

27 April, 2016

Dear Shareholder,

I am pleased to invite you to attend the 2016 Annual General Meeting of Kazakhstan Potash Corporation Limited ACN 143 441 285 (**KPC** or **Company**) to be held at 11.00 am (Melbourne time) on Monday, 30 May 2016. The Annual General Meeting will be held at the offices of Norton Rose Fulbright Australia, Level 15, RACV Tower, 485 Bourke Street, Melbourne, Victoria 3000.

Please find enclosed a Notice of Meeting, Explanatory Statement (including a report by DMR Corporate) and Proxy Form for the Annual General Meeting. The Notice of Meeting (including the Explanatory Statement) sets out the items of business for the Annual General Meeting. Please take the time to carefully read the whole document. To help you understand what the Notice of Meeting contains, below is an outline of the items of business that are proposed for the Annual General Meeting:

1. Consideration of the 2015 Annual Report of the Company.
2. Adoption of Remuneration Report.
3. Ratification of prior issue of Shares and Options.
4. Approval for additional 10% placement capacity.
5. Re-election of Ms JunMei Zhang as a Director.
6. Re-election of Mr Marco Marcou as a Director
7. Election of Mr Wei Jiafu as a Director.
8. Approval of issue of Securities to your Directors.

If you would like to vote on the items of business outlined in the enclosed Notice of Meeting, you may attend the Annual General Meeting in person or appoint a proxy to vote on your behalf at the Annual General Meeting. If appointing a proxy, the enclosed Proxy Form should be completed and returned to the Company (see Proxy Form for details) as soon as possible and, in any event, no later than 11.00 am (Melbourne time) on Saturday, 28 May 2016. The Board encourages all Shareholders to direct their proxy how to vote on each item of business.

If you have any queries in relation to the Annual General Meeting, please contact the company secretary, Mr Marco Marcou on +61 (0)3 9653 9020.

Yours sincerely,



Madame Freada Cheung  
**Chair and Managing Director**  
Kazakhstan Potash Corporation Limited

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# Kazakhstan Potash Corporation Limited

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2016 Annual General Meeting of the Shareholders of Kazakhstan Potash Corporation Limited ACN 143 441 285 will be held at the offices of Norton Rose Fulbright Australia, Level 15, 485 Bourke Street, Melbourne, Victoria 3000, on Monday, 30 May 2016 at 11.00 am (Melbourne time).

The enclosed Explanatory Statement and accompanying report of DMR Corporate have been prepared to provide Shareholders with an explanation of the items of business and the Resolutions to be proposed and considered at the Meeting.

The Explanatory Statement should be read in conjunction with this Notice of Meeting.

All documents should be read in their entirety. If you are in any doubt about what to do, you should consult your legal, financial or other professional adviser.

### AGENDA

#### *Ordinary Business*

##### **Item 1: Financial and other Reports**

To receive and consider the following reports of the Company for the year ended 31 December 2015:

- the Annual Financial Report;
- the Directors' Report; and
- the Auditor's Report.

*There is no vote on this item of business.*

##### **Item 2: Adoption of Remuneration Report (Resolution 1)**

To consider and, if thought fit, to pass the following resolution as an **advisory resolution** of the Company:

*"That, for the purposes of section 250R(2) of the Corporations Act 2001, the Remuneration Report for the Company for the financial year ended 31 December 2015 be adopted."*

Under the Corporations Act, this Resolution is advisory only and does not bind the Directors or the Company. However, please refer to the Explanatory Statement for an explanation of the consequences of 25% or more eligible votes being cast against this advisory resolution.

**Voting Exclusion Statement:** In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of a member of the Company's Key Management Personnel details of whose remuneration are included in the Remuneration Report for the Company, and their Closely Related Parties.

However, the Company will not disregard a vote cast on Resolution 1 by the Company's Key Management Personnel or their Closely Related Parties if:

- it is cast by a person as a proxy appointed in writing by a person entitled to vote that specifies how the proxy is to vote on Resolution 1; or
- it is cast by the person chairing the Meeting as an undirected proxy which expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **Item 3: Ratification of prior issue of Shares and Options (Resolution 2)**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders approve the prior issue of 33,300,000 Shares and 45,000,000 Options on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 2 by any person who participated in the issue and any of its associates.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 2 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **Item 4: Approval for additional 10% placement capacity (Resolution 3)**

To consider and, if thought fit, to pass the following resolution as a **special resolution** of the Company:

*"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities, in number, equal to up to 10% of the number of Shares on issue in the Company (at the time of the issue) calculated in accordance with the formula in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the Resolution 3 by a person who may participate in the proposed issue of Equity Securities and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the resolution is passed and any associates of those persons.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 3 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **Item 5: Re-election of Ms JunMei Zhang as a Director (Resolution 4)**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*"That Ms JunMei Zhang, who retires by rotation in accordance with rule 3.6 of the Constitution of the Company, and being eligible for re-election, is re-elected as a Director of the Company."*

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#### **Item 6: Re-election of Mr Marco Marcou as a Director (Resolution 5)**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*“That Mr Marco Marcou, who retires by rotation in accordance with rule 3.6 of the Constitution of the Company, and being eligible for re-election, is re-elected as a Director of the Company.”*

#### **Item 7: Election of Mr Wei Jiafu as a Director (Resolution 6)**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*“That Mr Wei Jiafu, who was appointed by the Board as a Director of the Company since the date of the last annual general meeting of the Company, who retires in accordance with rule 3.3 of the Constitution of the Company, and being eligible for re-election, is elected as a Director of the Company.”*

#### **Item 8: Approval of issue of Securities to Madame Cheung (Resolution 7)**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares and Options to Madame Cheung, a director of the Company, or her nominee, on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 7 by Madame Cheung and any associate of Madame Cheung.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 7 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 7 by or on behalf of Madame Cheung or any associate of Madame Cheung (including City Winner Holdings Limited, China Asia Resources Co Ltd and China-Asia Resources Fund). However, the Company need not disregard a vote on Resolution 7 if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on Resolution 7 and it is not cast on behalf of Madame Cheung or an associate of Madame Cheung.

In addition, in accordance with the Corporations Act, a vote must not be cast on Resolution 7 by a Key Management Personnel or a Closely Related Party of such a Key Management Personnel, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 7. However, this voting exclusion under the Corporations Act does not apply if the chair of the meeting is acting as proxy for a person who is entitled to vote and their appointment expressly authorises the chair of the meeting to exercise the proxy even if that Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## Item 9: Approval of issue of Securities to Mr Wei Jiafu (Resolution 8)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares and Options to Mr Wei Jiafu, a director of the Company, or his nominee, on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 8 by Mr Wei Jiafu and any associate of Mr Wei Jiafu.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 8 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 8 by or on behalf of Mr Wei Jiafu or any associate of Mr Wei Jiafu. However, the Company need not disregard a vote on Resolution 8 if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on Resolution 8 and it is not cast on behalf of Mr Wei Jiafu or an associate of Mr Wei Jiafu.

In addition, in accordance with the Corporations Act, a vote must not be cast on Resolution 8 by a Key Management Personnel or a Closely Related Party of such a Key Management Personnel, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 8. However, this voting exclusion under the Corporations Act does not apply if the chair of the meeting is acting as proxy for a person who is entitled to vote and their appointment expressly authorises the chair of the meeting to exercise the proxy even if that Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## Item 10: Approval of issue of Securities to Mr Wang Baolin (Resolution 9)

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares and Options to Mr Wang Baolin, a director of the Company, or his nominee, on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 9 by Mr Wang Baolin and any associate of Mr Wang Baolin.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 9 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 9 by or on behalf of Mr Wang Baolin or any associate of Mr Wang Baolin. However, the Company need not disregard a vote on Resolution 9 if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on Resolution 9 and it is not cast on behalf of Mr Wang Baolin or an associate of Mr Wang Baolin.

In addition, in accordance with the Corporations Act, a vote must not be cast on Resolution 9 by a Key Management Personnel or a Closely Related Party of such a Key Management Personnel, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 9. However, this voting exclusion under the Corporations Act does not apply if the chair of the meeting is acting as proxy for a person who is entitled to vote and their appointment expressly authorises the chair of the meeting to exercise the proxy even if that Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

#### **Item 11: Approval of issue of Securities to Mr Marco Marcou (Resolution 10)**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares and Options to Mr Marco Marcou, a director of the Company, or his nominee, on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 10 by Mr Marco Marcou and any associate of Mr Marco Marcou.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 10 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 10 by or on behalf of Mr Marco Marcou or any associate of Mr Marco Marcou. However, the Company need not disregard a vote on Resolution 10 if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on Resolution 10 and it is not cast on behalf of Mr Marco Marcou or an associate of Mr Marco Marcou.

In addition, in accordance with the Corporations Act, a vote must not be cast on Resolution 10 by a Key Management Personnel or a Closely Related Party of such a Key Management Personnel, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 10. However, this voting exclusion under the Corporations Act does not apply if the chair of the meeting is acting as proxy for a person who is entitled to vote and their appointment expressly authorises the chair of the meeting to exercise the proxy even if that Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

#### **Item 12: Approval of issue of Securities to Mr Terence Wong (Resolution 11)**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares and Options to Mr Terence Wong, a director of the Company, or his nominee, on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 11 by Mr Terence Wong and any associate of Mr Terence Wong.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 11 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 11 by or on behalf of Mr Terence Wong or any associate of Mr Terence Wong. However, the Company need not disregard a vote on Resolution 11 if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on Resolution 11 and it is not cast on behalf of Mr Terence Wong or an associate of Mr Terence Wong.

In addition, in accordance with the Corporations Act, a vote must not be cast on Resolution 11 by a Key Management Personnel or a Closely Related Party of such a Key Management Personnel, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 11. However, this voting exclusion under the Corporations Act does not apply if the chair of the meeting is acting as proxy for a person who is entitled to vote and their appointment expressly authorises the chair of the meeting to exercise the proxy even if that Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **Item 13: Approval of issue of Securities to Mr Lyu Xiaokang (Resolution 12)**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares and Options to Mr Lyu Xiaokang, a director of the Company, or his nominee, on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 12 by Mr Lyu Xiaokang and any associate of Mr Lyu Xiaokang.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 12 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 12 by or on behalf of Mr Lyu Xiaokang or any associate of Mr Lyu Xiaokang. However, the Company need not disregard a vote on Resolution 12 if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on Resolution 12 and it is not cast on behalf of Mr Lyu Xiaokang or an associate of Mr Lyu Xiaokang.

