

29 June 2017

Market Announcements Office  
ASX Limited  
Level 4  
North Tower, Rialto  
525 Collins Street  
Melbourne, Victoria, 3000

## **ASX Waiver from ASX Listing Rule 10.1**

### Background

On 5 June 2017, Kazakhstan Potash Corporation Limited (ASX code: KPC) (**Company**) announced that it had issued 30 million convertible notes and 60 million options to replace the 30 million convertible notes maturing on 25 November 2017. The issue of those convertible notes and options was approved by shareholders of the Company at the annual general meeting held on 29 May, 2017.

Under the terms and conditions governing the issue of those convertible notes, the Company agreed, subject to the ASX Listing Rules, that the convertible notes would be secured by a first ranking general security interest over all the property of the Company. The security would be held by China-Asia Resources Fund (**CARF**), an entity controlled by or associated with Madame Cheung, the chair and managing director of the Company, on behalf of itself and as trustee for the other note holders from time to time.

ASX Listing Rule 10.1 requires the Company to obtain the approval of its shareholders for an acquisition from, or disposal to, a person in a position to exercise influence over the Company of a substantial asset. ASX regards using the assets of the Company as collateral constitutes the disposal of a substantial asset under ASX Listing Rule 10.1. Both CARF and Madame Cheung are persons in a position to exercise influence over the Company to which ASX Listing Rule 10.1 applies.

### ASX Waiver

As the Company, in accordance with the terms and conditions governing the issue of the convertible notes, proposes to grant a security interest over all its property to CARF, the Company has sought and obtained a waiver of ASX Listing Rule 10.1 in respect of the grant of that security interest to CARF.

ASX granted the Company the requisite waiver on 29 June, 2017 (**ASX Waiver**). The terms of the ASX Waiver are attached to this announcement.

### Repayment of convertible notes

The maturity date of the convertible notes is 25 November, 2019. Unless earlier redeemed or converted, the Company must redeem all convertible notes by the paying face value of those notes to the relevant note holders on that date. The aggregate face value of the convertible notes is \$30 million.

To the extent that the convertible notes have not been converted by the holder by that maturity date, the Company will be required to raise additional capital via debt or equity to fund the redemption of the outstanding convertible notes. Alternatively, subject to compliance with the ASX Listing Rules, the holders of the convertible notes may agree to take debt or equity securities of the Company to replace their convertible notes on terms agreed with them at the time. As mentioned above, the current convertible notes were issued to replace the convertible notes maturing on 25 November, 2017.

Following redemption or conversion into fully paid ordinary shares of the convertible notes in accordance with their terms, the Company will immediately seek to discharge the security granted to CARF.



**Mr Marco Marcou**  
**Executive Director/Company Secretary**  
**Kazakhstan Potash Corporation Limited**

For personal use only

## ASX Waiver Decision

1. *Based solely on the information provided, ASX Limited ("ASX") grants Kazakhstan Potash Corporation Limited (the "Company") a waiver from Listing Rule 10.1 to the extent necessary to permit the Company to enter into a general security agreement or deed to grant a security interest in all present and after-acquired property of the Company (the "Security") in favour of China-Asia Resources Fund on behalf of itself and as trustee for other noteholders from time to time ("CARF") in respect of the \$30,000,000 subscription under the convertible note deed poll (the "Note Deed Poll"), without obtaining shareholder approval, on the following conditions.*
  - 1.1. *The Security includes a term that if an event of default occurs and CARF or any of its associates exercises its rights under the Security, neither CARF nor any of its associates can acquire any legal or beneficial interest in any property of the Company or its subsidiaries in full or part satisfaction of the Company's obligations under the Security, or otherwise deal with any property of the Company without the Company first having complied with any applicable Listing Rules, including Listing Rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by CARF exercising its power of sale under the Security and selling the property to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to CARF or any of its associates in accordance with its legal entitlements.*
  - 1.2. *A summary of the material terms of the Security is made in each annual report of the Company during the term of the Security.*
  - 1.3. *Any variations to the terms of the Security which is:*
    - 1.3.1 *not a minor change; or*
    - 1.3.2 *inconsistent with the terms of the waiver,**must be subject to shareholder approval.*
  - 1.4. *The Company and CARF must seek to discharge the Security when the notes issued under the Note Deed Poll by the Company are redeemed or converted, or if it is not discharged, seek shareholder approval for the continuation of the Security for any further period.*
  - 1.5. *The Company immediately releases to the market an announcement which sets out the terms of the waiver, and the Company's plans with respect to the (i) redemption or conversion of the notes issued under the Note Deed Poll, and (ii) discharge of the Security, including the timeframe within which it expects the redemption or conversion and discharge to occur.*
2. *ASX has considered Listing Rule 10.1 only and makes no statement as to the Company's compliance with other Listing Rules.*