

26 April, 2017

Dear Shareholder,

I am pleased to invite you to attend the 2017 Annual General Meeting of Kazakhstan Potash Corporation Limited ACN 143 441 285 (**KPC** or **Company**) to be held at 10.30 am (Melbourne time) on Monday, 29 May 2017. 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 PKF Melbourne 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 those documents in their entirety.

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 2016 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 Mr Wang Baolin as a Director.
6. Re-election of Mr Edward Wen as a Director
7. Re-election of Mr Lyu Xiaokang as a Director.
8. Approval of issue of Shares to your Directors.
9. Approval of issue of Replacement Convertible Notes and Options.

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 10.30 am (Melbourne time) on Saturday, 27 May 2017. 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

For personal use only

Kazakhstan Potash Corporation Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2017 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, 29 May 2017 at 10.30 am (Melbourne time).

The accompanying Explanatory Statement and report of PKF Melbourne 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 carefully 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

Item 1: Financial and other Reports

To receive and consider the following reports of the Company for the year ended 31 December 2016:

- 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, the Remuneration Report for the Company for the financial year ended 31 December 2016 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 55,518,400 Shares and 92,424,400 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 prior 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.

Please note that the names of the persons to whom the Company issued the above mentioned Shares and Options or the basis on which those persons were determined are set out in paragraph 1 of item 3 of the Explanatory Statement.

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.

Please note that as at the date of this Notice of Meeting, no Shareholder is precluded from voting on Resolution 3.

Item 5: Re-election of Mr Wang Baolin as a Director (Resolution 4)

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

“That Mr Wang Baolin, 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 6: Re-election of Mr Edward Wen 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 Edward Wen, 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: Re-election of Mr Lyu Xiaokang 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 Lyu Xiaokang, 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 8: Approval of issue of Shares 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 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, including City Winner Holdings Limited, China Asia Resources Co Ltd, China-Asia Resources Fund and CAR Fund Corporation.

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. 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 Shares 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 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 Shares 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 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 Shares 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 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 Shares 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 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 Shares 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 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 Shares 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 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 Shares 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 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.

Item 16: Approval of issue of Replacement Convertible Notes and Options (Resolution 15)

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 10.11 and all other purposes, Shareholders approve the issue of 30,000,000 Replacement Convertible Notes and 60,000,000 Options and, subject to the conversion of those Replacement Convertible Notes, up to 150,000,000 Shares and up to a further 60,000,000 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 15 by Madame Cheung, Mr Marco Marcou, Mr Edward Wen, Mr Terence Wong, Ms Teresa Wong and Ms JunMei Zhang and any associate of them.

However, under the ASX Listing Rules, the Company need not disregard a vote on Resolution 15 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.

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 2016, 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, 27 May 2017. 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 Shares 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 other than the Chair) or a Closely Related Party as your proxy, please ensure that you direct them how to vote on that Resolution by marking the appropriate box for 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 only, 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.

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 10.30 am (Melbourne time) on Saturday, 27 May 2017.

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 including proxies in favour of the Chair 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
Executive Director/Company Secretary
On behalf of the Board of Directors
Kazakhstan Potash Corporation Limited
26 April, 2017

For personal use only

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 2017 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, 29 May 2017 at 10.30 am (Melbourne time).

The purpose of this Explanatory Statement including the accompanying report of PKF Melbourne 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 accompanying report of PKF Melbourne Corporate and 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 2016 Annual Report accompanies the Notice of Meeting and is also available online at kazakhpotash.com. It is also available online at the ASX's website at 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 2016 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), neither the Corporations Act nor the Company's Constitution requires that Shareholders 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 2016 Annual Report and the Auditor's independence in relation to the conduct of the audit.

Item 2: Adoption of Remuneration Report (Resolution 1)

1. General

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 2016 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 2015 was adopted at the 2016 annual general meeting of the Company held on 30 May 2016 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 all 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.

2. Resolution 1

Resolution 1 requires Shareholders to approve the Remuneration Report of the Company for the financial year ended 31 December 2016.

Resolution 1 is proposed as an advisory resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favour of that Resolution. However, please refer to paragraph 1 above for an explanation of the consequences of 25% or more eligible votes being cast against Resolution 1.

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

3. Board's Recommendations

While the Directors approved the Remuneration Report, as Resolution 1 relates to their remuneration, each Director considers it appropriate that he or she should abstain from making a recommendation to Shareholders about that Resolution.

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

1. Background

On 19 October 2016, 21 December 2016 and 20 April 2017, KPC issued, without approval of its Shareholders pursuant to ASX Listing Rules 7.1 and 7.1A (described below), the following Shares and Options to the placees described below (or their nominees):

Date	Number of Shares	Placee
19 October 2016	5,000,000 Shares	Viva Crystal Limited
19 October 2016	1,306,200 Shares	Mr Chan Sik Lap (1,135,278 Shares) Mr Nazariy Terlyga (145,111 Shares) Mr Lau Chun Yue (25,811 Shares)
21 December 2016	3,000,000 Shares	Ms Wu Yi
20 April 2017	26,212,200 Shares and 52,424,400 Options	Wise Concept Enterprise Inc.
20 April 2017	20,000,000 Shares and 40,000,000 Options	Glory Success Enterprise Inc.