In addition, in accordance with the Corporations Act, a vote must not be cast on Resolution 12 by a Key Management Personnel or a Closely Related Party of such a Key Management Personnel, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 12. However, this voting exclusion under the Corporations Act does not apply if the chair of the meeting is acting as proxy for a person who is entitled to vote and their appointment expressly authorises the chair of the meeting to exercise the proxy even if that Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### **Item 14: Approval of issue of Securities to Mr Edward Wen (Resolution 13)**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares and Options to Mr Edward Wen, a director of the Company, or his nominee, on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 13 by Mr Edward Wen and any associate of Mr Edward Wen.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 13 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 13 by or on behalf of Mr Edward Wen or any associate of Mr Edward Wen. However, the Company need not disregard a vote on Resolution 13 if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on Resolution 13 and it is not cast on behalf of Mr Edward Wen or an associate of Mr Edward Wen.

In addition, in accordance with the Corporations Act, a vote must not be cast on Resolution 13 by a Key Management Personnel or a Closely Related Party of such a Key Management Personnel, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 13. However, this voting exclusion under the Corporations Act does not apply if the chair of the meeting is acting as proxy for a person who is entitled to vote and their appointment expressly authorises the chair of the meeting to exercise the proxy even if that Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

#### **Item 15: Approval of issue of Securities to Ms JunMei Zhang (Resolution 14)**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution** of the Company:

*“That for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and all other purposes, Shareholders approve the issue of Shares and Options to Ms JunMei Zhang, a director of the Company, or her nominee, on the terms and conditions and in the manner detailed in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** In accordance with the ASX Listing Rules, the Company will disregard any votes cast on Resolution 14 by Ms JunMei Zhang and any associate of Ms JunMei Zhang.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 14 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In accordance with the Corporations Act, the Company will disregard any votes cast (in any capacity) on Resolution 14 by or on behalf of Ms JunMei Zhang or any associate of Ms JunMei Zhang. However, the Company need not disregard a vote on Resolution 14 if it is cast by a person as proxy appointed in writing that specifies how the proxy is to vote on Resolution 14 and it is not cast on behalf of Ms JunMei Zhang or an associate of Ms JunMei Zhang.

In addition, in accordance with the Corporations Act, a vote must not be cast on Resolution 14 by a Key Management Personnel or a Closely Related Party of such a Key Management Personnel, acting as proxy, if their appointment does not specify the way the proxy is to vote on Resolution 14. However, this voting exclusion under the Corporations Act does not apply if the chair of the meeting is acting as proxy for a person who is entitled to vote and their appointment expressly authorises the chair of the meeting to exercise the proxy even if that Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

#### **Other Business**

To consider any other business that may be lawfully brought forward.

## QUESTIONS AND COMMENTS BY SHAREHOLDERS

A reasonable opportunity will be given to Shareholders as a whole at the Annual General Meeting to ask questions about or make comments on the Company's Financial Report for the financial year ended 31 December 2015, the Remuneration Report and the management or performance of the Company and to ask the Auditor or their representative questions relevant to the conduct of the audit, the preparation and content of their Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of its Annual Report and the Auditor's independence in relation to the conduct of the audit.

## NOTES REGARDING PROXIES AND VOTING

### Voting and determination of voting entitlement

For the purpose of Regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth), the Company has determined, for the purpose of voting entitlements at the Meeting, that Shares in KPC are taken to be held by those Shareholders registered at 7.00 pm (Melbourne time) on Saturday, 28 May 2016. Accordingly, only those persons will be entitled to attend and vote at the Meeting.

Unless a poll is demanded in advance of voting on a Resolution, voting on each Resolution will initially be by way of a show of hands. On a show of hands, each Shareholder present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, will have one vote.

On a poll, every Shareholder present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, will have one vote for each Share held by the Shareholder.

### Important Voting Information

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on the Resolutions.

The Chair of the Annual General Meeting intends to vote all undirected proxies in favour of each Resolution to the extent permitted by law. However, the Chair of the Meeting is not permitted to vote an undirected proxy on Resolution 1 (Remuneration Report) and Resolutions 7 to 14 (inclusive) (Approval of issue of Securities to Directors) unless the proxy expressly authorises the Chair to exercise the proxy in respect of each such Resolution even if it is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

In respect of Resolution 1 and Resolutions 7 to 14 (inclusive), if you intend to appoint a member of the KMP (such as one of the Directors) or a Closely Related Party as your proxy, please ensure that you direct them how to vote on that Resolution. If you intend to appoint the Chair as your proxy for Resolution 1 and Resolutions 7 to 14 (inclusive), you can direct the Chair how to vote by marking the appropriate box for that Resolution. Alternatively, in relation to the Chair, you can choose not to mark a box and give your express authority to exercise an undirected proxy even if the Resolution concerned is connected directly or indirectly with the remuneration of a member of the KMP (in which case, as outlined above, the Chair will vote in favour of Resolution 1 and Resolutions 7 to 14 (inclusive) to the extent permitted by law).

If the Directors or another Key Management Personnel (other than the Chair) or a Closely Related Party is your proxy, and you fail to provide a voting direction in respect of Resolution 1 and Resolutions 7 to 14 (inclusive), your vote will not be cast in respect of each such Resolution.

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## Appointing a Proxy

A Shareholder entitled to attend and vote at the Meeting can appoint a proxy to attend and vote at the Meeting on their behalf. A proxy need not be a Shareholder.

Where a Shareholder is entitled to cast 2 or more votes, the Shareholder may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions).

A Proxy Form accompanies this Notice of Meeting. If you require a second proxy form, please contact the Company on +61 (0)3 9653 9020. The Proxy Form contains important information and other instructions which you should read carefully.

Any instrument of proxy deposited or received by the Company in which the name of the appointee is not filled in will be deemed to be given in favour of the Chair of the meeting to which it relates.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions or signed by a duly authorised officer or attorney.

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution of the Company to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed how to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit (subject to the exceptions set out above under "Important Voting Information").

For an appointment of a proxy to be effective, an instrument of appointment of a proxy (and any power of attorney or other authority under which it is signed or a certified copy of that power or authority) must be received by the Company, by hand delivery, post or facsimile using the details set out below, not less than 48 hours prior to the Meeting. That is, by 11.00 am (Melbourne time) on Saturday, 28 May 2016.

**Address:** The Company Secretary  
Kazakhstan Potash Corporation Limited  
Level 27, 101 Collins Street  
Melbourne, Victoria, 3000

**Facsimile:** +61 (0)3 9653 9023

## Corporate Shareholders

Corporate Shareholders wishing to appoint a representative to attend the Meeting on their behalf must provide that person with a properly executed letter confirming that they are authorised to act as the company's representative. The authorisation may be effective either for this Meeting only or for all general meetings of KPC.

### **How undirected proxies held by the Chair of the Meeting will be voted**

Subject to the Corporations Act and ASX Listing Rules, the Chair of the Meeting will vote all undirected proxies in favour of each Resolution. However, KPC encourages all Shareholders who submit proxies to direct their proxy how to vote on the Resolution concerned.

### **GLOSSARY**

A Glossary of terms used in this Notice of Meeting and Explanatory Statement is contained in the Explanatory Statement. Terms defined in the Glossary also apply to the accompanying Proxy Form, unless the context requires otherwise.



Mr Marco Marcou  
**Company Secretary**  
On behalf of the Board of Directors  
Kazakhstan Potash Corporation Limited  
**27 April, 2016**

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## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared and is being provided to Shareholders of Kazakhstan Potash Corporation Limited (**KPC** or **Company**) in connection with the items of business to be considered at the 2016 Annual General Meeting of Shareholders to be held at the offices of Norton Rose Fulbright Australia, Level 15, 485 Bourke Street, Melbourne, Victoria 3000, on Monday, 30 May 2016 at 11.00 am (Melbourne time).

The purpose of this Explanatory Statement including the report of DMR Corporate is to provide Shareholders with an explanation of the items of business and the Resolutions to be proposed and considered at the Meeting. This Explanatory Statement forms part of the accompanying Notice of Meeting and should be read in conjunction with it.

Your Directors recommend that Shareholders carefully read this Explanatory Statement including the report of DMR Corporate and accompanying Notice of Meeting in full before making any decision in relation to the Resolutions.

If Shareholders are in any doubt about what to do, they should consult their legal, financial or other professional adviser.

### **Item 1: Financial and other Reports**

The Company's 2015 Annual Report accompanies the Notice of Meeting and is also available online at [www.kazakhpotash.com.au](http://www.kazakhpotash.com.au). It is also available online at the ASX's website at [www.asx.com.au](http://www.asx.com.au) (ASX code: KPC).

The Corporations Act requires the Annual Financial Report of the Company (which includes the Financial Statements and Directors' Declaration), the Directors' Report (which includes the Remuneration Report) and the Auditor's Report in respect of the financial year ended on 31 December 2015 to be laid before the Annual General Meeting.

Except for the non-binding advisory resolution in respect of the Remuneration Report (refer to Resolution 1 below), there is no requirement in either the Corporations Act or the Company's Constitution for Shareholders to approve the Annual Financial Report, the Directors' Report or the Auditor's Report.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on these reports and on the business, operations and management of the Company.

The Auditor or a representative of the Auditor is required to attend the Meeting and will be available to take Shareholders' questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of its 2015 Annual Report and the Auditor's independence in relation to the conduct of the audit.

In considering the 2015 Annual Report of the Company, Shareholders should note that the statement in the Directors' Report to the effect that the Company has not agreed to indemnify your Directors and executives for costs incurred in their capacity as a director or executive for which they may be personally liable is unfortunately, due to an oversight, incorrect. Under the Constitution, your Directors and other officers of the Company including former directors and officers are indemnified, to the extent permitted by law, against certain liabilities incurred as such an officer unless such liabilities arose out of conduct involving lack of good faith. Deeds of indemnity have also been executed by the Company in favour of each Director which

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include an indemnification for liabilities of a similar kind to those indemnified under the Constitution.

## **Item 2: Adoption of Remuneration Report (Resolution 1)**

The Corporations Act requires listed companies such as KPC to put a Remuneration Report relating to director and executive remuneration for each financial year to a resolution of members at their annual general meeting. The Remuneration Report for the Company is available on pages 8 to 14 (inclusive) of the Company's 2015 Annual Report.

Under section 250R(3) of the Corporations Act, the vote is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

If at 2 consecutive annual general meetings of the Company, 25% or more of votes cast are against the adoption of the Remuneration Report, the Company will be required to put to Shareholders a resolution at the second annual general meeting proposing the calling of an extraordinary general meeting to consider the election of Directors of the Company (known as a "**spill resolution**").

If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (known as a "**spill meeting**") within 90 days of the spill resolution. All of the Directors who were in office when the Remuneration Report (being, the report laid before the second annual general meeting) was approved by the Board (other than the Managing Director) will cease to hold office immediately before the end of the spill meeting but may stand for re-election at the spill meeting. Following the spill meeting, those persons whose re-election as Directors is approved will remain directors of the Company.

