



Kazakhstan Potash Corporation Limited

(ACN 143 441 285)
ASX Code KPC



PROSPECTUS

28 JANUARY, 2014

By this Prospectus, the Company invites investors to apply for a total of up to 30,000,000 Shares at an issue price of \$1.80 per Share to raise up to \$54,000,000 (before expenses).

IMPORTANT NOTICE Applicants should read this Prospectus in its entirety before deciding to apply for Shares. If, after reading this Prospectus, you have any questions about the Offer, you should contact your stockbroker, solicitor, accountant or professional adviser. There are risks associated with an investment in the Company and the Shares offered under this Prospectus are to be regarded as a speculative investment. Please refer to Section 11 for Investment Risks.

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1 IMPORTANT INFORMATION

1.1 Offer

The offer contained in this replacement Prospectus is an invitation by Kazakhstan Potash Corporation Limited (ACN 143 441 285) (**Company or KPC**) for you to apply for fully paid ordinary shares in the Company.

This replacement Prospectus is dated 28 January 2014. A copy of this Prospectus was lodged with the ASIC on 28 January 2014. This Prospectus replaces the Original Prospectus which was dated 12 December 2013 and was lodged with ASIC on 12 December 2013. Neither ASIC nor the ASX takes any responsibility for the content of this Prospectus or the merits of the investment to which this Prospectus relates. The fact that the ASX may reinstate the Company's Shares to quotation on the ASX is not to be taken in any way as an indication of the merits of KPC or an investment in the Shares offered under this Prospectus.

This replacement Prospectus differs from the Original Prospectus. The following key changes have been made to the Original Prospectus:

- the Investment Overview in Section 3 now includes:
 - o a general statement in respect of the financial position of each of Jian Resources, Wiyot and Aktobe Tuz;
 - o information as to the ownership and control of each of the Project Vendors;
 - o information as to the degree of association of the Project Vendors;
 - o the respective percentage shareholdings of each of the Project Vendors post completion of the acquisition by KPC of the Zhilyanskoye and Chelkar Projects and the Offer (on a Full Subscription basis);
 - o a summary of the directors of each entity in the proposed ownership structure of the Zhilyanskoye and Chelkar Projects;
 - o a statement as to the risks associated with the cross-jurisdictional ownership structure for the Zhilyanskoye and Chelkar Projects. This statement is also set out in Section 11.2;
 - o a list of the major Shareholders of the Company post completion of the Offer and their percentage shareholdings; and
 - o the matters of emphasis from the Investigating Accountant's Report;
- Section 8 contains a 2012 JORC compliant independent geologist's report for the Zhilyanskoye and Chelkar Projects;
- Section 10 'Financial Information' contains adjustments to the Pro-forma Historical Financial Information which reflect adjustments approved by the Directors for incorporation in the 31 December 2013 half year financial report of the Company. The Directors have provided for the non-recovery of \$1.8 million against loans to former Directors, the non-recovery of \$9 million for an unsecured loan to Team Lucky and have written off the deferred expenses of \$14.2 million included within other assets related to the GEM-CITIC Facility Line. The Directors have also considered the accounting for payments to Celaric as part of the Acquisition Transactions and have determined that it is appropriate to expense these payments as acquisition-related costs. Consequently, the Directors have adjusted the fair value attributed to the acquisition of the Zhilyanskoye and Chelkar Projects and the related deferred tax liability;
- the Directors having reconsidered the likelihood of the use of the GEM-CITIC Facility Line, and as such have no longer included this as a consideration in their going concern assessment in Section 10.6.1. The Directors have also included a sensitivity table in Section 10.7(c) to reflect the impact of the potential variations of the purchase consideration for the Acquisition Transactions based on Share price movements. Also included are additional details regarding the non-current liability in respect of convertible notes in Section 10.9 and historical information in respect of Batys Kali at Section 10.10;
- Section 14.3 includes some additional information regarding the terms and conditions of the CITIC-GEM Facility Line, in particular a general explanation of how such a facility works as well as the specific drawdown conditions imposed on KPC under the GEM Facility Agreement and the risks associated with this type of funding arrangement; and
- Appendix i (Independent Geologist's Report on the Satimola Project) has been removed from this Prospectus.

In addition to the above key changes, other minor amendments and amendments consequential to the above changes have been made to this replacement Prospectus.

The Company applied to the ASX within seven (7) days following the date of the Original Prospectus for official quotation by ASX of the Shares offered by this Prospectus. No securities will be issued on the basis of this Prospectus later than twelve (12) months after the date of the Original Prospectus.

Key dates

Lodgement of replacement Prospectus with ASIC	28 January 2014
Opening Date of Offer	29 January 2014
Closing Date under Prospectus	7 February 2014
Allotment of Shares pursuant to Offer	14 February 2014
Holding statements expected to be despatched	17 February 2014
Expected date Shares in KPC are reinstated to quotation on the ASX and normal trading of Shares on the ASX commences	20 February 2014

These dates are indicative only and subject to change. The Company reserves the right to vary the dates without prior notice.

1.2 Key Offer details

KPC proposes to offer up to 30,000,000 Shares for subscription at a price of \$1.80 per Share. The Offer will not be underwritten. The Minimum Subscription will be 5,000,000 Shares to raise \$9,000,000 before expenses of the Offer. If fully subscribed, the Offer will raise \$54,000,000 before expenses of the Offer. KPC reserves the right to accept over-subscriptions up to a total aggregate of 50,000,000 Shares.

Total number of Shares in issuance	Full Subscription	Minimum Subscription
Total number of Shares offered under this Prospectus	30,000,000	5,000,000
Number of Shares held by existing Shareholders	180,739,665	180,739,665
Total number of Shares on issue at Completion of the Offer ⁽¹⁾	210,739,665	185,739,665
Offer Price per Share	\$1.80	\$1.80
Total cash proceeds excluding expenses	\$54,000,000	\$9,000,000
Market capitalisation at the Offer price ⁽²⁾	\$379,331,397	\$334,331,397

(1) Excludes any Shares to be issued to the Project Vendors in relation to the Acquisition Transactions.

(2) Calculated by multiplying the Offer price by the number of Shares on issue on completion of the Offer, excluding any Shares to be issued to the Project Vendors.

1.3 Applications

Applications for Shares can only be made pursuant to the Application Form attached to, or accompanying, this Prospectus. The Corporations Act prohibits any person from distributing the Application Form to any other person unless it is attached to, or accompanied by, a complete and unaltered version of this Prospectus.

The Application Form contained in this Prospectus contains a declaration that the Applicant has personally received the complete and unaltered Prospectus prior to completing the Application Form.

1.4 Electronic Prospectus

This Prospectus may be viewed in electronic form online at the Company's website www.kazakhpotash.com.

The information on the Company's website does not form part of this Prospectus. Additional copies of this Prospectus are available at the registered office of the Company. This Offer is available to persons receiving an electronic version of this Prospectus in Australia.

Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company via email at info@kazakhpotash.com.

1.5 Restrictions on Offer

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Refer to Section 4 for information about restrictions that apply to the Shares in certain jurisdictions outside Australia and subscription for Shares by foreign persons.

1.6 Privacy

If you apply for Shares you will provide personal information to the Company and the Share Registry. This enables your Application to be assessed and the Company to register you as the holder of Shares, to enter your name in the Company's register of members and to contact you. The Company may from time to time be required to disclose your personal information to the Australian Taxation Office, other government agencies or as required by law. The Company and the Share Registry may disclose your personal information to its agents and service providers as authorised by the Privacy Act 1988 (Cth) or for purposes required by the Listing Rules or Corporations Act. You may access your personal information by contacting the Share Registry and may request corrections to such personal information.

1.7 Forward looking statements

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way implicitly portrayed within this Prospectus. These risks, uncertainties and other factors include, but are not limited to, the matters described in Section 11 and in the Independent Geologist's Report contained in Section 8. The Company gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward looking statements will be achieved.

KPC has no intention to update or revise forward looking statements or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus except where required by law.

1.8 Forecast financial information

The Company is a mining exploration company with the intention of becoming a producer of minerals in the medium term. Given the speculative nature of exploration, mineral production and development, there are uncertainties associated with forecasting future revenue of the Company. On this basis, the Directors consider that reliable forecasts cannot be prepared and therefore no forecasts have been included in this Prospectus.

1.9 Mineral resource estimates

The mineral resource estimates included in this Prospectus are matters of judgement and may not prove to be an accurate indication of the quality or quantity of potash which KPC has identified or may be able to extract. All references to resources and reserves should be read in conjunction with the Independent Geologist's Report contained in Section 8.

1.10 Note to Applicants about information

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. No person is authorised to provide any information or to make any representation about KPC or in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or the Directors. Applicants should only rely on the information contained in this Prospectus.

1.11 Risks

It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risk factors that could affect the financial performance of the Company. You should carefully consider these factors in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest. Some of the risk factors that should be considered by prospective investors are set out in Section 11. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

1.12 No Guarantee

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

1.13 Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are illustrative only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. The inclusion of photographs supplied by persons or entities other than the Company does not constitute an endorsement or recommendation by those persons or entities of Shares offered under this Prospectus.

1.14 Glossary

Please refer to the Glossary in Section 16 for terms and abbreviations used in this Prospectus.

1.15 Miscellaneous

The financial amounts in this Prospectus are expressed in Australian dollars unless stated otherwise. Items and undertakings displayed in photographs in this Prospectus are not necessarily assets owned by the Company.

1.16 Financial year periods

All references to FY2011, FY2012 and FY2013 appearing in this Prospectus are to the financial period or years ended 30 June 2011, 30 June 2012 or 30 June 2013, respectively, unless otherwise indicated.

1.17 Historical financial information

Unless otherwise stated, historical financial information has been prepared and presented in accordance with the recognition and measurement principles prescribed by the Australian Accounting standards including Australian Interpretations (as issued by the Australian Accounting Standards Board). The historical financial information also complies with the recognition and measurement principles of International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. The historical financial information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Sections 10 (Financial Information) and 13 (Investigating Accountant's Report).

1.18 Amounts

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. The exchange rates used for converting amounts denominated in United States dollars (USD), Hong Kong dollars (HKD) and Kazakhstan Tenge (KZT) to Australia dollars in the Prospectus (unless otherwise specified) are as follows:

	USD	HKD	KZT
30 June 2013 and projects future expenditure programme	0.9275	7.1570	140.65
16 January 2014	0.8905	6.9055	136.25

Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

2 CHAIRPERSON'S LETTER

Dear Investor,

It is with great pleasure that I invite you to become a Shareholder of, or increase your shareholding in, Kazakhstan Potash Corporation Limited (formerly Fortis Mining Limited).

The Company has changed from being a junior exploration company focusing on acquisition, exploration and development of mining assets in Australia to a company that will hold substantial potash resources in Kazakhstan, through the acquisition of companies that hold the exploration and production rights to various potash deposits in Kazakhstan.

Following the completion of the Acquisition Transactions, the Company will have a 95% interest in Batys Kali LLP, which holds the Subsoil Use Rights for the Zhilyanskoye Project and the Chelkar Project. The Zhilyanskoye and Chelkar Projects, located in Western Kazakhstan, have the potential to produce substantial resources and are well supported with respect to transportation networks, infrastructure and labour supply due to their proximity to town centres.

While the potash market has undergone a period of significant volatility, the Company remains confident in the future as the Company expects that demand for fertilisers will increase, as food consumption is on the rise due to economic improvements in developing countries and there is a decreasing area of arable land. The Company intends to seize this opportunity to surpass our competitors and maximise our benefit from the growing worldwide demand for fertiliser products in the future.

The Company believes that, compared to the projects of the Company's competitors, the Zhilyanskoye and Chelkar Projects have the advantage of lower operating costs, an abundance of power, water and human resources and proximity to major potash markets such as China and India, which should result in lower transportation costs. Furthermore, the Company has aligned, and will seek further opportunities to align, with strategic partners and investors who will be able to work with the Company in the areas of development, design, engineering, and sales and distribution. The Company has already signed MoUs with companies including Sino-Agri, which has a robust distribution network in China for fertiliser products and has developed and operates a potash project in Laos, and NFC, which has extensive experience in the development and engineering aspects of mining projects overseas. The Company is also in discussions with various Chinese companies for engineering, procurement and construction (EPC) contracts as possible alternatives to conventional equity and debt financing to fund the development of the Zhilyanskoye and Chelkar Projects.

In addition to the Zhilyanskoye and Chelkar Projects, the Company is currently in negotiations to acquire the Satimola Project. Subject to satisfactory terms being agreed, the Company is committed to proceeding with that acquisition.

Detailed information on the Zhilyanskoye and Chelkar Projects, and an overview of the Satimola Project, is set out in Section 7. The Independent Geologist's Report and the Independent Solicitor's Report on the Zhilyanskoye and Chelkar Projects are contained in Sections 8 and 9 respectively. I would encourage you to closely read the analyses of the Zhilyanskoye and Chelkar Projects for a comprehensive picture of these projects.

To support the work programme and to satisfy the ASX re-listing requirements, we are seeking to raise at least \$9 million (before expenses) under the Offer.

Although an investment in KPC involves a number of risks and must be considered speculative, I believe the Offer represents an excellent opportunity to participate in the fertiliser industry. I encourage you to read this Prospectus carefully and in its entirety to make your investment decision.

On behalf of the Board, I look forward to welcoming you as a Shareholder in the Company.

Yours faithfully,



Madam Freada Kwan Cheung

Chairperson and Managing Director

3 INVESTMENT OVERVIEW

This Section 3 provides an overview of an investment in KPC under the Offer. It highlights key information about KPC and the Offer, and gives cross-references to other sections of the Prospectus that contain more detailed information. It is not intended to provide full information for investors intending to apply for Shares offered under this Prospectus. Applicants should read and consider the Prospectus in its entirety.

Topic	Summary	For More Information
INTRODUCTION TO KPC		
What is KPC?	<p>Kazakhstan Potash Corporation Limited is a publicly listed mineral exploration company founded in 2010 and based in Melbourne, Australia. At the time of incorporation, the Company was focused on developing gold and base metal deposits in Western Australia. In 2011, the Company changed its primary focus to developing potash deposits in Western Kazakhstan.</p> <p>Shares in the Company are currently suspended from trading on the ASX. The Company has applied to the ASX to have the suspension from trading lifted and the reinstatement of the Shares to quotation.</p>	Section 5
What does KPC do?	<p>KPC is completing the acquisition of two potash deposits in Kazakhstan known as the Zhilyanskoye Project and the Chelkar Project. KPC intends to develop these projects in Kazakhstan through to production.</p> <p>The Company is also in negotiations to acquire the exploration and production rights to a further potash deposit known as the Satimola Project.</p> <p>KPC also continues to hold gold and base metals deposits in Western Australia.</p>	Section 5
What is the purpose of the Offer?	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> • meet the requirements of Chapters 1 and 2 of the ASX Listing Rules so as to satisfy the ASX requirements for the reinstatement of the existing Shares to quotation and quotation of the Shares the subject of this Offer; and • raise capital to fund business activities including mining exploration and development objectives. 	Section 4
What is the KPC business model?	<p>The key objective of the Company is to move the Zhilyanskoye and Chelkar Projects through the exploration, mine design, development and implementation cycle to mine production. In parallel to mine development, the Company will look to secure supply contracts, most notably in China, for the majority, if not for all of, the potash projected to be produced from the Zhilyanskoye and Chelkar Projects.</p> <p>The Directors believe that the Zhilyanskoye and Chelkar Projects have substantial potential and that their development through to production will be financially rewarding for the Company and its Shareholders.</p>	Section 5

Topic	Summary	For More Information
What are the key strategic initiatives of KPC?	<p>The key initiatives for KPC are:</p> <ul style="list-style-type: none"> • mine feasibility and preliminary design work for the Zhilyanskoye Project; • determine to JORC standard the potash mineral deposits of the Chelkar Project; • secure funding to support the Zhilyanskoye and Chelkar Projects development objectives; • progress negotiations with potential off-take partners primarily in the China market; • to further develop the relationships with Chinese partners; and • to continue negotiations with the vendors of the Satimola Project. 	Sections 5 and 7
THE PROJECTS IN KAZAKHSTAN		
What are the projects in Kazakhstan?	The Zhilyanskoye Project and the Chelkar Project are two large potash resources in Western Kazakhstan that have the potential to make KPC a substantial producer of potash.	Section 7
What is the status of Zhilyanskoye Project?	KPC entered into agreements with the Project Vendors to acquire the companies holding the Subsoil Use Rights to the Zhilyanskoye Project in November 2011. The Zhilyanskoye Project is a licence area covering 88 sq. km with JORC resources in excess of 1 billion tonnes.	Section 7.3
What is the status of Chelkar Project?	KPC entered into agreements with the Project Vendors to acquire the companies holding the rights to the Chelkar Project in November 2011. The Chelkar Project is a licence area covering 779 sq.km with the potential for substantial potash resources.	Section 7.4
Who are the vendors of the Zhilyanskoye and Chelkar Projects?	<p>Mainstar, United Delight, Goldquest and Celaric (together, the Project Vendors) each hold an interest in Batys Kali, the company which holds the Subsoil Use Rights for the Zhilyanskoye and Chelkar Projects.</p> <p>The ownership and control of each of the Project Vendors, as set out in the Notice of General Meeting dated 24 May 2012, is as follows:</p> <ul style="list-style-type: none"> • Wiyot is a company controlled by Goldquest, Mr Z K Dzhakupov, Mr A K Dzhakupov, Mr K S Ermekkaliyev and Mr H Kettwich. Goldquest controls approximately 85% of the issued capital of Wiyot and holds a notarized power of attorney in respect of the other shareholders in Wiyot. Mr Z K Dzhakupov, Mr A K Dzhakupov, Mr K S Ermekkaliyev are residents of Kazakhstan and Mr H Kettwich is a resident of Germany; • Goldquest is a company controlled by Mr V Chumashkaev, a resident of Russia; • Mainstar and United Delight are companies controlled by Mr Ya Chen, a resident of the People's Republic of China; • Celaric is a company controlled by Mr Hou Yong, a resident of Kyrgyzstan; and • except for Mainstar and United Delight (where Mr Ya Chen is the sole director), none of the Project Vendors have any common directors. <p>The Project Vendors are only associated for the purposes of, and to the extent necessary to, complete the sale of each of the Zhilyanskoye and Chelkar Projects to KPC. Except for Mainstar and United Delight (being companies controlled by Mr Ya Chen), the Project Vendors have confirmed to KPC that following completion of the Aquisition Transactions, the Project Vendors will not otherwise be associated in any capacity.</p> <p>The status of the Project Vendors, as set out in the Notice of General Meeting dated 24 May 2012, remains unchanged as at the date of this Prospectus.</p>	

Topic	Summary
<p>How many Shares will the Project Vendors hold following the acquisition of the Zhilyanskoye and Chelkar Projects?</p>	<p>Currently none of Mainstar, United Delight, Goldquest and Celaric, or their respective associates, holds any Shares in KPC.</p> <p>KPC has agreed to issue 285 million Shares to the Project Vendors in consideration for the sale of each of the Project Vendors' respective interests in the Zhilyanskoye and Chelkar Projects. Accordingly, post acquisition the Project Vendors will hold Shares in KPC as follows:</p> <ul style="list-style-type: none"> • Mainstar will hold 40,000,000 Shares (in consideration for the transfer of 75% of the issued share capital in Jian Resources). If the Offer is fully subscribed, Mainstar will hold 8.07% of the total Shares on issue in the capital KPC; • United Delight will hold 15,000,000 Shares (in consideration for the transfer of the remaining 25% of the issued share capital in Jian Resources). If the Offer is fully subscribed, United Delight will hold 3.03% of the total Shares on issue in the capital of KPC; • Goldquest will hold 110,000,000 Shares (in consideration for the transfer of 100% of the issued share capital in Wiyot). If the Offer is fully subscribed, Goldquest will hold 22.19% of the total Shares on issue in the capital of KPC; and • Celaric will hold up to 120,000,000 Shares (in consideration for Celaric providing certain consulting services to Jian Resources in connection with Jian Resources' acquisition of 100% of the issued share capital in Wiyot). If the Offer is fully subscribed, Celaric will hold up to 24.21% of the total Shares on issue in the capital of KPC. Initially, the Celaric Shares will be issued to, and held by, an escrow agent. The Celaric Shares will only be released from Voluntary Escrow upon confirmation that the potash resources at the Chelkar Project are not less than 1 billion tonnes, otherwise the Shares to be released from Voluntary Escrow will be reduced proportionally. Unless and until the Celaric Shares are released from Voluntary Escrow, the escrow agent is not permitted to vote the Celaric Shares at a general meeting of the Company. Any Celaric Shares not released from Voluntary Escrow will be cancelled for nil consideration.