In relation to the above issues, 9,306,200 Shares and 92,424,400 Options were issued within the 15% annual limit set out in ASX Listing Rule 7.1 (described below) and 46,212,200 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 (refer Resolution 3 below), 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 2016 annual general meeting of the Company held on 30 May 2016, 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. As mentioned above, KPC has issued 46,212,200 Shares within the 10% annual limit set out in ASX Listing Rule 7.1A since the last annual general meeting of the Company.

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 9,306,200 Shares and 92,424,400 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 46,212,200 Shares 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 passed).

In other words, by Shareholders subsequently approving that prior issue of 55,518,400 Shares and 92,424,400 Options to the placees mentioned above (or their nominees), 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 the abovementioned Shares and Options to the placees mentioned in the above table (or their nominees).

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 55,518,400 Shares and 92,424,400 Options to the placees mentioned in the above table (or their nominees) did not breach ASX Listing Rule 7.1 or ASX Listing Rule 7.1A.
- (2) The 5,000,000 Shares and 1,306,200 Shares issued to the placees mentioned in the above table (or their nominees) were issued at a nominal issue price of \$0.09 per Share and rank equally with all other Shares on issue in the Company.

- For personal use only
- (3) The 3,000,000 Shares issued to the placee mentioned in the above table (or its nominees) were issued at a nominal issue price of \$0.07 per Share and rank equally with all other Shares on issue in the Company.
 - (4) The 5,000,000 Shares were issued by the Company as consideration for the purchase of the business and certain assets of Prodrill Exploration LLP in Kazakhstan. No amount was raised on the issue of those Shares.
 - (5) The 1,306,200 Shares were issued by the Company in lieu of cash remuneration otherwise payable by the Company to its senior employees. While no amount was raised on the issue of those Shares, the obligation of the Company or its subsidiaries to pay that cash remuneration was discharged.
 - (6) The 3,000,000 Shares were issued by the Company in lieu of payment for certain professional services provided to the Company or its subsidiaries in connection with the Chongqing joint venture. While no amount was raised on the issue of those Shares, the obligation of the Company or its subsidiaries to pay for those professional services was discharged.
 - (7) The 26,212,200 Shares issued to Wise Concept Enterprise Inc (or its nominee) were issued at an issue price of \$0.51 per Share and rank equally with all other Shares on issue in the Company. The application monies raised on the issue of those Shares was applied or set-off against loan monies owing and payable by the Company to that placee. The 52,424,400 Options were issued to that placee at an exercise price of \$0.055 per Option and may be exercised at any time on or before 19 April 2020.
 - (8) The 20,000,000 Shares issued to Glory Success Enterprise Inc. (or its nominee) were issued at an issue price of \$0.51 per Share and rank equally with all other Shares on issue in the Company. The application monies raised on the issue of those Shares was applied or set-off against loan monies owing and payable by the Company to that placee. The 40,000,000 Options were issued to that placee at an exercise price of \$0.055 per Option and may be exercised at any time on or before 19 April 2020.

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. Accordingly, only Shares can be issued by the Company under ASX Listing Rule 7.1A.

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. As at the date of the Notice of Meeting, the Company has not approached any particular existing Shareholder or any associate to participate in the issue of Equity Securities under the Additional 10% Placement Capacity. Accordingly, no Shareholder is precluded from voting on Resolution 3.

At the 2016 annual general meeting of the Company held on 30 May 2016, Shareholders approved an Additional 10% Placement Capacity. However, that approval will expire 12 months after the date of that annual general meeting. Since that date of the last annual general meeting of the Company, 46,212,200 Equity Securities (i.e. Shares) have been issued by the Company pursuant to the Additional 10% Placement Capacity.

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) 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.

As at the date of the Notice of Meeting, the market capitalization of KPC is approximately \$38.5 million (based on the closing price of \$0.051 per Share on ASX on 7 April 2017) and KPC is not included in the S&P/ASX 300 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 46,212,200 Shares under the Additional 10% Placement Capacity of KPC approved by its Shareholders at its 2016 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 800,741,281 Shares on issue and, therefore, in addition to any other Shares and other Equity Securities 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, 120,111,192 Shares under ASX Listing Rule 7.1; and
- (2) subject to Shareholders approving Resolution 3, 80,074,128 Shares under ASX Listing Rule 7.1A,

in each case without the prior approval of its Shareholders.

The actual number of Shares that the Company will have capacity to issue or agree to issue under ASX Listing Rule 7.1A or ASX Listing Rule 7.1 at any particular point in time will be calculated at the relevant time in accordance with the ASX Listing Rule 7.1A.2 Formula (outlined above) or the formula applicable to ASX Listing Rule 7.1 (as the case may be).

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:

For personal use only

- (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.

If KPC issues any Equity Securities under ASX Listing Rule 7.1A for non-cash consideration, it will provide to ASX for release to the market a valuation of the non-cash consideration that demonstrates that the issue price of those Equity Securities complies with the minimum issue price outlined above.

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 nor has it invited any Shareholder to participate in an issue of Equity Securities under 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 assets or investment in business opportunities which may arise from time to time.

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 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 including its financial position, the prevailing market conditions at the time of the proposed issue and any advice received from corporate, financial or other advisers (as applicable). 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

For personal use only

current Shareholders or new investors (or both), none of whom will be related parties of the Company. Placees may also include vendors of assets or businesses into the Company or its subsidiaries. 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. If 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 or makes an investment in a business), it 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).

