

20 March 2020

Market Update

New \$6.5 million and \$3.5 million Convertible Note Terms Sheets Executed

KPC is pleased to announce that it has entered into two Convertible Note agreements totalling \$10 million.

The first Convertible Note is for \$6.5 million with the CWSI Group Limited (CWSI).

The Convertible Note's key terms are in line with the terms on a pro-rata basis as agreed with the CAR Fund as announced on 5 December 2019.

Under the terms of the agreement CWSI, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note (\$1 per note) is convertible into 50 fully paid ordinary shares in the Company.

No interest is payable on the Convertible Note. In lieu of interest and for agreeing to enter into the Convertible Note, CWSI (or its nominee) will be issued 325 million fully paid ordinary shares in the Company.

Under the terms of the agreement, KPC can, on request, draw down against the \$6.5 million. To date, KPC has drawn down \$6.5 million which has been used for liabilities on the Kazakhstan projects, payments in relation to the Satimola Limited transaction, Kazakhstan project development and general working capital.

The second Convertible Note agreement is with Harvest Leader International Limited (HLL) for \$3.5 million.

The Convertible Note's key terms are in line with the terms on a pro-rata basis as agreed with the CAR Fund as announced on 5 December 2019.

Under the terms of the agreement, HLL also agrees to make available funds up to \$3.5 million to the Company on application which has not been drawn down on to date. HLL, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note (\$1 per note) is convertible into 50 fully paid ordinary shares in the Company.

No interest is payable on the Convertible Note. In lieu of interest and for agreeing to enter into the Convertible Note, HLL (or its nominee) will be issued 175 million fully paid ordinary shares in the Company.

The balance of funding from both Convertible Notes will be used for development activities on the three Kazakhstan projects and working capital.

Both Convertible Notes are subject to shareholder approval and the Board of KPC will seek shareholder approval at a General Meeting which will be called in due course. If shareholder approval is not obtained then the Company has agreed to renegotiate the repayment terms with the Lenders.

Exit from Chongqing Bright Road Industrial Co Ltd Joint Venture

The Board of Kazakhstan Potash Corporation Limited (the Company) (ASX: KPC) would like to announce the sale of its interest in its joint venture in Chongqing Bright Road Industrial Co Ltd with Chongqing Material of Agricultural Production (Group) Co Ltd.

As announced to the market on 23 August 2016, the Company entered into a joint venture with CMAG to develop a fertiliser logistics and distribution hub to supply all the major fertiliser producers in China. The Board determined that KPC should focus its efforts on its potash projects in Kazakhstan and therefore reached agreement to sell its interest in the joint venture

Under the terms of the agreement the transaction was for \$1.5 million to be paid in two instalments:

1. \$150,000 within 90 days of signing the agreement; and
2. \$1.35 million within 9 months of signing the agreement.

The first instalment has been received by the Company.

Authorised by:
Andrew Chan
Company Secretary