

31 July 2015

ASX Announcement June 2015 Quarterly Activities Report

Summary

- **Placement to Hillot Limited**
- **Revised Satimola Loan Agreement and Acquisition Negotiation Recommencement**
- **Results of Annual General Meeting**

Corporate

Placement to Hillot Limited

On 5 May 2015 the Board of Kazakhstan Potash Corporation Limited (“KPC”) advised that it entered into a Share Subscription Agreement with Hillot Limited (Hillot) a wholly owned subsidiary of Burwill Holdings Limited (Burwill) a company listed on the Stock Exchange of Hong Kong Limited (00024-HKSE).

Burwill which has been listed on the Main Board of the Stock Exchange of Hong Kong Limited since 1983 has businesses that cover International Steel Trading, Steel Processing, Mineral Resources Exploration, Commercial Property Investment and Listed Securities Investment.

The Share Subscription Agreement places 100 million KPC ordinary shares at \$0.20 per share to raise \$20,000,000 in total. Proceeds from the placement will primarily be used as working capital. Under the terms of the agreement a \$6,000,000 deposit was paid by Hillot on the date of the Share Subscription Agreement, with the balance of \$14,000,000 to be paid at completion which will be on or before 30 July 2015.

Furthermore, on 4 June 2015, KPC entered into an additional subscription agreement with Hillot Limited (Hillot), to raise \$6 million by the issue of 30 million fully paid ordinary shares to Hillot at an issue price of 20 cents per share.

On 30 July KPC further advised that it has entered into an addendum to the 5 May 2015 Share Subscription Agreement with Hillot, which will see Hillot subscribing in a series of tranches in order to meet the 100,000,000 ordinary shares subscription by the revised date of 28 Aug 2015. In addition to the \$6,000,000 deposit, the first tranche for 15 million fully paid ordinary shares at an issue price of 20 cents per share will see \$3 million paid by Hillot by 31 July 2015.

Revised Satimola Loan Agreement and Acquisition Negotiation Recommencement

On 8 May 2015, KPC entered into a revised loan agreement with Satimola Limited (Satimola) for US\$3 million. This revised agreement superseded the previous loan agreement of US\$1.5 million dated 22 January 2015 between the KPC subsidiary in Kazakhstan, Batys Kali LLP and Satbor LLP, the Satimola local Kazakhstan subsidiary and sub-soil rights holder. Under the previous loan agreement, US\$117,906 was advanced to Satbor LLP by Batys Kali LLP, that advance has been accommodated within the revised loan agreement.

Under the terms of the revised loan agreement, funds were used by Satimola to repay creditors and for working capital purposes. Furthermore, KPC advanced US\$2 million to Satimola on 11 May 2015, with the remaining US\$1 million of the facility to be progressively drawn down by Satimola on a monthly basis through to the end of August 2015.

With the receipt of the initial advance of US\$2 million, on 14 May 2015, Satimola resumed negotiation on the terms for the acquisition by KPC of the Satimola potash deposit in the Republic of Kazakhstan held by Satimola, with a view to reach a supplementary agreement as soon as possible.

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In order to conduct a successful acquisition, KPC has appointed the China Minsheng Banking Corp., Ltd. ("CMBC") as its Financial Advisor on an exclusive basis to secure the necessary funding and provide relevant financial advisory services for the proposed Satimola transaction.

CMBC was established in 1996 as a national joint-stock commercial bank. CMBC is listed on both the Shanghai Stock Exchange ("SSE") and on the Hong Kong Stock Exchange ("HKEX"). The market capitalization of CMBC is US\$56.5 billion. CMBC has branches in many cities in China, including Hong Kong.

In conjunction with the appointment of CMBC, KPC received an Investment Commitment Letter from China Minsheng International Capital Ltd. ("CMIC") expressing its willingness to invest and provide funding for the Satimola transaction subject to successful due diligence and other conditions. CMIC is the overseas investment arm of the China Minsheng Investment Corp., Ltd. ("CMI") which is a large private investment company founded by 59 well-known private-enterprises based throughout China. CMI has a registered capital value of US\$8.1 billion. Furthermore, the Hong Kong branch of CMBC has also expressed its strong interest in providing Merger & Acquisition financing for the Satimola transaction should KPC require further funding.

