the then Treasurer. [redacted]

s.27 [redacted]

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s.27 [redacted]

Details of the loan and securities

The terms of the loan include:

1. that LBB grant the State a purchase money security interest **(PMSI)** in the ore acquired; and

2. that the State seek from LBB a first ranking all assets security interest to be registered as All Present and After-Acquired Property (ALLPAAP} on the Personal Property Securities Register **(PPSR)** (to provide the State with a trigger to place LBB into administration or receivership if a default occurs)

Risk Mitigation through Legal Structuring and Advice

s.31 [redacted]

Update on conditions precedent

Non-payment of the invoice on 14 August was a result of aspects of the loan conditions as outlined in the bilateral facility agreement not being fully met by LBB. These conditions have now be satisfactorily met.

3. Due diligence in relation to Boral (sch 2, 4 (d and e)

State Growth is satisfied that this condition has now been met.

Boral has undertaken a broad category of registration on the PPSR – that is, they have registered an ALLPAAP when in fact they only have security over specific equipment.

s.31 [redacted]

Boral has now provided written confirmation to DSG that those underlying arrangements are limited.

4. Treatment of mortgages over LBB land (Sch 2, 4(g)

As part of its grouping of security, the State will take mortgages over real property owned by LBB.

Tasmania's Land Titles Office requires a mortgage document incorporating a 'wet' signature as part of the registration process, as updates to the PEXA system to support the State's use of electronic conveyancing are not yet complete.

The geographical locations of LBB's directors will delay this document being received in Tasmania by an estimated 10 days.

s.31 [redacted]

As per Crown Law's confirmation (Attachment 2) the APAAP and PMSI documents are fully executed and in order.

under RT

5. Release of a security interest held by Traxys

State Growth notes that the security interest held by Traxys has now been released.

Next steps

On 29 July 2025 the then Cabinet agreed that State Growth would also work with the Advisory team (Deloitte and KWM) to continue due diligence and negotiations with the Australian Government to identify a preferred medium-term strategy for the Tasmanian Government to support the Tasmanian economy and community, within the following parameters:

- Tasmanian Government total financial commitment limited to no more than s.27 and
- Australian Government's contribution reflects its interest in preserving sovereign capability.

That Cabinet decision also endorsed that a preferred medium-term strategy:

- Would be presented to Cabinet as soon as practicable
- Would include a detailed assessment of risks and mitigations including consideration of Tasmanian Government's legal liabilities in relation to environmental remediation of the LBB site; and
- Would be informed by further advice from the Tasmanian Development Board prior to it coming back to Cabinet.

Recapitalising of LBB will require urgent coordinated action from LBB, Tasmanian Government and the Australian Government.

If you are agreeable, State Growth will continue work on a further contingent loan facility as part of a medium-term package for further consideration by you, the TD Board and Cabinet.

Advice from Deloitte is that LBB can be financially viable if recapitalised and that the estimated required capital to restore stability is s.27 - this includes the loan amount and an amount of s.27 to fund a potential administration.

State Growth has been liaising closely with the Australian Government's potential support for LBB, however at this time no commitment has been provided. DISR has previously indicated it:

s.27

Whilst the loan secures the Tasmanian Government an option to trigger Administration, that action would be the subject of further detailed advice. Consistent with the Cabinet decision, State Growth considers that such action should occur in partnership with the Australian Government with the Australian Government's share reflecting its interest in sovereign capability (i.e. an Australian Government contribution considerably higher than 50:50).

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Caretaker Considerations

The Head of the State Service has provided advice to agencies that the Caretaker Conventions continue to apply until further notice.

Circumstances require the government to make this decision during the caretaker period. After agreement with the Premier, and consideration by the then Cabinet, the then Minister contacted the relevant Opposition spokesperson to outline his intention regarding the making of a loan. He offered the Opposition spokesperson a factual briefing from senior Department representatives and this briefing took place on Friday 1 August 2025 in accordance with the requirements of the caretaker conventions.

Background:

LBB is Australia's only manganese alloy smelter. Manganese forms a key component in steel manufacturing and is identified as a critical mineral within the Australian Government's Future Made in Australia National Interest framework.