The Company's Remuneration Report for the year ended 31 December 2014 was adopted at the 2015 annual general meeting of the Company held on 29 May 2015 by more than 75% of the votes cast.

In compliance with section 300A of the Corporations Act, the Remuneration Report sets out the Company's policy for determining the nature and amount of remuneration for the Directors and specified executive officers of the Company. The Board has a policy of ensuring that remuneration paid to Directors and management is, having regard to the circumstances of the Company, market-competitive and consistent with best practice while at the same time aligned to the achievement of strategic objectives and the creation of value for Shareholders.

During this item of business, there will be opportunity for Shareholders at the Meeting to comment on and ask questions about the Remuneration Report.

Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 1 in the Notice of Meeting.

### Item 3: Ratification of prior issue of Shares and Options (Resolution 2)

#### 1. Background

In October and November 2015, KPC issued, without approval of its Shareholders pursuant to ASX Listing Rules 7.1 and 7.1A (described below), the following securities to the places described below:

Date	Security	Number of Securities	Placee
16 October 2015	Shares	2,000,000	Urik Limited
16 October 2015	Shares	13,000,000	Charming Merit Holdings Inc.
16 October 2015	Options	19,500,000	Charming Merit Holdings Inc.
16 October 2015	Shares	2,000,000	Mr Xiaolin Zheng
16 October 2015	Options	3,000,000	Mr Xiaolin Zheng
16 October 2015	Shares	15,000,000	Glory Success Enterprises Inc.
16 October 2015	Options	22,500,000	Glory Success Enterprises Inc.
16 November 2015	Shares	1,300,000	Mass Faith Enterprises Ltd

In relation to the above issues, 3,300,000 Shares and 45,000,000 Options were issued within the 15% annual limit set out in ASX Listing Rule 7.1 (described below) and 30,000,000 Shares were issued within the 10% annual limit set out in ASX Listing Rule 7.1A (described below).

By issuing those Shares and Options to the placees mentioned above, KPC's capacity to issue further Equity Securities without Shareholder approval within the 15% annual limit set out in ASX Listing Rule 7.1 (described below) and within the 10% annual limit set out in ASX Listing Rule 7.1A (described below) was accordingly reduced.

#### 2. ASX Listing Rules 7.1, 7.1A and 7.4

Subject to a number of exceptions, in general terms, ASX Listing Rule 7.1 limits the number of Equity Securities (for example, shares, options and convertible notes) that a listed company such as KPC may issue or agree to issue without shareholder approval in any 12 month period to 15% of its issued ordinary shares.

Subject to shareholder approval by special resolution, in general terms, ASX Listing Rule 7.1A permits an Eligible Entity such as KPC to issue or agree to issue Equity Securities to a maximum of 10% of its issued ordinary shares during the 12 month period following the entity's annual general meeting. At the 2015 annual general meeting of the Company held on 29 May 2015, Shareholders by special resolution approved that additional 10%

placement capacity under ASX Listing Rule 7.1A. At the time of that approval, KPC was an Eligible Entity. Only Equity Securities which are in an existing class of quoted securities are eligible to be issued under ASX Listing Rule 7.1A. This means that, in relation to KPC, only Shares can be issued by it under ASX Listing Rule 7.1A. That limitation in ASX Listing Rule 7.1A to quoted securities does not apply to securities issued within the 15% annual limit under ASX Listing Rule 7.1.

Under the ASX Listing Rules, securities issued with shareholder approval do not form part of the 15% annual limit set out in ASX Listing Rule 7.1 (described above) or the 10% annual limit set out in ASX Listing Rule 7.1A (described above and also below in relation to Resolution 3).

ASX Listing Rule 7.4 provides that where a listed company such as KPC in general meeting subsequently approves a prior issue of securities and that prior issue did not breach ASX Listing Rule 7.1, those securities will be treated as having been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

This means, by treating the 3,300,000 Shares and 45,000,000 Options issued within the 15% annual limit set out in ASX Listing Rule 7.1 as having been made with shareholder approval under ASX Listing Rule 7.4, those Shares and Options will not be deducted in calculating the 15% annual limit under ASX Listing Rule 7.1.

Similarly, by treating the 30,000,000 Shares issued pursuant to ASX Listing Rule 7.1A as having been ratified under ASX Listing Rule 7.4, those Shares will not be deducted in calculating the 10% additional placement capacity available to KPC under ASX Listing Rule 7.1A (assuming Resolution 3 below is approved).

In other words, by Shareholders subsequently approving that prior issue of Shares and Options to the places mentioned above, KPC will retain the flexibility to issue new Shares and other securities in the future up to the 15% annual limit set out in ASX Listing Rule 7.1 (without the need to obtain prior Shareholder approval) and to issue new Shares up to the 10% annual limit set out in ASX Listing Rule 7.1A (without the need to obtain any further Shareholder approval, assuming Shareholders approve Resolution 3 below).

### **3. Resolution 2**

Resolution 2 requires Shareholders to approve the prior issue of 33,300,000 Shares and 45,000,000 Options to the places mentioned in the above table.

Resolution 2 is proposed as an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of that Resolution.

Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 2 in the Notice of Meeting.

### **4. Information required for Shareholder approval under ASX Listing Rules**

In accordance with ASX Listing Rule 7.5, the following information is provided for Shareholders:

- (1) The issue of the 33,300,000 Shares and 45,000,000 Options to the places mentioned in the above table did not breach ASX Listing Rule 7.1 (or ASX Listing Rule 7.1A).

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- (2) The 30,000,000 Shares issued to Charming Merit Holdings Inc, Mr Xiaolin Zheng and Glory Success Enterprises Inc were issued at an issue price of \$0.09 per Share and rank equally with all other Shares on issue in the Company.
  - (3) The 2,000,000 Shares issued to Urik Limited and 1,300,000 Shares to Mass Faith Enterprises Ltd were issued at a nominal issue price of \$0.09 per Share and \$0.048 per Share respectively and rank equally with all other Shares on issue in the Company.
  - (4) No amount was payable on issue of the 45,000,000 Options to the 3 places mentioned in the above table.
  - (5) The 45,000,000 Options were issued with an exercise price of \$0.10 per Option and may be exercised at any time on or before 15 October 2017. The terms and conditions of issue of those Options were otherwise on substantially the same terms and conditions applicable to the Options proposed to be issued to your Directors (with the approval of Shareholders) pursuant to Resolutions 7 to 14 (inclusive) below. Such terms and conditions applicable to the Options referred to in those Resolutions are set out in Annexure B to this Explanatory Statement.
  - (6) The amount of \$2,700,000 raised on the issue of the 30,000,000 Shares was used (or intended to be used) for the general working capital requirements of the Company. The other 3,300,000 Shares issued by the Company were issued in lieu of payment for certain consultancy services provided to the Company or its subsidiaries. While no amount was raised on the issue of those 3,300,000 Shares, the obligation of the Company or its subsidiaries to pay for those consultancy services was discharged. No amount was raised on the issue of the 45,000,000 Options. However, any amounts received on exercise of those Options will be used for the general working capital requirements of the Company.

## 5. Board's recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

### Item 4: Approval for additional 10% placement capacity (Resolution 3)

#### 1. Background

ASX Listing Rule 7.1A provides that an Eligible Entity may seek shareholder approval at its annual general meeting to allow it to issue, or agree to issue, Equity Securities up to 10% of its issued capital during the 12 month period after the entity's annual general meeting at which the approval is obtained (**Additional 10% Placement Capacity**).

The Company is seeking Shareholder approval under Resolution 3 to have the ability to issue Equity Securities under the Additional 10% Placement Facility.

If Shareholders approve Resolution 3, the number of Equity Securities the Company may issue under the Additional 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (described below). The Equity Securities must be in the same class as an existing class of quoted Equity Securities of the Company. The Company currently has only one class of quoted Equity Securities on issue, being Shares.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and entitled to vote at the Meeting must be in favour of Resolution 3 for it to be

passed. Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 3 in the Notice of Meeting.

At the 2015 annual general meeting of the Company held on 29 May 2015, Shareholders approved an Additional 10% Placement Capacity. However, that approval expires on 29 May 2016.

## 2. ASX Listing Rule 7.1A – Eligibility criteria

The Company will be an Eligible Entity for the purposes of ASX Listing Rule 7.1A provided it has a market capitalisation no greater than \$300 million (excluding restricted securities and securities quoted on a deferred settlement basis) (being, as at the date of the Notice of Meeting, approximately \$62,600,000 based on the closing price of Shares on ASX on 20 April 2016) and is not included in the S&P/ASX 300 Index as at the date of the relevant special resolution under ASX Listing Rule 7.1A. KPC is not included in that index. Accordingly, your Directors believe that KPC will be an Eligible Entity at the date of the Meeting.

If Shareholders approve Resolution 3, the maximum number of Equity Securities that the Company may issue under the Additional 10% Placement Capacity will be calculated according to the following formula (set out in ASX Listing Rule 7.1A.2) (**ASX Listing Rule 7.1A.2 Formula**):

$$(A \times D) - E$$

Where:

- A** = The number of fully paid ordinary shares on issue 12 months before the issue date or date of agreement to issue:
- *plus* the number of fully paid ordinary shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
  - *plus* the number of partly paid ordinary shares that became fully paid in the 12 months;
  - *plus* the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under ASX Listing Rule 7.1 or ASX Listing Rule 7.4; and
  - *less* the number of fully paid ordinary shares cancelled in the 12 months.

Note that "A" has the same meaning in ASX Listing Rule 7.1 (described above) when calculating KPC's usual annual 15% placement capacity under that ASX Listing Rule.

**D** = 10%

**E** = The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are *not* issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or ASX Listing Rule 7.4.

If KPC obtains the approval of its Shareholders to the Additional 10% Placement Capacity:

- any Shares issued under that Additional 10% Placement Capacity will not be counted in variable “A” above until their issue has been ratified under ASX Listing Rule 7.4 (described above) or 12 months has passed since their issue; and
- any Shares issued under that Additional 10% Placement Capacity are counted in variable “E” above until their issue has been ratified under ASX Listing Rule 7.4 (described above) or 12 months has passed since their issue.

The application of the immediately preceding paragraph to the Additional 10% Placement Capacity is the reason why Shareholders under Resolution 2 above are being asked to approve the prior issue of 30,000,000 Shares under the Additional 10% Placement Capacity of the Company approved by Shareholders at the Company’s 2015 annual general meeting.

### **3. Placement capacity under ASX Listing Rules 7.1 and 7.1A**

The Additional 10% Placement Capacity is in addition to the Company’s usual annual 15% placement capacity under ASX Listing Rule 7.1 (described above).

