

31 October, 2014

ASX Announcement September 2014 Quarterly Activities Report

Summary

- **New Sale and Purchase Agreement for Satimola**
- **New Directors Appointed**
- **Revised Goldquest Consulting Services Contract**

Corporate

New Sale and Purchase Agreement for Satimola

The Company signed a new Sale and Purchase Agreement, replacing the 1 May 2013 Agreement, to acquire 100% shareholding in Satimola Limited, which holds via its wholly owned subsidiary Satbor LLP the Satimola potash deposit in the Republic of Kazakhstan. The balance of the purchase price is US\$140 million.

Completion of the transaction is subject to:

- Obtaining approval from all relevant Government and regulatory authorities; and
- Obtaining approval from shareholders of KPC.

As part of the agreement, KPC will provide a new loan of US\$19 million for working capital and satisfaction of creditor liabilities. The Satimola deposit is located within the geological formation known as the Satimola Dome in West Kazakhstan and a JORC compliant report that indicates a significant resource of potash has been obtained.

New Directors Appointed

On 23 July 2014, the Company appointed Mr Lyu Xiaokang and Dr Kaneko Hiroshi as Executive Directors of the Company.

Dr Kaneko, who has also been appointed to the Chief Executive Officer role of the Company (announced 10 October 2014) attended Dalian University of Technology and Fudan University in PRC, and holds a PhD in advanced science and technology from University of Tokyo in Japan. Dr Kaneko has extensive experience in founding, organizing and managing multinational corporations internationally. He is well respected among the business community for his knowledge in the global financial and capital markets and has extensive business network internationally.

Mr Lyu is a successful entrepreneur with over 30 years business experience predominately in China. Currently, Mr Lyu is the Chairman of JingdeKang Investment Group Co. Ltd. and founder and Chairman of Hebei Haide Mining Co. Ltd., which owns and operates iron ore and coal mines in China. In 2012, he was also appointed as Chairman of Board of North America Investors Association.

Revised Goldquest Consulting Services Contract

On 18 September, 2014, the Company announced to ASX that it had entered into a new consulting services contract with Goldquest Services Inc. As with the previous engagement announced on 8 May 2013 and approved by shareholders on 25 October 2013, this engagement includes the negotiation with shareholders of Satimola Limited to conclude the transaction and the provision of advice to get necessary approval so as complete the transfer the beneficial interest of Satbor LLP (the wholly owned subsidiary of Satimola Limited which holds the potash deposit in the Republic of Kazakhstan) into KPC. In addition and as required Goldquest Services Inc will obtain the extension of agreements with the government of Kazakhstan in relation to the subsoil rights of the Satimola deposits.

Under the terms of that contract, the Company must issue, as a consulting fee, 100 million fully paid ordinary shares in the capital of the Company to Goldquest Services Inc and City Winner Holdings Limited, a company controlled by Madame Cheung following the successful completion of the

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Satimola acquisition. The issue of those shares must also be approved by the shareholders of the Company in general meeting. Accordingly, to date, none of those shares has been issued.

Share Capital

There are currently 470,856,543 Kazakhstan Potash Corporation shares on issue. The following options in Kazakhstan Potash Corporation are currently on issue:

Expiry Date	Number of Options	Exercise Price
19 January 2015	500,000	\$0.30
27 January 2015	1,000,000	\$0.30
2 March 2015	500,000	\$0.30
25 June 2015	1,000,000	\$0.30
20 May 2016	12,600,000	\$0.30
30 June 2016	17,000,000	\$2.00
17 October 2016	7,000,000	\$0.30
21 October 2016	9,400,000	\$0.30
25 November 2016	60,000,000	\$0.30
15 October 2016	6,000,000	\$0.30

Exploration and Development

Zhilyanskoe Project

The company is progressing with the development of the Zhilyanskoe Potash Deposit. The deposit is located approximately 5-10 km south west of the city of Aktobe in the north western region of the Republic of Kazakhstan. Aktobe is a regional capital city with a population of approximately 300,000 people. Power (gas and electricity), water, transportation (rail and road) as well as labour are all available within 10 km of the project giving the company a significant infrastructure advantage.

The deposit has a JORC 2012 resource calculated by SRK Consulting (Kazakhstan) Ltd. of 119.8 Million tonnes grading 18.61% K₂O of Sylvanite mineralisation which is used in the production of Muriate of Potash (MOP) and 983.7 Million tonnes grading 7.99% K₂O of Polyhalite mineralisation which is used in the production of Sulphate of Potash (SOP) (Source Kazakhstan Potash Corporation Limited Prospectus 28 January 2014).

As outlined in the replacement prospectus dated 28 January 2014, during the quarter, the company took receipt of the Feasibility Study on the development of the Zhilyanskoe Potash Deposit. The feasibility study was completed by Beijing based, chemical engineering consultancy China Bluestar Lehigh Engineering Corporation. The study envisaged extraction of the resource by underground mining and hoisting via a vertical shaft. The ore would be processed on site to produce both MOP and SOP and shipped to market using the existing Kazakhstan rail network.

The study envisaged a three phase ramp up in production commencing with initial production of MOP from the Sylvanite resource and phasing in production of SOP from the polyhalite resource. All products to be produced will be to "fine particle grade 1" of the Russian National Standard GOST4568-95. The company is engaging consultants to review the document to determine what, if any additional work is required to bring the report to JORC 2012 compliance so the findings can be released on the ASX.

The company is looking to transition the project from exploration to production, and has applied for a building permit with the local authorities to allow construction of the plant site and associated infrastructure to commence.

Chellkarskoye Project

The Chellkarskoye Project is located approximately 100 kilometres south east of the city of Uralsk in north western Kazakhstan, and approximately 160 kilometres north of the Satimola Potash Deposit. The company has a subsoil licence of approximately 779 sq. km covering a domal salt structure containing horizons of Sylvanite and Carnallite. Previous work on the project principally by geological teams from the former Soviet Union has identified a number of occurrences of potash mineralisation on the current licence area.

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During the September quarter the company continued drilling the final hole in the current program. The hole has a target depth of 1100 metres. Ground conditions forced the initial hole to be abandoned at 480 metres. A twin hole is currently at 168 metres but is being delayed by slow penetration due to hole conditions and a number of mechanical issues with the drill rig.

The company is still waiting for several batches of final assay results to be received from the laboratory for the holes already completed before sending an independent consultant to site to review the drilling data.

To fulfil the conditions of the subsurface licence a 300m deep water monitoring bore and several 10m deep geotechnical test holes were completed to fulfil the environmental monitoring obligations of the licence. Topographic orthomapping mapping using aerial photographs of the area around the current drilling was also completed which will assist in future exploration planning.

Competent Person and Responsibility Statement

The information in this announcement in as much as it relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Mr James Guy who is a member of the Australasian Institute of Mining and Metallurgy. Mr Guy is a consulting geologist engaged by the company, and has the relevant experience under the Joint Ore Reserve Committee guidelines to be regarded as a competent person for the styles of mineralisation under discussion. Mr Guy consents to the inclusion in this of the information in the form and context in which it appears.

Relevant ASX Announcements for the September 2014 Quarter

Date	ASX Announcement
03/07/2014	Trading Halt
07/07/2014	Market Update
08/07/2014	Placement
24/07/2014	Director Appointment/Resignation
30/07/2014	Initial Director's Interest Notices
31/07/2014	Quarterly Activities Report
31/07/2014	Quarterly Cash-flow Report
12/09/2014	Half Year Accounts
18/09/2014	Market Update

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