

16 December, 2014

## Market Update – Framework Cooperation Agreement

Kazakhstan Potash Corporation Limited (ASX:KPC) is pleased to announce that on Sunday evening in Astana, the capital of the Republic of Kazakhstan in the presence of the Chinese Premier Li Keqiang visiting Kazakhstan to attend the 2nd China-Kazakhstan Regular Prime Ministers' Meeting and the 13th meeting of the Council of Heads of State of the Shanghai Cooperation Organization Member States and the Prime Minister of Kazakhstan Karim Massimov - KPC, CITIC Construction Co., Ltd (CITICC), the Industrial & Commercial Bank of China Limited (ICBC) and the Ministry of Investment and Development of the Republic of Kazakhstan (MID) signed a four-party Framework Agreement on Cooperation in relation to a Potash Resources Development Project.

As the functioning authority for investment and development in Kazakhstan, MID will support the development of the Potash Project and, within its capability stipulated by the legislation of Kazakhstan, have the right to provide comprehensive assistance and investment preferences during the Project implementation.

ICBC which is the world's largest bank by assets intends to provide financing and financial support to the Potash Project. It will bring its corporate capability and related advantages to the development of the Potash Project. Funding from ICBC will be determined in consultation with KPC and its partners and will take the form of various types of financing options.

CITICC is a wholly-owned subsidiary of CITIC Limited, a Chinese conglomerate with businesses across various sectors, for instance, finance, securities, mining, resources, and agriculture, as well as 7 listed subsidiaries in China and Hong Kong. CITIC Limited is ranked 160 of the Fortune Global 500 in 2014. CITICC will be the EPC partner to the Potash Project. CITICC is a world-renowned engineering company, particularly in the area of the construction of potash production base, CITICC has deep experience and a proven team of technical experts. CITICC already has presence in Central Asia via the Dekhkanabad potash project in Uzbekistan, which brings valuable knowledge and experience to KPC's own project. Further to this, the broader CITIC Group will bring its corporate advantages and synergies in assisting CITICC performing its role.

Under the terms of the Framework Agreement, KPC plans to build a potash production base (Potash Project) in Kazakhstan within 10 years and achieve potash fertilizer production capacity of over 7 million tonnes per annum in order to meet China and Kazakhstan agriculture markets' demand. So as to strengthen mutual cooperation and enhance mutual understanding between the Parties and to work effectively, a working group will be established to coordinate and communicate all related work.

The Republic of Kazakhstan is a politically stable and economically fast-growing country. In recent years, the Kazakhstan Government has allocated substantial resources to building infrastructure, such as roads, railways, shipping and pipelines. The Kazakhstan Government also emphasizes the need for and supports foreign investments. In order to attract investments, the government is willing to offer incentives and concessionary measures, especially in relation to the Government plan under the policy of the "State Program of Industrial-Innovative Development of Kazakhstan for 2015-2019", which highlights the development of its chemical industry as a key industry by the government.

Recently, the Chinese government also stressed the importance of the joint partnership and development of the Central Asia region under its broader policy objectives of closer cooperation with neighbours in the region, via the "One Belt, One Road" policy. The Chinese Government is increasing its investment in Central Asia, and especially in Kazakhstan, as the Chinese Government sees it as a good opportunity for mutual future growth and to further strengthen the ties in the region and realize "interconnection", China will focus investment in infrastructure such as roads, railways and pipelines in the region.

Within this context and the ensuing broader policy structure, KPC is well positioned to benefit from the on-going Sino-Kazakhstan trade & cooperation initiative.

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