As at the date of the Notice of Meeting, the Company has 695,642,804 Shares on issue and, therefore, in addition to any other Shares which it can issue under the permitted exceptions to ASX Listing Rules 7.1 and 7.1A, it will have capacity to issue:

- (1) subject to the Shareholders approving Resolution 2, 104,346,420 Shares under ASX Listing Rule 7.1; and
- (2) subject to Shareholders approving Resolution 3, 69,564,280 Shares under ASX Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue or agree to issue under ASX Listing Rule 7.1A will be calculated at the relevant date in accordance with the ASX Listing Rule 7.1A.2 Formula.

### **4. Period of Approval**

Shareholder approval of the Additional 10% Placement Capacity is valid from, and therefore Equity Securities may be issued under the Additional 10% Placement Capacity from, the date of the Meeting until the first to occur of the following:

- (1) the date that is 12 months after the date of the Meeting; and
- (2) the date of the approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 (Proposed change to nature or scale of activities) or ASX Listing Rule 11.2 (Change involving main undertaking),

(the **Period of Approval**).

Upon the expiry of the Period of Approval, unless the Company has before the end of the Period of Approval obtained a further approval under ASX Listing Rule 7.1A.1, its placement capacity will be governed by ASX Listing Rule 7.1 (and ASX Listing Rule 10.11, in the case of placements to related parties).

Any approval under Resolution 3 will cease to be valid if Shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2 referred to above.

## 5. Minimum Issue Price

Under ASX Listing Rule 7.1A.3, the minimum price at which each Equity Security may be issued under the Additional 10% Placement Capacity is 75% of the VWAP for securities in that class calculated over the 15 trading days on which trades were recorded immediately before:

- (1) the date on which the price at which the securities are to be issued is agreed; or
- (2) if the securities are not issued within 5 trading days of that date, the date on which the securities are issued.

## 6. Purpose and allocation

As at the date of the Notice of Meeting, the Company does not have any specific intention to use the Additional 10% Placement Capacity.

The Company is seeking approval to take advantage of the ASX's recognition that flexibility is sometimes required if action needs to be taken swiftly. The Additional 10% Placement Capacity may be used to raise funds to support the Company's ongoing business and general working capital purposes or for the acquisition of business opportunities which may arise.

Ultimately, if Resolution 3 is approved, the Company's allocation policy for issues of Equity Securities under the Additional 10% Placement Capacity will be dependent on various considerations including (but not limited to) the purpose of the proposed issue, the alternative methods for raising funds that are available to the Company at the time, the effect of the proposed issue on the control of the Company, the circumstances of the Company and the prevailing market conditions at the time of the proposed issue. The identity of the placees will be determined on a case-by-case basis at or around the time of issue. However, the placees of any Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company. It is unlikely that such a placee will be a person to whom the Company is required to issue a prospectus or other disclosure document under the Corporations Act.

The Company may issue Equity Securities under the Additional 10% Placement Capacity for cash consideration or as non-cash consideration. Where the Company issues any Equity Securities under the Additional 10% Placement Capacity for non-cash consideration (for example, where the Company acquires assets from a vendor), the Company will provide to ASX for release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the securities complies with the minimum issue price under ASX Listing Rule 7.1A.3 (outlined above).

## 7. Risk of Economic and Voting Dilution

Any issue of Equity Securities under the Additional 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Equity Securities under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the Additional 10% Placement Capacity, the economic and voting dilution of existing Shareholders through the Company using the Additional 10% Placement Capacity is as shown in the table below. The table has been prepared based on the number of quoted Equity Securities (i.e. Shares) on issue in the

Company and the closing price of those securities as at close of trade on ASX on 20 April 2016.

Number of Shares on Issue (variable "A" in Listing Rule 7.1A.2)*	Dilution			
	Dilution based on number of Shares issued (being 10% of the number of Shares at the time of issue)	Funds raised based on an issue price of \$0.045 (50% decrease in current issue price)	Funds raised based on an issue price of \$0.09 (Current issue price)	Funds raised based on an issue price of \$0.135 (50% increase in current issue price)
695,642,804 (Current)	69,564,280	\$3,130,392	\$6,260,785	\$9,391,177
1,043,464,206 (50% increase)	104,346,420	\$4,695,588	\$9,391,177	\$14,086,766
1,391,285,608 (100% increase)	139,128,560	\$6,260,785	\$12,521,570	\$18,782,355

\*The number of Shares on issue could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or securities issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1 or 7.4.

The table above uses the following assumptions:

1. The current Shares on issue are the Shares on issue as at the date of the Notice of Meeting.
2. The current issue price set out above is the closing price of the Shares on ASX on 20 April 2016.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Annual General Meeting other than issues under an exception in ASX Listing Rule 7.2 or with Shareholder approval under ASX Listing Rule 7.1 or 7.4. The table above does not take into account the issue of the 200,000,000 Shares approved by Shareholders at the general meeting of Shareholders held on 3 February 2016. Those Shares will only be issued if the acquisition of the Satimola potash deposit is successfully completed.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to issues under ASX Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares.

Shareholders should note that there is a risk that:

- (1) the market price for the Company's Equity Securities may be significantly lower on the issue date than on the date of the Meeting; and
- (2) the Company's Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

## 8. Prior Issues of Equity Securities over last 12 months

ASX Listing Rule 7.3A.6 requires the Notice of Meeting (or this Explanatory Statement) to include details of the total number of Equity Securities issued by the Company in the 12

months preceding the date of the Meeting and the percentage they represent of the total number of Equity Securities on issue at the commencement of that 12 months period.

During that 12 month period, as at the date of the Notice of Meeting, 213,344,700 Equity Securities comprising 168,344,700 Shares and 45,000,000 Options were issued by KPC representing approximately 28 % of the total number of Equity Securities (Shares, Options and convertible notes) on issue in KPC on 30 May 2015. A further 200,000,000 Shares may be issued on the successful completion of the acquisition of the Satimola potash deposit in Kazakhstan prior to the date of the Meeting. The issue of those Shares was approved by Shareholders at a general meeting held on 3 February 2016. If those 200,000,000 Shares are issued prior to the Meeting, the total number of Equity Securities issued by KPC during that 12 month period would represent approximately 54.5% of the total number of Equity Securities on issue in KPC on 30 May 2015.

As outlined in relation to Resolution 2 above, on 16 October 2015, KPC issued, under its Additional 10% Placement Capacity approved by Shareholders at the 2015 annual general meeting of the Company held on 29 May 2015, 30,000,000 Shares at an issue price of \$0.09 per Share payable in full on allotment. The issue price was a discount of approximately 14% to the closing market price (as defined in the ASX Listing Rules) of Shares on 16 October, 2015 (i.e. \$0.105).

The issue of the 30,000,000 Shares raised \$2.7 million. Those proceeds have been expended on the usual working capital requirements of the Company.

Those Shares were the only Equity Securities issued in the 12 months preceding the date of the Meeting under ASX Listing Rule 7.1A.

As outlined in relation to Resolution 2 above, the 30,000,000 Shares (which rank equally with all the Company's other Shares on issue) were issued to the following persons:

Charming Merit Holdings Inc	-	13,000,000 Shares
Mr Xiaolin Zheng	-	2,000,000 Shares
Glory Success Enterprises Inc.	-	15,000,000 Shares

In addition to the 30,000,000 Shares as outlined in relation to Resolution 2 above, the above persons were issued 45,000,000 Options without Shareholder approval within the 15% annual limit under ASX Listing Rule 7.1 at an exercise price of \$0.10 per Option and expiring on 15 October 2017. No amount was paid for the issue of those Options.

In the 12 months period preceding the date of the Meeting, the Company has also issued without Shareholder approval within the 15% annual limit under ASX Listing Rule 7.1, 3,300,000 Shares (which rank equally with all the Company's other Shares on issue), as outlined in relation to Resolution 2 above, to the following persons:

Urik Limited	-	2,000,000 Shares
Mass Faith Enterprises Ltd	-	1,300,000 Shares

The 2,000,000 Shares and 1,300,000 Shares issued to Urik Limited and Mass Faith Enterprises Ltd were issued at a nominal issue price of \$0.09 per Share and \$0.048 per Share respectively in lieu of payment for certain consultancy services provided to the Company or its subsidiaries. While the aggregate amount payable for those consultancy

services equates to the number of Shares issued multiplied by the applicable nominal issue price for those Shares, the Company is unable to determine the current value of those consultancy services.

The nominal issue price of \$0.09 per Share in respect of the Shares issued to Urik Limited was a discount of approximately 14% to the closing market price (as defined in the ASX Listing Rules) of Shares on 16 October 2015 (i.e. \$0.105).

The nominal issue price of \$0.048 per Share in respect of the Shares issued to Mass Faith Enterprises Ltd was approximately equal to the closing market price (as defined in the ASX Listing Rules) of Shares on 16 November 2015.

In the 12 months period prior to the date of the Meeting, the Company has also issued 130,000,000 Shares (which rank equally with the other Shares on issue in the Company) to Hillot Limited, a wholly-owned subsidiary of Burwill Holdings Limited, a company listed on the Hong Kong Stock Exchange, with Shareholder approval under ASX Listing Rule 7.1 at an issue price of \$0.20 per Share as follows:

<b>Number of Shares</b>	<b>Issue Date</b>	<b>Premium to Closing Market Price</b>
30,000,000	19 June 2015	42 %
15,000,000	31 July 2015	82%
25,000,000	2 December 2015	33%
60,000,000	31 December 2015	29%

The above table also sets out the premium that the issue price of \$0.20 bears to the closing market price (as defined in the ASX Listing Rules) of Shares on the applicable issue date.

The issue price of \$0.20 per Share raised \$26,000,000. Those proceeds have been expended on the usual working capital requirements of the Company. As at 31 December 2015, KPC had cash on hand of approximately \$11,800,000. That cash will be used on the usual working capital requirements of the Company.

At the 2015 annual general meeting of the Company held on 29 May 2015, Shareholders approved to issue of Shares to your Directors (other than Mr Wei Jiafu who was not a Director at the time) in lieu of cash remuneration otherwise payable to them. On 23 June 2015, KPC issued 5,044,700 Shares (which rank equally with the Company's other Shares on issue) to those Directors at a nominal issue price of \$0.159 per Share. No funds were raised by the Company on the issue of those Shares but the obligation of the Company to pay remuneration in cash to those Directors equivalent to the nominal issue price of the Shares multiplied by the number of Shares issued (approximately \$800,000) was discharged. The nominal issue price of \$0.159 per Share is a premium of approximately 59% to the closing market price (as defined in the ASX Listing Rules) of Shares on 23 June 2015 (i.e. \$0.10).

## **9. Board recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

## Items 5, 6 and 7: Re-election and election of Directors (Resolutions 4, 5 and 6)

### 1. Background

Rule 3.6 of the Constitution provides that at each annual general meeting of the Company one third of the Directors (excluding the Managing Director and any Director appointed by the Board under rule 3.3 of the Constitution) must retire from office and are eligible for re-election.

