

N THE SUPREME COURT OF WESTERN AUSTRALIA  
HELD AT PERTH

COR of 2021

IN THE MATTER OF SALT LAKE POTASH LIMITED  
(ADMINISTRATORS APPOINTED) ACN 117 085 748

EX PARTE

**MARTIN BRUCE JONES as joint and several  
administrator of SALE LAKE POTASH LIMITED  
(ADMINISTRATORS APOINTED) ACN 117 085 478** First Named First Plaintiff

and

**HAYDEN LEIGH WHITE as joint and several  
administrator of SALE LAKE POTASH LIMITED  
(ADMINISTRATORS APOINTED) ACN 117 085 478** Second Named First Plaintiff

and

**THOMAS DONALD BIRCH as joint and several  
administrator of SALE LAKE POTASH LIMITED  
(ADMINISTRATORS APOINTED) ACN 117 085 478** Third Named First Plaintiff

and

**SALT LAKE POTASH LTD  
(ADMINISTRATORS APPOINTED)  
ACN 117 085 748** First named Second Plaintiff

and

**AUSTRALIA SALT LAKE POTASH PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 164 369 420** Second named Second Plaintiff

and

**IRVE HOLDINGS PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 633 114 619** Third named Second Plaintiff

and

**TWO LAKE HOLDINGS PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 633 114 637** Fourth named Second Plaintiff

and

**SO4 FERTILISER HOLDINGS PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 633 114 628** Fifth named Second Plaintiff

and

**PIPER PRESTON PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 633 114 628** Sixth named Second Plaintiff

and

**IRVE DEVELOPMENTS PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 634 354 215** Seventh named Second Plaintiff

**FILED**

**8 NOV 2021**

*Via eLodgment*

**CENTRAL OFFICE  
SUPREME COURT**

and

**TWO LAKE DEVELOPMENTS PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 634 354 233**

Eighth named Second Plaintiff

and

**SO4 FERTILISER DEVELOPMENTS PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 634 354 224**

Ninth named Second Plaintiff

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**AFFIDAVIT OF MARTIN BRUCE JONES  
IN SUPPORT OF FOR EXTENSION OF TIME TO CONVENE MEETING OF  
CREDITORS AND APPOINT SPECIAL PURPOSE LIQUIDATOR  
AND ATTACHMENTS "MJ1" TO "MJ25"  
SWORN: 8 NOVEMBER 2021**

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Date of Document:	8 November 2021
Filed on behalf of	The Plaintiffs
Date of Filing:	8 November 2021
Prepared by:	
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1202 Hay Street	Facsimile: +61 8 6444 7460
WEST PERTH WA 6005	Reference: LC:21084
	Solicitor: Lee Christensen

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**INDEX TO ATTACHMENTS TO AFFIDAVIT OF MARTIN BRUCE JONES**

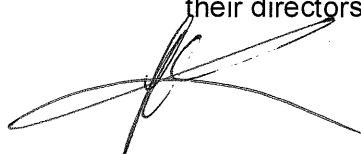
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I, **MARTIN BRUCE JONES** of, 235 St Georges Terrace, Perth, Western Australia, Company Administrator, being duly sworn MAKE OATH AND SAY THAT:

1. I am the First named First Plaintiff.
2. Except where otherwise stated I swear this affidavit from facts within my personal knowledge. Where matters deposed to are not within my personal knowledge the source of information and grounds of belief are identified and I believe those matters to be true.
3. I am a partner of KPMG.
4. On 20 October 2021 I, together with Hayden White and Thomas Birch (the second and third named first plaintiffs and also of KPMG) were appointed by resolution of their directors to be the administrators for the purposes of Part 5.3A of the





Corporations Act of each of Salt Lake Potash Ltd (Administrators Appointed) ("Salt Lake") (ACN 117 085 748), Australia Salt Lake Potash Pty Ltd (Administrators Appointed) (ACN 164 369 420), Irve Holdings Pty Ltd (Administrators Appointed) (ACN 633 114 637), Two Lake Holdings Pty Ltd (Administrators Appointed) (ACN 633 114 637), SO4 Fertiliser Holdings Pty Ltd (Administrators Appointed) (ACN 633 114 628), Piper Preston Pty Ltd (Administrators Appointed) (ACN 633 114 628), Irve Developments Pty Ltd (Administrators Appointed) (ACN 634 354 215), Two Lakes Developments Pty Ltd (Administrators Appointed) (ACN 634 354 233) and, SO4 Fertiliser Developments Pty Ltd (Administrators Appointed) (ACN 634 354 224) ("collectively called the "Companies").