Topic	Summary
<p>Who are the directors of each entity in the proposed ownership structure of the Zhilyanskoye and Chelkar Projects?</p>	<p>The proposed ownership structure for the Zhilyanskoye and Chelkar Projects, post completion of the acquisition from the Project Vendors, is set out in Section 5.2.</p> <p>The directors of each of Jian Resources, Wiyot, Aktobe Tuz and Batys Kali, being the subsidiaries in the chain of ownership of the Zhilyanskoye and Chelkar Projects as at the date of this Prospectus, are as follows:</p> <p>Jian Resources</p> <ul style="list-style-type: none"> • Madam Freada Kwan Cheung; and • Mr Kwong Lung Terence Wong. <p>Wiyot</p> <ul style="list-style-type: none"> • Madam Freada Kwan Cheung; • Fortis Mining (Hong Kong) Limited (a wholly-owned subsidiary of KPC); and • Fortis Potash Resources Limited (a wholly-owned subsidiary of KPC). <p>Aktobe Tuz</p> <ul style="list-style-type: none"> • Mr Erenchin Eldar Anatoliyevich <p>Batys Kali</p> <ul style="list-style-type: none"> • Mr Freiman Georgiy Georgiyevich (General Director) <p>(At the end of January 2014, the company intends to appoint Mr Hou Yong to the position of General Director. Mr Freiman Georgiy Georgiyevich will be appointed to the position of First Deputy General Director).</p> <p>NC SEC Batys</p> <p>The Company has not conducted any formal legal due diligence on NC SEC Batys, the entity which holds a 5% interest in Batys Kali. Accordingly, KPC is unable to provide the names of the directors of NC SEC Batys. However, according to publicly available information, NC SEC Batys is a government controlled entity. It was established in 2006 by Presidential edict to support and develop entrepreneurial activity in the West Kazakhstan and Aktobe regions. NC SEC Batys holds the following priority rights:</p> <ul style="list-style-type: none"> • priority right to obtain land for business purposes; and • priority right to obtain any kind of mineral deposit (except oil and gas). <p>There are a number of other “National Company Socially-Enterprise Corporations” established by Presidential edict, the purpose of which is to foster business development and eliminate administrative barriers between business and government.</p>

Topic	Summary	For More Information																																																
THE OFFER AND ASX LISTING																																																		
Why are Shares in the Company currently suspended from trading on the ASX?	Because of the change in the nature and scale of the Company, trading in Shares on the ASX has been suspended from the time Shareholders approved the acquisition of the Zhilyanskoye and Chelkar Projects in November 2011 in accordance with the ASX Listing Rules.	Section 4.5																																																
How will the Company have the suspension from trading lifted?	The suspension will continue until the Company meets the requirements of Chapters 1 and 2 of the ASX Listing Rules. The issue of this Prospectus and completion of the Offer will assist to meet the requirements.	Section 4.5																																																
Why is it necessary to undertake the Offer?	The purpose of the Offer is to facilitate both the lifting of the suspension of Shares on the ASX and to raise capital.	Section 4.9																																																
Who will be the major Shareholders following completion of the Offer?	<table border="1"> <thead> <tr> <th>Shareholder</th> <th>Number of Shares</th> <th>% Shareholding (Minimum Subscription)</th> <th>% Shareholding (Full Subscription)</th> </tr> </thead> <tbody> <tr> <td>Celaric (Escrow Agent)*</td> <td>120,000,000</td> <td>25.49%</td> <td>24.21%</td> </tr> <tr> <td>Goldquest</td> <td>110,000,000</td> <td>23.37%</td> <td>22.19%</td> </tr> <tr> <td>Mainstar</td> <td>40,000,000</td> <td>8.50%</td> <td>8.07%</td> </tr> <tr> <td>JP Morgan Nominees Australia Limited <Cash Income A/C></td> <td>16,627,690</td> <td>3.53%</td> <td>3.35%</td> </tr> <tr> <td>United Delight</td> <td>15,000,000</td> <td>3.19%</td> <td>3.03%</td> </tr> <tr> <td>Citicorp Nominees Pty Limited</td> <td>14,561,190</td> <td>3.09%</td> <td>2.94%</td> </tr> <tr> <td>City Winner Holdings</td> <td>13,000,000</td> <td>2.76%</td> <td>2.62%</td> </tr> <tr> <td>Pacific Castle International Limited</td> <td>10,000,000</td> <td>2.12%</td> <td>2.02%</td> </tr> <tr> <td>Smartime Investments Limited</td> <td>10,000,000</td> <td>2.12%</td> <td>2.02%</td> </tr> <tr> <td>Tian Zhi International Investment Limited</td> <td>10,000,000</td> <td>2.12%</td> <td>2.02%</td> </tr> <tr> <td>TOTAL</td> <td>359,188,880</td> <td>76.30%</td> <td>72.46%</td> </tr> </tbody> </table> <p>* Initially the Celaric Shares will be held by an escrow agent. Refer to this Section 3 above and Section 15.3 for further details.</p>	Shareholder	Number of Shares	% Shareholding (Minimum Subscription)	% Shareholding (Full Subscription)	Celaric (Escrow Agent)*	120,000,000	25.49%	24.21%	Goldquest	110,000,000	23.37%	22.19%	Mainstar	40,000,000	8.50%	8.07%	JP Morgan Nominees Australia Limited <Cash Income A/C>	16,627,690	3.53%	3.35%	United Delight	15,000,000	3.19%	3.03%	Citicorp Nominees Pty Limited	14,561,190	3.09%	2.94%	City Winner Holdings	13,000,000	2.76%	2.62%	Pacific Castle International Limited	10,000,000	2.12%	2.02%	Smartime Investments Limited	10,000,000	2.12%	2.02%	Tian Zhi International Investment Limited	10,000,000	2.12%	2.02%	TOTAL	359,188,880	76.30%	72.46%	
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What will the funds raised in the Offer be used for?	<p>The funds raised from the Offer will be used for the business and mining exploration objectives of the Company which include funding of:</p> <ul style="list-style-type: none"> • mine feasibility studies and preliminary design work for Zhilyanskoye Project; • the reporting and analysis of the exploration activities, including to JORC standards the potash mineral deposits of the Chelkar Project; and • general working capital requirements. 	Section 4.9																																																

Topic	Summary	For More Information																																								
FINANCIAL POSITION OF THE COMPANY AND THE ENTITIES TO BE ACQUIRED																																										
<p>What is the current financial position of KPC?</p>	<p>The following table summarises the audited consolidated statement of financial position and the pro-forma consolidated statement of financial position as at 30 June 2013 assuming completion of the Offer. The pro-forma adjustments are summarised in Section 10.7(d).</p> <table border="1" data-bbox="416 461 1246 846"> <thead> <tr> <th></th> <th style="text-align: center;">Audited Historical Consolidated \$'000</th> <th style="text-align: center;">Unaudited Post Acquisition Pro-Forma Consolidated \$'000</th> <th style="text-align: center;">Unaudited Minimum Subscription Pro-Forma Consolidate \$'000</th> <th style="text-align: center;">Unaudited Full Subscription Pro-Forma Consolidated \$'000</th> </tr> </thead> <tbody> <tr> <td>Current assets</td> <td style="text-align: right;">17,103</td> <td style="text-align: right;">20,806</td> <td style="text-align: right;">28,401</td> <td style="text-align: right;">70,238</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">56,916</td> <td style="text-align: right;">393,824</td> <td style="text-align: right;">393,824</td> <td style="text-align: right;">393,824</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">74,019</td> <td style="text-align: right;">414,630</td> <td style="text-align: right;">422,225</td> <td style="text-align: right;">464,062</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">11,204</td> <td style="text-align: right;">74,416</td> <td style="text-align: right;">74,416</td> <td style="text-align: right;">74,416</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">7,856</td> <td style="text-align: right;">75,073</td> <td style="text-align: right;">75,073</td> <td style="text-align: right;">75,073</td> </tr> <tr> <td>Total liabilities</td> <td style="text-align: right;">19,060</td> <td style="text-align: right;">149,489</td> <td style="text-align: right;">149,489</td> <td style="text-align: right;">149,489</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;">54,959</td> <td style="text-align: right;">265,141</td> <td style="text-align: right;">272,736</td> <td style="text-align: right;">314,573</td> </tr> </tbody> </table>		Audited Historical Consolidated \$'000	Unaudited Post Acquisition Pro-Forma Consolidated \$'000	Unaudited Minimum Subscription Pro-Forma Consolidate \$'000	Unaudited Full Subscription Pro-Forma Consolidated \$'000	Current assets	17,103	20,806	28,401	70,238	Non-current assets	56,916	393,824	393,824	393,824	Total assets	74,019	414,630	422,225	464,062	Current liabilities	11,204	74,416	74,416	74,416	Non-current liabilities	7,856	75,073	75,073	75,073	Total liabilities	19,060	149,489	149,489	149,489	Net assets	54,959	265,141	272,736	314,573	<p>Section 10</p>
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<p>Has the Investigating Accountant raised any matters of emphasis in respect of the Company's financial position?</p>	<p>In the Investigating Accountant's Report, the Investigating Accountant, has drawn particular attention to:</p> <ul style="list-style-type: none"> section 10.6.1 (Going Concern) in the financial information, which indicates that the consolidated entity incurred a net loss from continuing operations of \$10,483,005 and net cash outflows from operating activities amounting to \$6,820,385 during the year ended 30 June 2013. These conditions, along with other matters set out in Section 10.6.1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business; and section 10.7(c) (Business Combinations), which indicates the potential impact from the assumption used in establishing the fair value of the Shares to be issued as part of the consideration in respect of the Acquisition Transactions used in the preparation of the Pro-forma Historical Financial Information set out in Section 10. 	<p>Section 10 Section 13</p>																																								

Topic	Summary	For More Information																
<p>What is the financial position of each entity KPC proposes to acquire?</p>	<p>Jian Resources, Wiyot and Aktobe Tuz are sole purpose investment entities. These companies have no operational activities and exist only as holding companies for the controlled entity, Batys Kali. Accordingly, the Directors consider that the statements of financial position for each of these entities as at 30 June 2013 and the historical financial statements for the last 3 years will not be material to the consolidated KPC group post acquisition of each of these entities. All material assets and liabilities of each of these entities are eliminated on consolidation in the pro-forma financial statements set out in Section 10.</p> <p>Batys Kali is an exploration entity. Historical financial information in respect of this entity is set out in Section 10.10. To date, Batys Kali has undertaken some exploration activities, however these activities have been curtailed due to funding restrictions. Accordingly, the Directors consider that the financial information contained in Section 10 in respect of Batys Kali is not indicative of the body corporate's future prospects. Post acquisition, KPC intends to significantly increase funding to Batys Kali to enable it to rapidly increase exploration and development activities as appropriate. The extent of future exploration and development activities will be significantly greater than that reflected in the historical financial statements.</p> <p>The following table summarises the financial position of Batys Kali at 30 June 2013:</p> <table border="1" data-bbox="608 983 1059 1263"> <thead> <tr> <th></th> <th style="text-align: right;">Reviewed Historical 30 Jun 2013 \$'000</th> </tr> </thead> <tbody> <tr> <td>Current assets</td> <td style="text-align: right;">752</td> </tr> <tr> <td>Non-current assets</td> <td style="text-align: right;">18,945</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">19,697</td> </tr> <tr> <td>Current liabilities</td> <td style="text-align: right;">2,290</td> </tr> <tr> <td>Non-current liabilities</td> <td style="text-align: right;">20,205</td> </tr> <tr> <td>Total liabilities</td> <td style="text-align: right;">22,495</td> </tr> <tr> <td>Net assets</td> <td style="text-align: right;">(2,798)</td> </tr> </tbody> </table>		Reviewed Historical 30 Jun 2013 \$'000	Current assets	752	Non-current assets	18,945	Total assets	19,697	Current liabilities	2,290	Non-current liabilities	20,205	Total liabilities	22,495	Net assets	(2,798)	<p>Section 10</p>
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<p>How will KPC fund its business objectives?</p>	<p>In addition to the funds to be raised as contemplated by this Prospectus, and existing cash reserves, the Company may fund its business objectives by utilising funds from the GEM-CITIC Facility Line of up to \$140 million which, subject to the terms of the facility, the Company can draw upon, until the facility expires on 18 April 2014, for the purposes of meeting the Company's future exploration expenses and working capital costs. Unless the term of the facility is extended, it is unlikely that there will be any significant drawdown under it.</p> <p>An equity line facility such as the GEM-CITIC Facility Line is a funding mechanism which allows a company to obtain funding without having to take out a loan. The company obtains funding from a third party financier in exchange for an issue of its shares. In exchange for the funds provided, the company issues its shares, generally at a discount to the current market price, to that financier up to the value of those funds provided. Refer to Section 14.3 for further details on the GEM-CITIC Facility Line.</p> <p>The Company may also decide to pursue other funding initiatives if the Directors determine it is required.</p>	<p>Section 10</p>																

Topic	Summary	For More Information
KPC DIRECTORS AND THEIR INTERESTS AND TECHNICAL PERSONNEL		
<p>What is the experience and background of KPC's Directors?</p>	<p>The Board of the Company comprise:</p> <ul style="list-style-type: none"> • Madam Freada Kwan Cheung (Chairperson and Managing Director) is an experienced investor and is well respected in the business community. She has extensive business contacts internationally and in particular, in the PRC. • Mr Terence Wong (Executive Director) has over 20 years of experience in management and investment in Hong Kong and the PRC and has extensive Asian business experience and networks. • Mr Marco Marcou (Executive Director, Joint Company Secretary), has over 25 years of managerial and advisory experience in Australia, the USA and Asia. Mr Marcou was a joint founder, and is currently a Director of, MAP Capital Advisors, a leading independent boutique investment and advisory house with offices in Sydney and Melbourne providing Corporate Advisory (Strategic Transactions and Capital Markets), Market Insights, Venture Capital and Specialist Funds services; • Ms Teresa Wong (Executive Director, Chief Financial Officer, Joint Company Secretary) has over 20 years of experience in accounting, finance and auditing. She started her career with Deloitte Touche Tohmatsu and moved to work at a management level in finance, risk management and treasury functions in large investment banks, including Macquarie Group Limited; • Mr Edward Wen (Non-Executive Director) was an investment banker in several global investment banking houses in New York, first at J&W Seligman and then Nomura Securities, where he initiated and executed numerous cross-border initial public offerings, merger and acquisition transactions and structured financings. Since 2008, Mr Wen founded and manages several private equity funds with total investment assets over US\$3 billion; and • Ms Junmei Zhang (Non-Executive Director) has over 17 years accounting experience in a number of senior management roles. 	<p>Section 12</p>
<p>Does KPC employ any technical personnel?</p>	<p>In respect of technical personnel, KPC employs 2 Production Engineers. These personnel are located in China. In addition, KPC also engages in Australia the services of Mr James Guy as a Consulting Geologist.</p> <p>Batys Kali, the holder of the Subsoil Use Rights for the Zhilyanskoye and Chelkar Projects, employs the following technical personnel:</p> <ul style="list-style-type: none"> • 2 X Senior Geologists; • 1 X Geologist; • 2 X Production Geologists; • 2 X Production Engineers; and • 1 X Ecologist. 	
<p>What are the interests of the KPC Directors in the securities of the Company?</p>	<p>The Directors either personally or through entities associated with them hold 28,877,743 Shares, \$24,000,000 CAR Fund Convertible Notes and 57,920,000 Options. Further details of the Directors' holdings in the securities of the Company are contained in Section 12.2.</p>	<p>Section 12.2</p>

Topic	Summary	For More Information
INVESTMENT HIGHLIGHTS		
Substantial resources	The Zhilyanskoye and Chelkar Projects are believed to hold significant resources. The Zhilyanskoye Project has JORC resources in excess of 1 billion tonnes. The Chelkar Project is a licence area with the potential for substantial potash resources. The Chelkar Project will undergo an extensive drilling program during 2014 with a view to determine its mineral resources in compliance with 2012 JORC standards. However, as at the date of this Prospectus, the Chelkar Project does not have any mineral resources in compliance with 2012 JORC standards.	Section 7
Board and executive team	<p>The Board, executive team, personnel and partners of the Company are experienced and capable with the skills required to:</p> <ul style="list-style-type: none"> • successfully develop and exploit the Company's existing projects; and • pursue additional project acquisition opportunities for the Company in order to create further Shareholder value. <p>Profiles of the Directors of the Company are set out in full in Section 12.</p>	Section 12
Supply growing demand for potash	Acquisition of the Zhilyanskoye and Chelkar Projects gives the Company the opportunity for direct entry into the profitable, high growth fertiliser industry.	Section 6
Partnerships	The Company has entered into an MoU with MINT and Sino-Agri in respect of the establishment of a large-scale fertiliser industry in Kazakhstan, and an MoU with NFC in respect of the construction of two concentrators for the Zhilyanskoye Project. KPC intends to develop strategic partnerships with these companies. Sino-Agri is a subsidiary of CNAMPC Group; a China based enterprise with nationwide operations and is the leader in the area of production, trading, sales and distribution of chemical fertilisers and other agricultural related products. NFC has extensive experience in the development and engineering aspects of projects overseas.	Section 14

Topic	Summary	For More Information
INVESTMENT RISKS		
Risks associated with KPC	<p>KPC is an exploration company at an early stage of development. The exploration and development of natural resources is a speculative activity that involves a high degree of risk.</p> <p>KPC is heavily reliant on key personnel. Loss of key personnel could cause significant disruption to the Company's activities and development.</p> <p>KPC does business internationally, which exposes it to various additional risks.</p> <p>KPC may make additional acquisitions, which may give rise to additional risks.</p> <p>KPC's expected rapid growth may strain its resources.</p> <p>The market value of the Shares, and the percentage Shareholdings of Shareholders may be reduced following the issue of Shares to GEM pursuant to the GEM Facility Agreement.</p>	Section 11.1
Tenement and resources risk	<p>The ability of KPC to carry out successful exploration, development and production for its projects in Kazakhstan will depend on its ability to maintain tenure of its licences, permits and mining titles in respect of the Zhilyanskoye and Chelkar Projects. In particular, the land use permit for the Zhilyanskoye Project expired on 11 December 2013. As at the date of this Prospectus, KPC had not applied for another land use permit to be issued. There are risks that those licences, permits and mining titles will not be obtained and maintained.</p> <p>The resources estimates for the projects in Kazakhstan are estimates only and no assurances can be given as to their accuracy.</p> <p>The security of KPC's investment in the Zhilyanskoye and Chelkar Projects, may be compromised by the cross-jurisdictional ownership structure of Batys Kali, which is held by a chain of companies incorporated in overseas jurisdictions, namely Kazakhstan and Panama. The laws of such jurisdictions and the enforcement of them are less robust than those of Australia in respect of registration of share ownership, corporate governance and financial reporting and auditing requirements.</p>	Section 11.2

Topic	Summary	For More Information
Exploration and development risks	<p>There are risks associated with exploration.</p> <p>There are risks associated with development of the Company's projects.</p> <p>In production, operations may be disrupted by a variety of risks and hazards which are beyond the Company's control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents.</p> <p>Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, railways, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations of the Company. The Zhilyanskoye and Chelkar Projects are fairly accessible, being located near main roads and in reasonably close proximity to a railroad in the relevant area; however any change or damage to the road or railroad network could have a material impact on the business of the Company.</p> <p>Construction and operational risks, including but not limited to, equipment and plant performance, harsh weather conditions, terrain, environmental, cost estimation accuracy and workforce performance and dependability will all affect the development and profitability of the Zhilyanskoye and Chelkar Projects.</p> <p>In the event that the current infrastructure is not adequate, or that adequate infrastructure is not developed or is developed but does not support the viability of the Zhilyanskoye and Chelkar Projects, the challenges in respect of transportation may adversely affect the operations of the Company.</p> <p>The activities being undertaken by the Company give rise to potential environmental risk.</p>	Section 11.3
Kazakhstan risks	<p>Operating in Kazakhstan exposes the Company to political risk.</p> <p>Uncertainties in the Kazakhstan legal environment expose the Company to additional risk.</p>	Section 11.4
Risks associated with Shares	<p>There is a risk that ASX may not lift the suspension on trading in the Company's Shares.</p> <p>Existing Shareholders of KPC are subject to dilution risk.</p>	Section 11.5
General investment risks	<p>An investment in shares carries general risks. These include:</p> <ul style="list-style-type: none"> • the state of the Australian and international economies; • changes to government policies and legislative changes; • movements in local and international stock markets; and • fluctuations in international currency markets. 	Section 11.6

4 DETAILS OF THE OFFER

This Prospectus is an opportunity to acquire shares in Kazakhstan Potash Corporation Limited. Kazakhstan Potash Corporation Limited is a publicly listed mineral exploration company based in Melbourne, Australia, with a focus on potash deposits in Western Kazakhstan.

4.1 Description and Structure of Offer

The Company is seeking to raise up to \$54,000,000 (before expenses of the Offer) through the issue of up to 30,000,000 Shares at the offer price of \$1.80 per Share. All of the Shares offered under this Prospectus will rank equally with all existing Shares of the Company currently on issue. KPC reserves the right to accept over-subscriptions up to a total aggregate of 50,000,000 Shares.

4.2 Minimum Subscription

The Minimum Subscription for the Offer is 5,000,000 Shares to raise \$9,000,000 (before expenses of the Offer). The Company will not issue any Shares under the Prospectus unless the Minimum Subscription is raised.

4.3 Shares Structure

At the date of this Prospectus, the issued capital of the Company was 180,739,665 Shares. The table below sets out the ownership of Shares before the Offer and immediately after the Offer.

	Full Subscription	Minimum Subscription
Total number of Shares offered under this Prospectus	30,000,000	5,000,000
Number of Shares held by existing Shareholders	180,739,665	180,739,665
Total number of Shares on issue at Completion of the Offer	210,739,665	185,739,665
Offer Price per share	\$1.80	\$1.80
Market capitalisation at the Offer price	\$379,331,397	\$334,331,397

In addition to the Shares the subject of the Offer, the Company will issue 285,000,000 Shares to the Project Vendors (or an escrow agent) within 10 business days after the date on which the ASX approves the reinstatement of the Shares to quotation. Refer to Section 3 for further information on the number of Shares to be issued to each Project Vendor and their anticipated percentage shareholding in the Company upon completion of the Offer if it is fully subscribed. There are special provisions against the release of 120,000,000 Shares from Voluntary Escrow and a reduction in the number of Shares to be issued to Celaric, one of the Project Vendors, if resources of the Chelkar Project are below the thresholds designated in the acquisition agreement in respect of that project. Refer to Section 14.1 for details of the terms.

Key dates⁽¹⁾

Lodgement of replacement Prospectus with ASIC	28 January 2014
Opening Date of Offer	29 January 2014
Closing Date under Prospectus	7 February 2014
Allotment of shares pursuant to Offer	14 February 2014
Holding Statements expected to be despatched	17 February 2014
Expected date Shares in KPC are reinstated to quotation on ASX and normal trading of Shares on ASX commences.	20 February 2014

⁽¹⁾ These dates are indicative only and subject to change. The Company reserves the right to vary the dates without prior notice.

4.4 Investment Process

Applications for Shares can only be made by completing and lodging the Application Form attached to or accompanying this Prospectus. Instructions on how to apply for Shares are set out below in this Section 4 and on the back of the Application Form.

4.5 Lifting ASX suspension

KPC applied to the ASX for quotation of the Shares offered under this Prospectus, and the reinstatement to quotation of existing Shares, on the ASX within seven (7) days of the date of the Original Prospectus (**Approvals**). The Company expects the ASX to reinstate the Shares to quotation when the ASX is satisfied that the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules upon completion of the Offer.