Economic Contribution to the State

s.27



- Energy cost has been separated from direct supply chain business expenditure, and added back in to Total Impact
- Energy cost has been estimated by DSG based on available data, and has not been verified by the business
- Indirect impacts capture flow-on benefits resulting from direct employment and supply chain expenditure
- Multiplier of 2.5 has been applied to model total impacts

der RTI

Most of this activity is centred in the Northern Tamar region, with around 90 per cent of employees, and a high proportion of supply businesses and thus indirect jobs, residing in the local community.

LBB also requires significant volumes of energy to maintain operations, being the third highest consumer of electricity in the State, and under direct agreement with Hydro Tasmania (Hydro). LBB also consumes large quantities of natural gas and coal.

A summary of LBB's assessed direct contribution to State Government related entities is presented below. The figures presented are based on annual expenditures under a full operating scenario (three furnaces), noting that the Stamp Duty amount is a one-off item, but remaining due.

These figures do not include an amount of s.27 currently held by Aurora Energy (Aurora) as a security deposit for its energy retail agreement with LBB – Aurora provides billing and related services for the direct Hydro agreement and holds associated credit exposure.

s.27

s.27

Current financial position and future viability

LBB is severely capital constrained. Based on the most recent cashflow (noting these are currently being updated and provided every two or three days), LBB has exhausted its capital reserves (currently estimated to be between s.27 and will rely on the GFG Group transferring the required funds into LBB to pay wages.

It can be confirmed that this again occurred this week and LBB has paid wages.

s.27

s.27



Given ore supply is now unlikely to be received until October at the earliest, it is understood that no payments (sales) for processed ore will be received until at least late December, meaning the company will need to find capital through other means that ongoing sales.

It is unknown what ability exists within the GFG group to provide funds to LBB however, currently there is no indication that GFG is either able to or willing to inject capital into LBB from the broader group.

Medium Term

s.27



Deloitte's ongoing work has been invaluable in understanding the rapidly evolving situation at LBB and its changing financial position, assessing other options for recapitalising LBB such as the funding proposals from LBB and White Oak and overall, determining the ongoing

and future viability of LBB and the most appropriate option(s) to present to government on securing the LBB asset.

Australian Government Position

OCG and State Growth have been directly engaging and collaborating with the Commonwealth Department of Industry, Science and Resources (DISR) - as a working group - on LBB since March this year, which more recently has incorporated direct weekly meetings between the group, the business and its owners.

It is noted that DISR has been considering and holding active involvement with the GFG Group for some time through the Whyalla steelworks and its subsequent administration.

s.27

[redacted]

s.27

[redacted]

White Oak

White Oak is a debtor factoring and finance firm and holds security over the shares of LBB (but not the assets of LBB) by virtue of a deal with other parts of GFG overseas.

Ernst Young (EY) has been commissioned by White Oak to undertake a commercial review of the LBB smelter and provide options around protecting and maximising its financial interests.

White Oak proposes to trigger a LBB receivership situation through its security over the LBB shares (with EY as receivers for the shares) and then appointing a new board over the entity.

EY would then conduct a 60 to 90-day open share sale process which would most likely lead to a share sale to a White Oak affiliate or possibly a third party.

The proposed appointment of a receiver has been made on the condition that LBB would receive significant Tasmanian Government support.

s.27 [redacted]

Out of Scope [redacted]

Angela Conway
Acting Secretary

15 August 2025

Prepared by:	Out of Scope [redacted]	Cleared by:	Jenna Cairney
Position:	[redacted]	Position:	Deputy Secretary
Email:	Out of [redacted] tategrowth.tas.gov.au	Email:	Out of Scope [redacted] stategrowth.tas.gov.au
Date:	15 August 2025	Date:	15 August 2025
Phone:	s.27 [redacted]	Phone:	Out of Scope [redacted]

Attachments:
Attachment 1 – SIGNED Response from the Treasurer to Minister Abetz – Liberty Bell Bay loan
Attachment 2 – Crown Law confirmation
Attachment 3 – EXECUTION VERSION - LBB Facility - Bilateral Facility Agreement
Attachment 4 – EXECUTION VERSION - LBB Facility - GSD
Attachment 5 – EXECUTION VERSION - LBB Facility - SSD
Attachment 6 – Client Authorisation – TD Minister

Released

Document 5B

From: Out of Scope
To: Hendriks, Dennis; Rowlings, John
Subject: LBB [CLVF=043564-25]
Date: Friday, 15 August 2025 3:21:21 PM
Attachments: image001.jpg
Importance: High