5. Salt Lake is listed on the Australian Stock Exchange (ASX:SO4) and the Alternative Investment Market (AIM:SO4) and is currently suspended from trading. The other Companies are subsidiaries of Salt Lake.
6. Attached hereto and marked "MJ1" to "MJ9" are true copies of the searches of the records of each of the Companies maintained by the Australian Securities and Investments Commission ("ASIC").
7. On 20 October 2021 Richard Tucker and Craig Shepard, both of Korda Mentha were appointed receivers and managers over all the assets and undertakings of the Companies. Attached hereto and marked "MJ10" is a true copy of the deed of appointment.
8. Based on our investigations to date, we note that:
  - (a) There are eight (8) subsidiaries of Salt Lake:
  - (b) The Companies are the registered holder of, or applicants for approximately 53 mining tenements;
  - (c) As of 30 June 2021, the Companies had spent in excess of \$346m developing the Lake Way Potash Project, including construction of the processing plant and associated infrastructure;
  - (d) Salt Lake had issued approximately 585,312,487 shares and prior to our appointment had a market capitalisation of \$181m;
  - (e) The secured lenders of the Companies are owed in excess of \$192m;
  - (f) There were approximately 90 employees as at the date of our appointment;




- (g) There were 187 registrations lodged on the PPSR against the Companies as at the date of our appointment; and
- (h) to date we have identified 194 creditors, which subject to adjudication may have actual or contingent claims against the Companies in excess of \$458m.
9. Attached hereto and marked “**MJ11**” is a true copy of Financial Reports for the Companies for the financial year ending 30 June 2021.
10. Upon being appointed as administrators we convened the First Meeting of Creditors as required under the terms of the Corporations Act. Attached hereto and marked “**MJ12**” is a true copy of the documents forwarded to creditors of the Companies which document, included the First Plaintiffs’ Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”) (to be found at pages 265 to 270 of this Affidavit) which document was also lodged with ASIC on 22 October 2021.
11. I chaired the first meetings of creditors for the Companies on Monday 1 November 2021 and attached hereto and marked “**MJ13**” are true copies of the minutes of those meetings (executed by me and I know it to be accurate) (omitting its annexures) including the attendance register.
12. On 19 August 2021 I spoke to Michael Bowen of the law firm Thomson Geer regarding providing advice in respect to affairs of Salt Lake and its subsidiaries.
13. On 20 August 2021 Thomas Birch and myself met with Michael Bowen and Stuart Fraser who was introduced to me as the Chief Financial Officer of the Companies. At this meeting, which lasted no more than 45 minutes we were provided with a brief background of the Companies’ financial position and discussed the scope of work to be undertaken by KPMG.
14. On 26 August 2021 Thomson Geer signed an engagement letter with KPMG (a true copy of which is attached hereto and marked “**MJ14**”) to assist them in a compliance review and the provision of cash flow management advice for the Companies.
15. By reason of information provided to KPMG by employees of the Companies KPMG produced and generated 5 reports. True copies of these five (5) reports are

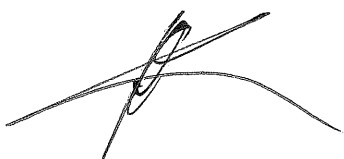


attached hereto and marked “MJ15” to “MJ19” (of the first two attachments, one was for the benefit of directors and the other provided to management).

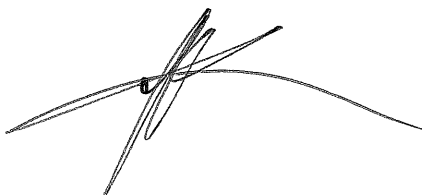
16. Additionally, for the purposes of discussing our reports (dated 9, 20 and 30 September 2021) Thomas Birch and I attended 3 meetings of the Companies directors on, 13 and 22 September 2021 and 1 October 2021. Our attendance at these meetings was limited to us presenting on the matters of our reports only. These meetings of directors were held virtually. We did not attend the meetings beyond summarising our report(s).
17. On 6 October 2021 together with Thomas Birch we discussed the voluntary administration process with Stuart Fraser and provided him with an overview document as to nature of the voluntary administration process. A true copy of this document is attached hereto and marked “MJ20”.
18. On 19 October 2021 Thomas Birch and I attended a meeting of directors of the Companies to discuss with them the voluntary administration process and what steps would need to be taken by them to appoint administrators. Further, on that day Thomas Birch and I had a virtual meeting with representatives of the secured lenders for the Companies which we gave an overview of the voluntary administration process and discussed what steps administrators would take subsequent to the appointment of administrators.
19. From my search of KPMG’s records, I have ascertained that KPMG were engaged by Salt Lake in November 2015 and on 16 March 2021 to assist with the preparation of research and development tax returns for the years ended 30 June 2016 and 30 June 2021. These engagements were limited to these tasks and KPMG did not appear to have any substantial involvement with the business affairs of Salt Lake. These engagements were not related in any material or any way to Salt Lake’s solvency or structuring of its financial affairs. All debts have been paid in relation to these engagements.
20. The matters set out in paragraphs 11 to 17 above were disclosed in the DIRRI and further disclosed during the course of the first meetings of creditors. I note no questions on the DIRRI were raised at those meetings by any creditor or anyone else present.
21. KPMG has not, and will not, seek to charge or be paid for the work undertaken under the terms of the agreement with Thomson Geer in attachment “MJ15”.