No Shares will be allotted until both Approvals are granted. If the Company does not receive both Approvals, all Application monies received under this Offer will be refunded.

Until both Approvals are granted and the Shares offered under this Prospectus are issued, all Application monies will be held in trust.

4.6 Minimum Application

Applications must be for a minimum of 1,200 Shares (\$2,160).

The Directors may reject any Application or allocate any Applicant fewer Shares than that Applicant applied for.

4.7 Over-Subscriptions

The Company reserves the right to accept over-subscriptions under the Offer, up to a total aggregate of 50,000,000 Shares.

4.8 Opening and Closing Dates

The Offer will open on at 9.00am AEDT on the Opening Date and remain open until 5.00pm AEDT on the Closing Date subject to the right of the Directors to either close the Offer at an earlier time and date or to extend the closing time and date without prior notice. Applicants are encouraged to submit their Applications as early as possible.

4.9 Purpose of the Prospectus

The purpose of the Prospectus is to:

- assist the Company to meet the requirements of Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for reinstatement of existing Shares to quotation and the quotation of the new Shares offered under this Prospectus;
- raise a minimum of \$9,000,000 (before expenses) and up to \$54,000,000 (before expenses) if the Offer achieves the Full Subscription, which will be used to fund business activities including mining exploration and development objectives which include:
 - (1) funding the mine feasibility study and preliminary design work for the Zhilyanskoye Project;
 - (2) funding the reporting and analysis of the exploration activities on the Chelkar Project by an independent geological firm with a view to them reporting on the resources levels (if any) at the Project in accordance with the JORC Code reporting standards;
 - (3) providing funds for general working capital purposes; and
 - (4) paying the costs and expenses associated with the Offer.

4.10 Application of Funds

Under the Offer, the Company plans to raise up to \$54,000,000 (before expenses of the Offer) through the issue of 30,000,000 Shares at the offer price of \$1.80 per Share. The Minimum Subscription for the Offer is 5,000,000 Shares at \$1.80 per Share to raise \$9,000,000 (before expenses of the Offer). The Company intends to apply the funds raised from the Offer as detailed below in the table which sets out the proposed use of funds based on achievement of the Full Subscription and the Minimum Subscription.

	Full Subscription	Minimum Subscription
Existing cash at date of Prospectus	\$10,179,000	\$10,179,000
Total Raised in this Offer	\$54,000,000	\$9,000,000
Total Funds Available	\$64,179,000	\$19,179,000
Committed corporate expenditures	\$634,000	\$634,000
Mine feasibility and preliminary design work for the Zhilyanskoye Project	\$2,606,000	\$2,606,000
Exploration and development budget for Chelkar Project	\$1,806,000	\$1,806,000
Expenses of Offer	\$4,568,060	\$1,404,774
Cash reserve	\$45,564,940	\$3,728,226
General working capital	\$9,000,000	\$9,000,000
Total Funds Applied	\$64,179,000	\$19,179,000

Notes:

- a) Cash reserve held will be used to fund further work on the Zhilyanskoye Project, the Chelkar Project or additional investment activities. The use of the funds will depend on the results achieved and on future opportunities that may arise. As outlined below, additional cash raised above the Minimum Subscription will be used to advance the mine development phase of the Zhilyanskoye Project, as well as fund other investment opportunities that may arise. With respect to the development of the Zhilyanskoye Project, the pre-feasibility study report prepared for the Zhilyanskoye Project estimates that the first year of the preparatory phase of mine development will require funding of \$104.7 million (US\$97.1 million).
- b) The Company also has access to the GEM – CITIC Equity Line Facility of up to \$140 million which, subject to the terms of the facility, can be drawn upon, up until it expires on 18 April 2014, for the purposes of meeting the Company's future exploration expenses and working capital costs in the event that less than the maximum amount is raised. Please refer to Section 14 (Material Agreements) for further information in relation to the terms of this facility agreement.
- c) Committed corporate expenditures refer to commitments the Company has made in respect of existing creditors including those under Batys Kali.

The Directors consider that if the Offer is successfully closed, the Company will have enough working capital to carry out its stated objectives as set out in this Prospectus. Additional cash raised for subscription above Minimum Subscription will be used to progress on the development of the Zhilyanskoye Project and fund other investments as applicable. According to the pre-feasibility study report prepared for the Zhilyanskoye Project, the first year of the preparatory phase of mine development will require funding of \$104.7 million (US\$97.1 million).

However, investors should be aware that the Company may expend its cash reserves on its activities more quickly than anticipated. The Directors will consider further equity funding where they consider that the raising of such further capital is necessary to meet the Company's objectives and requirements.

4.11 Applications for Shares – How to Apply

Applications for Shares under this Prospectus may only be made on the Application Form attached to, or accompanying, this Prospectus. Please read the instructions on the Application Form carefully before completing it.

Completed Application Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to "Kazakhstan Potash Corporation Subscription A/C" and may be lodged at any time after the issue of the Prospectus and on or before the Closing Date as follows:

by post to:

Kazakhstan Potash Corporation Ltd
c/- Computershare Investor
Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001

or delivered to:

Kazakhstan Potash Corporation Ltd
Level 5
406 Collins Street
Melbourne VIC 3000

OR

Kazakhstan Potash Corporation Ltd
Level 5
406 Collins Street
Melbourne VIC 3000

No brokerage or stamp duty is payable by Applicants.

An Application may be accepted in full, for any lesser number, or rejected by the Directors. If any Application is rejected, in whole or in part, the relevant Application monies will be returned without interest.

4.12 Application for Shares outside Australia

The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus in jurisdictions outside Australia, then you should seek advice on and observe any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia and the Offer is not an offer or invitation in any jurisdiction where, or to any person whom, such an offer or invitation would be unlawful.

However, subject to the following restrictions, KPC reserves the right to offer Shares to any investor, where to do so would not be in breach of the securities law requirements of the relevant jurisdiction.

United States

The Shares have not been, and will not be, registered under the US Securities Act 1933 (**US Securities Act**) and may not be offered or sold in the United States, or to, or for the account or benefit of, US Personas (each as defined in Rule 902 under the US Securities Act) except under an available exemption from registration under the US Securities Act. These Shares may only be resold or transferred in the United States if registered under the US Securities Act or pursuant to an available exemption from registration under the US Securities Act. KPC is under no obligation, and has no intention, to register the Shares under the US Securities Act.

United Kingdom

The Prospectus is not an approved prospectus for the purposes of Section 85 of the Financial Services and Markets Act 2000 (**FSMA**).

In the United Kingdom, the Prospectus may be distributed only to and may be directed only at persons who have professional experience in matters relating to investments who fall within Section 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (**Order**):

- a) persons falling within section 49(2)(a) to (d) (for example, high net worth companies, unincorporated associations) of the Order; or
- b) persons to whom it may otherwise lawfully be communicated or caused to be communicated pursuant to section 21 of the Order (together, **Relevant UK Persons**).

The promotion of the offering of the Shares in the United Kingdom will be directed solely at, and the Prospectus is being distributed only to Relevant UK Persons. The Prospectus must not be acted on or relied on in the United Kingdom by persons who are not Relevant UK Persons. Any investment or investment activity to which the Prospectus relates is available in the United Kingdom to Relevant UK Persons only, and will be engaged in only with such persons. Persons distributing the Prospectus must satisfy themselves that it is lawful to do so.

Hong Kong

This Prospectus is not and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32 of the Laws of Hong Kong (**CO**)) nor has it been authorised by the Securities and Futures Commission in Hong Kong and accordingly, the offering document must not be issued, circulated or distributed in Hong Kong other than (1) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (2) to 'professional investors' as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (**SFO**) and any rules made under the SFO; or (3) in other circumstances which do not result in the document being a 'prospectus' as defined in the CO or which do not constitute an offer to the public within the meaning of the CO. Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, this Prospectus or any other invitation, advertisement or document relating to interests in KPC, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to interests in KPC which are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' as defined in the SFO and any rules made under the SFO.

Singapore

This Prospectus has not been registered as a prospectus with the monetary Authority of Singapore. No person has offered or sold any Shares or caused such Shares to be made the subject of an invitation for subscription or purchase and will not offer or sell such Shares or cause such Shares to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Shares, whether directly or indirectly, to persons in Singapore other than to an institutional investor under section 274 of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

4.13 Allotment

Acceptance of an Application by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares for which the Application is accepted.

The Company will allot and issue the Shares offered by this Prospectus as soon as possible after the grant of quotation of the Shares offered under this Prospectus. No Shares will be allotted until the ASX approvals referred to in Section 4.5 have been granted.

Following the allotment and issue of the Shares, statements illustrating Applicants' shareholdings in the Company will be despatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

4.14 Application Monies Held on Trust

All Application monies received for the Shares offered under this Prospectus will be held in trust in a bank account established solely for the purpose of depositing Application monies received pursuant to this Prospectus until the Shares are issued. Application monies will be returned (without interest) as soon as practicable if the Shares the subject of this Offer are not issued.

4.15 Placement Fees

The Offer is not underwritten.

The Company reserves the right to pay a fee of up to 7% of the amount subscribed (and accepted by the Company) for an Application bearing the stamp of a licensed securities dealer or holder of an Australian Financial Services licence (AFSL). Payment will be subject to the receipt of a proper tax invoice from the licensed securities dealer or AFSL holder.

The other estimated expenses of the Offer are referred to in Section 15.12.

4.16 Escrow

Chapter 9 of the ASX Listing Rules require certain shareholders of companies to enter into restriction agreements in accordance with the Listing Rules. Under a restriction agreement, a security holder is restricted from dealing in all or part of the securities they hold at completion of the offer until a specified period after the securities are quoted. As at the date of this Prospectus, the Company is unable to specify which of its securities may be subject to restrictions in accordance with Chapter 9. However, none of the holders of the Shares offered under this Prospectus, nor any of the Shares on issue on the date on which the Company was originally admitted to the Official List, being 15 December 2010, will be subject to restriction agreements.

As foreshadowed in the explanatory statement to the notice of general meeting of the Company dated 24 May 2012, the 285 million Shares to be issued to Mainstar, Goldquest, United Delight and Celaric are expected to be subject to a 2 year restriction under Chapter 9 of the Listing Rules.

4.17 CHESS

The Company is a participant in CHESS which is operated by the ASTC, a wholly owned subsidiary of the ASX. This is regulated by the Listing Rules and Security Clearing House Business Rules.

Under this system, the Company does not issue certificates to investors. Instead, Shareholders receive a statement of their holdings in the Company.

If an investor is broker sponsored, ASTC will send the broker a CHESS statement. The CHESS statement will set out the number of securities allotted to each investor under the Prospectus, give details of the investor's Holder Identification Number and give the Participant Identification Number of the sponsor.

If an investor is registered on the Issuer Sponsored subregister, their statement will be dispatched by the Share Registry and will contain the number of securities allotted under the Prospectus and the investor's security holder reference number and their sponsor issuer number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to investors at the end of any calendar month during which the balance of their holding changes. An investor may request a statement at any other time, however, a charge may be made for additional statements.

4.18 Dividend Policy

The Company does not have any immediate intention to declare any dividends. Payment of dividends in the future will depend upon the future profitability (if any) and financial position of the Company.

4.19 Withdrawal

The Company may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all application monies without interest at the earliest practicable time.

4.20 Professional Advice

The Directors recommend that potential investors, when making an informed assessment whether to invest in the Company should read this Prospectus in its entirety. Potential investors, who have any questions about investing in the Company or are in any doubt about any matter relating to the Offer, should seek the advice of their professional advisers.

4.21 Enquiries

Questions relating to this Prospectus should be directed to the Company. Additional copies of the Prospectus or advice on how to complete the Application Forms can be obtained from the Company by telephone on +613 9258 2107, facsimile on +613 9670 3222 or e-mail at info@kazakhpotash.com.

5 THE COMPANY AND THE PROJECTS IN KAZAKHSTAN

5.1 Introduction to KPC

KPC is a publicly listed mineral exploration company based in Melbourne, Australia, with a focus on potash deposits in Western Kazakhstan. Shares in the Company are currently suspended from trading on the ASX. The Company has applied to the ASX to have the suspension from trading lifted after requirements under the Listing Rules are considered to be met.

Upon the Shares being reinstated to quotation, KPC will complete the acquisition of the rights to two potash deposits in Kazakhstan, namely the Zhilyanskoye Project and the Chelkar Project. The Company is also continuing negotiations to acquire the Satimola Project and intends to develop these projects in Kazakhstan to full scale production. KPC also has rights to gold and base metals deposits in Western Australia. For details of the Company's Subsoil Use Rights in respect of the projects in Kazakhstan and the West Australian Projects please refer to Section 7.

The Company was incorporated as a public company on 3 May 2010. The Company was admitted to the Official List on 13 December 2010 (ASX:FMJ – formerly named Fortis Mining Limited now ASX:KPC) with official quotation of its Shares commencing on 15 December 2010. The Company's principal activities from the time of incorporation until March 2011 were exploration for gold and base metals at the locations of its West Australian Projects.

The focus of the Company changed significantly in March 2011, when the Company entered into a legally binding "Heads of Agreement" to acquire a 95% economic interest in the Zhilyanskoye Project and the Chelkar Project via a series of transactions. The Zhilyanskoye and Chelkar Projects are very substantial and are considerably different from the West Australian Projects.

Because of the change in the nature and scale of the Company, trading in Shares on the ASX was suspended from the time Shareholders approved the acquisition of the Zhilyanskoye and Chelkar Projects in November 2011 in accordance with the ASX Listing Rules. The suspension will continue until the Company meets the requirements of Chapters 1 and 2 of the ASX Listing Rules. The issue of this Prospectus and completion of the Offer will assist to meet the requirements.

5.2 The Zhilyanskoye and Chelkar Projects

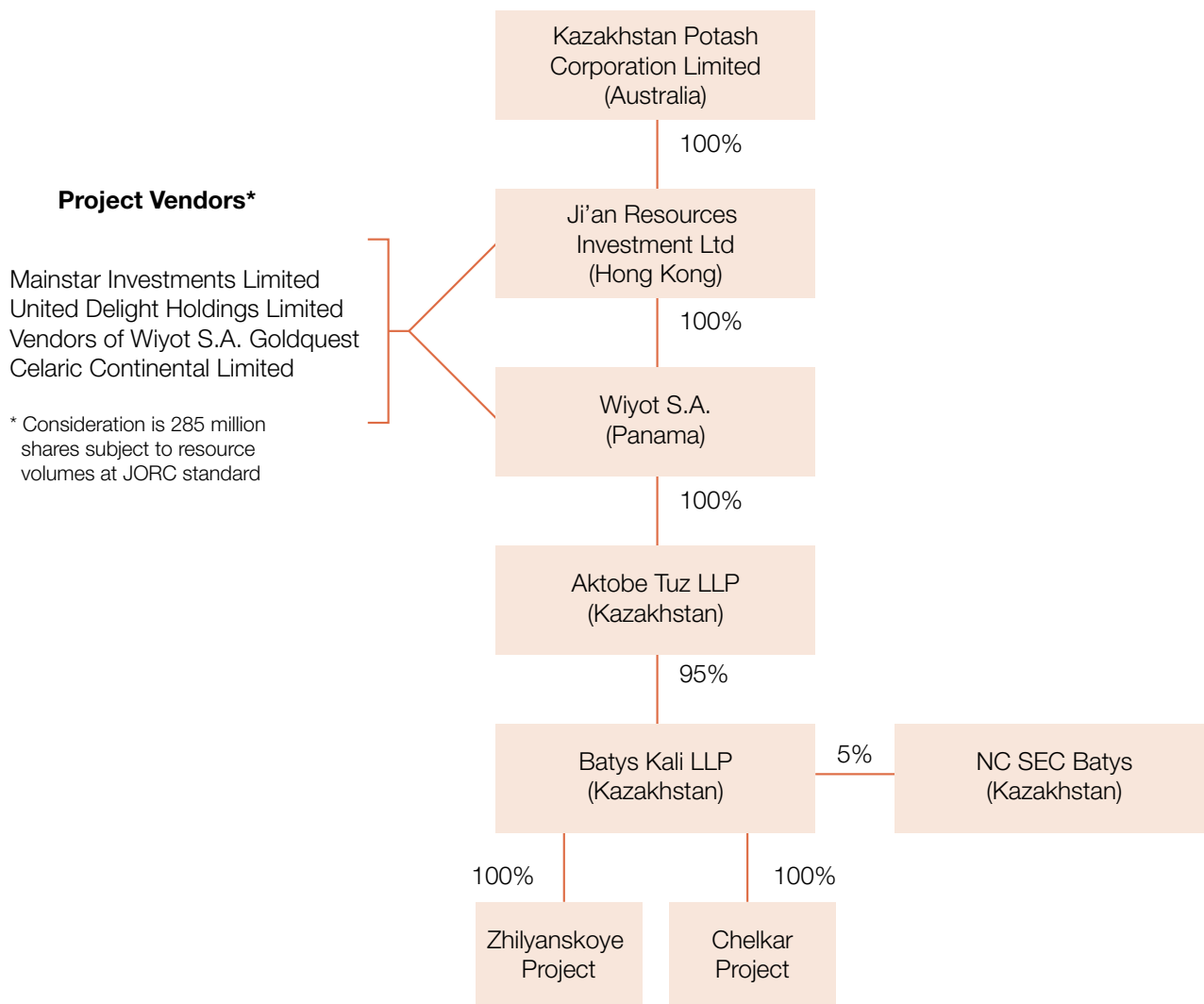
Introduction

Through the acquisition of the Zhilyanskoye Project and the Chelkar Project, the Company is well positioned in the expanding fertiliser industry. The resources to be owned by KPC provide the means to meet the increase in demand in the near future and enable the Company to capitalise on the growing worldwide market for fertiliser products. More detailed information on the Zhilyanskoye and Chelkar Projects is set out in Section 7.

Ownership of the Zhilyanskoye Project and Chelkar Project

The Subsoil Use Rights to both the Zhilyanskoye Project and Chelkar Project are held by a Kazakhstan entity called Batys Kali, which will be 95% owned by KPC following the completion of the proposed transactions. The remaining 5% is held by a Kazakhstan company called NC SEC Batys, which is owned by the Government of the Republic of Kazakhstan.

The proposed ownership of the two projects is described in the following diagram.



As illustrated in the above diagram the Project Vendors will be issued Shares in KPC in return for the sale of their interests in Batys Kali, which owns the Zhilyanskoye and Chelkar Projects. Please refer to Section 14 for details of the contracts pursuant to which the Project Vendors will be issued Shares (**Agreements**).

Under the terms of the Agreements, KPC has agreed to:

- i. pay US\$1 million and issue up to 40,000,000 Shares to Mainstar (**Mainstar Shares**) in consideration for the transfer of 75% of the issued share capital in Jian Resources to KPC;
- ii. issue up to 15,000,000 Shares to United Delight (**United Shares**) in consideration for the transfer of the remaining 25% of the issued share capital in Jian Resources to KPC;
- iii. pay US\$10 million and issue up to 110,000,000 Shares to Goldquest (**Goldquest Shares**) in consideration for the transfer of 100% of the issued share capital in Wiyot, a company incorporated in Panama and which holds a 95% ultimate interest in the Zhilyanskoye and Chelkar Projects (through its wholly-owned subsidiary Aktobe Tuz and its 95% owned subsidiary Batys Kali), to Jian Resources; and
- iv. pay US\$20 million and issue up to 120,000,000 Shares to Celaric (**Celaric Shares**) in consideration for Celaric providing certain services to Jian Resources in relation to the acquisition of Wiyot.

There are additional conditions with respect to the issue of the Shares to the Project Vendors of the Zhilyanskoye and Chelkar Projects (**Vendor Shares**) described above which are explained in (v) to (x) below:

- v. The actual number of Mainstar Shares, United Shares, Goldquest Shares and Celaric Shares to be released to the relevant vendors is linked to the resources levels of both the Zhilyanskoye and Chelkar Projects. Until resources levels are proven, the Vendor Shares will be held in Voluntary Escrow. During the period of Voluntary Escrow, the Vendor Shares will have no voting rights (subject to any required approval from the ASX) or the holder or holders of the Vendor Shares will be restricted from exercising any voting rights attaching to them. On release from Voluntary Escrow, the Vendor Shares will have the same rights as all other issued Shares in KPC, including voting rights.
- vi. Based on a JORC report prepared by SRK, potash resources at the Zhilyanskoye Project are over 1 billion tonnes. Based on the Agreements, the Mainstar Shares, United Shares and Goldquest Shares, totalling 165 million Shares, will be issued to the relevant Projects Vendors after the ASX approves the reinstatement of the Shares to quotation.
- vii. The Celaric Shares will only be released from Voluntary Escrow upon confirmation, to JORC standards, that potash resources at the Chelkar Project are no less than 1 billion tonnes. If the potash resources at Chelkar are less than 1 billion tonnes, then the Shares to be released from Voluntary Escrow to Celaric will be reduced in proportion to the amount of resources reported. As at the date of this Prospectus, no 2012 JORC compliant potash resource had been confirmed at the Chelkar Project.
- viii. Any Vendor Shares not released from Voluntary Escrow are to be returned to KPC for nil consideration and cancelled, subject to compliance with the Corporations Act.
- ix. To enable Jian Resources to acquire Wiyot and its subsidiary companies, Aktobe Tuz and Batys Kali, KPC provided a loan to Jian Resources of US\$30 million and Jian Resources has used the loan to pay the cash consideration under the agreements to Goldquest and Celaric. KPC has also paid the US\$1 million cash consideration in relation to the acquisition of Jian Resources to Mainstar.
- x. As explained in Section 4.16, in addition to the Voluntary Escrow arrangements described above, the Vendor Shares are expected to be subject to additional compulsory escrow requirements from the date of reinstatement of KPC Shares to quotation on ASX in accordance with Chapter 9 of the ASX Listing Rules.

5.3 Future acquisitions of other potash deposits

KPC announced on 8 May 2013, that it had entered into a number of agreements with various parties under which it agreed to acquire a 100% interest in the Satimola Project (**Transaction Documents**). The Satimola Project is a potash deposit covering an area of 245.98 sq km. The acquisition of the Satimola Project would complement KPC's existing potash projects and significantly enhance KPC's position as a leading producer of potash.

