

26 October 2017



Market Update

New Satimola Limited Agreement

The Board of Kazakhstan Potash Corporation Limited (ASX: KPC) (“**KPC**”) is pleased to announce that it has entered into new agreement in relation to its proposed acquisition of all the shares on issue in Satimola Limited (“**Satimola**”). Satimola, through its wholly-owned entity, Satbor LLP (“**Satbor**”), holds the Satimola potash deposit in the Republic of Kazakhstan. This new agreement supersedes the previous agreement announced on 4 October, 2016.

Under this new agreement:

1. The purchase price is US\$41 million and subject to regulatory approval, completion of the proposed acquisition of Satimola is scheduled to occur within the next 9 months. Satimola is not obliged to complete the proposed acquisition unless Satimola shareholders holding over 90% of the outstanding shares agree to the proposed acquisition.

The purchase price will be allocated to creditors and shareholders. \$US21m will be used to discharge current other Satimola liabilities. Shareholders of Satimola will receive US\$17,000,000 which will consist of two (2) parts, a cash component and an equity component. The first part will be \$10,000,000 in cash and the second part will be \$7,000,000 in KPC Shares. The issuing of the KPC shares will be subject to shareholder approval utilising the formula of the price per KPC share to be determined via the KPC 15 day VWAP prior to Completion at US\$0.80/AUD\$1.00 exchange rate.

2. KPC will advance US\$1,500,000 to satisfy the principal of the Commercial Discovery Bonus Satimola liability to the Kazakhstan Taxation Authorities and take direct responsibility for the balance of the necessary funds. Also, KPC will pay US\$500,000 to Satimola to meet accrued working capital of Satimola and to meet on-going working capital requirements capped at US\$100,000 per month.
3. KPC has the option, subject to regulatory approval, to convert the advance into 35% of the issued capital of Satimola. However, if the proposed acquisition does not complete then, in certain circumstances, 25% of the issued capital of Satimola held by KPC, if KPC has exercised its option, will be cancelled or transferred for nominal consideration.
4. KPC is entitled to appoint two directors to the Board of Satimola.
5. KPC must provide consent to the appointment of the Sabtor general director.

Furthermore, KPC is planning to expeditiously finalise the Bankable Feasibility Study (“**BFS**”) for the Satimola project at KPC’s expense.

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The Satimola Project

The Satimola deposit is located in the West Kazakhstan Province, 220 km north of the Ural River port of Atyrau near the Caspian Sea and 70 km north of the town of Inderbor (Figure 1). It is currently understood to be one of the largest in Kazakhstan, containing JORC-compliant Indicated and Inferred potash Resources of 6 billion tonnes grading 15.5% K₂O (Table 1).



Figure 1. Location of the Satimola Project in north-western Kazakhstan. Also shown are KPC's two other potash projects in the region.

Table 1. Satimola potash Resources at 10% K₂O cut-off

Mineral Resources (JORC)	Tonnes (million)	Grade (% K ₂ O)
Indicated	3,100	16.2
Inferred	2,900	17.4
Total	6,000	15.5

Note: KPC ASX release 1.12.2014, Satimola Independent Geological Report produced by Tetra Tech, December 2014; The Resources quoted have an effective date of 28th February 2011 and key assumptions are detailed in the Tetra Tech IGR, December 2014.

About KPC

KPC is a mineral exploration company which owns the rights to two potash deposits in Kazakhstan, namely the Zhilyanskoye Project and the Chelkar Project and is also finalising the acquisition of the Satimola Project. It intends to develop all the three projects in Kazakhstan to full scale production.

KPC is a signatory of the Framework Agreement entered into under the auspices of the Kazakhstan and Chinese Governments as part of the 'One Belt, One Road' initiative in the region. Under the terms of the Framework Agreement KPC plans to build a potash production base in Kazakhstan drawing on its three projects, so as to meet China and Kazakhstan agriculture markets' demand for potash.

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In advancing the Framework Agreement, KPC has a Joint Venture with the Chongqing Material of Agricultural Production (Group) Co., Ltd (CMAG) which is developing a fertiliser logistics and distribution hub to supply all the major fertiliser producers in China. CMAG is a fully integrated agricultural enterprise throughout the agricultural value chain in China and is a subsidiary company of Chongqing municipal government. In addition, KPC has partnered with KTZ Express the Kazakhstan national railway operator for shipment through Kazakhstan and to Chongqing in China.

FURTHER INFORMATION

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