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon the issue of any Equity Securities under the Additional 10% Placement Capacity.

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 illustrated in the table below. The table below has been prepared based on the number of quoted Equity Securities (i.e. Shares) on issue in the Company as at the date of the Notice of Meeting and the closing price of those securities as at close of trade on ASX on 7 April 2017.

The table below also shows the voting dilutionary impact where the number of Shares on issue (variable A in the ASX Listing Rule 7.1A.2 Formula) changes and the economic dilutionary impact where there are changes to the issue price of Shares issued under the Additional 10% Placement Capacity.

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 \$0.025 (50% decrease in current issue price)	Funds raised based on an issue price of \$0.051 (Current issue price)	Funds raised based on an issue price of \$0.077 (50% increase in current issue price)
800,741,281 (Current)	800,741,281	\$40,837,805	\$20,418,903	\$61,256,708

1,201,111,922 (50% increase)	1,201,111,922	\$61,256,708	\$30,628,354	\$91,885,062
1,601,482,562 (100% increase)	1,601,482,562	\$81,675,611	\$40,837,805	\$122,513,416

*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 7 April 2017.
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 date of 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.
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

Since KPC has previously obtained approval under ASX Listing Rule 7.1A, ASX Listing Rule 7.3A.6(a) 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 Annual General 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 preceding the date of the Annual General Meeting, as at the date of the Notice of Meeting, the Company has issued 236,522,877 Equity Securities comprising 105,098,477 Shares and 131,424,400 Options representing approximately

24.5% of the total number of Equity Securities (i.e. Shares, Options and convertible notes) on issue on 29 May, 2016.

Details of each of those issues by the Company together with the information required by ASX Listing Rule 7.3A.6(b) are set out in the table and notes to it below. Further details in respect of each of those issues can be obtained from the appendices 3B provided by KPC to ASX in connection with those issues.

Date of Issue	Number and Class of Equity Securities Issued	Names of the persons to whom the Equity Securities were issued or the basis on which those persons were determined	Issue Price	Form of consideration
2 June 2016	11,580,077 Shares	Directors	\$0.095 per Share	The Shares were issued in lieu of cash remuneration otherwise payable to the certain Directors totalling \$1,160,107
2 June 2016	38,000,000 Shares and 39,000,000 Options	Directors	No amount was payable for the Shares or Options	The Shares and Options were issued in recognition of the considerable time and effort undertaken by the Directors in the operation of KPC
19 October 2016	1,306,200 Shares	Senior employees of KPC and its subsidiaries	\$0.09 per Share	Shares were issued in lieu of cash remuneration otherwise payable to the senior employees for the period between November 2015 and March 2016
19 October 2016	5,000,000 Shares	Vendor of assets and business of Prodrill Exploration LLP (Viva Crystal Limited)	\$0.09 per Share	Shares were issued as consideration for the purchase of the assets and business of Prodrill Exploration LLP in Kazakhstan

For personal use only

21 December 2016	3,000,000 Shares	Ms Wu Yi	\$0.07 per Share	Shares were issued for professional services provided in relation to the Chongqing joint venture
20 April 2017	26,212,200 Shares and 54,424,400 Options	Wise Concept Enterprise Inc.	\$0.51 per Share. No amount was payable for the Options	The consideration for the Shares was applied or set-off against amounts owed by the Company.
20 April 2017	20,000,000 Shares and 40,000,000 Options	Glory Success Enterprise Inc.	\$0.51 per Share. No amount was payable for the Options	The consideration for the Shares was applied or set-off against amounts owed by the Company.

Notes:

1. All Shares referred to in the above table rank equally with existing Shares at time of issue.
2. All Equity Securities referred to above were issued to the persons identified above or their nominee.
3. Details of the Shares and Options issued to Directors on 2 June 2016 including the reasons for their issue and terms and conditions of the Options were outlined in the Explanatory Statement accompanying the 2016 Notice of Annual General Meeting dated 27 April 2016, despatched to Shareholders. Shareholders approved the issue of those Shares and Options on 30 May 2016.
4. The 11,580,077 Shares issued to Directors in lieu of cash remuneration on 2 June 2016 were issued at a nominal issue price of \$0.095 per Share (an approximately 53% premium to closing market price of Shares on 2 June 2016).
5. The 38,000,000 Shares issued to Directors in recognition of their considerable time and effort undertaken in relation to KPC on 2 June 2016 were issued at a nil issue price (a 100% discount to the closing market price of Shares on 2 June 2016).
6. The 39,000,000 Options issued to Directors are not quoted and accordingly do not have a closing market price.
7. The 1,306,200 Shares issued to senior employees of KPC and its subsidiaries on 19 October 2016 were issued at a nominal issue price of \$0.09 per Share (an approximately 23% premium to the closing market price of Shares on 19 October 2016).
8. The 5,000,000 Shares issued to the vendor of the assets and business of Prodrill Exploration LLP on 19 October 2016 were issued at a nominal issue price of \$0.09 per Share (an approximately 23% premium to the closing market price of Shares on 19 October 2016).
9. The 3,000,000 Shares issued to Ms Wu Yi on 21 December 2016 were issued at a nominal issue price of \$0.07 per Share (no premium/discount to the closing market price of Shares on 21 December 2016).