Under the Transaction Documents, the acquisition of the Satimola Project was subject to the satisfaction of a number of conditions precedent on or before 14 November 2013 (**Longstop Date**). Due to the non-satisfaction of all of the conditions precedent by the Longstop Date, the acquisition of the Satimola Project will not proceed under the Transaction Documents. However, KPC and the Satimola vendors are currently in negotiations with respect to entering into a revised agreement, pursuant to which KPC would acquire the Satimola Project. Subject to satisfactory terms being agreed, the Company is committed to proceeding with the acquisition.

In respect of the acquisition of the Satimola Project, the Company has entered into a consulting services contract with Goldquest, pursuant to which the Company agreed to issue 50 million Shares to Goldquest within 5 days of the completion of the acquisition of the Satimola Project. The proposed issue of the Shares to Goldquest was approved by Shareholders at a general meeting of the Company on 25 October 2013. If the acquisition of the Satimola Project does not proceed, the Company will not issue the Shares to Goldquest.

In preparation for the acquisition of the Satimola Project, KPC entered into an agreement with Sino-Agri pursuant to which KPC agreed to issue to Sino-Agri 100,000,000 convertible notes with a total value of \$150 million. The Company intends to use the funds raised from the issue of the Sino-Agri Convertible Notes to fund the acquisition of the Satimola Project, if KPC was successful in negotiation of a revised agreement with the Satimola vendors. If the acquisition of the Satimola Project does not proceed, it is unlikely that the Sino-Agri Convertible Notes will be issued. Further details of the agreement with Sino-Agri are set out in Section 14.

6 OVERVIEW OF THE POTASH INDUSTRY

6.1 What is Potash?

Potash is a naturally occurring mineral that is used in agriculture to provide potassium to plants. Potassium is an essential nutrient for healthy plant growth and must be added to soils, which have naturally low potash content or where extensive farming has depleted the soil of potash and the crops are at risk of potassium deficiency. The chemical element potassium ("K") in potash strengthens plant stalks and roots, adds flavour, colour and texture to crops and helps fight disease. Potash has also been found to help the efficient uptake of other fertilisers, nitrogen and phosphate, when used in conjunction with them. Approximately 95% of potash production is consumed as a fertiliser in agriculture. The remainder is consumed as feed (potash promotes animal growth and boosts milk production) and in industrial products.

Potash plays an important role in the regulation of plant physiological functions. It strengthens cell walls, aids in water retention, improves disease resistance and boosts nitrogen and phosphate absorption. Enhancing these functions results in improved plant quality and increased yields.

Potash deposits are differentiated the same way as other ore deposits on the basis of tonnage and grade expressed as (% K₂O). As a point of clarification there are two conventions to express the grade of potash deposits. United States Geological Survey (USGS) publishes data for potash on the basis of its potassium oxide content (K₂O), however most potash is mined as potassium chloride (KCl). Economic potash deposits are essentially restricted to thin beds in large salt basins formed by the evaporation of ancient seas (evaporate deposits), plus present-day salt lakes and natural brines. These deposits yield high grade, large tonnage ore bodies, many of which are amenable to low cost mining and beneficiation. World potash production and reserves for such deposits vastly overshadow other sources of potassium. The products from these marine deposits are ideal for use as fertiliser because of the high relative solubility of the potassium chloride and sulphate evaporite minerals.

Sylvite is the most commonly used mineral for extracting KCl. Sylvite almost always occurs with halite (NaCl). The principal potash ore consisting of a sylvite and halite mixture is called sylvinite. In most occurrences, sylvinite of high purity exists with essentially no soluble sulphate or other salts. Other potash minerals include Carnallite, Kainite, Langbeinite and Polyhalite.

Potash is generally traded as a Muriate of Potash (**MOP**) or Sulphate of Potash (**SOP**) and occasionally as Nitrate of Potash (**NOP**).

Three countries produce two thirds of global supply: Canada, Russia and Belarus. Nearly all countries in the world consume potash with the USA, China, Brazil and India being the largest consumers, none of which is a major producer.

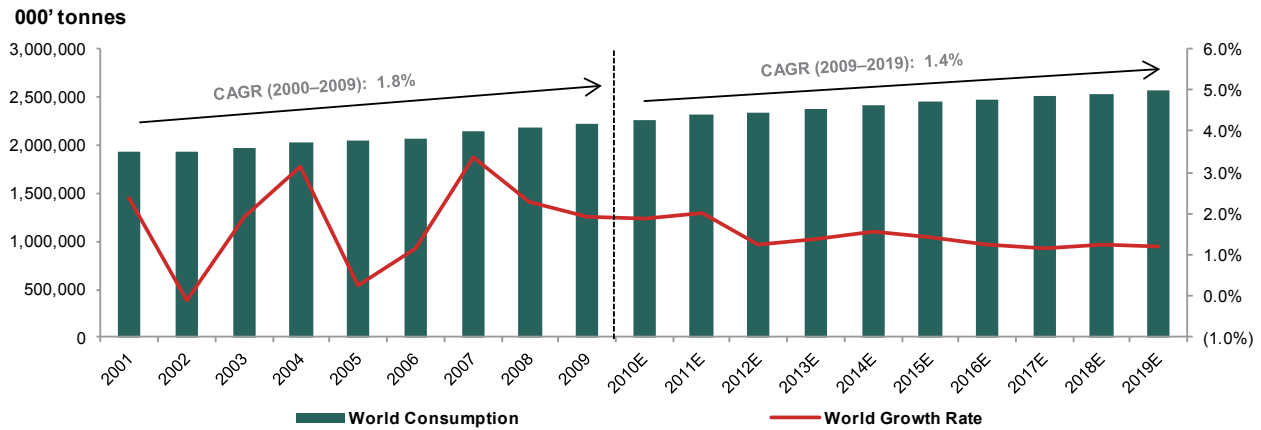
Potash, the generic term for a variety of potassium-bearing minerals, ores and refined products, owes its importance as an industrial mineral to the potassium requirement of growing plants.

6.2 Fertiliser Demand Drivers

Long term macro trends point towards sustained increase in fertiliser demand, with potash a key ingredient. Fertiliser demand is strongly correlated to crop demand and prices. Fertiliser demand is forecast to increase as the demand for crops increases.

Global grain consumption has increased steadily over the years largely driven by the growing global population and increased demand from emerging economies such as India and China.

Figure 1: Global Grain Consumption



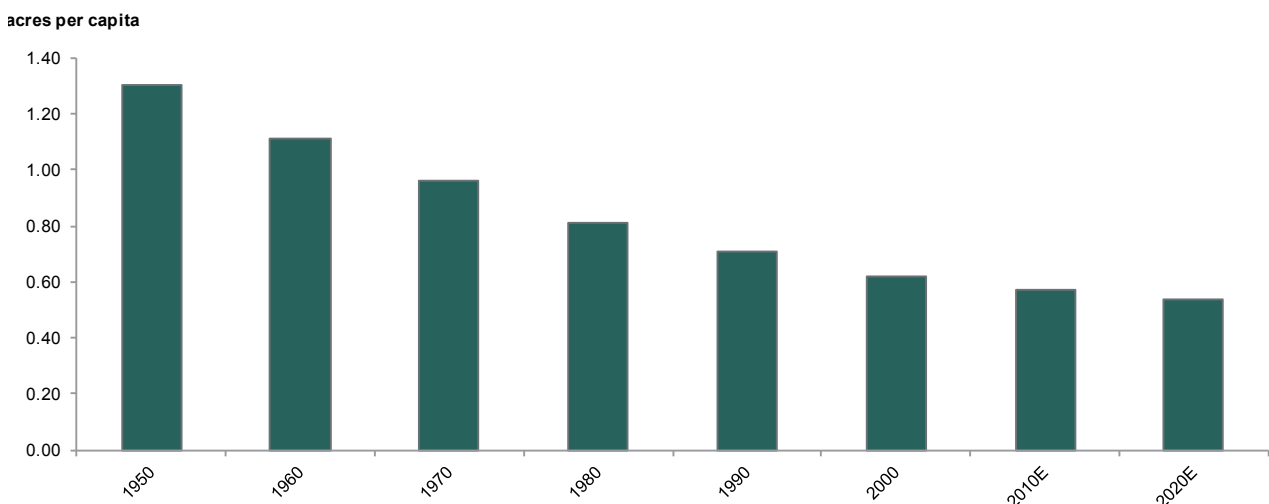
Source: OECD-FAO Agricultural Outlook 2010- 2019

Global meat consumption is also expected to follow the same trend. Current meat consumption in low GDP countries is considerably lower than in developed countries. As incomes increase and the standard of living continues to improve in emerging economies, it is expected that the priority for consumers will be to buy better food for their families. In developing countries, this has led to a significant increase in the daily intake of fruits, vegetables and protein from meat, eggs and fish, displacing starch-based diets. This trend will boost the overall demand for grain as animal feed.

The increased use of grain in ethanol manufacturing will also result in higher demand for grain. Currently, the USA and Brazil are the leading nations in ethanol and bio-diesel production. However, as more countries adopt strict pollution regulations, the demand for grain for ethanol and bio-diesel production is expected to increase.

While the demand for crops has increased, the arable land per capita has consistently decreased over the last few decades because of a steady growth in urbanisation and industrialisation. In light of these developments, higher crop yields will be critical in meeting the growing demand for food grains.

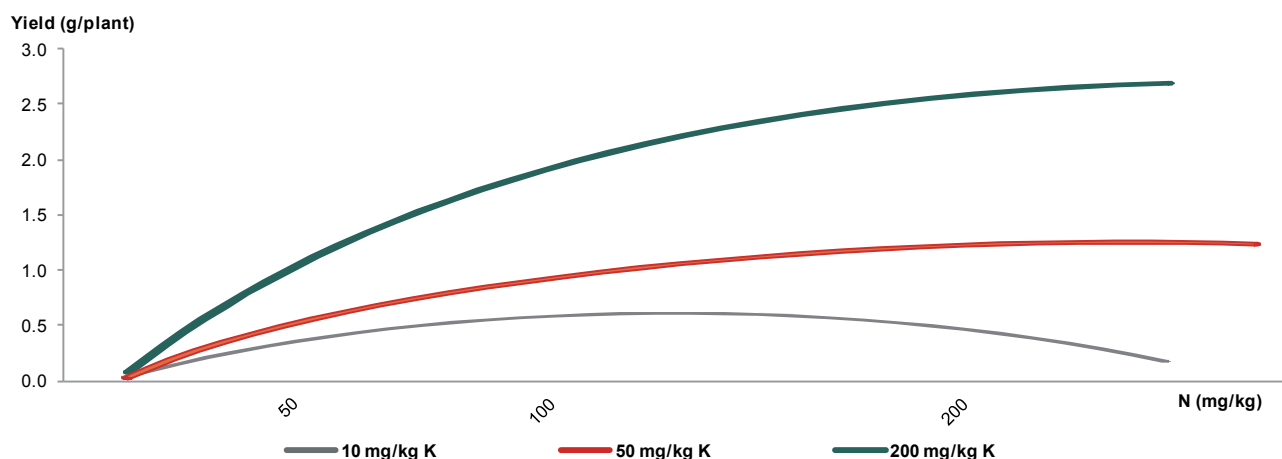
Figure 2: Arable Land Per Capita



Source: United Nations Environment Programme – The fourth Global Environment Outlook, GEO-4

Fertilisers play an important role in increasing crop yield and will be key in bridging the gap between the demand and supply of food grains. Figure 3 indicates the impact of potash application on crop yields and on improving the efficacy of nitrogen fertilisers.

Figure 3: Impact of Potash Consumption on Yield



Source: International Potash Institute- e-ifc 30: International Fertilizer Correspondent

6.3 Supply and Demand

The potash market has experienced rapid growth in the last decade primarily due to an increased demand for food, fibre and feed. This trend directly correlates to the basic fundamentals driving demand: increasing global population, increasing incomes in emerging markets, improving diets, and decreasing arable land. These forces can be explained further:

- Rising World Population – Estimated at 7 billion;
- Increasing Wealth – Creating a need for improved diets;
- New Demand for Potash in the production of biofuels crops – new growth market; and
- Decreasing Available Arable (Fertile) Land.

The International Fertiliser Industry Association has forecast an estimated growth of Potash consumption of 4.5% p.a. from 2010-2014.

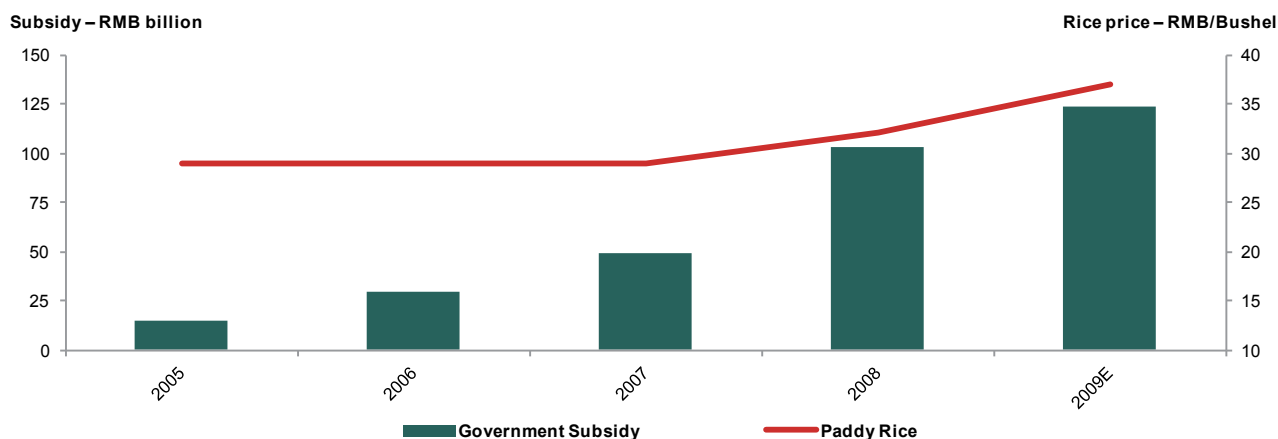
Not only are potash deposits geographically concentrated, the major offshore consuming markets in Asia and Latin America have little or no indigenous production capability and rely primarily on imports to meet their needs. This is an important difference between the potash business and the other major crop nutrients. Trade typically accounts for approximately 80 percent of demand for potash, which ensures a globally diversified marketplace. The large producing regions of Canada and the former Soviet Union have small domestic requirements and therefore are significant exporters.

China

China is the largest consumer of potash fertiliser, accounting for approximately 20 percent of global use. China's domestic production capability is limited and it will have to import approximately three-quarters of its annual requirements over the long term. Typically, producers in the former Soviet Union supply approximately one-third of the shipments through a combination of rail and ocean deliveries.

China is the largest potash market, with the highest expected growth. Approximately 80% of all arable land in China is deficient in potash. China has increased its domestic production recently but continues to import more than 50% of its potash needs.

Figure 4: China's Farm Subsidy and Minimum Purchase Price



Source: Chinese Government, National Development and Reform Commission in 2010 Overview of PotashCorp and Its Markets

The Chinese government is encouraging farmers to use more fertilisers to increase yields. The government continues to provide state subsidies to farmers through the 'Minimum Crop Purchase Price Program'. This program was established to protect farmer incomes when market prices declined below a minimum threshold and relates to staple crops of rice and wheat. The government increased the minimum prices for both crops in 2008 and 2009 with the goal of increasing farmers' incomes and encouraging increased crop production.

In addition to higher support prices, the government doubled the amount of subsidies paid to farmers in 2008 and increased subsidy levels by an additional 19% in 2009.

Supply

Potash production is limited to only 13 countries around the world. The vast majority of global production comes from two producing nations: Canada and Russia. Canada is the world's largest producer with the province of Saskatchewan representing the epicentre of global potash production.

According to the USGS 2010 Potash outlook paper, world mine production of potash in 2010 was 33 million tonnes up from 20.8 million tonnes in 2009. World mine reserves are estimated to be 9.5 billion tonnes, with world resources estimated to be 250 billion tonnes. Production of potash is expected to rise to approximately 55 million tonnes by 2014 by a combination of expansion of existing operations and bringing new projects on line.

Demand

Potash demand is driven by growth in global agricultural output. Potash is used as a major agricultural component in approximately 150 countries around the world. The largest importers of potash are the heavily populated countries of China, India and Brazil. Asian nations produce only 3.1 million tonnes while consuming 23.1 million tonnes. The United States remains one of the largest net consumers producing only 1.2 million tonnes while consuming 5.2 million tonnes per year.

The potash market has experienced rapid growth in the last decade primarily due to an increased demand for food, fibre and feed. This trend directly correlates to the basic fundamentals driving demand: increasing global population, increasing incomes in emerging markets, improving diets, and decreasing arable land.

The UN Food and Agriculture Organisation estimates that the total world demand for agricultural products will be 60% higher in 2030 than it is today with over 85% of this additional demand to come from developing countries. Decrease in available arable land and decreasing yields are also viewed as ongoing upward pressures on demand.

Global meat consumption is also expected to follow the same trend. Current meat consumption in low GDP countries is considerably lower than in developed countries. As incomes increase and the standard of living continues to improve in emerging economies, it is expected that the priority for consumers will be to buy better food for their families. In developing countries, this has led to a significant increase in the daily intake of fruits, vegetables and protein from meat, eggs and fish, displacing starch-based diets. This trend will boost the overall demand for grain as animal feed.

The increased use of grain in ethanol manufacturing should also result in higher demand for grain. Currently, the USA and Brazil are the leading nations in ethanol and bio-diesel production. However, as more countries adopt strict pollution regulations, the demand for grain for ethanol and bio-diesel production is expected to increase.

While the demand for crops has increased, the arable land per capita has consistently decreased over the last few decades because of a steady growth in urbanization and industrialization. In light of these developments, higher crop yields will be critical in meeting the growing demand for food grains. Fertilisers play an important role in increasing crop yield and will be key in bridging the gap between the demand and supply of food grains.

Figure 5: World Potash Supply and Demand

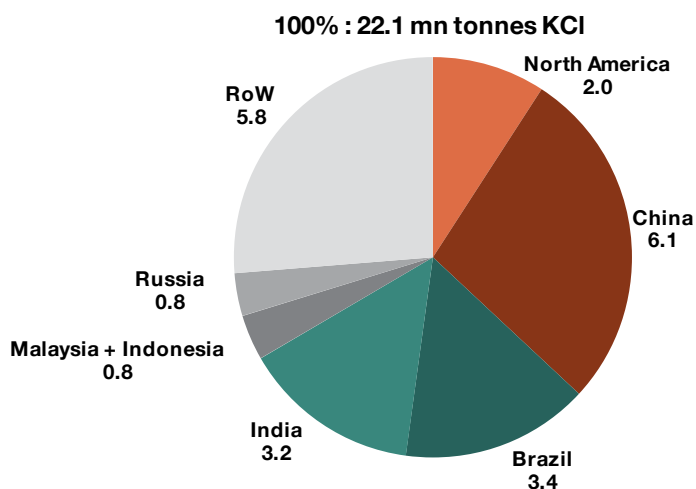


Source: PotashCorp Industry Overview June 4, 2013

Potash demand has demonstrated a strong upward trend since 2001. From the start of 2000 until the middle of 2008, demand growth averaged around 2 mtpa of KCl, or approximately the amount that would be produced by one new greenfield potash development mine each year.

Following the de-stocking of potash inventories throughout the financial crisis and the need to replenish nutrients removed from the soil, the historic trend in demand growth resumed towards the end of 2009. Potash cannot be substituted as a fertiliser, thus any reduction in potash application rates will have to be compensated for in future years. Most of the incremental demand for potash in the next decade is expected to come from China followed by Brazil and India. Potash is an essential nutrient for the principal cash crops in major potash-consuming markets such as cotton (India), rice (China), sugar cane (Brazil), palm oil (South East Asia) and corn (Europe, USA and Russia). Due to a lack of domestic potash resources, India imports 100% of its annual potash demand. Brazil imports 92% of its annual demand. China, despite having recently increased its domestic potash production capacity, continues to import more than 50% of its annual demand.

Figure 6: Incremental Demand 2012E – 2020 by Region



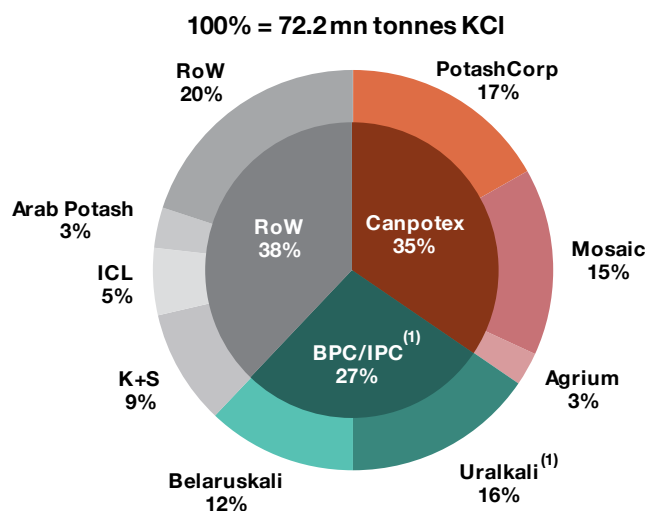
Source: Fertecon in PotashCorp Industry Overview January 11, 2013

High barriers to entry

Although there are many consumers, only 13 countries produce potash. Canada, Russia and Belarus together account for more than 80 percent of global reserves. Due to the geological concentration of potash deposits and the capital required to mine at considerable depths, it represents significant barriers of entry for new market participants.

Production and supply of potash is concentrated with six of the largest potash producers (Potash Corp, Mosaic and Belaruskali, ICL, Silvinite, Uralkali) accounting for over 60% of global capacity.

Figure 7: Potash Marketing Organisations (2012E) Capacity



Source: Fertecon (Uralkali includes Silvinite capacity) in PotashCorp Industry Overview January 11, 2013

Potash Pricing

The dynamics associated with supply are a crucial factor in determining potash prices. The participants in the two leading industry groupings, Canpotex and BPC, would appear to have followed a strategy of “swing” production, adjusting output in response to perceived demand and in support of maintaining price levels. Historically, these changes in production levels have been sustained for protracted periods.