Hi all

s.31

Regards

Out of Scope
Office of the Crown Solicitor of Tasmania
Department of Justice
Ph: Out of Scope | F: (03) 6173 0265 | Out of Scope ustice.tas.gov.au
www.justice.tas.gov.au
Level 4, 111 Macquarie Street, Hobart, TAS 7000 | GPO Box 825 Hobart Tas 7001

Email signature block Jan 23 new

IMPORTANT INFORMATION

Released

CLIENT AUTHORISATION (Tasmania Only)

Document 5F

Version T 7

When this form is signed, the Representative is authorised to act for the Client in a Conveyancing Transaction(s)

Privacy Collection Statement: The information in this form is collected under statutory authority and used for the purpose of maintaining publicly searchable registers and indexes and for the other purposes set out in clause 4.1 of this form.

Representative Reference:_____

CLIENT DETAILS

	CLIENT 1	CLIENT 2
NAME	**The State of Tasmania (acting through the Minister administering the *Tasmanian Development Act 1983* (Tas) and represented by the Department of State Growth)**	
ACN/ARBN		
ADDRESS	**4 Salamanca Place, Hobart TAS 7000**	

TRANSACTION DETAILS

AUTHORITY TYPE

☐ SPECIFIC AUTHORITY (set out conveyancing transaction details below)

X STANDING AUTHORITY ends on revocation or expiration date:___/___/___ (tick relevant conveyancing transaction(s) below)

☐ BATCH AUTHORITY (attach details of conveyancing transaction(s))

	CONVEYANCING TRANSACTION(S) 1	CONVEYANCING TRANSACTION(S) 2
PROPERTY ADDRESS		
LAND TITLE REFERENCE(S) (and/or property description)		
CONVEYANCING TRANSACTION(S)	☐ TRANSFER ☐ MORTGAGE ☐ CAVEAT ☐ PRIORITY NOTICE ☐ DISCHARGE/ RELEASE OF MORTGAGE ☐ WITHDRAWAL OF CAVEAT X OTHER (set out below or attach details))	☐ TRANSFER ☐ MORTGAGE ☐ CAVEAT ☐ PRIORITY NOTICE ☐ DISCHARGE/ RELEASE OF MORTGAGE ☐ WITHDRAWAL OF CAVEAT ☐ OTHER (set out below or attach details)
ADDITIONAL INSTRUCTIONS	Any document which is necessary for the Minister to perform his functions under the *Tasmanian Development Act 1983* (Tas)	

CLIENT AUTHORISATION AND SIGNING

	CLIENT 1 / CLIENT AGENT 1	CLIENT 2 / CLIENT AGENT 2

I CERTIFY that:

(a) I am the Client or Client Agent; and

(b) I have the legal authority to instruct the Representative in relation to the Conveyancing Transaction(s); and

(c) if I am acting as a Client Agent that I have no notice of the revocation of my authority to act on behalf of the Client.

I AUTHORISE the Representative to act on my behalf, or where I am a Client Agent to act on behalf of the Client, in accordance with the terms of this Client Authorisation and any Participation Rules and any Prescribed Requirement to:

(a) sign documents on my behalf as required for the Conveyancing Transaction(s); and

(b) submit or authorise submission of documents for lodgment with the relevant Land Registry; and

(c) authorise any financial settlement involved in the Conveyancing Transaction(s); and

(d) do anything else necessary to complete the Conveyancing Transaction(s).

	Out of Scope [redacted]	
DATE	18 / 8 / 2025	DATE / /
	SIGN HERE	SIGN HERE
CLIENT/CLIENT AGENT NAME	**The Hon. Felix Ashton Ellis MP**	CLIENT/CLIENT AGENT NAME
CAPACITY	**Minister for Business, Industry and Resources**	CAPACITY
If applicable AUSTRALIAN CONSULAR OFFICE WITNESS or IDENTITY AGENT (if not a Representative Agent)		**If applicable AUSTRALIAN CONSULAR OFFICE WITNESS or IDENTITY AGENT (if not a Representative Agent)**
NAME	**DATE**	**NAME** **DATE**

REPRESENTATIVE DETAILS AND SIGNING

	REPRESENTATIVE	REPRESENTATIVE AGENT (if applicable)
NAME	**Stephen Bendeich, Crown Solicitor**	
ACN/ARBN		
ADDRESS	**Level 4, 111 Macquarie Street, Hobart TAS 7000**	

I/We CERTIFY that reasonable steps have been taken to ensure that this Client Authorisation was signed by each of the persons named above as Client or Client Agent.