For personal use only

10. The 46,212,200 Shares issued to Wise Concept Enterprise Inc and Glory Success Enterprise Inc (or their nominees) on 20 April 2017 were issued at an issue price of \$0.51 per Share (an approximately 7.8% discount to the closing market price of Shares on 20 April 2017). The 94,424,400 Options issued to those places are not quoted and accordingly do not have a closing market price.

9. Board recommendation

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

Items 5, 6 and 7: Re-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.

No Directors have been appointed to the Board since the date of the 2016 annual general meeting of the Company held on 30 May, 2016.

2. Resolution 4 – Re-election of Mr Wang Baolin

Mr Wang Baolin 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 Mr Wang Baolin's experience and expertise are contained on page 6 of the Company's 2016 Annual Report.

3. Resolution 5 – Re-election of Mr Edward Wen

Mr Edward Wen 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 Edward Wen's experience and expertise are contained on page 7 of the Company's 2016 Annual Report.

4. Resolution 6 – Election of Mr Lyu Xiaokang

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

Details of Mr Lyu Xiaokang's experience and expertise are contained on page 6 of the Company's 2016 Annual Report.

5. Board recommendations

The Board (with the exception of Mr Wang Baolin as an abstention) unanimously recommends that Shareholders vote in favour of Resolution 4.

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

The Board (with the exception of Mr Lyu Xiaokang 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 Shares to Directors (Resolutions 7, 8, 9, 10, 11, 12, 13 and 14)

1. Background

The Board continues to provide exemplary service and work diligently on behalf of all Shareholders to build value in the Company by securing and developing suitable potash projects in Kazakhstan or, if a suitable opportunity arises, elsewhere.

The Board is, however, cognizant of the financial commitments the Company will need to make in order to secure and develop its potash projects in Kazakhstan. In other words, the Board recognizes the important need to preserve its cash resources whenever appropriate.

To assist KPC to preserve its cash resources and reward and incentivise its Directors to grow value in the Company for all Shareholders, the Board has resolved to issue 26,088,292 Shares to Directors in lieu of cash remuneration otherwise payable to them and 36,000,000 Shares to Directors in recognition of the time and effort undertaken by them in the operations of KPC (as outlined in the table below).

Not only do your Directors consider it reasonable in the circumstances to issue the proposed Shares in lieu of cash remuneration otherwise payable to them and thereby assist the Company to preserve its cash resources, but also your Directors consider that it is important to ensure that their interests, by the holding of equity in the Company, continue to be aligned with those of the Shareholders (namely, the future success of the Company by developing its potash projects in Kazakhstan).

At the last 2 annual general meetings of the Company, Shareholders have approved the issue of Shares to Directors in lieu of cash remuneration otherwise payable to them.

Also, at the last annual general meeting of the Company, Shareholders approved the issue of 38,000,000 Shares and 39,000,000 Options to the Directors in recognition of their services.

2. Number of Shares

The table below sets out the number of Shares to be issued to each of your Directors (or their nominees), if Shareholders approve the Resolutions applicable to each Director.

Director	Outstanding cash remuneration	Shares in lieu of outstanding cash remuneration	Other Shares
Madame Cheung	\$607,144	9,340,677	28,000,000
Wei Jiafu	\$280,000	4,307,692	2,000,000
Wang Baolin	\$190,925	2,937,308	1,500,000
Marco Marcou	\$60,000	923,077	1,500,000
Terence Wong	\$391,392	6,021,415	1,000,000
Lyu Xiaokang	\$106,278	1,635,046	1,000,000
Edward Wen	\$60,000	923,077	500,000
JunMei Zhang	0	0	500,000
	\$1,695,739	26,088,292	36,000,000

3. Terms of issue of Shares

The 26,088,292 Shares referred to in the table above to be issued to your Directors in lieu of cash remuneration outlined in the table above will be issued at a nominal issue price of \$0.065 per Share. The nominal issue price is at a premium to the VWAP of Shares traded on ASX for the for a 90 day period to 2 April 2017. PKF Melbourne Corporate in its report mentioned below assessed the current market value of the Shares in KPC at the date of their report at \$0.052

No amount will be payable on the issue of the 36,000,000 Shares referred to in the table above.

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

4. Resolutions 7 to 14 (inclusive)

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

- (1) ASX Listing Rule 10.11 (outlined below), 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 certain 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 each of 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 proposed issue of the Shares outlined in the above table to them.

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

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 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 (and her associates) 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) are issued, Madame Cheung will have a, direct or indirect, relevant interest in approximately 11.6% of the Shares on issue in the Company. Based on that percentage, Directors do not envisage the number of Shares proposed to be issued to Madame Cheung (or her nominee), if Resolution 7 is passed being reduced.
- (2) The maximum number of Shares 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 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 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.

- For personal use only
- (5) The nominal issue price of the Shares issued in lieu of cash remuneration is \$0.065 per Share. The other Shares will be issued for no consideration.
 - (6) The Shares contemplated under Resolutions 7 to 14 (inclusive) will be issued either in lieu of cash remuneration otherwise payable to your Directors or otherwise in recognition of the services provided by your Directors and to align their interests with those of Shareholders generally. No funds will be raised by the Company on the issue of those Shares 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 may be issued is a related party for the purposes of that Chapter (and also ASX Listing Rule 10.11).