Potash industry capacity also has a key impact on potash prices with the greater production capacity available having the greater potential for downward pressure on industry prices. This phenomenon was prevalent during the 1990’s following the collapse of the former Soviet Union. However, indications are that forecast demand growth will exceed available capacity growth for some years ahead and in the early future years there will be an overall shortfall in supply to meet demand.

For many years until 2007 potash prices were historically around US\$200 per tonne on a delivered (**CFR**) basis. Against a booming world economy, the strong fundamentals for potash demand growth became self-evident in the light of the looming food production crisis, especially in the developing world. This enabled the potash industry to raise prices almost quarterly throughout 2008. This was also helped by the general boom in commodity prices. Potash prices reached nearly US\$1,000 per tonne CFR by the end of 2008, when the commodity price bubble burst.

The Global Financial Crisis and the associated lack of available credit to major importers and farmers caused an unprecedented halt in imports and usage of potash fertilisers for a complete agricultural year. High priced inventories remained in all major markets. During this period, demand collapsed with farmers missing out on a year’s application of potash until credit lines became available to farmers and producer prices were strategically dropped to around US\$350 CFR in the last quarter of 2009 to stimulate demand. This was eventually matched by all the major potash producers and was the low point of potash pricing. It should be noted, however, that at US\$350 CFR, this was already significantly above the historic long run price prior to 2008.

The potash industry has also been undergoing major structural change. Despite the grave situation in 2009, strong market fundamentals continue and are fuelling further industry consolidation and M&A activity within an already concentrated industry (an oligopoly) that has few major players. BHP’s failed hostile bid for Potash Corp and the merger between the two Russian producers, Uralkali and Silvinit, K+S’s acquisition of Potash One and Uralkali’s ongoing attempts to takeover Belaruskali are current evidence of this. But in addition, there is widespread acceptance within the industry that new capacity beyond that planned by the major existing producers needs to come on stream if a shortage of potash is to be avoided.

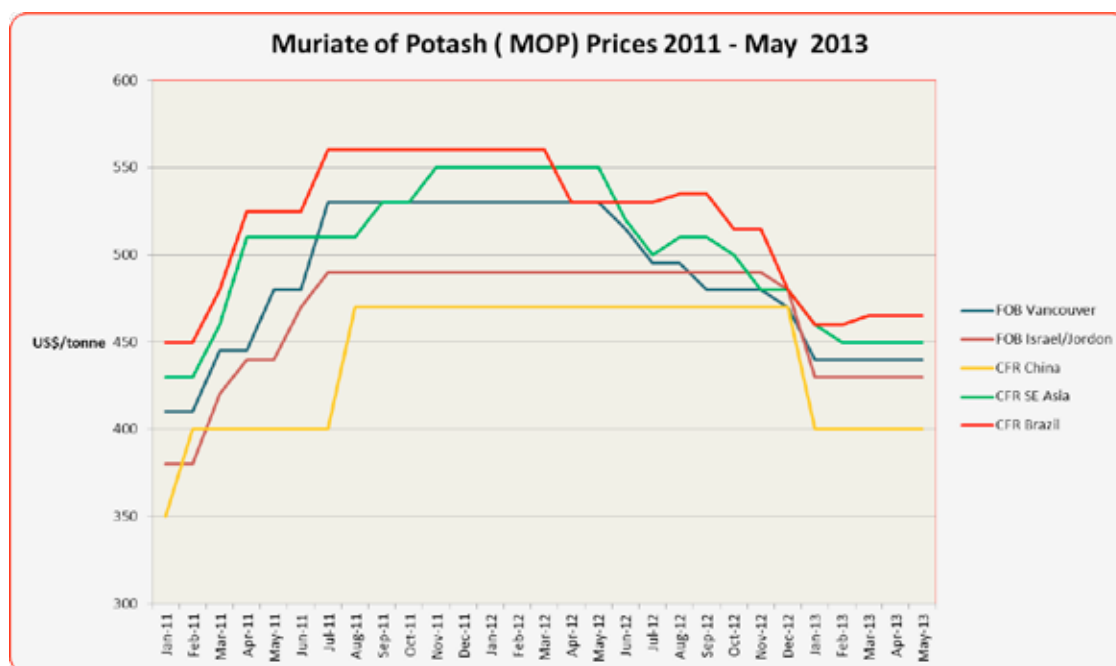
With a complete recovery in 2010/2011, demand for potash, potash producers started to move prices upwards with prices in excess of US\$470 per tonne CFR having been accepted in most major markets. Initial consumer reluctance to accept increasing prices has been largely overcome due to improved farm economics, a general perception of the bargaining power of the potash producers, as well as governmental priority in major markets to ensure food security for its people.

The sound fundamentals of supply and demand in the industry allowed producers to raise prices from the second half of 2010 through 2011 into 2012. A price of US\$470 per tonne was secured from the main Chinese importers. Elsewhere, prices ranged from US\$470 – US\$530 per tonne CFR.

Sales of potash in the second half of 2012 stalled. The renewed uncertainties in the global economy, very largely as a result of the unresolved nature of the Eurozone crises impacted on buyers’ confidence resulting in lower volumes traded in all fertilisers, including potash and larger than normal inventories.

The end of 2012 producer price reductions led by Canpotex to stimulate demand in an impasse with major fertiliser buyers was widely regarded at the time by the industry as a “short-term discount” to help re-start volume sales in the first half of 2013. Prices have now stabilized and demand returned to the market.

Figure 8: Muriate of Potash (MOP) Prices 2011 – May 2013



Source: ISIS

Mining Processes

Potash is commercially mined through two methods, conventional underground mining and solution mining techniques. The geology of the deposit dictates what method is best suited for resource extraction. Conventional mining methods have a depth limitation, once potash reserves are deeper than 1,200 meters, solution mining must be employed. Key parameters in deciding whether to use solution mining are thickness of mineralisation, grade of the potash bed, depth of the mineralisation, presence of faults and dip of potash beds. Figure 9 below highlights some of the pros and cons for each mining method.

Figure 9: Conventional Underground Mining vs. Solution Mining

	Conventional Underground Mining	Solution Mining
Benefits	<ul style="list-style-type: none"> • Low operating costs • Well-known and well-understood method 	<ul style="list-style-type: none"> • Low capital costs • Reduced time to production • Low demand for manpower • Can mine deep or irregularly shaped deposits • Flexible operations
Drawbacks	<ul style="list-style-type: none"> • Greater capital costs • Underground infrastructure is not easily moved to other locations 	<ul style="list-style-type: none"> • High energy usage results in greater operating costs

Source: CIBC World Markets, Inc.

6.4 Production Technologies

Historically, two processing methods are feasible to produce MOP from conventionally mined material, either flotation or hot leaching depending on the exact composition of the mineralised material.

If the material is solution mined, the resulting brines can be processed with a slightly modified hot leaching process. These processes are proven technology and routinely used in different potash production operations worldwide.

For the polyhalite ores that only can be mined conventionally a process based on calcination can be used to produce SOP. At present there are no producers of SOP using this method. Therefore, the process is non-proven technology. The Directors have no intention for KPC to use this processing method until such time as it is a proven method for producing SOP. These two process routes are discussed below.

Muriate of Potash (MOP) Flotation

For the processing of the mined material to a saleable potash product by flotation, in a first processing step, the material coming from the mine is grounded and classified into several size categories. Very coarse material is returned to the grinding circuit and the remaining material is brought into the first flotation stage (slime removal). In this stage the finely ground material is brought in a saturated solution together with collector agents (usually amines) that selectively attach to the clay, dolomite and anhydrite that are the insoluble residue of the ore. Air is circulated through the mixture and the collector agents with insoluble residues get fixed to the air bubbles and float to the surface to be removed there.

The slime is thickened and sent to slime disposal. The solid residues remaining near the bottom of the flotation cell consist of halite and sylvite and are transported to the next stage. Different collector agents are added to the brine solid mixture, that selectively attach to the sylvite. When air is circulated through the cell the collector attaches to the air bubbles, which rise to the surface and the sylvite (KCl) can be removed at the surface. The remaining halite at the bottom of the flotation cell, typically still containing some percentage of potash is gathered, thickened (dewatered) and is transported to the waste storage (tailings pile or back in the underground). Several stages of flotation and/or washing might be necessary to end up with a product containing >95% of KCl. Further steps necessary to get a product are drying and eventually beneficiation by compaction. Typically sylvite flotation has a KCl recovery from the ore in the range of 80% to 85%.

Muriate of Potash (MOP) Hot Leaching

For the processing of the mined material to a saleable potash product by hot leaching in a first processing step the material coming from the mine is grounded and then dissolved in a hot NaCl rich liquid. The hot liquid is cooled down, resulting in crystallization of KCl from the liquid. This KCl is gathered, washed and dried to get a product with a KCl grade between 95% and 98%.

Further beneficiation of the product can be compaction. The cooled liquid still containing appreciable amounts of KCl is heated up and used again for dissolution of the crushed ore. A small part of the liquid is disposed of to keep the MgCl₂ content of the liquid low. The Halite remaining at the bottom of the dissolution vessels is gathered, thickened (dewatered) and transported to the waste storage (tailings pile or back in the underground). Typically a hot leaching operation has a KCl recovery from the ore in the range of 85% to 95%, depending on how much energy is used to evaporate water from the disposal liquid.

The hot leaching method can be easily adapted to also work with carnallite ore, in which case, however, larger amounts of MgCl₂ rich brine have to be disposed off.

Production from Polyhalite

For the processing of the mined material to a SOP product in a first processing step the material coming from the mine is grounded and classified into several size categories. Very coarse material is returned to the grinding circuit. Due to different hardness of polyhalite and halite, the latter will be concentrated in the finer fraction and further investigations need to be made, whether this fine material is disposed off or a further cleaning stage to produce a polyhalite concentrate is required. The separated halite goes to a tailings facility or back in the underground.

The crushed polyhalite is calcined at high temperature (~500°C) and afterwards the dehydrated material is leached in hot water, where Potassium-Sulphate and Magnesium sulphate are preferentially dissolved and a solid residue of calcium sulphate remains, which is separated from the liquid. The calcium sulphate is waste product and goes to a tailings facility. The Potassium and Magnesium sulphate rich brine is evaporated with crystallisation of schoenite ($K_2Mg(SO_4)_2 \cdot 6(H_2O)$). The schoenite is gathered and leached with the appropriate amount of water to leach of the $MgSO_4$, leaving a pure K_2SO_4 (SOP) product, which can be dried and granulated to a saleable product. The $MgSO_4$ leaching brine is partly mixed with the brine going to evaporation, partly disposed of.

This operation is theoretically feasible and single steps have been proven in laboratory or large scale test, but further investigations are required to bring the process to industrial scale.

Approximately 93% of world potash production is used for agricultural fertiliser (source: U.S. Geological Survey Mineral Commodity Summaries, January 2010). Fertilisers replace the nutrients that crops remove from the soil, thereby sustaining or enhancing the yield of crops. Plants deficient in potassium are less resistant to pests and disease, and have poor size, shape, colour, taste and shelf life. The functions potassium performs cannot be carried out by other nutrients and potash has no commercially viable substitute as a potassium fertiliser source. The remaining potash consumption is made up of the manufacture of potassium bearing chemicals, detergents, ceramics and pharmaceuticals, as well as water conditioner and de-icing salt.

6.5 Potash products

The two most commonly produced products of potash mining are:

Muriate of Potash (MOP)

Potassium chloride (commonly referred to as Muriate of Potash or MOP) is the most common potassium source used in agriculture, accounting for about 95% of all potash fertilisers used worldwide. Its nutrient composition is approximately Potassium 50% and Chloride 46%. The chloride content of MOP can also be beneficial where soil chloride is low.

Sulphate of Potash (SOP)

Potash fertilisers other than MOP are used where special crop or soil needs exist. Potassium sulphate (referred to as Sulphate of Potash or SOP) represents about 5% of the market and is used in crops that are sensitive to chloride or fertiliser burn like tobacco, pineapple or avocado, or where sulphur is deficient. Its nutrient composition is approximately potassium 41% and sulphur 18%.

7 DETAILED INFORMATION ON THE PROJECTS IN KAZAKHSTAN AND WEST AUSTRALIAN PROJECTS

7.1 Rights to the Zhilyanskoye Project and Chelkar Project

Subsoil use contracts

Batys Kali is a Kazakhstan registered body corporate that holds the subsoil use licences to two potash salt deposits located in north Western Kazakhstan. The following licences are currently held by Batys Kali:

- Zhilyanskoye Project: Contract No. 2891 registered on 11 December 2008 granting Batys Kali the right to explore and mine potassium magnesium salts in the Aktubinsk region of West Kazakhstan (**Zhilyanskoye Contract**). The contract area covers 88 sq km. The total term of the Zhilyanskoye Contract is 48 years from the date on which the contract was registered. The total contract term is comprised of a 3 year exploration period and a 45 year mining and production period. The Zhilyanskoye Contract provides that the term may be extended. Pursuant to Addendum Nos. 2 and 3, Batys Kali was successful in its application for two 1 year extensions to the exploration period. Accordingly, the total exploration period is 5 years, which expired on 11 December 2013. On 18 November 2013, prior to expiration of the exploration period, Batys Kali applied to MINT for a further 1 year extension of the exploration period under the Zhilyanskoye Contract to 11 December 2014. As at the date of this Prospectus, Batys Kali was awaiting a response from the MINT, however expects that the extension will be approved.
- Chelkar Project: Contract No. 2889 registered on 11 December 2008, granting Batys Kali the right to explore and mine potassium magnesium salts in the West Kazakhstan region (**Chelkar Contract**). The contract area covers 779 sq km. The total term of the Chelkar Contract is 51 years from the date on which the contract was registered. The total contract term is comprised of a 6 year exploration period and a 45 year mining and production period. The exploration period expires on 11 December 2014. The contract provides that the term may be extended. As at the date of this Prospectus, Batys Kali had not applied for any extensions to the contract term.

(collectively, **Subsoil Use Contracts**)

The Subsoil Use Contracts require Batys Kali to comply with a projected annual work programs in respect of each of the Zhilyanskoye and Chelkar Projects. Companies which do not comply with such obligations face fines and other administrative penalties, including the termination or suspension of the contract. To date, Batys Kali has received one fine in respect of non-compliance with work programs. This was in respect of the Chelkar Project. The fine was duly paid.

Please refer to the Independent Solicitor's Report in Section 9 for full details of the Subsoil Use Contracts.

Land use permits

In addition to requiring a subsoil use contract, the law of Kazakhstan requires that subsurface users must also obtain local land use rights in respect of the contract area from the local authority (**Akimat**). The use of land without permission from the Akimat can lead to administrative liabilities and a requirement by MINT to cease exploration works at the site.

Batys Kali has a valid land use permit for the Chelkar Project. As at the date of this Prospectus, the land use permit for the Zhilyanskoye Project had expired. Batys Kali is planning to apply for a new land use permit after the extension to the exploration period has been granted.

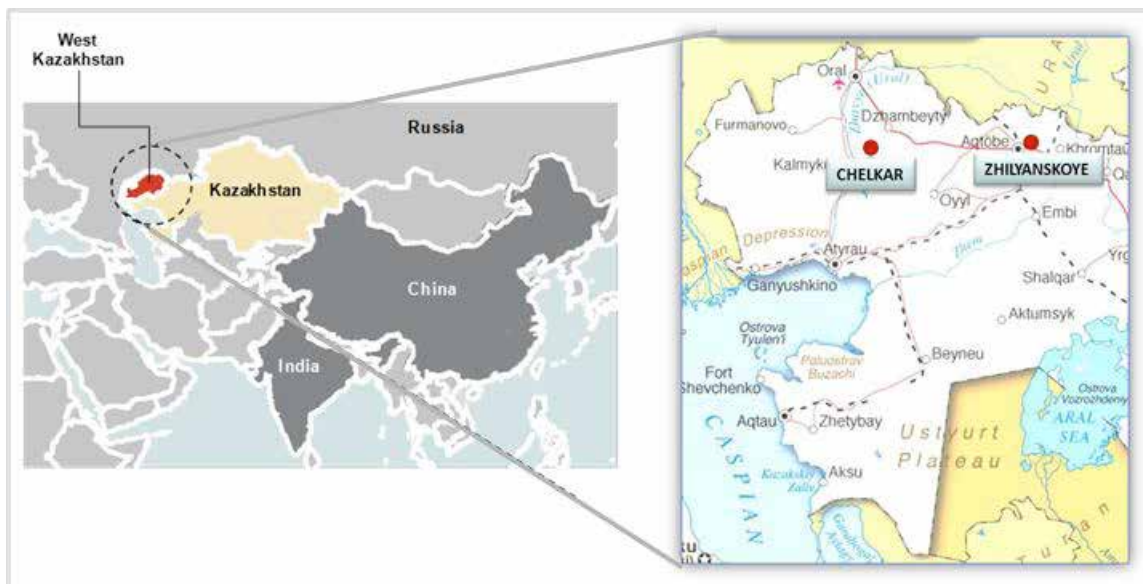
Please refer to the Independent Solicitor's Report in Section 9 for further details of the Batys Kali land use rights.

7.2 History and location of the Zhilyanskoye Project and Chelkar Project

Both the Zhilyanskoye and Chelkar potash deposits were identified during exploration activities completed during the 1950 - 1960's by geological survey teams of the former Soviet Union. Both deposits have been subjected to extensive drill campaigns during this period.

Both projects are located in Western Kazakhstan.

Figure 10: Location Plan of the Zhilyanskoye and Chelkar Projects in Kazakhstan



Little work was done on the projects between the mid 1960's and approximately 2008 when Batys Kali was granted the subsoil use licences. Batys Kali is based in Almaty with a regional base in Aktobe. The staff includes technical, financial, legal and permitting professionals as well as support and administrative staff which will enable the Company to rapidly advance the project development.

7.3 Zhilyanskoye Project

KPC entered into an agreement to secure the rights to the Zhilyanskoye Project in March 2011. The Zhilyanskoye Project is a licence area with a JORC resource of in excess of 1 billion tonnes. Please refer to Section 14.1 for the details of the transaction documents pursuant to which KPC will acquire its interest in the Zhilyanskoye Project.

The Zhilyanskoye Project is situated in north Western Kazakhstan approximately 10 km south east of the city of Aktobe in north Western Kazakhstan (figure 10). The property is secured by a subsoil licence of 88 sq km.

Geological surveys over the Zhilyanskoye area commenced in the 1930's with wildcat drilling intersecting the core of the Zhilyanskoye anticline in 1940's. Between 1952 and 1958 a total of 148 drill holes were completed for 96,000 m of drilling with holes ranging in depth from 450 m to 850 m.

The contract area of the potassium salt (potash) deposit is located in the Aktobe Region of Kazakhstan. The deposit is located 7-15 km to the east, south-east from the City of Aktobe (Figure 10). The industry of the area is well-developed and concentrated in and near the City of Aktobe. There are the Aktobe-Orsk road, the Aktobe-Shimkent highway and the main line of the Kazakhstan Railway from Moscow to Almaty passing across the area and through Aktobe to Alashankou of Xinjiang Uyghur Autonomous Region in the PRC (Figure 11). Air routes connect Aktobe with the cities of Astana and Almaty.

Figure 11: Kazakhstan Railway Network (Ministry of the Economic Development and Trade of Kazakhstan)



A maiden JORC compliant Mineral Resource Estimate for the Zhilyanskoye potash project was conducted and prepared by SRK, an associate company of the international group holding company SRK Consulting (Global) Limited.

Geological Structure

Lower- and Upper-Permian, Triassic, Middle-Jurassic and Quaternary formations participate in the structure of the Zhilyanskoye deposit. The content of the potassium salt deposit under study is associated with Permian formations of the Kungur layer. The formations of this layer are traced along the Zhilyanskoye deposit in the form of a narrow belt from south to north 1.2 to 2.2 km wide, traced for 33 km to the south.

The lithological composition of Kungur formations is quite diversified and varies laterally. Two suites are identified in the section of the Kungur formations on the basis of genetic and mineralogical indicators: lower – salt bearing and upper – sulphate-clastic.

The sulphate-clastic stratum has calm, almost horizontal bedding, and the salt has steeper dip angles, varying from 30° to 60° due to presence of internal salt tectonics. Five horizons are defined in the salt suite section.

Two productive horizons are identified in the Kungur suite in the section of the deposit. The salt-bearing horizons are traced within the whole deposit and are separated by thick rock salt interbeds with mudstone, sandstone, anhydrite and marl lenses. In the lower horizon, potassium salts have polyhalite composition, and in the upper zone, sylvinite and carnallite-sylvinite composition.