SIGNATURE OF REPRESENTATIVE **OR** REPRESENTATIVE AGENT IF APPLICABLE:

DATE / /	DATE / /
SIGN HERE	SIGN HERE
SIGNATORY NAME:	SIGNATORY NAME:
CAPACITY:	CAPACITY:

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Terms of this Client Authorisation

1 What is Authorised

The Client authorises the Representative to act on behalf of the Client in accordance with the terms of this Client Authorisation and any Participation Rules and any Prescribed Requirement to:

(a) sign documents on the Client's behalf as required for the Conveyancing Transaction(s); and

(b) submit or authorise submission of documents for lodgment with the relevant Land Registry; and

(c) authorise any financial settlement involved in the Conveyancing Transaction(s); and

(d) do anything else necessary to complete the Conveyancing Transaction(s).

The Client acknowledges that the Client is bound by any documents required in connection with a Conveyancing Transaction that the Representative signs on the Client's behalf in accordance with this Client Authorisation.

2 Mortgagees

Where:

(a) the Representative represents the Client in the Client's capacity as mortgagee; and

(b) the Client represents to the Representative that the Client has taken reasonable steps to verify the identity of the mortgagor,

the Client indemnifies the Representative for any loss resulting from the Client's failure to take reasonable steps to verify the identity of the mortgagor.

3 Revocation

This Client Authorisation may be revoked by either the Client or the Representative giving notice in writing to the other that they wish to end this Client Authorisation.

4 Privacy and Client information

4.1 The Client acknowledges that information relating to the Client that is required to complete or process the Conveyancing Transaction(s), including the Client's Personal Information, may be collected, stored and used by, and disclosed to, stored and used by:

(a) the Duty Authority;

(b) ELNOs;

(c) the Land Registry;

(d) the Registrar;

(e) the Representative;

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(f) Subscribers; and

(g) third parties (who may be located overseas),

involved in the completion or processing of the Conveyancing Transaction(s), for the purpose of completing and processing the Conveyancing Transaction(s) or as required by law, including for the purpose of a Compliance Examination.

4.2 The Client consents to the collection, disclosure, storage and use of information relating to the Client as acknowledged under clause 4.1.

4.3 For further information about the collection, disclosure, storage and use of your Personal Information, refer to the privacy policy of the persons listed in clause 4.1(a) to (g).

5 Applicable law

This Client Authorisation is governed by the law in force in the Jurisdiction in which the Property is situated. The Client and the Representative submit to the non-exclusive jurisdiction of the courts of that place.

6 Meaning of words used in this Client Authorisation

In this Client Authorisation, capitalised terms have the meaning set out below:

Australian Consular Office Witness means a person listed in section 3 of the *Consular Fees Act 1955* (Cth).

Batch Authority means an authority for the Representative to act for the Client in a batch of Conveyancing Transactions details of which are attached to this Client Authorisation.

Capacity means the role of the signatory (for example an attorney or a director of a company).

Client means the person or persons named in this Client Authorisation.

Client Agent means a person authorised to act as the Client's agent but does not include the Representative acting solely in this role.

Compliance Examination has the meaning given to it in the ECNL.

Compliance Examination in respect of:

(a) Paper-based conveyancing – means an investigation conducted under Direction 7 of the Directions issued by the Recorder of Titles; and

(b) Electronic conveyancing – has the meaning given to it in the ECNL.

Conveyancing Transaction has the meaning given to it in the ECNL.

Duty Authority means the State Revenue Office of the Jurisdiction in which the property is situated.

ECNL means the Electronic Conveyancing National Law as adopted or implemented in a Jurisdiction by the application law, as amended from time to time.

ELNO means Electronic Lodgment Network Operator.

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Identity Agent means a person appointed in writing by either a Representative, or a mortgagee represented by a Representative, to act as the agent of the Representative or mortgagee, and who:

(a) the Representative or mortgagee reasonably believes is reputable, competent and appropriately insured; and

(b) is authorised by the Representative or mortgagee to conduct verification of identity on behalf of the Representative or mortgagee in accordance with the Verification of Identity Standard.