The proposed issue of the Shares contemplated by Resolutions 7 to 14 (inclusive) to your Directors (or their nominees) arguably constitutes 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 contemplated by Resolutions 7 to 14 (inclusive) could fall under one of the relevant exceptions to Chapter 2E being:

- (1) in the case of 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 favourable to the related party than the arm's length terms; and
- (2) in the case of the other Shares, 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, in the opinion of your Directors, the proposed issue of Shares 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 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).

For personal use only

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 PKF Melbourne Corporate) contains 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 outlined in the table above to each of the Directors named in those Resolutions (and the above table) or their respective nominees, 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 referred to in the table above.

The Shares are proposed to be issued to the Directors (or their nominees) either in lieu of cash remuneration otherwise payable to them or in recognition of the services provided by them to the Company particularly in relation to the ongoing efforts of the Board to acquire the Satimola potash deposit in Kazakhstan. The proposed issue of the Shares 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 Board's view, the interests of Shareholders are better served if the Directors themselves have a direct economic interest in the success of the Company and particularly the development of its potash deposits.

(3) *Value of Financial Benefits*

The Company engaged PKF Melbourne Corporate to report on the financial benefit being provided to Directors in respect of the 36,000,000 Shares for which no amount is payable by your Directors on their issue. In its report dated 7 April 2016, PKF Melbourne Corporate has assessed the value of the 36,000,000 Shares at \$1,872,000.

A copy of the report of PKF Melbourne Corporate is contained in Annexure A to this Explanatory Statement. Shareholders are encouraged to read that report in its entirety and, if necessary, consult your legal, financial or other professional adviser.

The 26,088,292 Shares proposed to be issued to Directors in lieu of cash remuneration otherwise payable to them have a nominal issue price of \$0.065 per Share. That issue price is a premium of approximately 25% to the current market value of \$0.052 per Share

assessed by PKF Melbourne Corporate in their report. The nominal issue price is also a premium to the VWAP of Shares traded on ASX for the 90 day period to 2 April 2017.

(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.

Name of Director	Shares	Approx. % of Shares on issue	Options	Original Convertible Notes
Madame Cheung	63,326,769	7.91%	46,000,000	23,525,000
Lyu Xiaokang	9,208,506	1.15%	13,000,000	—
Wei Jiafu	2,719,298	0.34%	2,000,000	—
Wang Baolin	2,294,373	0.29%	3,000,000	—
Marco Marcou	3,073,336	0.38%	3,000,000	150,000
Terence Wong	3,815,857	0.48%	3,000,000	70,000
Edward Wen	1,383,230	0.17%	1,500,000	120,000
JunMei Zhang	751,651	0.09%	1,500,000	65,000

As at the date of the Notice of Meeting, KPC has 800,741,281 Shares on issue.

The above table does not take into account the proposed issue of Shares under Resolutions 7 to 14 (inclusive) or the proposed issue of Replacement Convertible Notes and Options under Resolution 15 below.

The Directors will have the following, direct or indirect, relevant interests in the securities of the Company if the Shares contemplated by Resolutions 7 to 14 (inclusive) and Replacement Convertible Notes and Options contemplated by Resolution 15 are all issued.

Name of Director	Shares	Approx. % of Shares on issue	Options	Replacement Convertible Notes
Madame Cheung	100,667,446	11.67%	93,050,000	23,525,000
Lyu Xiaokang	11,843,552	1.37%	13,000,000	—
Wei Jiafu	9,026,990	1.05%	2,000,000	—
Wang Baolin	6,731,681	0.78%	3,000,000	—
Marco Marcou	5,496,413	0.64%	3,300,000	150,000
Terence Wong	10,837,272	1.26%	3,140,000	70,000
Edward Wen	2,806,307	0.33%	1,740,000	120,000
JunMei Zhang	1,251,651	0.15%	1,630,000	65,000

The table above assumes that KPC has 862,829,573 Shares on issue, post the issue of Shares contemplated by Resolutions 7 to 14 (inclusive).

For personal use only

Based on that assumption, the Directors', direct or indirect, relevant interests in Shares of the Company as a percentage of all Shares on issue would be approximately 17.2% and that percentage could increase on the exercise of Options or conversion of convertible notes held by those Directors (or their associated entities) as outlined in the table above. Similarly, further issues of Shares to other persons including on exercise of existing Options or conversion of convertible notes 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.

Name of Director	Total Remuneration including superannuation (annualised)
Madame Cheung	Remuneration of USD1,560,000 and Director's fee of \$60,000
Lyu Xiaokang	Remuneration of HKD1,102,536 for January to April 2016 and Director's fee of \$60,000
Wei Jiafu	Remuneration of \$310,000 and Director's fee of \$60,000
Wang Baolin	Remuneration of CNY720,000 and Director's fee of \$60,000
Marco Marcou	Remuneration of \$200,000 and Director's fee of \$60,000
Terence Wong	Remuneration of \$250,000 and Director's fee of \$60,000
Edward Wen	Director's fee of \$60,000
JunMei Zhang	Director's fee of \$60,000

The remuneration paid to the Directors in respect of the year ended 31 December 2016 is set out in the Remuneration Report contained in the 2016 Annual Report of the Company which accompanies the Notice of Meeting.