Rule 3.3 of the Constitution provides that a Director who is appointed by the Board:

- (1) automatically retires at the next annual general meeting and is eligible for re-election by that general meeting; and
- (2) is not taken into account in deciding the rotation or retirement of Directors or the number of them to retire under rule 3.6 of the Constitution at that general meeting.

### 2. Resolution 4 – Re-election of Ms JunMei Zhang

Ms JunMei Zhang retires by rotation in accordance with rule 3.6 of the Constitution and, being eligible for re-election, offers herself for re-election at the Meeting.

Details of Ms Zhang's experience and expertise are contained on page 7 of the Company's 2015 Annual Report.

### 3. Resolution 5 – Re-election of Mr Marco Marcou

Mr Marco Marcou retires by rotation in accordance with rule 3.6 of the Constitution and, being eligible for re-election, offers himself for re-election at the Meeting.

Details of Mr Marco Marcou's experience and expertise are contained on page 6 of the Company's 2015 Annual Report.

### 4. Resolution 6 – Election of Mr Wei Jiafu

Mr Wei Jiafu was appointed by the Board as a Director of the Company on 11 November 2015. Mr Wei Jiafu, having been appointed by the Board since the date of the last annual general meeting of the Company, retires in accordance with rule 3.3 of the Constitution and, being eligible, offers himself for election at the Meeting.

Details of Mr Wei Jiafu's experience and expertise are contained on page 5 of the Company's 2015 Annual Report.

### 5. Board recommendations

The Board (with the exception of Ms JunMei Zhang as an abstention) unanimously recommends that Shareholders vote in favour of Resolution 4.

The Board (with the exception of Mr Marco Marcou as an abstention) unanimously recommends that Shareholders vote in favour of Resolution 5.

The Board (with the exception of Mr Wei Jiafu as an abstention) unanimously recommends that Shareholders vote in favour of Resolution 6.

**Items 8, 9, 10, 11, 12, 13, 14 and 15: Approval of issue of Securities to Directors (Resolutions 7, 8, 9, 10, 11, 12, 13 and 14)**

**1. Background**

The Board has been working extremely diligently on behalf of all Shareholders to build value in the Company.

In addition, the Board is cognizant of the financial commitments the Company needs to make to secure and develop its potash projects in Kazakhstan.

To assist the Company to maintain its cash reserves and reward and incentivise its Directors to grow value for all Shareholders, the Board has resolved to:

- issue Shares to Directors, in lieu of cash remuneration otherwise payable to them; and
- issue Shares and Options to Directors, in recognition of the considerable time and effort undertaken by them in the operations of the Company,

in each case as outlined below.

Not only do your Directors consider it reasonable in the circumstances to issue the proposed Shares and Options for their efforts to date, but also your Directors consider that it is important to ensure that their interests continue to be aligned to those of the Shareholders namely, the future success of the Company by developing its potash deposits in Kazakhstan.

**2. Number of Shares and Options**

The below table sets out the number of Shares and Options to be issued to each of your Directors, if Shareholders approve the Resolutions applicable to each Director.

<b>Director</b>	<b>Outstanding cash remuneration</b>	<b>Shares in lieu of outstanding cash remuneration</b>	<b>Other Shares</b>	<b>Options</b>
Madame Cheung	\$60,000	631,579	30,000,000	30,000,000
Wei Jiafu	\$163,333	1,719,298	1,000,000	2,000,000
Wang Baolin	\$105,357	1,109,021	1,000,000	1,000,000
Marco Marcou	\$60,000	631,579	1,000,000	1,000,000
Terence Wong	\$171,396	1,804,168	1,000,000	1,000,000
Lyu Xiaokang	\$480,021	5,052,853	3,000,000	3,000,000
Edward Wen	\$60,000	631,579	500,000	500,000
JunMei Zhang	—	—	500,000	500,000
	<b>\$1,160,107</b>	<b>11,580,077</b>	<b>38,000,000</b>	<b>39,000,000</b>

### 3. Terms and Conditions of Issue of Shares and Options

The 11,580,077 Shares referred to in the above table to be issued to your Director in lieu of cash remuneration outlined in the above table will be issued at a nominal issue price of \$0.095 per Share. The nominal issue price is based on the VWAP of Shares for the 3 month period from 1 January 2016 to 1 April 2016. DMR Corporate in its report mentioned below assessed the current market value of Shares in KPC at the date of their report at \$0.085.

No amount will be payable on the issue of the 38,000,000 Shares outlined above.

All Shares issued to your Directors will rank equally with all other Shares on issue in the Company.

No amount will be payable on the issue of the 39,000,000 Options outlined above. Each Option will be exercisable at \$0.20 per Option and will expire 3 years following their date of issue. The terms and conditions applicable to the Options proposed to be issued to Directors are set out in Annexure B to this Explanatory Memorandum.

### 4. Resolutions 7 to 14 (inclusive)

Shareholder approval for the issue to Directors of the Shares and Options outlined above is sought for the purposes of:

- (1) ASX Listing Rule 10.11, which governs the issue of securities to related parties of the Company; and
- (2) Chapter 2E of the Corporations Act, which governs the giving of certain financial benefits to related parties of the Company.

For the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act, each of the Directors (or their nominees) are all related parties of the Company.

Each of Resolutions 7 to 14 (inclusive) is proposed as an ordinary resolution and will be passed if more than 50% of votes cast by Shareholders entitled to vote are in favour of the applicable Resolution. None of the Resolutions is dependent on the passing of any other Resolution.

Shareholders' attention is drawn to each of the voting exclusion statements in relation to Resolutions 7 to 14 (inclusive) in the Notice of Meeting.

### 5. ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that, subject to certain exceptions, a listed company such as KPC must not issue or agree to issue securities to any of the following persons without the approval of holders of ordinary securities:

- (1) A related party.
- (2) A person whose relationship with the listed company or a related party is, in ASX's opinion, such that approval should be obtained.

As each of the Directors and their respective nominees are related parties, Shareholders must approve the issue of the Shares and Options outlined in the above table to them.

Please note that as Shareholder approval to the proposed issue of Shares and Options to

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your Directors is being sought under ASX Listing Rule 10.11, exception 14 in ASX Listing Rule 7.2 applies so that approval under ASX Listing Rule 7.1 (described above in relation to Resolution 2) is not required for the issue of those Shares and Options.

## 6. Information required for Shareholder approval under ASX Listing Rules

In accordance with ASX Listing Rule 10.13, the following information is provided for Shareholders:

- (1) The number of Shares and Options set out opposite each Director's name in the above table will be issued to that Director (or their nominee), subject to Shareholders approving the Resolution applicable to that Director. The number of Shares which may be issued to Madame Cheung or her nominee may be reduced as determined by the Board if the proposed issue of Shares to her contemplated by Resolution 7 would cause her to have a relevant interest in more than 20% of the Shares on issue in the Company in contravention of the takeover provisions of the Corporations Act. If all of the Shares, the subject of Resolutions 7 to 14 (inclusive) as well as the 200,000,000 Shares approved by Shareholders at the general meeting held on 3 February 2016 are issued, Madame Cheung will have a direct or indirect relevant interest in approximately 19.92% of the Shares on issue in the Company.
- (2) The maximum number of Shares and Options which will be issued to each Director (or their nominee) is set out opposite each Director's name in the above table.
- (3) The Shares and Options contemplated under Resolutions 7 to 14 (inclusive) will be issued as soon as reasonably practicable after the date of the Meeting but, in any event, no later than 1 month (or such later date as ASX may permit) after the date of the Meeting.
- (4) As mentioned above, Shareholder approval is being sought under ASX Listing Rule 10.11 for the issue to the Directors (or their nominees) of the Shares and Options contemplated by Resolutions 7 to 14 (inclusive) and set out in the above table as each Director (and their respective nominees) are a related party of KPC.
- (5) The nominal issue price of the Shares issued in lieu of cash remuneration is \$0.095 per Share. The other Shares will be issued for no consideration. Each Option has an exercise price of \$0.20 per Option and will otherwise be issued on the terms and conditions set out in Annexure B to this Explanatory Statement. No amount is payable in respect of the issue of the Options.
- (6) The Shares and Options contemplated under Resolutions 7 to 14 (inclusive) will be issued either in lieu of cash remuneration otherwise payable to Directors or otherwise in recognition of the services provided by your Directors and to align their interests with of those Shareholders. No funds will be raised by the Company on the issue of those Shares and Options but, in the case of the Shares issued in lieu of cash remuneration, the liability of the Company to pay that remuneration in cash to those Directors will be discharged on the issue of those Shares.

## 7. Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits certain companies such as KPC from giving certain financial benefits to a related party unless either:

- (1) the giving of the financial benefit falls within one of the exceptions set out in the Corporations Act; or
- (2) shareholder approval is obtained for the giving of the financial benefit.

For the purposes of Chapter 2E (and also ASX Listing Rule 10.11 described above), each of your Directors is a related party of the Company by virtue of him or her holding office as a director. Further, any nominee of such a Director to whom Shares and Options may be issued is a related party for the purposes of that Chapter.

The proposed issue of the Shares and Options contemplated by Resolutions 7 to 14 (inclusive) to your Directors (or their nominees) constitute the giving of a financial benefit to a related party of the Company under Chapter 2E of the Corporations Act. Shareholder approval is therefore required in order for the Company to give that financial benefit, unless a relevant exception applies.

Your Directors believe that the proposed issue of Shares and Options contemplated by Resolutions 7 to 14 (inclusive) could fall under one of the exceptions to Chapter 2E being:

- (1) in the case of the Shares being issued in lieu of cash remuneration, the exception contained in section 210 of the Corporations Act which provides that shareholder approval is not required if the financial benefit is on terms that would be reasonable in the circumstances if the public company (i.e. KPC) and the related party (i.e. the Director or nominee concerned) were dealing at arm's length or that are less favorable to the related party than the arm's length terms; and
- (2) in the case of the other Shares and Options, the exception contained in section 211(1) of the Corporations Act which provides that shareholder approval is not required if the financial benefit is reasonable remuneration given to an officer or employee in the circumstances concerned.

Despite the proposed issue of Shares and Options contemplated by Resolutions 7 to 14 (inclusive) could fall under one of the exceptions to Chapter 2E, the Board considers it prudent to nevertheless seek Shareholder approval for the issue of the Shares and Options under Chapter 2E of the Corporations Act. In any event, Shareholder approval of the proposed issue to Directors (or their nominees) is required under ASX Rule 10.11 (outlined above).

Apart from certain specified information, section 219 of the Corporations Act requires the explanatory statement lodged with ASIC to contain all other information that is known to the Company or any of its Directors and is reasonably required by Shareholders in order to decide whether or not it is in the Company's interests to pass Resolutions 7 to 14 (inclusive). The Directors believe that the Notice of Meeting and this Explanatory Statement (including the report of DMR Corporate) contained all such information required by that section. Shareholders are encouraged to read these documents in their entirety.