Data Quality

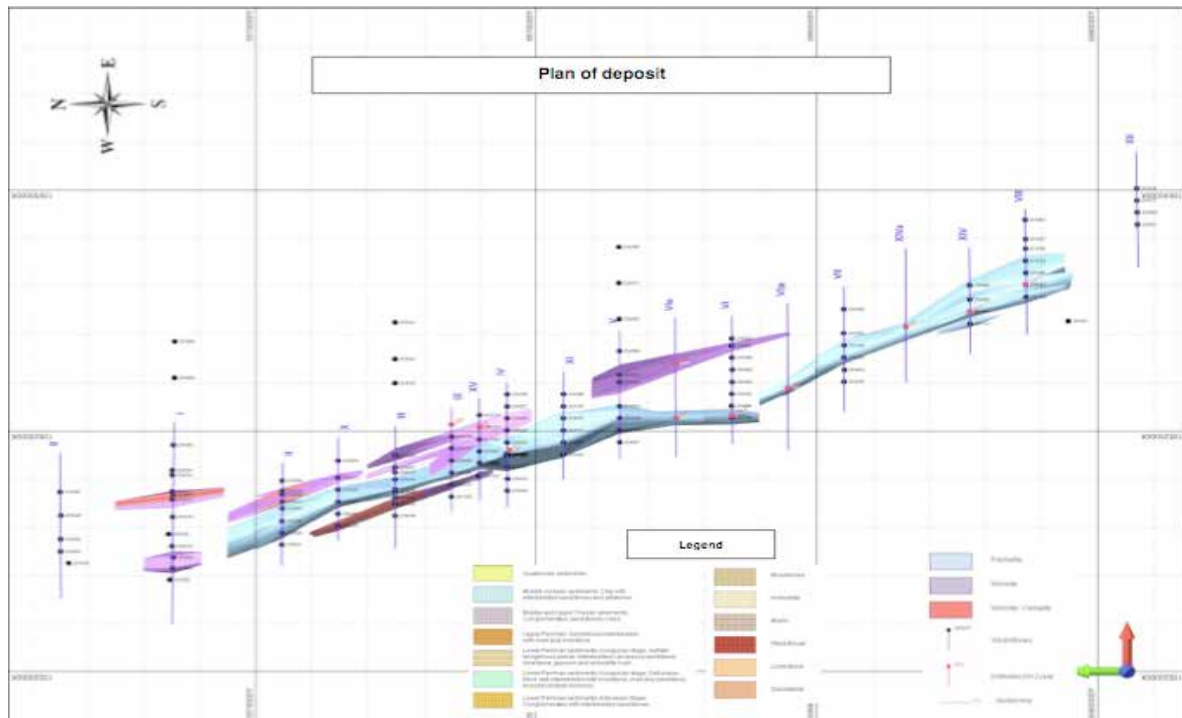
SRK carried out quality control of the input data provided. The quality control showed that the QA/QC procedures applied to sampling and sample analysis allowed to receive data which reflects the general understanding of the geological extent, the morphology of bodies and the content of valuable components. This data can then be applied to each part of the deposit, and is suitable for Mineral Resource Estimation of the entire deposit.

Geological Model

SRK performed geological modelling of the Zhilyanskoye deposit using Micromine software. All available geological and geophysical data about the Zhilyanskoye license area were used for creating the geological model of the deposit. Sections I, II, X, III, IX, XV, IV, XI, V, VI, VII, XIV, VIII, XII as well as additional sections where new boreholes were drilled during the 2012 drilling program: VIa, VIIa, XIVa (Figure 12) were used for modelling.

Profile 0 located in the northern part of the license area was excluded from the modelling process. This profile is located 2 km from the nearest profile and does not have any reliable correlation of its relationship to the identified structures of the main part of the deposit, i.e. it is an isolated part from the identified structures of the main deposit.

Figure 12: Plan of deposit



Source: Mineral Resource Estimate Zhilyanskoye Potassium Deposit (Kazakhstan), SRK Consulting (Kazakhstan) Ltd

Mineral Resource Estimate

The mineral resource estimate for the Zhilyanskoye deposit is based on data obtained from 119 historic drillholes drilled between 1952 and 1958, and 10 verification drillholes drilled in 2012. SRK carried out detailed statistic and geostatistic studies of sampling data which confirmed the accuracy and applicability of the developed geological model and satisfactory continuity of grades within mineralized bodies. SRK used the methods of Multiple-Indicator and Ordinary Kriging for grade interpolation to the block model, evaluated the quality of (resource) estimation and entirely confirmed the accuracy and applicability of the model developed. This in turn confirmed the stability and correctness of the parameters used and the final model.

Mineral Resource Statement

SRK evaluated the historic and modern exploration data supplied by the Company and have found that the methods used by the Company for evaluation of the Zhilyanskoye project are appropriate for the evaluation of this complex project. This estimate of the geologic resources is made without the benefit of including mineral process parameters, economic modelling, mine planning and market studies. Further work on, at least these four parameters, will need to be favourably completed before the viability of this project is fully realized.

Two types of potash mineralization are present in the Zhilyanskoye deposit, i.e. polyhalite and sylvinite. The Mineral Resource has been reported for a range of cut-off grades. Table 1 and 2 below show two examples of the basic data and parameters used in the calculation in support of the Indicated and Inferred Mineral Resources for this Project Report.

Table 1 Polyhalite Resources

Class	Volume (k.m ³)	Density (t/m ³)	Tonnage (k.t)	K ₂ O (%)	K (%)	Mg (%)*	Na (%)*	SO ₄ (%)*	Insols (%)*
Cut off Grade 5% (K₂O)									
Measured	-	-	-	-	-	-	-	-	-
Indicated	310,247	2.48	769,414	8.17	6.79	2.71	14.69	38.26	1.30
Sub-Total	310,247	2.48	769,414	8.17	6.79	2.71	14.69	38.26	1.30
Inferred	86,407	2.48	214,289	7.32	6.08	2.51	16.27	35.58	1.89
Grand Total	396,654	2.48	983,703	7.99	6.63	2.67	15.04	37.68	1.43

Source: Mineral Resource Estimate Zhilyanskoye Potassium Deposit (Kazakhstan), SRK Consulting (Kazakhstan) Ltd

Table 2 Sylvinite Resources

Class	Volume (k.m ³)	Density (t/m ³)	Tonnage (k.t)	K ₂ O (%)	K (%)	Mg (%)*	Na (%)*	SO ₄ (%)*	Insols (%)*
Cut off Grade 10% (K₂O)									
Measured	-	-	-	-	-	-	-	-	-
Indicated	31,426	2.07	65,051	19.24	15.98	0.21	23.56	2.41	1.81
Sub-Total	31,426	2.07	65,051	19.24	15.98	0.21	23.56	2.41	1.81
Inferred	26,449	2.07	54,750	17.86	14.83	0.25	24.64	2.52	2.03
Grand Total	57,875	2.07	119,801	18.61	15.45	0.23	24.05	2.46	1.91

Source: Mineral Resource Estimate Zhilyanskoye Potassium Deposit (Kazakhstan), SRK Consulting (Kazakhstan) Ltd

Future Work

With the release of the JORC resource, the Company will commence a pre-feasibility study incorporating some of the elements of the recent work completed by Batys Kali to determine project economics. Should the outcome of this be positive, the Company will advance into a full feasibility study on the project which will include 2D seismic survey, detailed mine and plant design, infrastructure, social, environmental marketing and financing studies.

Zhilyanskoye Proposed Work Program and Budget

Proposed Expenditure – CY 2014	Budget in	
	USD'000	(AUD'000)
Feasibility study report and related preparatory work	\$1,850	(\$1,995)
Kazakhstan government approval for geological design	\$67	(\$72)
Subsoil rights evaluation	\$167	(\$180)
Project finance	\$333	(\$359)
TOTAL	\$2,417	(\$2,606)

7.4 Chelkar Project

KPC entered into an agreement to secure the rights to the Chelkar Project in March 2011. The Chelkar Project is a licence area with the potential for several potash deposits. Please refer to Section 14.1 for the details of the transaction documents pursuant to which KPC acquired its interest in the Chelkar Project.

Location

The Chelkar Project is located approximately 98 km south of the administrative centre of Uralsk which has a population base of approximately 300,000 people. The deposit is secured by a subsoil licence covering an area of 779 sq km. Access to the project is via partially sealed road. There are a number of small villages within the licence which provide support for operations. Development of the project will require upgrade of existing infrastructure assets.

Geological model

The evaporite sequence at Chelkar is of similar age to Zhilyanskoye. The Chelkar region represents a large scale salt dome structure of the broken through type. Based on geophysical and drilling the crest of the structure covers an area of approximately 700 sq km which is covered by the subsoil licence.

The evaporite sequence in the Chelkar deposits is up to a maximum thickness of approximately 670m and comprises an upper and lower halite horizon with a potash bearing horizon sandwiched between. The potash horizon has been further subdivided into an upper Carnallite and sylvite member, a middle sylvite Bishofite and Carnallite member and a lower Carnallite sylvite member. The sequence most likely represented a series of dislocated salt deposits that during compaction and salt tectonics formed a series of steeply dipping strata comprising lenses and domes.

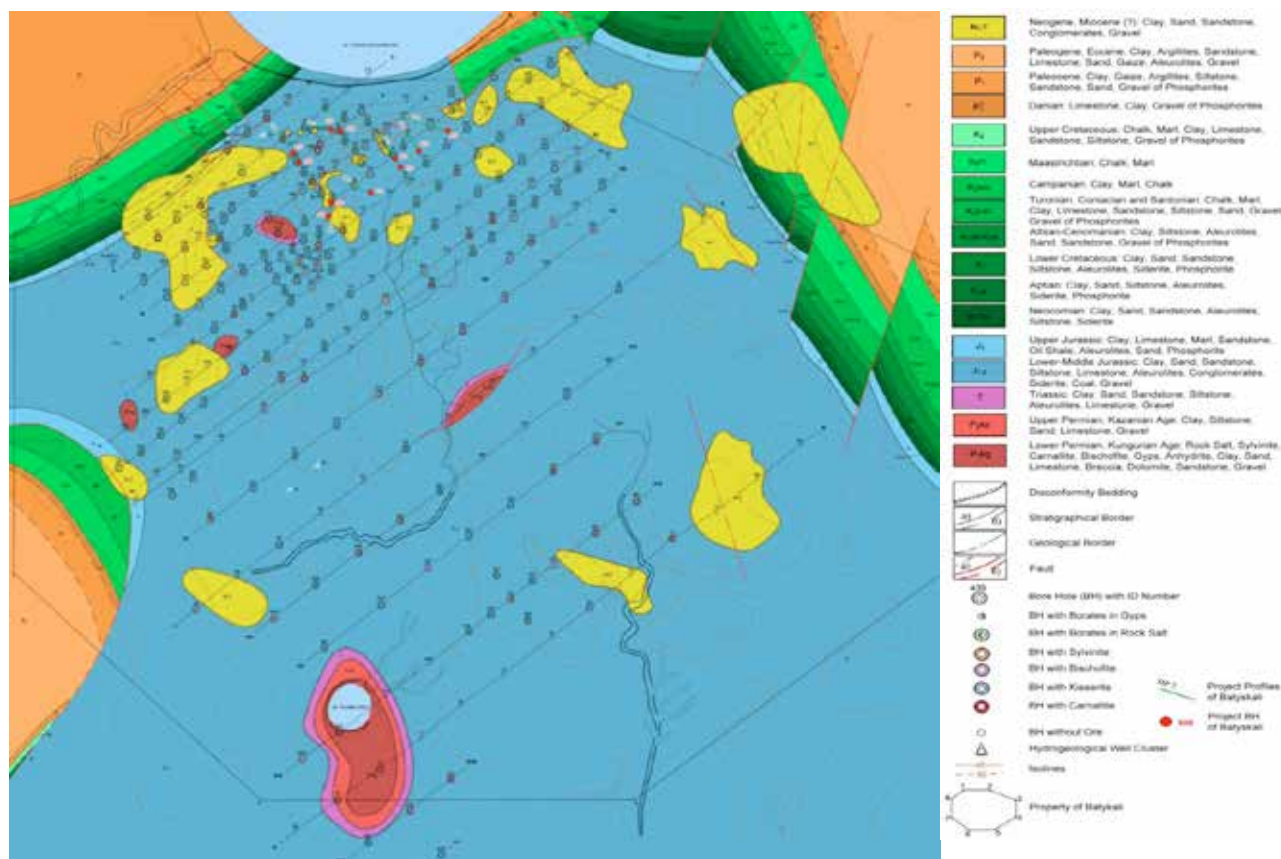
Exploration

The property has had approximately 486 exploration holes drilled across it which range in depth from 250m to 1200m. All the holes were vertical, which make interpolation between holes in steeply dipping terrain difficult. Drill spacing throughout the licence area is not uniform (Figure 13) with the majority of the licence area covered by a 1km x 1km drill spacing which has been closed in over three specific targets in the northern part of the licence area.

More recently Batys Kali commenced a program of drilling on one of the northern targets but due to a number of difficulties only completed one hole to the planned depth of 1000m, and a further three were abandoned or suspended. Samples from the program have not as yet been analysed.

The geology of the Chelkar subsoil licence is more complex than at Zhilyanskoye, however based on the drilling to date also offers the opportunity for potash deposits to be discovered within the licence area.

Figure 13: Chelkar subsurface geology showing historical drill coverage



Mineral Resource Estimate and future work

Currently, there are no JORC compliant resources confirmed for the Chelkar Project. The Company intends to have a completed JORC compliant Mineral Resource Estimate for the Chelkar Project in the coming year. In addition, the Company aims to focus initial exploration work on two targets in the north of the licence area. Initial work will involve a series of up to eleven inclined drill holes over an area of approximately 20 sq km to assess the stratigraphy and thickness of potash mineralisation. This will be followed by a 2D seismic survey to allow better correlation of potash horizons between the drill holes and a greater understanding of the subsurface structures.

Whilst this work is being undertaken, the historical drilling over the remaining area of the licence will be reviewed to identify additional targets for follow up drill and geophysical testing.

Chelkar Proposed Work Program and Budget

Proposed Expenditure – CY 2014	Budget in	
	USD'000	(AUD'000)
Drilling and related geology work	\$1,405	(\$1,515)
Kazakhstan government approval for geological design	\$70	(\$75)
Subsoil rights evaluation	\$200	(\$216)
TOTAL	\$1,675	(\$1,806)

7.5 Satimola

Satbor is a Kazakhstan registered company that holds the subsoil use licence in respect of the Satimola Project with the following contract and permit in place:

Subsoil use contract

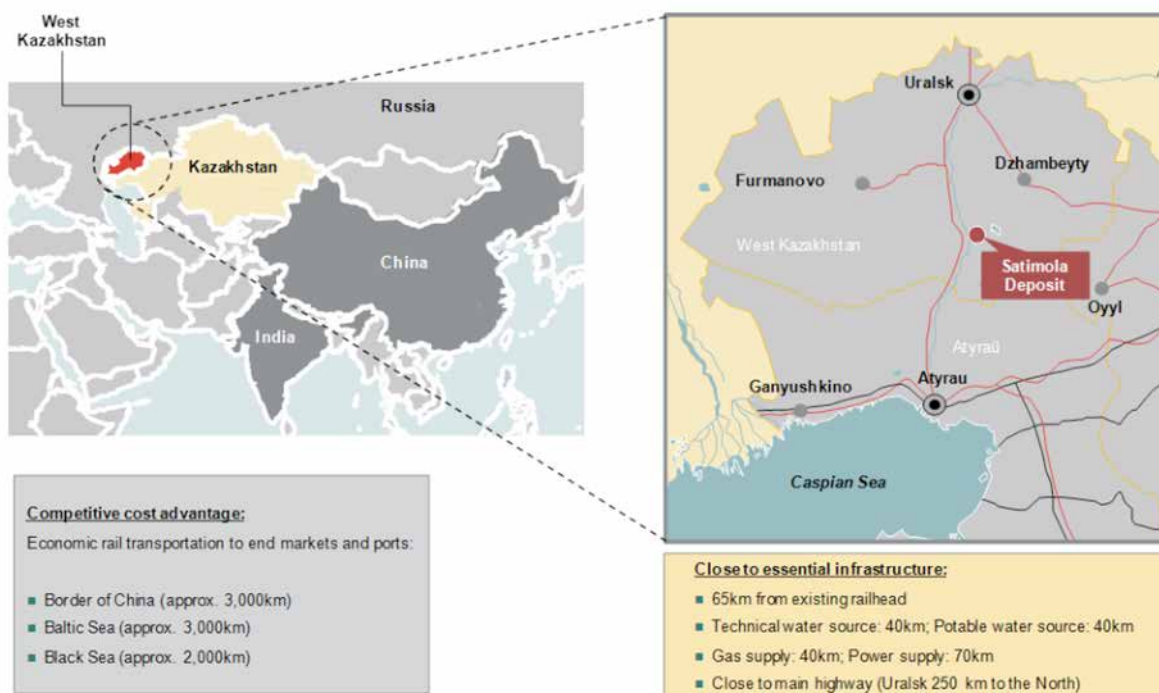
Contract No. 1391 registered on 19 April 2004 (as amended) granting Satbor the right to explore and mine potassium magnesium salts in the Akzhaik district of West Kazakhstan (**Satimola Contract**). The contract area covers 245.98 sq km. The total term of the contract is 27 years comprised of a 7 year exploration period and a 20 year production period. The exploration period expired on 19 April 2011. As at the date of this Prospectus, Satbor has completed its exploration and is preparing for production. No extensions to the term of the Satimola Contract have been applied for, however Satbor is considering seeking an extension of the term from 27 to 45 years.

The Satimola Contract requires Satbor to comply with a projected annual work program. Companies which do not comply with such obligations face fines and other administrative penalties, including the termination or suspension of the contract. As at the date of this Prospectus, Satbor was in compliance with its contractual obligations.

Land use permit

In addition to requiring a subsoil use contract, Kazakhstan law requires that subsurface users must also obtain local land use rights in respect of the contract area from the local authority (**Akimat**). Satbor holds the necessary land use permits to conduct exploration at the Satimola Project. In addition to the current permit, a further 14,360 hectares of land have been left in reserve for subsoil use in favour of Satbor for the next 20 years. If Satbor wishes to use the reserved land plots, it will need to obtain an additional land use permit from the Akimat in respect of the area.

Figure 14: Location Satimola Project in Western Kazakhstan



7.6 The West Australian Projects

The Company has a portfolio of five projects covering a total area of approximately 920 sq km within the Norseman-Wiluna and Gumtree Creek greenstone belts of the West Australian Goldfields (Figure 15). The Norseman Wiluna belt is a world class metallogenic province for orogenic lode gold style as well as being a recognised metallogenic province for sulphide nickel mineralisation which is located at Kambalda and Agnew, together with laterite nickel. As with many such greenstone terranes elsewhere, significant volcanic hosted massive sulphide (**VHMS**) deposits of copper-zinc-silver are represented by the Teutonic Bore-Jaguar-Bentley deposits between Leinster and Leonora. The Gumtree Belt is also recognised as a major gold province with a million ounce production centre at Gidgee – adjacent to the Company's Gidgee project.

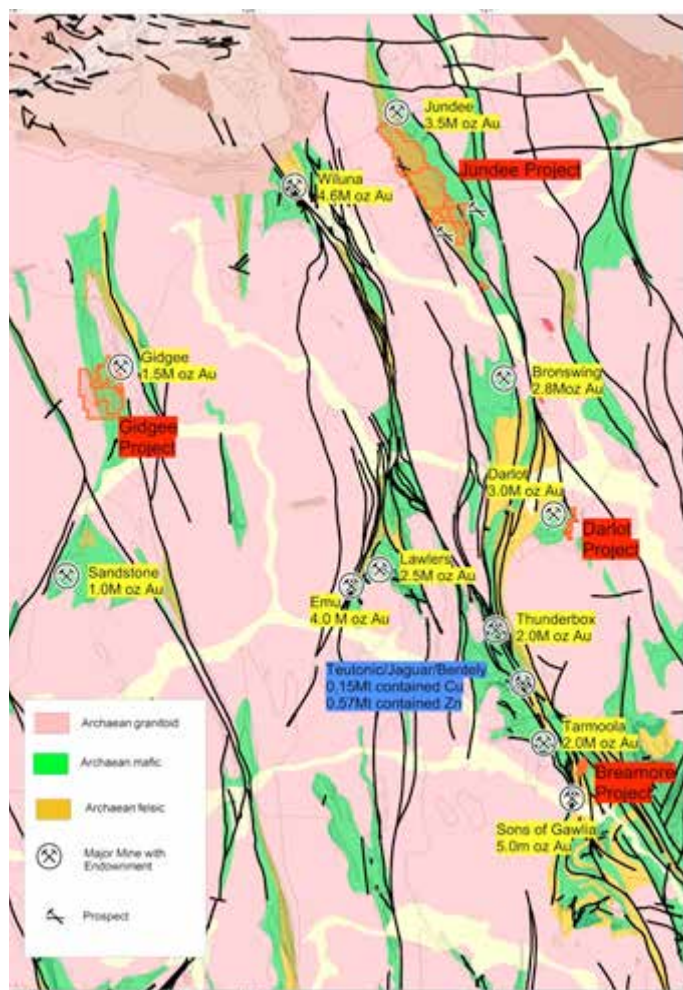
The district has excellent infrastructure, with a major sealed roads and a good network of secondary roads throughout the area, railway to Leonora and natural gas pipeline from the Northwest Shelf to Kambalda. Regional centres are linked by regular air services.

The Company's West Australian Projects are:

- Gidgee, Gold
- Jundee, Gold, Base Metals
- Darlot, Gold
- Braemore, Gold
- New England Well, Gold

The Company has a 100 % interest in the Jundee project, and for the Gidgee, Darlot, Braemore and New England Well projects 80% interest in the title and all minerals except iron ore. The information compiled on the Company's West Australian Projects is based on information contained in the Independent Geologists Report on the projects released to the market in the Company's Replacement Prospectus dated 9 November 2011, and the subsequent quarterly reports released to the market detailing the results of the exploration programs.

Figure 15: Project Location Plan



Gidgee Gold Project

The Gidgee Project is a contiguous block of tenement covering an area of approximately 347 sq. kilometres within the central section of the Gumtree Greenstone. The project area lies immediately south west of Panoramic Resource Limited's Gidgee Gold Project which has historically produced approximately 1.5 million ounces of gold and is currently undergoing a feasibility study to restart the operation.

The project covers a sequence of basalt, banded iron formations, komatiite ultramafic and sediments that have been intruded by granite. Within the belt, gold mineralisation is associated principally with mafic lithologies and banded iron formations ("BIF"). In addition there is some evidence that the ultramafic sequences, are prospective for nickel sulphide mineralisation.

Outcrop within the project is poor and deep weathering has resulted in a complex regolith profile being developed. The project has had a long history of exploration which has generated a number of advanced gold targets at Legendre, Barrel Maker and Crater within the central part of the project area. Historical drill results include 20m at 1.75g/t Au from the Legendre Prospect and 13 m at 2.16 g/t Au from the Crater Prospect.

Recent work by the Company was focused on completing recognisance scale multielement geochemical program, covering areas within the project not effectively tested by previous explorers. To date the company has collected 3,542 samples mostly on a 400m x 80m grid pattern and flown a low level aeromagnetic survey over the Legendre- Barrel Maker area. The work has generated a number of new targets for gold mineralisation associated with a granite pluton in the north of the project, BIF's on the western side of the project, as well as on structures cutting the granite greenstone contact.