22. Given my experience in acting as an external administrator I do not believe that the relationship with the Companies as disclosed and discussed in this affidavit would result in a conflict-of-interest for the following reasons:
- (a) the scope of work undertaken by reason of our engagement was limited to undertaking the compliance review and discussing the position of their cash flow and cash retention;
  - (b) the engagement itself was limited to reliance upon the work we were to undertake, to only Thomson Geer (as the Companies solicitors) and the Companies, but not their directors who were expressly excluded, or any other stakeholder;
  - (c) in my experience referrals from solicitors, business advisers and other accountants are commonplace and do not themselves impact on our independence to carry out our duties as administrators;
  - (d) the work undertaken by KPMG in my view does not influence our ability to comply with our obligations in acting as administrators in an objective and impartial manner. Certainly, nothing said in our interaction with the Companies and its officers would suggest to me that we can act other than independently and in accordance with appropriate standards;
  - (e) no comments or responses were made or received from creditors after convening the first meeting of creditors including, at that meeting; and
23. It is in the best interest of creditors and other stakeholders of the Companies that the Administrators are not replaced for the following reasons:
- (a) We have developed an understanding of the financial position of the Companies and their respective operations to such an extent that we are able to effectively identify the critical drivers to facilitate the best opportunity for a successful reorganisation of the affairs of the Companies through a DOCA;
  - (b) We have developed a strong working relationship with the Companies management team;
  - (c) We have worked collaboratively with the Receivers and Managers to facilitate a smooth transition into dual insolvency appointments; and



- (d) We have corresponded with and responded to questions from key stakeholders of the Companies.
24. It would be likely that significant costs in excess of \$200,00 would be incurred if others were appointed administrators in the stead of the first plaintiffs as they would need to acquire the same information and knowledge to successfully manage this large and complex administration, as well as repeat a range of tasks that the first plaintiffs have already undertaken.
25. Notwithstanding the view expressed in paragraph 22 above I am minded (as are the other first plaintiffs) that although no conflict arises an apprehension of bias on the part of the first plaintiffs may arise and it is for this reason that the application herein, insofar as it relates to the appointment of Dermott McVeigh ("McVeigh") as a special-purpose administrator has been made. The object of the orders sought in this regard is to allow McVeigh to undertake investigations, make determinations and assist in the reports to creditors in circumstances where an apprehension of bias may arise.
26. Consistent with what the first plaintiffs have advised creditors, attached hereto and marked "**MJ21**" is a true copy of a letter with attachments from McVeigh which includes, a Declaration of his Independence, Relevant Relationships and Indemnities. From my knowledge of McVeigh (we previously worked together at Ferrier Hodgson over 5 years ago) I know him to be more than capable to undertake the tasks set out in the orders in the application herein.
27. KPMG will cover and meet any costs incurred by McVeigh, if he is required to seek directions of the Court on the terms of the proposed orders to the extent that they relate to the conduct of myself or the other first plaintiffs by reason of our dealings with the Companies prior to our appointment as administrators.
28. KPMG will be liable for costs of this application to the extent that it does not relate to the application to extend the time for convening the second meeting of creditors.
29. Attached hereto and marked "**MJ22**" and "**MJ23**" is a true copy of letter received by the first plaintiffs from ARITA and our response thereto.
30. Attached hereto and marked "**MJ24**" is a true copy of the letter received from ASIC.

A handwritten signature in black ink, consisting of several overlapping, sweeping strokes that form a complex, abstract shape.A handwritten signature in black ink, featuring a prominent, large loop at the bottom and several smaller, more delicate strokes above it.



