

23 August 2016



## **Market Update**

### **KPC and Chongqing Material of Agricultural Production (Group) Company Limited to develop fertiliser logistics and distribution hub**

The Board of Kazakhstan Potash Corporation Limited ("KPC") (ASX:KPC) is delighted to announce that it has entered into a Joint Venture Agreement with the Chongqing Material of Agricultural Production (Group) Co., Ltd (CMAG) to develop a fertiliser logistics and distribution hub to supply all the major fertiliser producers in China.

CMAG is a fully integrated agricultural enterprise throughout the agricultural value chain in China and is a subsidiary company of Chongqing municipal government.

Under the terms of the agreement, KPC will assist in sourcing financing and over time provide fertilisers from its projects in Kazakhstan. CMAG will provide the land and infrastructure for the hub creation and operation as well as their existing terminal and warehousing fertiliser facility located on the Yangtze River. This terminal includes an established rail link to China's national rail network as well as to the Chongqing-Xinjiang-Europe Railway system. The newly formed joint venture will begin its operation through fertiliser trading and logistics as it progresses through the development timeframe of between 3 to 5 years with a view to become one of China's leading fertiliser logistic and trading company operating out of South Western China.

The Agreement was signed by Madam Cheung the Chair of KPC and Mr Wan, the Chair of CMAG under the auspices of the Chongqing Municipal Government Deputy Secretary-General Mr Ai Yang.

Madam Cheung stated that "this agreement aligns with President Xi Jinping - One Belt, One Road - initiative for collaborative infrastructure growth for China and its regional neighbour, Kazakhstan." Madam Cheung went on to say that "Today's signing is a great step forward in KPC's fulfilment of its commitment to the Framework Cooperation Agreement, which KPC entered into in December of 2014 with the Industrial & Commercial Bank of China Limited (ICBC) and the Ministry of Investment and Development of the Republic of Kazakhstan (MID) to develop KPC's Potash Projects in Kazakhstan."

Chongqing is a major city in Southwest China and one of the five national central cities in China. Administratively, it is one of China's four direct-controlled municipalities (the other three are Beijing, Shanghai and Tianjin). Chongqing is a major manufacturing centre and transportation hub and is one of China's "13 emerging megacities". Chongqing is also the starting point of the Chongqing-Xinjiang-Europe Railway which runs from Chongqing to Europe via Kazakhstan. Chongqing is also an important logistic hub on the Yangtze River, through which fertilisers could be transported to south-western China as well as the eastern part of China and eventually into the Far East.

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