Jurisdiction means an Australian State or Territory.

Land Registry means the agency of a State or Territory responsible for maintaining the Jurisdiction's titles register and, where the responsibility has been delegated, it includes the delegate.

Participation Rules means the rules relating to use of the electronic lodgment network determined by the Registrar from time to time.

Personal Information has the meaning given to it in the *Privacy Act 1988* (Cth).

Prescribed Requirement means any published requirement of the Registrar that Representatives are required to comply with.

Registrar means the Recorder of Titles in Tasmania; the Registrar-General in Australian Capital Territory, New South Wales, Northern Territory and South Australia; and the Registrar of Titles in Queensland, Victoria and Western Australia.

Representative is the Australian legal practitioner, law practice or licensed conveyancer named in this Client Authorisation who acts on behalf of the Client and under the relevant legislation of the Jurisdiction in which the property is situated can conduct a Conveyancing Transaction.

Representative Agent means a person appointed in writing by a Representative to act as the agent of the Representative including to sign the Client Authorisation. For the avoidance of doubt this can include an Identity Agent if so authorised.

Specific Authority means an authority for the Representative to act for the Client in completing the Conveyancing Transactions described in this Client Authorisation.

Standing Authority means an authority for the Representative to act for the Client as described in this Client Authorisation for the period of time set out in this Client Authorisation.

Subscriber in respect of:

(a) Paper-based conveyancing – means an ADI, an Australian Legal Practitioner, a Law Practice, a Licensed Conveyancer, Conveyancing Practice or any Person, partnership or body corporate who otherwise meets the eligibility criteria in Schedule 5 of the Directions issued by the Recorder; and

(b) Electronic conveyancing – has the meaning given to it in the ECNL.

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Document 6

Tasmanian Government

DEPARTMENT OF STATE GROWTH

Dept. Ref MIG25/975

Critical Signing Date

APPROVED/NOT APPROVED

SIGNED: Out of Scope [redacted]

DATE: 18/7/25

MINUTE FOR THE MINISTER FOR BUSINESS, INDUSTRY AND RESOURCES

SUBJECT: LIBERTY BELL BAY ASSET – CABINET MINUTE

Minister's notation:

Recommendation:

That you:

1. s.27 [redacted]
2. [redacted]

3. **Note that the conditions approved by Cabinet are unable to be satisfied as the Australian Government has indicated it is not in the position to agree any changes at this stage to its previously advised position and given LBB's cash position the likelihood of negotiating a different outcome in the timeframe is unlikely.**

4. **Note that the forecast model prepared by Deloitte predicts a fully capitalised three-furnace production ramp up for LBB, which incorporates an ore shipment in or around August and additional financial support totalling s.27 [redacted] would lead to LBB returning to a profitable position EBITDA of s.27 [redacted] (partial year) and s.27 [redacted] (full year normalised production), with opportunity for considerable upside.**

5. **Note Deloitte modelling indicates there exists a sustainable operating model without ongoing Government support, with reasonable pricing and market assumptions, for the LBB to return to a profitable position, were it to be recapitalised.**

6. **Endorse the Department of State Growth, in conjunction with the Office of the Coordinator-General, Deloitte and KWM, to prepare a staged financial support**

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package that includes immediate financial support to secure an ore supply and a longer-term contingent loan.

7. **Endorse that any immediate financial support would be:**

   (i) **Limited to an initial loan of up to $20 million pursued under Section 37 of the Tasmanian Development Act 1983.**

   (ii) **Fully secured to protect the state interest in accordance with legal advice.**

   (iii) **Structured, subject to legal advice, to enable the loan agreement to form a trigger which the Tasmanian Government could subsequently utilise to initiate an administration in the event of a default.**

   (iv) **Structured to minimise leakage of any funds from LBB to other GFG entities including seeking advice with respect to the payment of funds direct to South 32.**

   (v) **Dependent on viable options for government consideration for full recapitalisation for a three-furnace production or funding for an administration process (in partnership with the Australian Government).**

   (vi) **Further consideration of the funding of future capital works with the Australian Government should LBB enter a sale process.**

8. **Endorse the Department of State Growth to continue negotiations with the Australian Government to support a solvent sale of LBB through White Oak finance on the conditions previously approved by Cabinet as a 'fall back' option.**

9. **Endorse that any pathway for LBB should include Australian Government financial support that resembles the agreement struck with South Australia for the Whyalla Steelworks.**

Current Situation:

- State Growth has been working with Liberty Bell Bay (LBB) regarding its various prolonged challenges. The gravity of the situation with LBB has escalated in recent weeks, with the business closing off production in all four furnaces. LBB's capital position has become critical as indications are that:
  - LBB may run out of available capital by the end of July.
  - LBB may be unable to fund its ore supply, resulting in staff leaving and threatening the long-term sustainability of the operation.
  - LBB risks losing access to its key US market if it does not recommence production by or around September.