31. Since, the appointment of the first plaintiffs we have, together with our staff undertaken the following tasks:
- (a) met with the directors of each of the Companies (both in person and virtually);
  - (b) arranged for 3 employees of KPMG to fly to the mine site to ensure that staff could be appropriately notified of our appointment, to secure the assets and premises, liaise with any contractors on site and take such steps as were necessary so that the operations of business could continue as efficiently as possible;
  - (c) liaised with the Receivers and Managers and their staff in regard to various matters including, potential capital reorganisation, realisation strategy and operations of the Companies;
  - (d) handed over control of the Companies' operations to the Receivers and Managers upon their appointment;
  - (e) wrote to all employees of the Companies, creditors (and potential creditors), the secured creditor and directors advising them of our appointment and also notifying them of the first meeting of creditors;
  - (f) provided the directors with a questionnaire and report of the Companies affairs to complete and return (they requested and been have been granted an extension of 14 days to complete them);
  - (g) dealt with matters pertaining to the insurance obligations of the Companies and for the administration process;
  - (h) held and conducted the concurrent first meetings of creditors;
  - (i) liaised with the members of the committee of inspection appointed at the first meetings of creditors; and
  - (j) requested information from management to commence our statutory investigations.
32. Going forward I would envisage that the type of further work to be undertaken by the administrators (although its detail and range is presently unknown but which

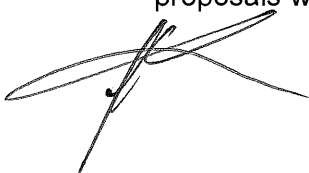


will be determined by the realisation strategies being pursued by the Receivers and Managers) is as follows;

- (a) lodging minutes of the first meetings of creditors;
- (b) liaising with the directors and management of the Companies in respect to obtaining information already requested and additional information to complete our duties;
- (c) undertaking investigations into the affairs and conduct of the Companies, its directors and officers prior to the appointment of the administrators (subject to the orders sought herein);
- (d) continued liaison with the Receivers and Managers in respect to the ongoing trading of the Companies and issues with any creditor or employee as may arise from time to time;
- (e) dealing with the Receivers and Managers to the extent that any sales or restructure process will require facilitation through possible deeds of company arrangement. Based upon my experience and understanding of the affairs of the Companies I expect that there is a strong possibility of a DOCA being put forward for consideration by creditors;
- (f) subject to the orders sought herein preparing a report for creditors for the second meeting of creditors (including any adjournment thereof) containing all the necessary statutory information;
- (g) convening the second meeting of creditors.

33. The Receivers and Managers have requested that I apply to seek an extension of time within which to convene the second meeting of creditors to 31 March 2022. I am informed by the Receivers and Managers that within the next 7 days they hope to have engaged an investment bank to assist them in the sale and realisation process for the Companies' assets and operations.

34. Attached hereto and marked "MJ25" is a true copy of an email correspondence received from the Receivers and Managers and which summarises the investment banks' selected to submit proposals sale timeline that they have received. The Receivers and Managers email correspondence notes that the sale timelines for all proposals will concluded between 11 March 2022 and 10 June 2022.



35. Given:

- (a) The nature of the Companies mining assets;
- (b) The appointment of Receivers and Managers;
- (c) The investment banks proposed sale timeline;
- (d) The quantum of the debts owed to the secured creditors and unsecured creditors;
- (e) The corporate structure of the Companies and their listings on the ASX and AIM; and
- (f) my experience in acting as an external administrator in circumstances such as these, in particular corporate mining reconstructions;

36. I am of the view that it would be in the interests of creditors to preserve the opportunity of an interested party proposing a DOCA and continuing to see how the Receivers and Managers sale process evolves by seeking an extension of time until 31 March 2022. Such an extension would not prejudice the position of creditors, but it is more than likely to be to their best interests and benefit.

37. It is intended to provide both ASIC and the creditors of the Companies with notice of this application.

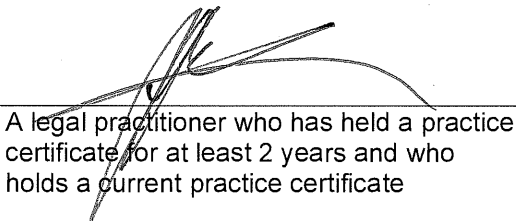
38. I swear this affidavit in support of the applications herein.

SWORN BY:  
**MARTIN BRUCE JONES**  
 at West Perth, Western Australia  
 on 8 November 2021  
 Before me:

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\_\_\_\_\_  
**MARTIN BRUCE JONES**



\_\_\_\_\_  
 A legal practitioner who has held a practice certificate for at least 2 years and who holds a current practice certificate

**Fei Fei Xue**  
 A legal practitioner who has held a practising certificate for at least 2 years and who holds a current practice certificate.