(6) *Dilution*

As mentioned above, at the date of the Notice of Meeting, KPC has 800,741,281 Shares on issue.

If Shareholders approve Resolutions 7 to 14 (inclusive) a further 62,088,292 Shares will be issued.

While the issue of those Shares 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.

For personal use only

8. What happens if Resolutions 7 to 14 (inclusive) are not passed

The Company will be precluded from issuing Shares to its Directors (or their nominees) in lieu of cash remuneration otherwise payable to them or in recognition of their services unless that issue is approved by Shareholders.

To the extent that any of Resolutions 7 to 14 (inclusive) are not passed, the Company will be obliged to pay the Director concerned the amount of cash remuneration which would have been discharged on the issue of the Shares concerned. Further, the Board may have to consider other ways to reward and incentivise its Directors other than by the issue of Shares to them.

9. Board's Recommendation

While each of the Directors believe that the proposed issue of Shares contemplated by Resolutions 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.

Item 16: Issue of Replacement Convertible Notes (Resolution 15)

1. Background

At a general meeting of the Company held on 25 October, 2013, Shareholders approved the issue of up to:

- (1) 30,000,000 convertible notes (**Original Convertible Notes**) and 60,000,000 Options; and
- (2) 30,000,000 Shares and 60,000,000 Options on conversion of the Original Convertible Notes,

to China-Asia Resources Fund, an entity controlled by or associated with Madame Cheung, the Chair and Managing Director of the Company.

The Original Convertible Notes had a face value of \$1.00 with a maturity date 4 years after their date of issue. On conversion, each Original Convertible Note converted into 1 Share ranking equally with the existing Shares then on issue. Except in the case of a default, no interest was payable on the Original Convertible Notes. Subject to the ASX Listing Rules, the Original Convertible Notes were to be secured by a general security interest over all property of KPC. To date, the Company has not granted that security interest in favour of the holders of the Original Convertible Notes.

The Options entitled the holder to acquire 1 Share at an exercise price of \$0.30 per Option exercisable at any time within 3 years of their date of issue.

The Options would be issued on the basis of 2 Options for each Original Convertible Note subscribed for and a further 2 Options on the conversion of each such Original Convertible Note.

Further details of the terms of the Original Convertible Notes and Options are contained in the Explanatory Statement accompanying the Notice of General Meeting of the Company dated 23 September, 2013.

On 25 November, 2013, KPC issued 30,000,000 Original Convertible Notes and 60,000,000 Options (**Original Options**) to China-Asia Resources Fund.

The 30,000,000 Original Convertible Notes mature on 25 November, 2017, on which date, the Company will be required to repay \$30,000,000 to the holders of the Original Convertible Notes unless they are converted in the meantime. From that date, interest at the rate of 12% per annum is payable in respect of any monies not repaid on that date.

The 60,000,000 Original Options expired on 25 November, 2016.

As at the date of the Notice of Meeting, the holders of the 30,000,000 Original Convertible Notes are as follows:

Holder	No. of Original Convertible Notes
China-Asia Resources Fund	13,069,444
CAR Fund Corporation	10,455,556
Da Ying Developments Limited	6,000,000
MAP Capital Advisors Pty Ltd	75,000
Pyma Pty Ltd	75,000
Mr Edward Wen	120,000
Mr Terence Wong	70,000
Ms Teresa Wong	70,000
Ms JunMei Zang	65,000

Note:

1. China-Asia Resources Fund, Da Ying Developments Limited and CAR Fund Corporation are entities controlled by or associated or acting in concert with Madame Cheung in relation to the convertible notes.
2. MAP Capital Advisors Pty Ltd and Pyma Pty Ltd are entities controlled by or associated or acting in concert with Mr Marco Marcou in relation to the convertible notes.
3. Ms Teresa Wong is a former director and company secretary of the Company and is acting in concert with the Directors in relation to the convertible notes.

2. Replacement Convertible Notes and Options

In the 12 months period prior to the date of the Annual General Meeting, Shares in KPC have generally traded in the range of \$0.10 to \$0.051.

Since the current market price of Shares is substantially below the conversion price of \$1.00 under the Original Convertible Notes, the Board considers it unlikely that any of the holders of the Original Convertible Notes will convert their Original Convertible Notes into Shares on or before 25 November, 2017. In those circumstances, the Company will be obliged to repay the face value of those Original Convertible Notes on 25 November, 2017. Interest at the rate of 12% per annum is also payable on any moneys not paid on the due date for payment of the Original Convertible Notes.

Subject to the approval of Shareholders in general meeting, each of the holders of the Original Convertible Notes has agreed in principle to replace the Original Convertible Notes

with new convertible notes (**Replacement Convertible Notes**) on the same terms as the Original Convertible Notes (and Options) except for the following key terms:

- (1) each holder of the Original Convertible Notes will be issued 2 new Options for each Replacement Convertible Note issued to him or her at an exercise price of \$0.10 per Option exercisable at any time within 3 years of their date of issue;
- (2) the Replacement Convertible Notes will mature on 25 November, 2019, a 2 year extension compared to the maturity date under the Original Convertible Notes;
- (3) on conversion, each holder of the Replacement Convertible Notes will be issued 5 Shares at a conversion price of \$0.20 per Share for each Replacement Convertible Note converted; and
- (4) on conversion, the holder of the Replacement Convertible Notes will be issued with 2 Options for each Replacement Convertible Note converted at an exercise price of \$0.10 per Option exercisable at any time within 3 years of their date of issue.