- State Growth and the Federal Government's Department of Industry Science and Resources (DISR) has been engaging with LBB management and representatives from the GFG group to discuss options for support.

- Both departments have also engaged with Ernst Young (EY) separately which has been commissioned by White Oak to undertake a commercial review of the LBB

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smelter. White Oak holds security over the shares of LBB (but not the assets of LBB). s.27 [redacted]

- Given the independent advice received from Deloitte this is considered to be more than what is required to recapitalise the LBB asset and does not represent good value for money for the Tasmanian Government.

- Deloitte's analysis around the EY prepared cashflow forecast has highlighted that EY has incorporated sensitivities around reduced production volumes and revenue, along with increases in operating costs. These sensitivities inflate the required cashflow support at periods, and therefore the total ask. Further, the EY model removed energy costs on the assumption that they would be waived.

- Separately, LBB has requested support of s.27 [redacted] from the Tasmanian and Federal governments, plus a suite of other support to be provided by the Tasmanian Government that could cost up to Out of Scope [redacted] – total of s.27 [redacted]

- Given advice received from Deloitte this is not considered to be a sufficient amount needed to recapitalise the LBB asset and it is likely that LBB will require further (either private or government) sources of capital in addition to this request and it is not possible to ascertain what, if any, additional capital GFG may be able or prepared to source or contribute.

- To date LBB has not provided State Growth with its own assessment of the total amount(s) required to fully recapitalise the LBB asset, however it has provided its detailed financial model to Deloitte and EY and answered detailed questions to enable Deloitte to understand and test that model.

- State Growth has commissioned Deloitte to provide independent financial and risk analysis work on LBB, using data provided directly from the business.

- Findings to date indicate that there exists a sustainable financial pathway and operating model, with reasonable pricing and market assumptions, for the LBB manganese smelter to return to a profitable position, were it to be recapitalised.

- This model does not require ongoing government support once the business is recapitalised, although this could be a future option for the government to consider for various reasons.

- Deloitte's current cashflow modelling outlines that the LBB asset will require approximately s.27 [redacted] to cover all the cash outgoings required for it to establish its path back to financial sustainability. This model assumes the business pays current market charges for energy, and therefore the s.27 [redacted] required figure is all inclusive of energy costs, in difference to the EY model which requires these costs to be added to the s.27 [redacted] required capital amount. This is subject to change and this work is ongoing.

- Deloitte's 'base case' allows for s.27 [redacted] in capex over the initial 12-month period after ramping up to full production. Work continues to identify and model all

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potential and required future capex, which will be incorporated into State Growth's ongoing due diligence work.

- It is noted that any costs associated with funding a potential administrator will be in addition to the s.27 , with Deloitte's figure being business operations only. Initial estimates of administration costs are in the vicinity of s.27 per annum.
- s.27 [redacted]

Caretaker Considerations

- Governments should avoid entering major contracts or undertakings, approving major variations to or termination of major contracts, or undertakings during the caretaker period (Section 4, Major Contracts and Agreements). This includes commitments and undertakings that could bind an incoming government.
- If it is not possible to defer the commitment until after the caretaker period, for legal, commercial or other reasons:
    (i) the Minister, after agreement with the Premier, should consult the relevant Opposition spokesperson regarding the commitment; and
    (ii) agencies should also ensure that new contracts entered into during the caretaker period include clauses providing for termination in the event of an incoming government not wishing to proceed.
- The convention that the Government avoids entering into major commitments during the caretaker period extends to intergovernmental negotiations and agreements. The Government ordinarily seeks to defer such negotiations or adopts observer status until the end of the caretaker period.
- If deferring involvement or adopting observer status is not feasible, the Government representatives should, if possible, limit their role to providing information on the Government's past position, without committing the incoming government to that position.
- If it is necessary for the Government to participate fully in the negotiations, it should advise the other parties to the negotiations that any outcomes will need to be authorised by the incoming government, or it could seek the relevant Opposition spokesperson's agreement on negotiating positions.
- It is not possible to defer the decision on entering into a contract, or negotiations with the Australian government, for the reasons outlined in this Minute.