Jundee Project

The Jundee Project comprised five exploration licences covering an area of 539 sq. kilometres in the northern part of the Yandal Greenstone Belt.

The eastern side of the project covers the Jundee Mafic sequence which hosts the Jundee Gold Mine operated by Newmont Australia Pty. Limited which has produced in excess of 3.5 Million ounces of gold. The Jundee sequence consists of ultramafics, high magnesium basalts and overlying tholeiitic basalts, with interbedded sediments and layered dolerite sills which have been intruded by felsic sills and dykes. The central section of the project covers the Lake Violet Volcanic Unit which is a bimodal volcanic sequence comprising mafic to felsic volcanics, volcanoclastic's and sediments, and in the western most greenstone sequences is the Moilers Mafic sequence. The Moilers sequence comprises mafic volcanics interbedded with BIF's which has been attenuated along the contact between the greenstone sequence and basement granite. The Moilers sequence hosts the historical Moilers gold mine which is a series of small historical workings.

The project area has been systematically drill tested by a number of companies, however recent work by the Company has questioned the effectiveness of some of this work, as much of the drilling is shallow Rotary Air Blast drilling (RAB) that may not have penetrated into bedrock and the coarse spacing of the regional drilling may not have identified a smaller deposit. Nonetheless, the previous drilling has generated a number of drill anomalies that require follow up deeper drill testing.

The Jundee and Moilers Mafic sequences are most prospective for gold mineralisation. Within the Lake Violet sequence there is potential for volcanogenic massive sulphide type mineralisation. There is also potential along the BIF's within the Moilers sequence to host iron ore mineralisation.

Darlot Project

This project comprises a single exploration licence covering an area is approximately 19 sq. kilometres. The Darlot Gold Mines owned by Goldfields Australia Pty Ltd located approximately 4 km to the north west. This mine has a production history of over 100 years and has produced in excess of 3 Million ounces of gold.

The company project covers the contact between the greenstone sequence that host the Darlot Mine and basement granite.

Previous exploration on the tenement has returned anomalous RAB results in the southern part of the tenement which is largely under transported cover. The Company has recently completed a major soil sampling program covering the northern half of the project area which has returned a number of new anomalies, including a 1200m long anomaly with a peak value of 613 ppb Au.

Braemore

The Braemore Project covers an area of approximately 16 sq. kilometres located 6 km north east of the township of Leonora and approximately 8 km from St Barbara Mines Limited Gawlia Mill.

The project overlies a sequence of felsic and mafic to felsic volcanics as well as sediments intruded by several granitoid within the Keith Kilkenny tectonic zone. Transported cover overlies much of the area, but is only 1-2m in thickness. The tenement is prospective for shear hosted gold mineralisation.

On the far western side of the project gold mineralisation has been defined by historical drilling at the Natasha and Sophia prospects. The drilling has returned several high grade intersections such as 12m @ 7.13 g/t gold from 84 to 96m in drill hole RWRC2 in the Natasha Prospect including 4m @ 17.4 g/t gold from 84 to 88m. There are also a number of historical RAB and surface geochemical anomalies within the project that require follow up.

Recently, the Company completed a low level aeromagnetic survey over the project area and collected 370 soil samples over areas of the project that had not been previously sampled and defined a new geochemical anomaly for follow-up.

New England Well

This project consists of two prospecting licences totalling 4 sq. kilometres in area. The project covers a sequence of basalts intruded by granite. There is a set of historical gold workings over a strike of approximately 100m within the project that appeared to extract a narrow quartz reef within sheared weathered basalts, here production is unknown.

The Company has systematically soil sampled the project area which has not returned any significant anomalism for follow up.

The Company is intending to maintain the necessary expenditure levels of the West Australian tenements in order to keep them in good standing.

8 INDEPENDENT GEOLOGIST'S REPORT ON THE ZHILYANSKOYE AND CHELKAR PROJECTS – SRK CONSULTING

A COMPETENT PERSONS' REPORT ON CERTAIN MINERAL ASSETS OF KAZAKHSTAN POTASH CORPORATION

Prepared For
KAZAKHSTAN POTASH CORPORATION



Proposal Prepared by



SRK Consulting (Kazakhstan) Limited
UK05762

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Project Number:	UK05762	
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A COMPETENT PERSONS' REPORT ON CERTAIN MINERAL ASSETS OF KAZAKHSTAN POTASH CORPORATION

1 INTRODUCTION

1.1 Background

SRK Consulting (Kazakhstan) Limited (“**SRK**”) is an associate company of the international group holding company, SRK Global Limited (the “**SRK Group**”). SRK has been commissioned by Kazakhstan Potash Corporation (“**KPC**”, also referred to herein as the “**Company**”) to prepare a Competent Persons Report (“**CPR**”) on certain mineral assets (the “**Mineral Assets**”) of the Company, pursuant the requirements of: section 716(2) of the Corporations Act 2001 (Cth); the Australian Securities & Investment Commission (“**ASIC**”) regulatory guides and the ASX Listing Rules (specifically Chapter 5), which together with the Reporting Standard (defined below) comprise the “**Requirements**”.

KPC is a public company, listed on the Australian Stock Exchange (“**ASX**”, ticker ASX:KPC) which is focused on the development of a number of potash mineral assets located in the Republic of Kazakhstan (“**Kazakhstan**”). All Mineral Assets (Table 1-1) are held by a locally incorporated entity, Batys Kali LLP (“**Batys Kali**”, a limited liability partnership) in which the Company has an effective equity interest of 95.0% (Figure 1-1), with the remaining 5.0% held by another locally incorporated entity, NC SEC Batys (“**NS Batys**”).

The Mineral Assets (Figure 1-2; Figure 1-3) comprise a total land holding package of 867km² comprising the Zhilanskoye Potash Project (“**ZPP**”) and the Chelkarskaya Potash Project (“**CPP**”). The Mineral Assets have been classified in accordance with the various international bench-marks, inter alia, the Valmin Code (2005) as defined below.

- Advanced Exploration Property (“**AEP**”): mineral assets for which only Mineral Resources have been declared; and
- Exploration Property (“**EP**”): mineral assets for which no Mineral Resources have been declared and an exploration programme has been sufficiently developed to support either disclosure of Exploration Targets in accordance with Clause 17 of the JORC Code and/or provision of further expenditure.

Table 1-1: Mineral Assets

Mineral Title	Holding Company	Location	Commodity	Development Status	Area (km ²)
Zhilanskoye	Batys Kali	Aktobe Region	Potash	Advanced Exploration Property	88.0
Chelkarskaya	Batys Kali	West Kazakhstan Region	Potash	Exploration Property	779.0
Total					867.0

As at 12 November 2012, the Company reports the following in respect of the ZPP:

- Mineral Resources containing polyhalite mineralisation (51% of the tonnage quoted assuming %K to polyhalite conversion of 7.71) of:
 - Indicated Mineral Resources of 769.4Mt grading 8.17%K₂O, 6.79%K, 2.71%Mg, 14.69%Na, 38.26%SO₄ and 1.30%Insols,
 - Inferred Mineral Resources of 214.3Mt grading 7.32%K₂O, 6.08%K, 2.51%Mg, 16.27%Na, 35.58%SO₄ and 1.89%Insols,



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Group Offices: Africa
 Asia
 Australia
 Europe
 North America
 South America

- Sylvinite Mineral Resources comprising:
 - Indicated Mineral Resources of 65.1Mt grading 19.24%K₂O, 15.98%K, 0.21%Mg, 23.56%Na, 2.41%SO₄ and 1.81%Insols,
 - Inferred Mineral Resources of 54.8Mt grading 17.86%K₂O, 14.83%K, 0.25%Mg, 24.64%Na, 2.52%SO₄ and 2.03%Insols,

Historical exploration expenditures relating to the Mineral Assets, for the year ended 31 December 2012 and the 9-month period ended 30 September 2013, Batys Kali reported KZT (Kazakhstan Tenge) 1,298 million (US\$8.7 million) and KZT224 million (US\$1.5 million) respectively.

Total historical exploration expenditures for Mineral Assets to date (30 September 2013) are reported as KZT2,398 million (US\$16.1 million) (ZPP – US\$10.8 million; CPP – US\$5.3 million).

The future exploration programme (the “Exploration Programme”) as developed by the Company, comprises activities and associated expenditures for the three month period ending, 31 December 2013 and the period ended 31 December 2014. The total expenditure forecasted to be expended by the Company is estimated at US\$4.09 million (A\$4.42 million)

The regulatory authorities in Kazakhstan, require the completion of certain technical-economic submissions which inter alia include reporting in compliance with national reporting standards. For the Mineral Assets, both historical and current (notably August 2013 Techniko-Ekonomicheskoe Obosnovanie Konditsy (the “**2013 TEO Konditsy**”) which translates as the Technical and Economic Justification of Conditions and considered equivalent to a Pre-Feasibility Study) submissions have been prepared and for the ZPP, are awaiting regulatory approval. To date the Company has not completed nor mandated any reconciliation against any reporting standard which has been mapped to the CRIRSCO (defined below) template. Furthermore, the latest technical-economic study,. This is a key milestone at which ‘Reserves’ are formally approved by the GKZ (State Commission on ‘Mineral Reserves’) and is a mandatory legal requirement in Kazakhstan. Similarly, technical studies focused on environmental matters, specifically the Otsenka Vozdeistviya na Okruzhayutchnuyu Sredu (“**OVOS**” – equivalent to an Environmental Impact Assessment) are also required as part of the regulatory approval process.

The focus of this CPR is the presentation of Mineral Resources in accordance with the Reporting Standard (Section 1.2.1), accordingly and at the request of the Company, neither the ‘reserves’ reported in accordance with the national reporting standard, nor the content of the 2013 TEO Konditsy or any preliminary OVOS have been subject to independent validation nor verification by SRK. For the avoidance of doubt, any technical information, sourced from the 2013 TEO Konditsy, referenced in this CPR is provided for information only. Accordingly SRK cannot comment on whether the technical work reported in these documents provides any indication of the technical feasibility or economic viability of the ZPP.

In addition to the above, SRK has been informed that the Company has various interests in other mineral assets (specifically: the Western Australian Tenements comprising Gidgee, Jundee, Darlot, Braemore, and New England Well) “**Other Mineral Assets**”) as at the Effective Date (defined below) of this CPR. For the avoidance of doubt and at the request of the Company the Other Mineral Assets have been expressly excluded from the scope of this CPR.

This CPR presents the following key technical information as at the Effective Date (defined

below):

- Mineral Resources (the “**August 2013 Statements**”) reported in accordance with the terms and definitions of the JORC Code (2012) (defined below); and
- Exploration Programmes associated with the future develop.

Certain units of measurements and technical terms defined in the JORC Code (defined below under Section 1.2.2) are defined in the glossaries at the end of this CPR.

1.2 Reporting Standard and Reliance

1.2.1 Reporting Standard

The reporting standard adopted for the reporting of Exploration results, Mineral Resources and the Exploration Programme for the Mineral Assets is that defined by the terms and definitions given in “*The 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the “JORC Code”) as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia*”. The JORC Code is an internationally recognised reporting code as defined by the Combined Reserves International Reporting Standards Committee (“**CRIRSCO**”).

1.2.2 Reliance on SRK

The CPR is addressed to and may be relied upon by the Company for the purpose of authoring the CPR, specifically in respect of compliance with the Reporting Standards. Notwithstanding the above, SRK agrees that the CPR may be made available to the Company’s various financial, legal and accounting advisors (the “**Advisors**”) for information purposes only as well as the Company.

SRK is responsible for this CPR and for all of the technical information contained in the Prospectus and regulatory submissions/disclosures made by the Company in connection with the publication of the Prospectus that has been extracted directly from this CPR.

SRK confirms that the presentation of information contained elsewhere in the Prospectus which relates to information in the CPR is accurate, balanced and not inconsistent with the CPR.

SRK declares that it has taken all reasonable care to ensure that this CPR is to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import, subject to the above “**Limitations**”.

SRK believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinions presented in this CPR. The preparation of a CPR is a complex process and does not lend itself to partial analysis or summary.

SRK has no obligation or undertaking to advise any person of any development in relation to the Mineral Assets which comes to its attention after the date of this CPR or to review, revise or update the CPR or opinion in respect of any such development occurring after date of this Technical Report.

1.3 Base Technical Information Date, Effective Date and Publication Date

The effective date of the CPR is 1 October 2013 (the “**Effective Date**”). The Mineral Resources and the Exploration Programme for the Mineral Assets have been prepared as at the Effective Date in reliance on:

- Technical information provided by the Company up to and including 30 September 2013 also assumed as the “**Base Technical Information Date**”; and
- Various public domain sourced information, specifically in respect of commodity prices and macroeconomics.

As advised by the Company, as at the publication date (28 January 2014) of this CPR (the “**Publication Date**”), no material change has occurred since the Effective Date. This includes, inter alia, no material change to the Mineral Resources and the Exploration Programme.

1.4 Verification and Validation

SRK, subject to the limitations as noted in Section 1.2.2, has conducted a detailed review (which specifically includes independent verification by means of re-calculation) and assessment of all material technical issues likely to influence the Mineral Resources and the Exploration Programme. Specifically, SRK completed the following:

- Inspection visits to the Mineral Assets during calendar 2012 and 2013;
- Enquiry of key project and head office personnel during calendar 2012 and Q3 2013 in respect of the following key items: Mineral Resources; and Exploration Programmes;
- An examination of historical information for the financial reporting periods ended 31 December 2009 through 31 December 2012 and for the nine month period ended 30 September 2013; and
- Generation of a Mineral Resource for the ZPP.

During the course of completing the above, the Company has provided technical data to SRK for the purpose of authoring the Mineral Resource as well as reviewing the Exploration Programme. In this respect SRK confirms that it has performed all necessary validation and verification procedures deemed necessary and/or appropriate by SRK in order to place an appropriate level of reliance on such technical information.

In presenting the technical information for the Mineral Assets, specifically the Mineral Resources (where relevant) and the Exploration Programmes, the following apply:

- Commodity long-term price (“**LTP**”) assumptions as provided by the Company and relied upon for input to the reporting of Mineral Resources; and
- Macro-economic assumptions regarding consumer price inflation (“**CPI**”) and exchange rates in respect.

1.5 Limitations, Reliance on Information, Declaration, Consent, Copyright and Cautionary Statements

1.5.1 Limitations

The Mineral Resources and Exploration Programme as reported herein are based on many factors, including in this case, data with respect to drilling and sampling. Mineral Resources are reported in accordance with the JORC Code and are subject to certain economic assumptions in order to assess their economic potential.

The Exploration Programme includes a number of forward looking statements. These forward looking statements are estimates and involve a number of risks and uncertainties that could cause actual results to differ materially.

The achievability of any projections associated with the Mineral Resources and the Exploration Programme as included in this CPR is neither warranted nor guaranteed by SRK. The projections as presented and discussed herein whilst derived by SRK, cannot be

assured; and they are necessarily based on various technical and economic assumptions, many of which are beyond the control of the Company. Unless otherwise expressly stated all the opinions and conclusions expressed in this Technical Report are those of SRK.

The subject matter of this CPR is expressly limited to the Mineral Resources and Exploration Programmes relating to the Mineral Assets and reported in accordance with the JORC Code (2012). For the avoidance of doubt, SRK has not been mandated to review or opine upon

Any technical information sourced from technical submissions prepared in accordance with the requirements of the local regulatory authorities are presented for information purposes only, and have not been subject to independent validation or verification by SRK.

1.5.2 Reliance on Information

SRK has relied upon the accuracy and completeness of technical, financial and legal information and data furnished by the Company. The Company has confirmed in writing to SRK that, to its knowledge, the information provided by it (when provided) was complete and not incorrect or misleading in any material respect. SRK has no reason to believe that any material facts have been withheld.

Whilst SRK has exercised all due care in reviewing the supplied information, SRK does not accept responsibility for finding any errors or omissions contained therein and disclaims liability for any consequences of such errors or omissions.

SRK's assessment of the Mineral Resources and the Exploration Programme is based on information provided by the Company throughout the course of SRK's investigations, which in turn reflect various technical-economic conditions prevailing at the date of this report.

This CPR specifically excludes all aspects of legal issues, marketing, commercial and financing matters, insurance, land titles and usage agreements, and any other agreements and/or contracts that the Company may have entered into.

This CPR includes technical information, which requires subsequent calculations to derive subtotals, totals and weighted averages. Such calculations may involve a degree of rounding and consequently introduce an error. Where such errors occur, SRK does not consider them to be material.

1.5.3 Declaration

SRK will receive a fee for the preparation of this report in accordance with normal professional consulting practice. This fee is not dependent on the findings of this Technical Report and SRK will receive no other benefit for the preparation of this Technical Report. SRK does not have any pecuniary or other interests that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Mineral Resources and the Exploration Programme for the Mineral Assets, opined upon by SRK and reported herein.

Neither SRK, the Competent Persons (as defined in accordance with the JORC Code and identified under Section 1.7, below) who are responsible for authoring this CPR, nor any Directors of SRK have at the date of this report, nor have had within the previous two years, any shareholding in the Company, the Mineral Assets or any other economic or beneficial interest (present or contingent) in any of the assets being reported on. SRK is not a group, holding or associated company of the Company. None of SRK's partners or officers are officers or proposed officers of any group, holding or associated company of the Company. Further, no Competent Person or Specialist involved in the preparation of this Technical Report is an officer, employee or proposed officer of the Company or any group, holding or associated company of the Company.

Consequently, SRK, the Competent Persons, Specialists and the Directors of SRK consider

themselves to be independent of the Company, its directors and senior management.

In this CPR, SRK provides assurances to the Advisors and the Board of Directors of the Company, in compliance with the Reporting Standards that the Mineral Resources and the Exploration Programme are reasonable, given the information currently available.

1.5.4 Copyright

Copyright (and any other applicable intellectual property rights) in this document and any accompanying data or models which are created by SRK Consulting (Kazakhstan) Limited is reserved by SRK and is protected by international copyright and other laws. Copyright in any component parts of this document such as images is owned and reserved by the copyright owner so noted within the document.

1.5.5 Consent

In compliance with the Requirements, SRK has given and has not withdrawn its written consent to the inclusion in the Prospectus of this CPR as set out in the relevant section of the Prospectus and all of the information contained in the Prospectus which has been extracted directly from this CPR.

1.5.6 Disclaimers and Cautionary Statements for US Investors

This CPR uses the terms “Mineral Resource”, “Measured Mineral Resource”, “Indicated Mineral Resource” and “Inferred Mineral Resource”. U.S. investors and shareholders in the Company are advised that while such terms are recognised and permitted under JORC Code and Listing Rules, the U.S. Securities and Exchange Commission (“SEC”) does not recognise them and strictly prohibits companies from including such terms in SEC filings.

Accordingly U.S. investors and shareholders in the Company are cautioned not to assume that any unmodified part of the Mineral Resources in these categories will ever be converted into Ore Reserves as such term is used in this CPR.

1.6 Indemnities provided by the Company

The Company has provided the following indemnities to SRK:

- In the event that the Company discloses or distributes any SRK work product or other deliverable (including reports, results, analysis, opinion or similar) (the “**SRK Work Products**”) to any third party, the Company shall procure that such third party complies mutatis mutandis with various of the Company’s obligations to SRK that are contained in the engagement letter between the Company and SRK and unless otherwise agreed in writing by SRK, no such third party shall be entitled to place reliance upon any information, warranties or representations which may be contained within the SRK Work Products and the Company shall indemnify SRK against all and any claims, losses and costs which may be incurred by SRK arising from the breach by the Company of this obligation. This indemnity shall not apply in relation to the provision by the Company of drafts of this CPR to the Advisors and the relevant regulatory authorities (ASX, ASIC) and in relation to, or following, the public release of this CPR in the Prospectus; and
- In order to assist SRK in the preparation of this CPVR the Company may be required to receive and process information or documents containing personal information in relation to SRK’s project personnel. The Company has agreed to comply strictly with the provisions of the Data Protection Act 1998 of the United Kingdom (“**DPA 1998**”) and all regulations and statutory instruments arising from the DPA 1998, and the Company will indemnify and keep indemnified SRK in respect of all and any claims and costs caused by breaches of the DPA 1998.

1.7 Qualifications of Consultants and Competent Persons

SRK is an associate company of the international group holding company SRK Consulting (Global) Limited (the “**SRK Group**”). The SRK Group comprises over 1,600 staff, offering expertise in a wide range of resource engineering disciplines with 50 offices located on six continents. The SRK Group prides itself on its independence and objectivity in providing clients with resources and advice to assist them in making crucial judgment decisions. For SRK this is assured by the fact that it holds no equity in either client companies/subsidiaries or mineral assets.

SRK has a demonstrated track record in undertaking independent assessments of resources and reserves, project evaluations and audits, Mineral Experts’ Reports, Competent Persons’ Reports, Mineral Resource and Ore Reserve Compliance Audits, Independent Valuation Reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide. SRK has also worked with a large number of major international mining companies and their projects, providing mining industry consultancy service inputs. SRK also has specific experience in commissions of this nature.

This CPR has been prepared based on a technical and economic review by a team of six consultants sourced from the SRK Group’s offices in the Kazakhstan and the United States over a one month period. These consultants are specialists in the fields of exploration, geology and resource estimation and classification. Mr Jerry Aiken undertook site visits to the Mineral Assets as follows: ZPP (2012 and Q2 2013); CPP (2011, 11-15 June 2012).

- Jerry Aiken, Member SME, BSc – geology and Mineral Resources;
- Sergey Volkov, MAIG, BSc– geology and Mineral Resources;
- Pavel Mukhin, FAIG, MEAGE, PhD, – geology;
- Tatyana Sokhonchuk, MSc, – geology;
- Nikolai Yenshin, BSc – project manager; and
- Anthony Thornton, C. Eng., MIMMM, BEng., – CPR review.

The Competent Person who has overall responsibility for the reporting of Mineral Resources, Exploration Results, Exploration Programme and the overall Competent Persons’ Report is Mr Jerry Aiken, who is an Associate Senior Consultant of SRK Consulting, BSc and a Registered Member of the Society of Mining, Metallurgy and Exploration (“**SME**”), which is a Recognised Overseas Professional Organisation (“**ROPO**”) included in the list promulgated by the ASX from time to time. Mr Jerry Aiken is an Associate Senior Consultant with over 45 years’ experience in the mining industry and has been involved in the reporting of Mineral Resources on various properties internationally during the past five years.