If all of the Replacement Convertible Notes are converted, the Company will be obliged to issue 150,000,000 Shares compared to 30,000,000 Shares pursuant to the Original Convertible Notes.

If all of the Options are issued and exercised, the Company will be obliged to issue 120,000,000 Shares and at an aggregate exercise price of \$12,000,000.

3. ASX Listing Rule 10.11

As outlined above in relation to Resolution 7 to 14 (inclusive), 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 the 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.

Each of the proposed recipients of the Replacement Convertible Notes is a related party of KPC by being a Director or an entity controlled by or associated or acting in concert with a Director in relation to those convertible notes. Accordingly, Shareholders must approve the proposed issue of the Replacement Convertible Notes to them under that ASX Listing Rule 10.11.

Please note that as Shareholder approval to the proposed issue of Replacement Convertible Notes and new Options to the holders of the Original Convertible Notes 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 Replacement Convertible Notes and new Options).

4. Resolution 15

Resolution 15 requires Shareholders to approve the proposed issue of Replacement Convertible Notes and new Options to the holders of the Original Convertible Notes mentioned in the above table.

Resolution 15 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 the Resolution.

Shareholders' attention is drawn to the voting exclusion statement in relation to Resolution 15 in the Notice of Meeting.

5. Information required for Shareholders approval under ASX Listing Rules

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

- (1) The Replacement Convertible Notes will have a face value of \$1.00 per note and will be issued to the holders of the Original Convertible Notes outlined in the table above on the basis of 1 Replacement Convertible Note for each original Convertible Note held by those holders.
- (2) The Options will be issued to those holders on the basis of 2 new Options for each Replacement Convertible Note issued to those holders.
- (3) The maximum number of securities that will be issued is 30,000,000 Replacement Convertible Notes and 60,000,000 new Options. On conversion of those Replacement Convertible Notes, the holders of those notes will be issued with up to 150,000,000 Shares and up to 60,000,000 Options. Exception 4 of ASX Listing Rule 7.2 and Exception 7 of ASX Listing Rule 10.12 will apply to the issue of those Shares and Options on the conversion of the Replacement Convertible Notes, so that no further approvals are required from Shareholders on the conversion of the Replacement Convertible Notes.
- (4) KPC will issue the 30,000,000 Replacement Convertible Notes and 60,000,000 new Options as soon as possible after the Annual General Meeting and, in any event, no later than 1 month (or such later date as ASX may permit) after the date of the Annual General Meeting.
- (5) Each of the recipients of the Replacement Convertible Notes outlined in the table above is a related party of KPC by virtue of being a Director or an entity controlled by or associated or acting in concert with a Director in relation to those convertible notes.
- (6) Except for the key terms of the Replacement Convertible Notes and new Options set out in paragraph 2 above, the Replacement Convertible Notes and new Options will be issued on the same terms as the Original Convertible Notes and the Original Options issued on 25 November, 2013. The terms of the Original Options and the Original Convertible Notes (and the Shares and Options issued on conversion) are set out in the Explanatory Statement which accompanied the Notice of General Meeting dated 23 September, 2013. A copy of that Explanatory Statement is available online at the ASX website at asx.com.au (ASX code: KPC). A copy of that Explanatory Statement will be sent to a Shareholder free of charge on request.
- (7) No new funds will be raised on the issue of the Replacement Convertible Notes and new Options. The Replacement Convertible Notes will replace the Original Convertible Notes currently on issue. The liability of the Company under the Original Convertible Notes will be discharged on the issue of the Replacement Convertible Notes. Any funds received on the exercise of the Options will be deployed for working capital purposes of the Company.

6. Chapter 2E of Corporations Act

As outlined above in relation to Resolution 7 to 14 (inclusive), Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (1) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (2) shareholder approval is obtained for the giving of the financial benefit.

For the purposes of Chapter 2E of the Corporations Act, the proposed recipients of the Replacement Convertible Notes and new Options are related parties of KPC for essentially the same reasons they are related parties for the purposes of ASX Listing Rule 10.11 (outlined above).

The proposed issue of the Replacement Convertible Notes and new Options contemplated by Resolution 15 arguably constitutes the giving of a financial benefit to a related party of the Company under Chapter 2E of the Corporations Act.

However, the Directors are of the view that this proposed issue does not require shareholder approval under Chapter 2E of the Corporations Act. This is because, in their view, the proposed issue falls under one of the exceptions to the provisions in Chapter 2E (being, 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 and the related party were dealing at arms-length or are less favourable to the related party than those terms). In any event, Shareholders are still being given the opportunity to approve the proposed issue under ASX Listing Rule 10.11 regardless of the operation of Chapter 2E.

7. What will happen if Resolution 15 is not approved?

If Resolution 15 is not approved by Shareholders, the Company would be obliged to repay the Original Convertible Notes on their maturity, unless converted. This would place the Company in a difficult financial position unless other sources of finance could be found.