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The Conventions (p. 9) define the "Opposition" as the largest minority Party within the Parliament during the Caretaker period, willing to assume office in the event of a change of government either after an election or as a result of a loss of support for the Government in the House of Assembly.

Given the considerations above, it is recommended that Government consults the Opposition prior to taking this decision during Caretaker.

Background:

- Refer attached Cabinet Minute (Attachment 2).

Out of Scope [redacted]

Craig Limkin
Secretary

18 July 2025

Prepared by:	Out of Scope [redacted]	Cleared by:	Jenna Cairney
Position:		Position:	Deputy Secretary
Email:	[redacted]stategrowth.tas.gov.au	Email:	Out of Scope stategrowth.tas.gov.au
Date:	18 July 2025	Date:	18 July 2025
Phone:	Out of [redacted] S	Phone:	Out of Scope

Attachments:

Attachment 1 – Cabinet Minute Cover Sheet – Liberty Bell Bay Asset - July 2025
Attachment 2 – Cabinet Minute – Liberty Bell Bay Asset - July 2025

- Attachment A – Deloitte advice – DRAFT discussion document
- Attachment B – King $ Wood Mallesons – Options Paper

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Document 6A

CABINET

Minute MIG25/975

Date Received

Tasmanian Government

Ministerial Portfolio Preparing Agency	Hon Eric Abetz MP, Minister for Business, Industry and Resources
Minute Title	**Liberty Bell Bay Asset**
Purpose of Minute	To update Cabinet on the rapidly changing position in relation to Liberty Bell Bay (LBB) and to seek Cabinet's approval for the Department of State Growth to continue to negotiate additional options to recapitalise the LBB asset.
Date Signed	
Relation to Existing Policy	
Likely Criticism	Refer Cabinet Minute. Frequency of government bailouts, propping up uncompetitive businesses and industries, strength of parent entity.
Priority and Timing	The gravity of the situation with LBB has escalated in recent weeks, with the business closing off production in all four furnaces. LBB's may run out of capital by the end of July.
Prior Consultation	
Financial Impact	s.26 [redacted]
Outcome of Legislative Review	N/A
Announcement of Decision	N/A
Action required before Announcement	N/A

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Cabinet Minute

1. Purpose

s.26 [redacted]

2. Recommendations

I recommend that Cabinet:

s.26 [redacted]

3 Background

3.1 LBB is Australia's only manganese alloy smelter. Manganese forms a key component in steel manufacturing and is identified as a critical mineral within the Australian Government's Future Made in Australia National Interest framework.

3.2 State Growth has been working with LBB regarding its various prolonged challenges. The gravity of the situation with LBB has escalated in recent weeks, with the business closing off production in all four furnaces. LBB's capital position has become critical as indications are that:

- LBB may run out of available capital by the end of July.
- LBB may be unable to fund its ore supply, resulting in staff leaving and threatening the long-term sustainability of the operation.
- LBB risks losing access to its key US market if it does not recommence production by or around September.

3.3 State Growth and the Federal Government's Department of Industry Science and Resources (DISR) has been engaging with LBB management and representatives from the GFG group to discuss options for support.

s.26



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s.26

[redacted]

4 Issues and supporting information

LBB Economic impact

4.1 LBB is a key employer and contributor to the Tasmanian economy, and particularly the Northern Tamar region, directly supporting about 350 workers (250 direct Liberty personnel and 100 permanent onsite contractors) and generating an estimated 525 additional jobs across the state.

s.26

[redacted]

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s.26

[redacted]

5.25 Caretaker period

5.26 Two key principles of operating in caretaker, are that the Government avoids:

5.27 Making major policy decisions that are likely to commit an incoming government or limit its freedom to act, and

5.27.1 Entering into major contracts or agreements or approving a major variation or termination of a major contract (grant deed).

5.27.2 If such action is required in this period, the Minister, after agreement with the Premier, would usually consult the relevant Opposition spokesperson regarding the commitment.