For the purposes of section 219 of the Corporations Act (and all other purposes), the following information is provided to Shareholders:

- (1) *The related party to whom the proposed resolution would permit the financial benefit to be given*

Resolutions 7 to 14 (inclusive) propose the issue of Shares and the Options outlined in the above table to each of the Directors named in those Resolutions (and the above table) or their respective nominee, all being related parties of the Company.

(2) *The nature of the financial benefit*

The proposed financial benefit to be given to each of the Directors (or their nominees) are the Shares and Options referred to in the above table.

The Shares and Options are proposed to be issued either in lieu of cash remuneration or in recognition of the services provided to the Company particularly in relation to the contemplated acquisition of the Satimola potash deposit in Kazakhstan. The proposed issue of the Shares and Options should ensure that all Directors in common with all Shareholders have a vested interest in the success of the Company.

The development of the Company's potash deposits in Kazakhstan will require considerable effort and dedication on the part of your Directors. In the view of the Board, the interests of Shareholders are better served if the Directors have a direct economic interest in the success of the Company.

(3) *Value of Financial Benefits*

The Company engaged DMR Corporate to report on the financial benefit being provided to Directors in respect of the 38,000,000 Shares and 39,000,000 Options for which no amount is payable by your Directors on their issue. In its report dated 7 April 2016, DMR Corporate has assessed the value of the 38,000,000 Shares at approximately \$3,230,000 and the value of the 39,000,000 Options at approximately \$819,000.

A copy of the report of DMR Corporate is contained in Annexure A to this Explanatory Statement. Shareholders are encouraged to read that report in its entirety.

The 11,580,077 Shares proposed to be issued to Directors in lieu of cash remuneration otherwise payable to them have a nominal issue price of \$0.095 per Share. That issue price is a premium of approximately 12% to the current market value of \$0.085 per Share assessed by DMR Corporate in their report.

(4) *Existing Relevant Interest*

As at the date of the Notice of Meeting, the Directors have the following direct or indirect relevant interests in the securities in the Company.

<b>Name of Director</b>	<b>Shares</b>	<b>Approx. % of Shares on issue</b>	<b>Options</b>	<b>Convertible Notes</b>
Madame Cheung	32,695,190	4.7%	72,970,000	23,525,000
Lyu Xiaokang	1,155,653	0.17%	10,000,000	—
Wei Jiafu	—	—	—	—
Wang Baolin	185,352	0.03%	2,000,000	—
Marco Marcou	1,441,757	0.21%	2,150,000	75,000
Terence Wong	1,011,689	0.15%	2,140,000	70,000
Edward Wen	251,651	0.04%	1,240,000	120,000
JunMei Zhang	251,651	0.04%	1,130,000	65,000

As at the date of the Notice of Meeting, KPC has 695,642,804 Shares on issue.

The above table does not take into account the proposed issue of Shares and Options under Resolutions 7 to 14 (inclusive) or the proposed issue of 125,000,000 Shares to entities associated with Madame Cheung on the successful completion of the acquisition of the Satimola potash deposit in Kazakhstan. That proposed issue of 125,000,000 Shares together with a further proposed issue of 75,000,000 Shares (also connected with the completion of that acquisition) were approved by Shareholders at a general meeting held on 3 February 2016. If all of those Shares are issued, the issued capital of KPC would increase to 945,222,881 Shares.

Under the terms of a waiver from the ASX Listing Rules granted by the ASX (as announced by KPC to the ASX on 22 February 2016), the 200,000,000 Shares approved by Shareholders at a general meeting held on 3 February 2016 must be issued by no later than 3 May 2016. The issue of those Shares is effectively conditional upon KPC successfully completing the acquisition of the Satimola project in Kazakhstan. As that acquisition may not be completed by that date, KPC has applied to the ASX for a further waiver to permit the issue of those 200,000,000 Shares by 3 August 2016. There can be no guarantee that the ASX will grant the waiver in the terms sought by KPC or at all.

The Directors will have the following direct or indirect relevant interests in the securities of the Company if the 200,000,000 Shares approved by Shareholders at a general meeting held on 3 February 2016 and the Shares and Options contemplated by Resolutions 7 to 14 (inclusive) are all issued.

Name of Director	Shares	Approx. % of Shares on issue	Options	Convertible Notes
Madame Cheung	188,326,769	19.92%	102,970,000	23,525,000
Lyu Xiaokang	9,208,506	0.97%	13,000,000	—
Wei Jiafu	2,719,298	0.29%	2,000,000	—
Wang Baolin	2,294,373	0.24%	3,000,000	—
Marco Marcou	3,073,336	0.33%	3,150,000	75,000
Terence Wong	3,815,857	0.40%	3,140,000	70,000
Edward Wen	1,383,230	0.15%	1,740,000	120,000
JunMei Zhang	751,651	0.08%	1,630,000	65,000

The above table assumes that KPC has 945,222,881 Shares on issue.

Based on that assumption, the Directors' direct or indirect relevant interests in Shares of the Company as a percentage of all Shares on issue (i.e. 945,222,881) would be approximately 22.38% and that percentage could increase on the exercise of Options or conversion of convertible notes held by those Directors as outlined in the above table. Similarly, further issues of Shares to other persons including on exercise of existing Options would reduce that percentage and dilute the Directors' aggregate Shareholding in the Company.

(5) *Directors' remuneration*

As at the date of the Notice of Meeting, the following total annual remuneration is payable by KPC to each Director (or an associated entity making the services of the Director available to KPC). The table below does not include bonuses which may be paid at the discretion of KPC.

<b>Name of Director</b>	<b>Total Remuneration including superannuation (annualised)</b>
Madame Cheung	US \$1,560,000 plus a director's fee of \$60,000
Lyu Xiaokang	US \$427,667 plus a director's fee of \$60,000
Wei Jiafu	\$420,000
Wang Baolin	CNY 720,000 plus a director's fee of \$60,000
Marco Marcou	\$260,000
Terence Wong	\$310,000
Edward Wen	\$60,000
JunMei Zhang	\$60,000

The remuneration paid to the Directors in respect of the year ended 31 December 2015 is set out in the Remuneration Report contained in the 2015 Annual Report of the Company which accompanies the Notice of Meeting.

(6) *Dilution*

As at the date of the Notice of Meeting, KPC has 695,642,804 Shares on issue.

If the acquisition of Satimola successfully completes, a further 200,000,000 Shares will be issued.

If Shareholders approve Resolutions 7 to 14 (inclusive) a further 50,580,077 Shares will be issued.

While the issue of the Shares and any Shares on the exercise of the Options contemplated by Resolutions 7 to 14 (inclusive) will increase the number of Shares on issue in KPC, the Board does not believe that the issue of those Shares will have a significant dilutionary effect on existing Shareholders' current economic interest in KPC. In any event, further substantial dilutive capital raisings by KPC are likely in order for KPC to bring its Kazakhstan potash projects to production.

(7) *Board's Recommendation*

While each of the Directors believe that the proposed issue of Shares and Options contemplated by Resolution 7 to 14 (inclusive) are in the best interests of the Company (as a whole), as those Resolutions relate to the remuneration of Directors, each Director considers it appropriate that he or she should abstain from making a recommendation to Shareholders about those Resolutions.

## GLOSSARY

In the Notice of Meeting, this Explanatory Statement and accompanying Proxy Form, the following terms have the following meanings, unless the context requires otherwise:

**ASX** means ASX Limited ACN 008 624 691, or the market operated by it (as the context requires).

**ASX Listing Rules** or **Listing Rules** means the listing rules of ASX (as amended or waived from time to time).

**Board** means the board of directors of the Company.

**Closely Related Party** has the meaning given in section 9 of the Corporations Act and includes a spouse, dependent and certain other close family members, as well as companies controlled by a KMP.

**Company** or **KPC** means Kazakhstan Potash Corporation Limited ACN 143 441 285 (formerly Fortis Mining Limited).

**Constitution** means the constitution of the Company.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**DMR Corporate** means DMR Corporate Pty Ltd ACN 063 564 045.

**Eligible Entity** means an entity that, at the date of the relevant special resolution:

- (1) is not included in the S&P/ASX 300 Index; and
- (2) has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) equal to or less than \$300,000,000.

**Equity Securities** has the meaning given in the ASX Listing Rules and includes a share, an option over an issued or unissued security, a right to a share or option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement which accompanies, and is incorporated as part of, the Notice of Meeting and includes any document annexed to it or incorporated by reference.

**Key Management Personnel** or **KMP** means each person having authority and responsibility for planning, directing and controlling the activities of the Company and its controlled entities, directly or indirectly, including any Director (whether executive or otherwise).

**Meeting** or **Annual General Meeting** means the Annual General Meeting of the Shareholders of the Company to be held on Monday, 30 May 2016 at 11.00 am (Melbourne time) convened by way of the Notice of Meeting.

**Notice of Meeting** means the Notice of Annual General Meeting of the Shareholders of the Company dated 27 April 2016.

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**Option** means an option to acquire a Share in the Company.

**Optionholder** means a person or entity entered in the Company's register of optionholders from time to time as the holder of Options.

**Proxy Form** means the proxy form accompanying the Notice of Meeting and this Explanatory Statement.

**Resolution** means a resolution referred to in the Notice of Meeting.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a person or entity entered in the Company's register of members from time to time as the holder of Shares.

**VWAP** means the volume weighted average market price (as defined in the ASX Listing Rules) for Shares.

Words importing the singular include the plural and vice versa.

A reference to gender is a reference to all genders.

A reference to a person includes a reference to a body corporate and any other entity.

All references to time is to Melbourne time.

A reference to a nominee includes a transferee.

A reference to a document includes a reference to that document as amended or varied from time to time and includes its annexures and schedules.

A reference to "\$" or "dollar" is to Australian currency, unless the context otherwise requires.

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**Annexure A – DMR Corporate’s Report – Value of Financial Benefit**

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7 April 2016

The Directors  
Kazakhstan Potash Corporation Limited  
Level 27, 101 Collins Street  
Melbourne VIC 3000

Dear Sirs

**RE: Value of Financial Benefits**

**1. Introduction**

1.1 We have been requested by Mr Marco Marcou, Executive Director and Company Secretary of Kazakhstan Potash Corporation Limited (“KPC” or the “Company”) on behalf of the KPC directors, to provide KPC with independent advice in respect of the financial benefits that may be approved by the shareholders of KPC at the forthcoming annual general meeting.