Results of Extraordinary General Meeting

Shareholder approval was obtained for all the motions at the annual shareholders meeting held on 29 June 2015, the motions were:

1. Adoption of Remuneration Report
2. Ratification of prior issue of Shares
3. Approval for additional placement capacity
4. Approval of issue of 200 million Equity Securities in the Company
5. Re-election of Mr Terence Wong as a Director
6. Re-election of Mr Edward Wen as a Director
7. Election of Mr Lyu Xiaokang as a Director
8. Approval of issue of Shares to Madame Cheung in lieu of remuneration
9. Approval of issue of Shares to Mr Wang Baolin in lieu of remuneration
10. Approval of issue of Shares to Mr Marco Marcou in lieu of remuneration
11. Approval of issue of Shares to Mr Terence Wong in lieu of remuneration
12. Approval of issue of Shares to Mr Lyu Xiaokang in lieu of remuneration
13. Approval of issue of Shares to Mr Edward Wen in lieu of remuneration
14. Approval of issue of Shares to Ms Junmei Zhang in lieu of remuneration.

Share Capital

There are currently 562,342,804 Kazakhstan Potash Corporation shares on issue. The following options in Kazakhstan Potash Corporation are currently on issue:

Expiry Date	Number of Options	Exercise Price
20 May 2016	12,600,000	\$0.30
30 June 2016	17,000,000	\$2.00
17 October 2016	7,000,000	\$0.30
21 October 2016	9,400,000	\$0.30
25 November 2016	60,000,000	\$0.30
15 October 2016	6,000,000	\$0.30
31 December 2015	5,000,000	\$0.30
7 January 2018	17,000,000	\$1.00
7 January 2018	17,000,000	\$1.50
2 April 2017	32,000,000	\$0.15
17 April 2017	18,000,000	\$0.20

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Exploration and Development

Zhilyanskoye Project

The company is progressing with the development of the Zhilyanskoye Potash Deposit. The deposit is located approximately 5- 10 km south west of the city of Aktobe in the north western region of the Republic of Kazakhstan. Aktobe is a regional capital city with a population of approximately 300,000 people. Power (gas and electricity), water, transportation (rail and road) as well as labour are all available within 10 km of the project giving the company a significant infrastructure advantage. The deposit has a JORC 2012 resource calculated by SRK Consulting (Kazakhstan) Ltd. of 119.8 Million tonnes grading 18.61% K₂O of Sylvénite mineralisation which is used in the production of Muriate of Potash (MOP) and 983.7 Million tonnes grading 7.99% K₂O of Polyhalite mineralisation which is used in the production of Sulphate of Potash (SOP) (Source Kazakhstan Potash Corporation Limited Prospectus 28 January 2014).

During the March quarter field activity was restricted to continuing with the hydrological and environmental monitoring of the site as required under the conditions of grant of the subsoil licence.

Chelkarskaya Project

The Chelkarskoye Project is located approximately 100 kilometres south east of the city of Uralsk in north western Kazakhstan, and approximately 160 kilometres north of the Satimola Potash Deposit. The company has a subsoil licence of approximately 779 sq. km covering a domal salt structure containing horizons of Sylvénite and Carnallite which is used in the production of MOP. Previous work on the project by geological teams from the former Soviet Union, and recent drilling by the company's local subsidiary Bayts Kali LLP has identified a number of occurrences of potash mineralisation on the current licence area.

During the quarter 140 drill core samples from the recent drilling were dispatched to metallurgical laboratory in Russia for physical and rheological test work. Results are expected during the September Quarter.

The company also continued water bore monitoring and environmental studies on the site as part of licence conditions of the subsoil licence, as well as meeting all other technical reporting requirements required to meet licence conditions.

Competent Person and Responsibility Statement

The information in this announcement in as much as it that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Mr James Guy who is a member of the Australasian Institute of Mining and Metallurgy. Mr Guy is a consulting geologist engaged by the company, and has the relevant experience under the Joint Ore Reserve Committee guidelines to be regarded as a competent person for the styles of mineralisation under discussion. Mr Guy consents to the inclusion in this of the information in the form and context in which it appears.

Relevant ASX Announcements for the June 2015 Quarter

Date	ASX Announcement
07/04/2015	Placement
07/04/2015	Appendix 3B
22/04/2015	Placement
22/04/2015	Appendix 3B
27/04/2015	Notice of Annual General Meeting/Proxy Form
30/04/2015	Quarterly Activities Report
30/04/2015	Quarterly Cashflow Report
06/05/2015	Placement
08/05/2015	Revised Satimola Loan Agreement
14/05/2015	Market Update - Satimola Acquisition
25/05/2015	Appendix 3B
26/05/2015	Cleansing Notice
28/05/2015	Appendix 3B
29/05/2015	Cleansing Notice
29/05/2015	Results of Meeting
05/06/2015	Placement
19/06/2015	Appendix 3B
19/06/2015	Market Update - Placements to Hillot Limited
22/06/2015	Cleansing Notice
23/06/2015	Becoming a substantial holder
23/06/2015	Becoming a substantial holder
23/06/2015	Appendix 3B
23/06/2015	Change of Director's Interest Notices
4/06/2015	Cleansing Notice

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