6 Annexe statements

6.1 Budget impact statement

6.2 Economic and employment impact statement

6.3 LBB is a key employer and contributor to Tasmanian economic activity and heavily supports local supply businesses and industries such as energy, transport and mining.

6.4 The loss of LBB to the state would have significant flow through impacts to direct and indirect employment, and general business activity across Tasmania.

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6.5 Legislative and regulatory impact statement

6.6 This proposal has no legislative or regulatory impact on any agency.

7 Other attachments

Attachment A – Deloitte advice – DRAFT discussion document

Attachment B – King & Wood Mallesons – Options Paper

Eric Abetz MP

Minister for Business, Industry and Resources

Date signed: Click or tap to enter a date.

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Cabinet Minute

1. Purpose

1.1. To seek Cabinet's approval for the Department of State Growth to continue to negotiate options to recapitalise the Liberty Bell Bay (LBB) asset, utilising the ongoing advice from its advisory team (Deloitte and KWM).

2. Recommendations

2.1. Note that LBB is facing a number of critical challenges including a production halt as a result of a capital reserves being drained by parent company, leading to workforce uncertainty and putting ongoing operations at risk.

2.2. Note that there is a need for urgent action as capital depletion is expected by August 2025 and there is currently no pathway to secure ore shipment for continuing operations.

s.26 [redacted]

2.4. Note advice that recapitalising of LBB will require urgent coordinated action from LBB, Tasmanian Government and the Australian Government.

2.5. Note that the Australian Government has an interest in preserving sovereign capability with LBB being Australia's sole domestic supplier of manganese a critical mineral for steel manufacturing.

2.6. Note that the Tasmanian Government has an interest in protecting a regional economy with LBB being a major contributor to the Tasmanian economy and local employment (~875 jobs).

s.26 [redacted]

2.8. Note that the Tasmanian Development Board has agreed to recommend to the Minister that an urgent loan of up to $20 million be provided to Liberty Bell Bay under section 35 of the Tasmanian Development Act 1983 for the purchase of essential ore required for ongoing production, with commercial terms of the loan to include:

2.8.1. that LBB grant the State a purchase money security interest (PMSI) in the ore acquired; and

2.8.2. that the State seek from LBB a first ranking all assets security interest to be registered as All Present and After-Acquired Property (ALLPAAP) on the Personal Property Securities Register (PPSR) (to provide the State with a trigger to place LBB into administration or receivership if a default occurs).

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2.9. Note that this loan would support the continuation of operations at LBB and allow an opportunity for the Tasmanian Government to adopt a preferred (medium term) pathway following further advice and due diligence.

s.26 [redacted]

s.26 [redacted]

3. Background

3.1 LBB is Australia's only manganese alloy smelter. Manganese forms a key component in steel manufacturing and is identified as a critical mineral within the Australian Government's Future Made in Australia National Interest framework.

3.2 State Growth has been working with LBB regarding its various prolonged challenges. The gravity of the situation with LBB has escalated in recent weeks, with the business closing off production in all four furnaces. LBB's capital position has become critical as indications are that:

- LBB may run out of available capital into August.
- LBB currently has no pathway to secure ore supply which is vital to the recommencement of production. This could result in staff leaving and overall, threaten the long-term sustainability of the operation.
- LBB risks losing access to its key US market if it does not recommence production by or around September/October.

Release

s.26 [redacted]

s.26 [redacted]

6. Caretaker period

6.1. The key principle of operating in caretaker, are that the Government avoids entering into major contracts or agreements, or approving a major variation or termination of a major contract (loan).

6.2. The convention that the Government avoids entering into major commitments during the caretaker period extends to intergovernmental negotiations and agreements

6.3. Under the Caretaker Conventions, given the scale and significance of this matter, the Minister, after agreement with the Premier, may elect to consult the relevant Opposition spokesperson regarding the commitment.

Annexe statements

Economic and employment impact statement

LBB is a key employer and contributor to Tasmanian economic activity and heavily supports local supply businesses and industries such as energy, transport and mining.

The loss of LBB to the state would have significant flow through impacts to direct and indirect employment, and general business activity across Tasmania.

Legislative and regulatory impact statement

This proposal has no legislative or regulatory impact on any agency.

Released Under

Eric Abetz MP

Minister for Business, Industry and Resources

Date signed: Click or tap to enter a date.

Released under RTI