1.2 The financial benefits relate to the proposed issue of the following shares and options:

Director	No. of Shares	Terms & Conditions of Options			
		No. of Options	Exercise Price	Vesting Date (years from issue date)	Expiry Date (years from issue date)
Madam Cheung	30,000,000	30,000,000	\$ 0.20	1 year	3 years
Wei Jiafu	1,000,000	2,000,000	\$ 0.20	1 year	3 years
Lyu Xiaokang	3,000,000	3,000,000	\$ 0.20	1 year	3 years
Marco Marcou	1,000,000	1,000,000	\$ 0.20	1 year	3 years
Wang Baolin	1,000,000	1,000,000	\$ 0.20	1 year	3 years
Terence Wong	1,000,000	1,000,000	\$ 0.20	1 year	3 years
Edward Wen	500,000	500,000	\$ 0.20	1 year	3 years
Junmei Zhang	500,000	500,000	\$ 0.20	1 year	3 years
	<u>38,000,000</u>	<u>39,000,000</u>			

1.3 The proposed issue of the shares and options requires prior shareholder approval, which is to be sought at the forthcoming annual general meeting of KPC. The purpose of the valuation is to enable the KPC directors to meet the requirements imposed by Chapter 2E of the Corporations Act 2001 (the “Act”). These requirements are set out below:

**Corporations Act 2001 – Chapter 2E**

Section 208 of the Act states that a public company must obtain approval from the company’s members if it gives a financial benefit to a related party, unless the benefit falls within the scope of an exception to the Act as set out in Sections 210 to 216 of the Act.

DMR Corporate Pty Ltd  
ACN 063 564 045  
AFSL No. 222050

Melbourne  
Level 12, 440 Collins Street  
Melbourne VIC 3000 Australia

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Section 210 of the Act states that *member approval is not needed to give a financial benefit on terms that:*

- (a) *would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length; or*
- (b) *are less favourable to the related party that the terms referred to in paragraph (a).*

Section 211(1) of the Act states that *member approval is not needed to give a financial benefit if:*

- (a) *the benefit is remuneration to a related party as an officer or employee of the following:*
  - (i) *the public company;*
  - (ii) *an entity that the public company controls;*
  - (iii) *an entity that controls the public company;*
  - (iv) *and entity that is controlled by an entity that controls the public company; and*
- (b) *to give the remuneration would be reasonable given:*
  - (i) *the circumstances of the public company or entity giving the remuneration; and*
  - (ii) *the related party's circumstances (including the responsibilities involved in the office or employment).*

Section 228(2) of the Act defines the following persons as 'related parties' of a public company:

- (a) *directors of the public company;*
- (b) *directors (if any) of an entity that controls the public company;*
- (c) *if the public company is controlled by an entity that is not a body corporate – each of the persons making up the controlling entity;*
- (d) *spouses of the persons referred to in paragraphs (a), (b) and (c).*

Further, by virtue of section 228(4) of the Act, certain entities controlled by the above persons and certain of their relatives are also 'related parties'.

The proposed issue of shares and options to the directors or their nominees constitute the giving of financial benefits by KPC to a related party.

Shareholders must be provided with all information that is reasonably required in order for them to decide whether or not it is in the Company's interests to approve the giving of the financial benefits.

Section 229(1)(c) of the Act states that in determining whether a financial benefit is given you must *disregard any consideration that is or may be given for the benefit, even if the consideration is adequate.*

The ASIC media release issued on 10 August 2004 has expressed the view that the financial benefit must be adequately valued. ASIC has gone on to state:

*"An adequate valuation requires the basis of the valuation and the principal assumptions behind the valuation to be disclosed and in some circumstances it may be necessary to provide a valuation by an independent expert."*

A similar statement has been made by ASIC in Regulatory Guide 76 – Related party transactions.

The directors of KPC have requested DMR Corporate to independently assess the value of the proposed financial benefits.

- 1.4 For the purpose of this report, we have adopted the definition of fair value set out in Australian accounting standard AASB 2 'Share-based payment':

*Fair Value is the amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.*

- 1.5 This report has been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

- 1.6 We have divided this report into two sections. Section A deals with the value of the options and Section B deals with the value of the shares.

## **Section A – Valuation of the Options**

### **2. Terms of the Options**

- 2.1 The key terms of the options are summarised below:

- the options may be exercised at any time during the period commencing one year from the date of their issue and their expiry date three years from the date of their issue;
- the exercise price of the options is \$0.20 per share; and
- the options are not to be quoted on the ASX and are not transferable without the prior approval of KPC.

### **3. Valuation Methodology**

- 3.1 Options are generally valued using one of a number of option pricing models and AASB 2 does not mandate the use of a particular model in valuing director and employee options.

- 3.2 We have reviewed the terms and conditions of the director based options and, based on this review, we have concluded that there is a reasonable probability that the options will be exercised before their expiry date. Our principal reason for this view is the lack of transferability of the options. Our view that the options may be exercised early is supported by empirical evidence that employee and director options are often exercised well before their expiry date. For this reason, we have valued the options using the binomial model, which has been tailored specifically for use in valuing director and employee options.

- 3.3 The binomial model used incorporates the Hull-White adjustment. The Hull-White adjustment requires an assumption to be made that the options will be exercised when the share price reaches a selected multiple of the option exercise price.

- 3.4 The model used determines the value of an option as a function of the following variables:

- 1) the current share price of the underlying shares
- 2) exercise price of the option
- 3) volatility of the share price
- 4) vesting conditions
- 5) time to maturity
- 6) risk free rate of interest
- 7) expected dividend yield
- 8) an exercise price multiple

#### 4. Assumptions used

4.1 Set out below is a discussion of each of the variables and the assumptions that we have selected in applying the binomial model to the options.

#### 4.2 The current share price of the underlying shares

KPC is a limited liability public company incorporated in Australia and its securities are quoted on the Australian Securities Exchange (ASX).

The AASB 2 guidance provides that the fair value of the shares shall be measured at the market price of the entity's shares, or an estimated market price, if the entity's shares are not publicly traded.

In view of the above, where there is a deep and active market in a company's shares, we use the closing share price on the date the options are granted, however, we do not believe that this is appropriate where there is not a deep and active market. As KPC is issuing options over 39 million shares and as during the period of 30 days referred to below the total number of shares traded was approximately 114,000 shares, it cannot be said that there is an active market in KPC's shares and for this reason we have examined the share price for a period leading up to the date of this report.

The volume weighted average share price (VWAP), based on closing daily prices on the ASX, for a range of periods is set out in the table below:

Period	Shares Traded		VWAP	Share Price	
	Number	Value		Low	High
		\$	\$	\$	\$
10 days to 24/03/2016	86,900	7,261	0.084	0.079	0.090
30 days to 24/03/2016	113,550	9,581	0.084	0.079	0.090
60 days to 24/03/2016	126,129	11,232	0.089	0.079	0.140
90 days to 24/03/2016	1,448,579	214,920	0.148	0.079	0.170

As is evident from the above table, the value of KPC shares has been on a declining trend over the past 90 days. The share price has been effectively drifting lower on low volumes. On 24 March 2016, the shares closed at a price of \$0.09. The most recent day the shares traded was 17 March 2016.

Based on the above information, we consider that \$0.085 represents the current market value of shares in KPC at the date of this report.

#### 4.3 The exercise price of the options

The exercise price of the options is \$0.20 per share.

#### 4.4 The volatility of the share price

The volatility of the share price is a measure of uncertainty about the returns provided by the shares. Generally it is possible to predict future volatility of a stock by reference to its historical volatility.

A share with a greater volatility has a greater time value component of the total option value.

The volatility estimate used in option pricing models is typically calculated with reference to the annualised standard deviation of daily share price returns on the underlying security over a specified period.

We source historical volatility information for Australian listed companies from a quarterly research report issued by SIRCA Limited ("SIRCA"), a leading provider of financial data in the Australian market.

The December quarter 2015 SIRCA report estimated the volatility of KPC shares to be 81.41%. We have also considered the historical volatility of share price returns for companies comparable to KPC as set out below:

Listed Company	ASX Code	Market Capitalisation (\$ million)	Volatility %
Reward Minerals Limited	RWD	68.0	57.16
Sheffield Resources Limited	SFX	60.0	60.28
Kazakhstan Potash Corporation Limited	KPC	49.0	81.41
Agua Resources Limited	AGR	44.0	83.14
Salt Lake Potash Limited	SO4	24.0	90.76
Centrex Metals Limited	CXM	22.0	47.80
Agrimin Limited	AMN	18.0	87.30
Potash West NL	PWN	8.0	84.18
<b>AVERAGE</b>			<b>74.00</b>
<b>MEDIAN</b>			<b>82.27</b>

After considering the above information, we have concluded that a share price volatility of 78% is appropriate when valuing the KPC options.

#### 4.5 Vesting conditions

The options will vest one year from the date of their issue.

#### 4.6 Time to maturity

The expiry date of the options will be three years from the grant date.

#### 4.7 Risk free rate of interest

We have used a risk free rate of 1.985% in valuing the options. This rate is based on the current Treasury Bond yields with a maturity approximating the expiry date of the options.

#### 4.8 Expected dividend yield

KPC does not have a history of paying dividends and we have assumed that no dividends will be paid during the currency of the options.

#### 4.9 An exercise price multiple

As stated in Section 3 above, options issued to employees and directors are often exercised prior to their expiry date. This occurs due to the lack of liquidity of the options.

KPC does not have a history that we could use to predict the likely exercise date.

Based on the available empirical evidence from a number of published studies emanating from the USA, we have concluded that options are generally exercised when the market price of the underlying shares reaches a multiple of 2.0 times the exercise price. This evidence is based on the issuance of options at an exercise price that is approximately equal to the current share price at the grant date. As the options that we have been requested to value are to be issued with an exercise price of approximately 222% of the current share price, and therefore out the money, we have selected an exercise price multiple of 1.7 times the exercise price.

This factor has been taken into account in the application of the Binomial Option Valuation Model we have used.

## 5. Valuation

- 5.1 Based on the assumptions set out in Section 4 above, we have assessed the value of one option to be \$0.021, using the Binomial Model. Accordingly, we have assessed the value of the options to be issued to each director as follows:

Option Holder	No. of Options	Value per Option \$	Value per Tranche \$
Madam Cheung	30,000,000	0.021	630,000
Wei Jiafu	2,000,000	0.021	42,000
Lyu Xiaokang	3,000,000	0.021	63,000
Marco Marcou	1,000,000	0.021	21,000
Wang Baolin	1,000,000	0.021	21,000
Terence Wong	1,000,000	0.021	21,000
Edward Wen	500,000	0.021	10,500
Junmei Zhang	500,000	0.021	10,500
	<u>39,000,000</u>		<u>819,000</u>

- 5.2 The above values are our estimate of the fair value of the options. It should be noted that the above values assume that all options will vest.