8. Board's recommendation

The Directors (except Madame Cheung, Mr Marco Marcou, Mr Edward Wen and Mr Terence Wong) unanimously recommend that Shareholders vote in favour of Resolution 15.

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, in relation to a KMP, 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.

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, 29 May 2017 at 10.30 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 26 April 2017.

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

For personal use only

PKF Melbourne Corporate means PKF Melbourne Corporate Pty. Ltd. ACN 063 564 045 (formerly called DMR Corporate Pty Ltd.).

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.

The meaning of general words is not limited by specific examples introduced by "including", "for example", "such as" or similar expressions.

For personal use only

For personal use only

7 April 2017

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

Dear Sirs

RE: Value of Shares

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 to the Directors (or their nominees) of the following ordinary shares:

Directors	no. of shares
Madame Cheung	28,000,000
Wei Jiafu	2,000,000
Lyu Xiaokang	1,000,000
Wang Baolin	1,500,000
Marco Marcou	1,500,000
Terence Wong	1,000,000
Edward Wen	500,000
JunMei Zhang	500,000
	<u>36,000,000</u>

1.3 The proposed issue of the ordinary shares requires prior shareholder approval, which is to be sought at the forthcoming annual general meeting of KPC. If approved, the shares will be issued for nil consideration credited as fully paid. The purpose of the valuation is to enable the KPC Directors to meet the requirements imposed by Chapter 2E of the Corporations Act 2011 ("the Act"). These requirements are set out below.

Corporations Act 2001 – Chapter 2E

Section 218 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.

For personal use only

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 than 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) *an 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) the 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).

The proposed issue of ordinary shares to the Directors (or their nominees) constitutes the giving of financial benefits by KPC to a related party.

Shareholders must be provided with all information known to KPC or its Directors 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 circumstance 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.

PKF Melbourne Corporate Pty Ltd ("PKF Corporate") has been requested on behalf of the Directors of KPC 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.

2. Valuation

- 2.1 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.

- 2.2 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.

- 2.3 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 shares are granted, however, we do not believe that this is appropriate whether there is not a deep and active market. As KPC is issuing 36 million shares and as during the period of 30 days referred to below the total number of shares traded was approximately 562,000 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.

- 2.4 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 2/4/2017	392,100	20,347	0.052	0.051	0.053
30 days to 2/4/2017	562,323	29,282	0.052	0.051	0.055
60 days to 2/4/2017	628,390	33,873	0.054	0.051	0.085
90 days to 2/4/2017	654,390	35,563	0.054	0.051	0.085

- 2.5 As is evident from the table above, 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 30 March 2017, the most recent day the shares traded, the shares closed at a price of \$0.051.

- 2.6 We have reviewed the shareholding interest of all Directors to be issued shares as per the annual report to shareholders released on 31 March 2017. We note that Madame Cheung has an interest in 63,326,769 shares. Assuming that shareholders approve all of the resolutions dealing with the issue of shares to Directors at the forthcoming annual general meeting, Madame Cheung's interest in KPC shares will increase to 12.38%. As at least two other shareholders (Hillot Limited and Goldquest Services Inc) will hold a greater interest in KPC, in our opinion, this does not provide Madame Cheung, or any of the other Directors, with a controlling interest in KPC.

2.7 Based on the above information, we consider that the minority price of \$0.052 per share represents the current market value of shares in KPC at the date of this report. As such, we have valued the financial benefit to be received by the Directors as set out in the table below.

Directors	no. of shares	value per share \$	value per tranche \$
Madame Cheung	28,000,000	0.052	1,456,000
Wei Jiafu	2,000,000	0.052	104,000
Lyu Xiaokang	1,000,000	0.052	52,000
Wang Baolin	1,500,000	0.052	78,000
Marco Marcou	1,500,000	0.052	78,000
Terence Wong	1,000,000	0.052	52,000
Edward Wen	500,000	0.052	26,000
JunMei Zhang	500,000	0.052	26,000
	<u>36,000,000</u>		<u>1,872,000</u>

PKF Corporate consents to this report being despatched to KPC shareholders with the Notice of Meeting for the forthcoming annual general meeting of KPC.

Should you require any further information, please do not hesitate to contact the undersigned or Mr Stefan Galbo of this office.

Yours faithfully

PKF Melbourne Corporate Pty Ltd



Paul Lom
Director

For personal use only

Kazakhstan Potash Corporation Limited

PROXY FORM FOR 2017 ANNUAL GENERAL MEETING

I/We _____

of _____

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

_____ of _____

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, 29 May 2017 at 10.30 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.

For personal use only

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.

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of prior issue of Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval for additional 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Mr Wang Baolin as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-election of Mr Edward Wen as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Re-election of Mr Lyu Xiaokang as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of issue of Shares to Madame Cheung	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of issue of Shares to Mr Wei Jiafu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval of issue of Shares to Mr Wang Baolin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval of issue of Shares to Mr Marco Marcou	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval of issue of Shares to Mr Terence Wong	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Approval of issue of Shares to Mr Lyu Xiaokang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Approval of issue of Shares to Mr Edward Wen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Approval of issue of Shares to Ms JunMei Zhang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15	Approval of issue of Replacement Convertible Notes and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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.

For personal use only

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*.

For personal use only

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 10.30 am (Melbourne time) on Saturday, 27 May 2017.

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