

31 July 2017

ASX Announcement June 2017 Quarterly Activities Report

Summary

- **Annual General Meeting**

Corporate

Annual General Meeting

On 29 May 2017, KPC held its annual general meeting. The following resolutions were approved at the meeting:

1. Adoption of Remuneration Report
2. Ratification of prior issue of Shares
3. Approval for additional 10% placement capacity
4. Re-election of Mr Wang Baolin as a Director
5. Re-election of Mr Edward Wen as a Director
6. Re-election of Mr Lyu Xiaokang as a Director
7. Approval of issue of Securities to Madame Cheung
8. Approval of issue of Securities to Mr Wei Jiafu
9. Approval of issue of Securities to Mr Wang Baolin
10. Approval of issue of Securities to Mr Marco Marcou
11. Approval of issue of Securities to Mr Terence Wong
12. Approval of issue of Securities to Mr Lyu Xiaokang
13. Approval of issue of Securities to Mr Edward Wen
14. Approval of issue of Securities to Ms JunMei Zhang

Exploration and Development

Chelkar Project

Following up the high-grade potash mineralisation drillhole intersections in Chelkar, the Company has applied for an extension of the working program for 2 additional years until the end of December of the Sub-soil use contract (SSRUC) of Chelkar to bring forwards the incomplete technical works, to get sufficient time to fully understand the mineralisation continuity in determining the JORC-compliance resources. The Ministry of Investments and Development (MID) has in principle agreed with the extension with condition precedents as preparation of an appendix listing out the work tasks to be carried out in the coming 2 years and submission of a Pre- Environmental Impact Assessment (Pre-EIA) in assessing the potential impact on the environment under the work plan.

An on-going series of meetings are in process between Batys Kali LLP and geology specialists from the Committee of Geology of the government of Kazakhshtan in discussing the work tasks listed in the appendix.

Moreover, the Company has engaged IST-Eco LLP to carry out the Pre-EIA. It is believed that the Pre-EIA report can be completed within the September quarter 2017.

The Chelkar Project is located approximately 100 km south of the city of Uralsk in north western Kazakhstan. Previous work on the project by geological teams from the former Soviet Union, and recent drilling by the Company's local subsidiary Batys Kali LLP has identified a number of occurrences of sylvinite and carnallite mineralisation in the area.

While no exploration activities have been undertaken during the June Quarter, the Company has continued to validate the existing drill data, including those of the Soviet era and the more recent, pre-KPC exploration, and

continued to interpret the geology and mineralisation continuity in the Chelkar project. A relevant announcement was published on 5 January 2017.

A flotation test work on a sylvinite sample and other test work on the physical-mechanical and rheological properties of the potash ore and hanging wall materials have been on-going at the international laboratories. The Company looks forward to updating the market of any test work results, once available.

The Company, through Batys Kali, holds a sub-soil use contract (SSRC) for the exploration and development of the Chelkar potash and magnesium deposit. Whereas the SSUC is valid for 51 years since its initial granting on 11 December 2008, the previous exploration work program approved by the government of Kazakhstan ended on 11 December 2016. The Company began discussions with the government of Kazakhstan as early as July 2016 for bringing forward the incomplete technical studies to the following years. In January 2017, the Company officially submitted a work program for the period of 2017 and 2018, per the government's request. The Company has been recently given an understanding that the review of the new work program is at its final stage.

Zhilyanskoye Project

On the request from MID, the Company is carrying out studies and compiling a report for the Programme of the Commercial Development (PID) which is required prior to bringing the project into production stage.

The Zhilyanskoye Project is located approximately 5–10 km south west of the city of Aktobe in the north western region of the Republic of Kazakhstan. 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 JORC 2012 compliant Mineral Resources, estimated by SRK Consulting (Kazakhstan) Limited (SRK) as of 6 August 2013 for the sylvinite and polyhalite mineralisation:

- A total of 119.8 million metric tonnes (Mt) of Mineral Resources containing sylvinite mineralisation at the cut-off grade of 10% K₂O:
 - Indicated Mineral Resources of 66.7 Mt grading 19.24% K₂O,
 - Inferred Mineral Resources of 55.2 Mt grading 17.86% K₂O; and
- A total of 987.7 Mt of Mineral Resources containing polyhalite mineralisation at the cut-off grade of 5% K₂O:
 - Indicated Mineral Resources of 769.4 Mt grading 8.17% K₂O,
 - Inferred Mineral Resources of 214.3 Mt grading 7.32% K₂O.

(Source Kazakhstan Potash Corporation Limited Prospectus 28 January 2014).

No exploration activities have been undertaken on the project during the June Quarter. The Company has continued to re-assess the feasibility of the project and to optimise the resource and mining models, in response to the potash markets.

During the June Quarter, the Company has continued to liaise with and provide documentation to the Government of Kazakhstan in relation to the evaluation period relating to the mining phase.

List of Tenements

Project	Location	Tenement/Contract Number	Interest at Beginning of Quarter (%)	Interest at End of Quarter (%)
Zhilyanskoye	Aktobe, Aktobe Province, Kazakhstan	2891	95	95
Chelkarskoye (Chelkar)	Uralsk, West Kazakhstan Province, Kazakhstan	2889	95	95

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Competent Persons' and Responsibilities' Statement

The information in this report in as much as that relates to the exploration activities of the Zhilyanskoye and Chelkar deposits has been compiled and reviewed by Mr Jacky Chan, Vice-President Mining and full time employee of the Company. Mr Chan is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a member of the Australian Institute of Geoscientists. Mr Chan has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (the JORC Code). Mr Chan consents to the inclusion in this report of the information in the form and context in which it appears.

Share Capital

There are currently 904,194,573 Kazakhstan Potash Corporation shares on issue. The following options in Kazakhstan Potash Corporation are currently on issue:

Expiry Date	Number of Options	Exercise Price
15 October 2017	45,000,000	\$0.10
7 January 2018	17,000,000	\$1.00
7 January 2018	17,000,000	\$1.50
2 June 2019	39,000,000	\$0.20
19 April 2020	92,424,400	\$0.055
5 June 2020	60,000,000	\$0.10

Relevant ASX Announcements for the June 2017 Quarter

Date	ASX Announcement
20/04/2017	Appendix 3B
20/04/2017	Cleansing Notice
20/04/2017	Appendix 3B (amended)
20/04/2017	Cleansing Notice (amended)
21/04/2017	ASX Listing Rule 3.10.5A Information
26/04/2017	Notice of Annual General Meeting/Proxy Form
27/04/2017	Quarterly Activities Report
27/04/2017	Quarterly Cashflow Report
18/05/2017	Chongqing Joint Venture Operational
25/05/2017	Appendix 3B
25/05/2017	Cleansing Notice
25/05/2017	ASX Listing Rule 3.10.5A Information
29/05/2017	Results of Meeting
05/06/2017	Appendix 3B
05/06/2017	Cleansing Notice
07/06/2017	Change in substantial holding
07/06/2017	Change of Director's Interest Notice
07/06/2017	Change in substantial holding
07/06/2017	Change in substantial holding
30/06/2017	ASX Waiver from ASX Listing Rule 10.1
30/06/2017	Appendix 3B
30/06/2017	Cleansing Statement

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. It intends to develop all the 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.

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. The Joint Venture is named Chongqing Bright Road Industrial Co Ltd (CBRI). 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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