- 5.3 The above values incorporate an assumption that the options will be exercised when the share price reaches a multiple of 1.7 times the exercise price. As this multiple is not based on the specific experience of KPC, by way of a cross check, we have calculated the value of the options by excluding the assumption set out in paragraph 4.9 above and assuming that they would be exercised at their expiry date. This calculation reveals the maximum value of the options using the Black-Scholes Option valuation. These values are set out below:

Option Holder	No. of Options	Value per Option \$	Value per Tranche \$
Madam Cheung	30,000,000	0.026	780,000
Wei Jiafu	2,000,000	0.026	52,000
Lyu Xiaokang	3,000,000	0.026	78,000
Marco Marcou	1,000,000	0.026	26,000
Wang Baolin	1,000,000	0.026	26,000
Terence Wong	1,000,000	0.026	26,000
Edward Wen	500,000	0.026	13,000
Junmei Zhang	500,000	0.026	13,000
	<u>39,000,000</u>		<u>1,014,000</u>

- 5.4 Having considered all of the factors outlined in this report, including the above cross check, we have concluded that the fair value of the options is set out in the table at paragraph 5.1 above.

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**Section B – Valuation of the Shares****6. Valuation**

- 6.1 In our opinion, the value of the financial benefit is reflected by the value of the underlying shares. In forming this opinion we have assumed that the shares will not be subject to escrow.
- 6.2 In paragraph 4.2 above, we concluded that \$0.085 represents the current market value of KPC's shares. This value is based on trades comprising small parcels of shares and it is therefore a minority value.
- 6.3 We understand that seven of the directors to be issued shares have an existing interest in KPC shares. We have reviewed the shareholding interest of all directors to be issued shares and note that Madam Cheung has the largest shareholding interest in KPC amongst the directors. We understand that Madam Cheung has an interest in 32,695,190 shares. Furthermore, on 3 February 2016, the shareholders of KPC passed four resolutions relating to the acquisition of the Satimola Project by KPC. If KPC is successful in completing the acquisition of the Satimola Project, a further 125 million shares may be issued to Madam Cheung and associates, increasing Madam Cheung's interest in KPC shares to 17.61%. Assuming that shareholders approve all of the resolutions dealing with the issue of shares to directors at the forthcoming annual general meeting, Madam Cheung's interest in KPC shares may increase to 19.91%. As two other shareholders (Goldquest Services Inc. and Hillot Limited) will hold a similar interest in KPC, in our opinion, this does not provide Madam Cheung, or any of the other directors, with control in KPC.
- 6.4 We have assessed the value of the shares to be issued to the directors at the minority price of \$0.085 per share. As such, we have valued the financial benefit to be received by the directors as follows:

Share Holder	No. of Shares	Value per Share \$	Value per Tranche \$
Madam Cheung	30,000,000	0.085	2,550,000
Wei Jiafu	1,000,000	0.085	85,000
Lyu Xiaokang	3,000,000	0.085	255,000
Marco Marcou	1,000,000	0.085	85,000
Wang Baolin	1,000,000	0.085	85,000
Terence Wong	1,000,000	0.085	85,000
Edward Wen	500,000	0.085	42,500
Junmei Zhang	500,000	0.085	42,500
	<u>38,000,000</u>		<u>3,230,000</u>

Should you require any further information, please do not hesitate to contact us.

Yours faithfully

**DMR Corporate Pty Ltd**



**Paul Lom**

## Annexure B – Terms and conditions of Options

- (1) Each Option shall entitle the Optionholder, when exercised, to one Share in the Company.
- (2) The Options may be exercised in the period commencing 1 year from the date of issue and expiring 3 years following the date of issue. Options not exercised within that period of 3 years automatically expire.
- (3) Each Option may be exercised by notice in writing to the Company, together with the payment of the exercise price for the number of Shares in respect of which the Options are exercised, at any time before their expiry.
- (4) The Options may be exercised in whole or in part and, if exercised in part, multiples of 10,000 Options must be exercised on each occasion. Where less than 10,000 Options are held, all Options must be exercised together by the Optionholder.
- (5) An Optionholder may only transfer an Option with the prior written consent of the Company.
- (6) The Company will not apply for quotation on ASX for the Options.
- (7) Shares issued upon exercise of the Options will be issued following receipt of all the relevant documents and payments and will rank equally in all respect with all existing Shares.
- (8) The Company will apply for quotation on ASX of all Shares issued upon exercise of the Options.
- (9) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of securities offered to Shareholders during the period on which an Option remains valid and unexercised. However:
  - (a) prior to any new pro-rata issue of securities to Shareholders, Optionholders will be notified by the Company in accordance with the requirements of the ASX Listing Rules; and
  - (b) except in relation to a share purchase plan, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 5 Business Days after the issue is announced to ensure Optionholders are given the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (10) If, at any time after the date of issue of an Option and prior to its exercise, expiry or cancellation, the issued capital of the Company is reorganised (including a consolidation, subdivision, reduction, cancellation or return of capital of the Company), all rights of an Optionholder are to be changed in a manner consistent with the ASX Listing Rules.
- (11) If the Company makes a bonus issue of Shares to existing Shareholders, the number of Shares over which Options are exercisable may be increased by the number of Shares that the Optionholder would have received if the Optionholder had exercised the Options immediately before the record date for the bonus issue.

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- (12) If the Company makes a pro rata issue (other than a bonus issue) of Shares to existing Shareholders after the date of issue of Options, the exercise price of an Option will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2, with such adjustment to take effect on and from the final date of allotment of Shares comprised in that issue.
- (13) An Optionholder is bound by these terms and conditions and the Constitution of the Company insofar as the Constitution relates to or governs the Options and the Shares issued upon exercise of the Options.
- (14) Except as set out in these terms and conditions, an Optionholder does not have any right to change the exercise price of an Option or the number of Shares over which an Option can be exercised.

# Kazakhstan Potash Corporation Limited

## PROXY FORM FOR 2016 ANNUAL GENERAL MEETING

I/We

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of

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am/are a member(s) of Kazakhstan Potash Corporation Limited ACN 143 441 285 and I/we appoint as my/our proxy:

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of

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or, if no person is named above or is absent, the Chair of the Annual General Meeting of the Company, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Norton Rose Fulbright Australia, Level 15, RACV Tower, 485 Bourke Street, Melbourne, Victoria on Monday, 30 May 2016 at 11.00 am (Melbourne time) and at any adjournment of that Meeting.

**Important Notes:** If you appoint a proxy, we encourage you to direct your proxy how to vote on each Resolution. The Chair of the Annual General Meeting intends to vote all undirected proxies in favour of each Resolution, unless otherwise required by law.

**Key Management Personnel:** In relation to Resolution 1 and Resolutions 7 to 14 (inclusive), if the Chair is your proxy or is appointed your proxy by default, unless you indicate otherwise by marking the appropriate box below, you will have expressly authorised the Chair to exercise your proxy in respect of each of those Resolutions even if the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel.

Other than in the circumstance contemplated above in respect of the Chair, Directors, other Key Management Personnel and their Closely Related Parties (see Notice of Meeting and Explanatory Statement) are not permitted to cast any votes in respect of Resolution 1 and Resolutions 7 to 14 (inclusive) that arise from any undirected proxy that they hold. If the Directors or another Key Management Personnel (other than the Chair) or a Closely Related Party is your proxy, and you fail to provide a voting direction in respect of those Resolutions, your vote will not be cast in respect of those Resolutions.

**Note:** If appointing a second proxy please state the number of Shares or the percentage of voting rights applicable to this Proxy Form.

Number of shares

OR

%

I/We direct my/our proxy to vote in respect of the Resolutions to be considered as indicated with an "X" below, and to vote or abstain in respect of any procedural resolution as my/our proxy thinks fit.

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		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report			
Resolution 2	Ratification of prior issue of Shares and Options			
Resolution 3	Approval for additional 10% placement capacity			
Resolution 4	Re-election of Ms JunMei Zhang as a Director			
Resolution 5	Re-election of Mr Marco Marcou as a Director			
Resolution 6	Election of Mr Wei Jiafu as a Director			
Resolution 7	Approval of issue of Securities to Madame Cheung			
Resolution 8	Approval of issue of Securities to Mr Wei Jiafu			
Resolution 9	Approval of issue of Securities to Mr Wang Baolin			
Resolution 10	Approval of issue of Securities to Mr Marco Marcou			
Resolution 11	Approval of issue of Securities to Mr Terence Wong			
Resolution 12	Approval of issue of Securities to Mr Lyu Xiaokang			
Resolution 13	Approval of issue of Securities to Mr Edward Wen			
Resolution 14	Approval of issue of Securities to Ms JunMei Zhang			

If no direction is given above, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of the Resolution to be considered by the Annual General Meeting and any adjournment of the Meeting (subject to the restrictions set out above or otherwise imposed by law).

\*If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**Individual or Shareholder 1**

**Sole Director and Sole Company Secretary**

**Shareholder 2**

**Director**

**Shareholder 3**

**Director/Company Secretary**

Date: .....

This form should be signed by the Shareholder. If a joint holding, any of the joint Shareholders may sign. If signed by the Shareholder's attorney, the power of attorney must have been previously lodged with the Company or a certified copy attached to this Proxy Form. If executed by a company, the Proxy Form must be executed in accordance with the Company's constitution and the *Corporations Act 2001*.

## PROXY INSTRUCTIONS

### Appointment of proxy

A member entitled to attend and vote at the Meeting can appoint a proxy to attend and vote at the Meeting on their behalf. A proxy need not be a Shareholder.

Where a member is entitled to cast 2 or more votes, the member may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions).

For an appointment of a proxy to be effective, an instrument of appointment of a proxy (and any power of attorney or other authority under which it is signed or a certified copy of that power or authority) must be received by the Company, by hand delivery, postage or facsimile using the details set out below, not less than 48 hours prior to the Meeting. That is, by 11.00 am (Melbourne time) on Saturday, 28 May 2016 .

**Address:** The Company Secretary  
Kazakhstan Potash Corporation Limited  
Level 27, 101 Collins Street  
Melbourne, Victoria, 3000

**Facsimile:** +61 (0) 3 9653 9023

If you require a second Proxy Form, please contact the Company on +61 (0) 3 9653 9020.

### Signature(s)

You must sign this form in the spaces provided as follows:

- **Individual Holding:** The Shareholder must sign in the box.
- **Joint Holding:** If Shares are held in joint names, any of the joint Shareholders may sign in the box.
- **Attorney:** If you are signing this form as an Attorney, the Power of Attorney must have already been lodged with the Company or, alternatively, a certified copy of it must accompany this Proxy Form.
- **Companies:** Only duly authorised officer(s) can sign this form on behalf of a company. Please sign in the boxes provided which state the office held by the signatory, i.e. Director and Director, or Company Secretary and Director, or sole Director and sole Company Secretary