

16 November 2015



## Market Update

- **New Satimola Limited Sale and Purchase Agreement Signed**
- **Financing to Acquire Satimola Limited Secured**
- **Revised Consulting Service Contract**

### 1. New Sale and Purchase Agreement for Satimola Limited signed

The Board of Kazakhstan Potash Corporation Limited ("KPC") (ASX:KPC) is pleased to announce that it has signed a new Sale and Purchase 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. For the new agreement to take effect, over 90% of Satimola Limited shareholder need to sign the new agreement, KPC has been advised by Satimola Limited that this is expected to be completed shortly.

The purchase price of US\$70 million consists of a first payment of US\$55 million in cash and two promissory notes payments of US\$7.5 million each. The two promissory notes payments shall be paid upon the first utilisation of construction finance for the mining project at Satimola, and the second after the date of first shipment of an order for potash from Satimola. In addition, KPC will repay US\$10 million on Satimola Limited's behalf to Satimola creditors.

Completion of the transaction is subject to obtaining approval from all relevant Government and regulatory authorities together with fulfilling all the necessary financing facility requirements.

As part of the agreement, KPC has extended the existing loan facility to Satimola Limited of which US\$2.7 million has already been advanced, for an additional US\$1.3 million for working capital and satisfaction of creditor liabilities. To date the total loan funds already advanced by KPC to Satimola Limited amount to US\$18.7 million.

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. The Satimola acquisition together with the Zhilyanskoye and Chelkar potash projects already owned by KPC, further strengthens KPC's goal to be one of the larger potash producers internationally.

### 2. Satimola Limited Acquisition Financing Secured

KPC is pleased to report that together with China Asia Resources Co. Ltd (CAR Ltd) as borrower, a company associated with Madam Cheung, the Managing Director and Chairperson of the Company, it has secured a facility from China Minsheng Banking Corp., Ltd - Hong Kong Branch (CMBC) to finance the acquisition of the Satimola potash deposit in Kazakhstan and to provide additional working capital in connection with that potential acquisition.

Draw-downs under the facility are subject to the satisfaction of a number of conditions precedent including the provision by Madam Cheung and KPC of a guarantee and other security. KPC is confident that all conditions precedent can be satisfied to permit draw-downs under the facility.

In acknowledgment for the securing, as well as the guaranteeing of the financing for the acquisition of Satimola Limited, KPC has entered into an agreement to pay the China Asia Resources Fund 100 million shares. This will be subject to shareholder approval.

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### 3. Revised Consulting Service Contract

KPC has entered into a revised engagement with Goldquest Services Inc to provide consulting services on the acquisition of Satimola Limited. As with the previous engagement announced on 18 September 2014 and approved by shareholders on 7 January 2015, 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 of 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. In exchange for the service, KPC has agreed to issue 100 million shares of KPC to Goldquest Services Inc.

As previously, Goldquest Services Inc has advised KPC that it will give 25 million shares of KPC from the Consulting Services Contract consideration to City Winner Holdings (CWH) an entity controlled by Madam Cheung. Goldquest Services Inc is doing this for all the work done by Madam Cheung in assisting Goldquest Services Inc in keeping the Satimola Limited transaction progressing since late 2013. In addition to that work, CWH also provided an interest-free and unsecured loan to Satimola Limited of US\$10 million in January 2014 to assist in the repayment by Satimola of its creditors and to fund Satimola Limited's working capital requirements. The provision of the loan further assisted Satimola Limited in meeting its ongoing liabilities as and when they have fallen due and continuing as a going concern, which was essential in facilitating the continuing negotiation between KPC and Satimola Limited.

The issue of securities under the Consulting Service Contract is subject to shareholders' approval.