Figure 1-1: Kazakhstan Potash Corporation: corporate structure

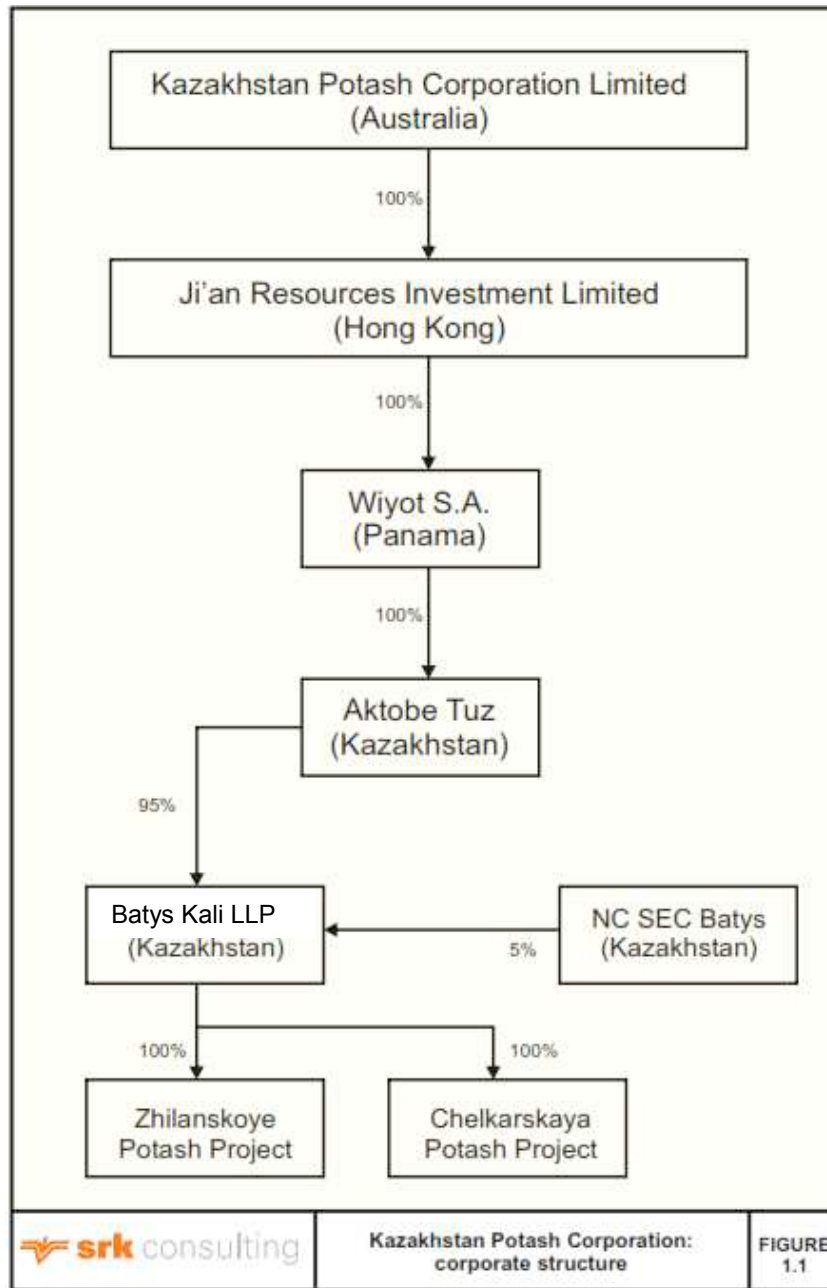
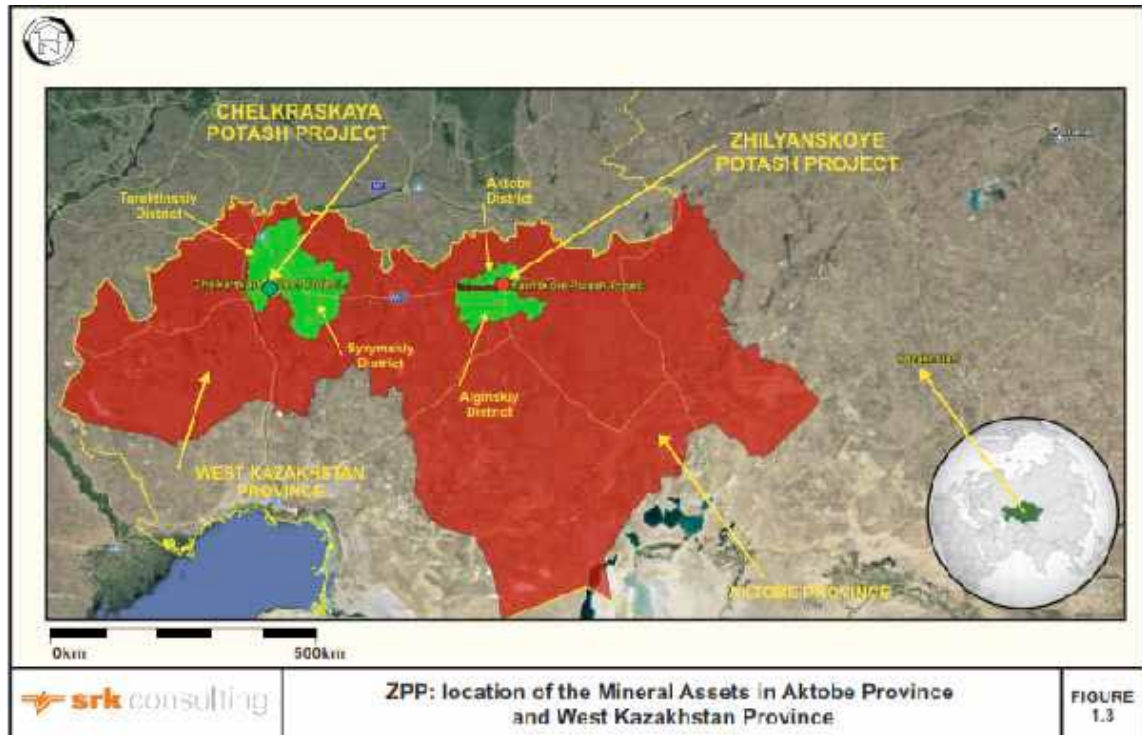


Figure 1-2: Mineral Assets: location of ZPP and CPP in Kazakhstan



Figure 1-3: Mineral Assets: location of the Mineral Assets in Aktobe Province and West Kazakhstan Province



2 ZHILANSKOYE POTASH PROJECT

2.1 Introduction

This section summarises the geology of the Zhilyanskoye deposit, and describes the exploration that has been completed to date. The main phase of exploration for the deposit was during the Soviet era. Since acquisition, the Company has undertaken limited exploration, which is also described. A Mineral Resource Statement, presented in accordance with the terms and conditions of the JORC Code (2012) is currently declared for the deposit. This section summarises the methodology utilised by SRK to develop the Mineral Resource estimates.

Based on the information presented in this CPR, Table 1 of the JORC Code (2012) has been populated and is included in Appendix 1.1 of this CPR.

2.2 Project Location and Description

The ZPP is located in northwest Kazakhstan, approximately 7km to 15km southeast of Aktobe. The project area covers an area of approximately 88km². Administratively, the property is located within the Aktobe and Alga districts of Aktobe Province. The boundaries of the Property are defined by the coordinates in Table 2-1, and illustrated in Figure 2-1.

Table 2-1: Licence Coordinates for ZPP

Easting	Northing
N 50°19' 32.50"	E 57°16' 46.50"
N 50°19' 32.50"	E 57°20' 05.50"
N 50°07' 14.00"	E 57°27' 13.00"
N 50°07' 14.00"	E 57°23' 59.00"



Figure 2-1: Mineral Assets: Location of the Zhilyanskoye potash deposit

Access to the ZPP is from Aktobe, which has an international airport that is serviced by several direct international flights from Antalya and Moscow. In addition, Aktobe maintains daily international rail service connections with Moscow (via Saratov), Bishkek, and Tashkent,

as well as daily domestic service connections with Aktau, Atyrau, Almaty and Astana. Paved roads connect the city centre of Aktobe with the boundaries of the ZPP.

The climate in the Zhilianskoe area is continental with warm summers lasting approximately five months. The average day time temperature is more than 20°C in summer and -8.5°C in winter. Maximum snow cover in the winter is in February, with a thickness of 29 cm. Overall, the average day time temperature for the whole year is 4.9°C; with an average annual wind speed of 3.0km/s. The average annual humidity is 67%.

The northern part of the ZPP is characterised by a zone of forest-steppes and steppes, whereas the southern region consists of semi-desert and desert vegetation. The fauna of the region is relatively diverse with in excess of 29 species of mammals and 170 species of birds being identified in the Irgiz-Turgay Reserve, which is located 300km to the east of the ZPP.

The Aktobe region occupies a territory of more than 300,000km² and is located in the centre of the Eurasian continent. Geomorphologically, the ZPP area represents a hilly plain disrupted by ravines and low ridges. The absolute elevation of the relief varies between 220m to 300m above sea level. The largest water features in the area are the Ilek and Zhaksy-Kargala rivers.

The local population in the deposit area is mainly employed in agriculture and industry. Oil, associated petroleum gas, chrome ore and chrome concentrates are produced locally. Additionally, power generation as well as production of ferroalloys, chrome salt, sodium dichromate and concrete pre-engineered structures take place in the region, indicating that personnel with partly relevant experience for mining and processing can be found locally.

The area has access to electricity, via a network of high-voltage lines with electric potential ranging from 10.35kV to 220kV. The transformer substation is situated in Aktobe. The power is generated using natural gas, which is sourced from the Bukhara-Urals natural gas pipeline. Drinking water is sourced from artesian wells, whereas water for technical use is sourced from the Ilek and Zhaksy-Kargala rivers.

2.3 Geology

Potash mineralisation is loosely defined as being various mined and manufactured mineral salts that contain potassium in water-soluble form. The term potash therefore refers to both the raw material (i.e. the mineralisation) and the manufactured product. The mineralisation is further defined by the main potassium bearing mineral, such as sylvinite, carnalite or polyhalite.

The mineralisation is sub-divided into two main types, being sulphate and chloride. The sulphate mineralisation type is characterised by the presence of Mg and K-sulphate minerals. These minerals reflect the chemical composition of the seawater. The majority of known potash deposits are of the chloride type, which reflects the evaporation of seawater from the basin, and the inflow of CaCl₂, through the ingress of meteoric waters.

The fertiliser products derived from the potash mineralisation is determined by the minerals present. Typically, chloride type potash produces Muriate of Potash (“**MOP**”) fertiliser, whereas sulphate type produces a fertiliser product called Sulphate of Potash (“**SOP**”). The grade of potassium products are typically expressed in K₂O.

At Zhilyanskoye, the potash mineralisation consists of three main potassium bearing minerals, namely:

- Sylvinite, which has the chemical formula KCl;
- Carnalite, which has the chemical formula KMgCl₃·6H₂O; and

- Polyhalite, which has the chemical formula $K_2MgCa_2(SO_4)_4 \cdot 2H_2O$

Rock units which contain polyhalite and halite (“**NaCl**”) together are termed polyhalite mineralisation. Minor amounts of anhydrite, clays and dolomites may also occur, and report to the insoluble proportion of the assays. A rock which contains varying amounts of sylvinite and halite together is called sylvinite mineralisation. Minor amounts of anhydrite, clays and dolomites can also occur within the sylvinite mineralisation. Where a unit comprises carnalite with halite, it is termed carnalite mineralisation. Often, sylvinite and carnalite mineralisation types occur together, as sylvinite can be produced when carnalite reacts with water.

Carnalite is a primary evaporate mineral, which forms through direct precipitation from evaporating fluids. The carnalite is then altered to sylvinite or polyhalite through the circulation of water of brine. Polyhalite can also be formed through direct precipitation from water or brine. Deformation of the salt units is also common, which can also provide additional pathways for circulating fluids to increase the alteration of the primary evaporite minerals.

2.3.1 Regional geology

Regionally, the geology of the Zhilyanskoye deposit is hosted by the Ural marginal trough, which forms part of the Kungurian Basin. The Kungurian Basin occupies a huge area, which extends from Russia into western Kazakhstan. The basin sediments can be traced over 3,000 km from the Caspian Sea in the south to the Arctic Ocean in the north, and from the Volga River in the west to the Urals in the east. The Basin sediments occur as a belt, which is between 200 and 250 km wide. The lithologies within the basin are characterized by various types of sedimentation, related to the erosion of terrigenous material from the Palaeourals and to marked drops in sea-level. The latter formed isolated basins with restricted seawater circulation. Basinal areas were of higher salinity whereas, in shallow western parts of the basin, large amounts of fresh water came from the denuding Palaeourals. Brief incursions of ocean waters from the north also took place. These factors combined with palaeogeographical factors produced a complicated facies arrangement. Thick evaporite masses such as gypsum, anhydrite, halite and potash salts form complex intercalated structures with sandstones, conglomerates, mudstones, limestones and dolomites.

2.3.2 Local geology

The Zhilyanskoye deposit is hosted by Permian sediments, which form part of package of Permian, Triassic, Jurassic and Quaternary formations. The later formations, namely the Triassic and younger sediments, lie unconformably on the Permian sediments. The Quaternary sediments are associated with river valleys and ravines.

The Permian layer which hosts the Zhilyanskoye deposit is named the Kungur unit, which has been interpreted to form a narrow belt, orientated approximately north-south. The belt is approximately 1.2km to 2.2km wide, and has been mapped for a strike length of approximately 33km. The Kungur unit has a variable lithological composition, with two main suites identified, namely the lower salt bearing horizon, and the upper, sulphate-clastic bearing horizon. The upper layer is typically flat lying, with low dip angles. The salt layers in the lower unit are more deformed, due to internal salt tectonics, which has extensively remobilised the salt bearing mineralisation.

Potash mineralisation is hosted by the salt bearing layers of the lower Kungur unit. Five horizons have been identified within the Kungur unit, which are, from the top down:

- **Upper clastic, salt bearing horizon** – This unit consists of marl and anhydrite lenses, which are up to 15m thick. The mineralisation is medium to coarse grained and light grey

in colour. The mineralisation is highly fractured, which are filled with cryptocrystalline anhydrite;

- **Upper productive horizon** – This is the main sylvinite mineralisation hosting unit within the Zhilyanskoye deposit. The horizon is dominated by sylvinite and sylvinite-carnalite salts, with minor sandstone, anhydrite, mudstone, and marl interbeds. The sandstone unit forms a marker horizon between upper and lower sylvinite layers. The mineralisation in this unit is typically fine grained, and occurs in layers up to 20m thick;
- **Sulphate salt bearing horizon** – This unit separates the upper and lower productive units. The unit varies in thickness between 350m in the northern part of the deposit, to 160m in the central part of the deposit. Towards the south, the unit pinches out, and the upper unit lies directly on the lower unit. The horizon consists of salts lenses of up to 20m thick, with mudstone, anhydrite, marl interbeds. The salts are pale pink to red in colour, due to the presence of iron oxides. The salts are fine to medium grained, and occasionally contaminated with clay minerals;
- **Lower productive horizon** – This is the main polyhalite mineralisation hosting unit within the Zhilyanskoye deposit. The horizon is dominated by polyhalite in the salt units, which are separated by anhydrite and marl interbeds. Three main polyhalite bearing bands are identified, based on the polyhalite content of the salt unit. The salts are typically medium to coarse grained, and are light grey to yellow in colour. The units are highly fractured, which are in-filled with bluish-grey to grey cryptocrystalline anhydrite. Polyhalite is also located in networks of grains and intersections within the salt mineralisation. The salt bearing layers vary in thickness between 15m to 80m; and
- **Lower clastic salt bearing horizon** – This unit is rarely intersected by the drilling. The horizon is marked by alternating 10m to 20m thick beds of salt, mudstone, and sandstone. Occasionally, the salt beds can be up to 90m thick, particularly in the central part of the deposit. The salt crystals are typically coarse grained, and white to light grey in colour.

The sediments within the area of the Zhilyanskoye deposit are folded into an anticlinal structure, which is aligned approximately north-south. The fold axis has been traced for approximately 30km along strike, but its boundaries are not fully determined. The width of the defined unit is between 3.5km and 4.0km. The core of the fold is composed of Lower Permian conglomerates and sandstones, which crops out in the northern part of the deposit. The plunge of the fold means that the core sediments occur at depths of between 200m and 400m in the south. The limbs of the fold dip at approximately 20° towards the east, and at approximately 25° to 45° towards the west.

The western limb is also heavily affected by the salt tectonics, which has resulted in second order anticlinal folding. The second order fold affects the sediments hosting the potash mineralisation. A geological map of the Zhilyanskoye area is illustrated in Figure 2-2.

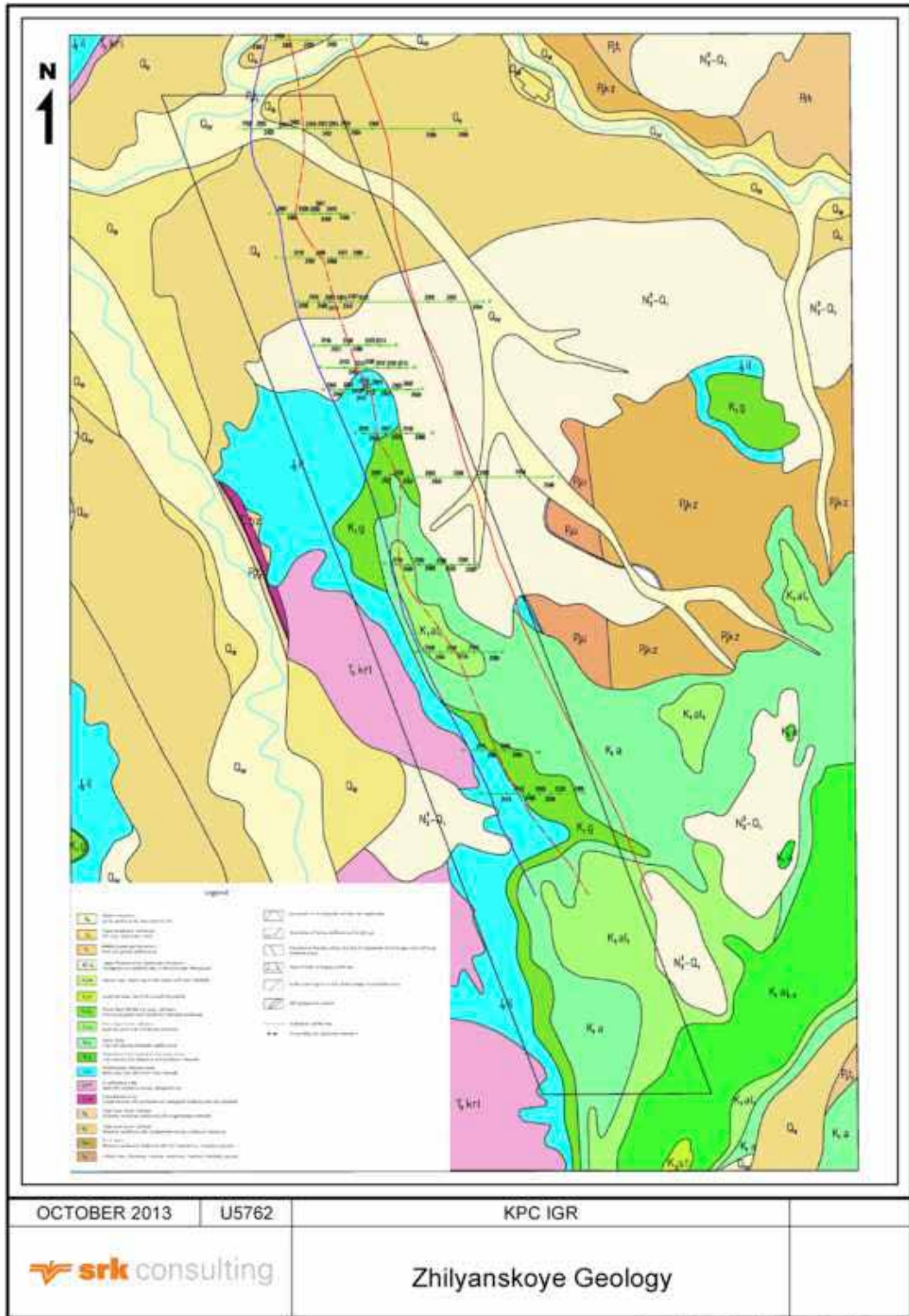


Figure 2-2: Mineral Assets: Geological map of the Chelkarskoye potash deposit

2.3.3 Deposit geology

The two potash bearing horizons within the Kungur unit can be traced for the full length of the anticlinal structure. The upper horizon is dominated by sylvinite, whereas the lower is dominated by polyhalite.

The upper sylvinite horizon is separated from the underlying polyhalite unit by thick clastic and salt interbeds. The true thickness of the sylvinite unit is approximately 120m in the north of the deposit, which thins slightly to between 90m and 105m in the central part of the deposit. Towards the south, the unit thickens to between 129m and 176m.

Mineralisation within the upper horizon is in the form of sylvinite and sylvinite-carnalite tabular lenses, which have been folded into antiformal structures. The sylvinite lenses are only preserved in the limbs of the second order fold. The sylvinite-carnalite lenses are more laterally restricted than the sylvinite lenses, meaning that significantly less drill hole intersections exist for this mineralisation style. The units typically occur between 200 and 650 m below the surface.

The modelled sylvinite wireframes extend for 12,540m along strike, which is orientated north – south. The limbs of the modelled units dip at 45° towards the east, and at 50° towards the west. The thickness of the modelled units varies between 5 m at the termination of the limbs, to 140m in the fold hinge.

The lower, polyhalite rich horizon is divided into northern and southern occurrences. The northern mineralisation is generally thicker than the southern area. The polyhalite units also contain variable amounts of halite, which occurs as a network of intergrowing polyhalite and halite crystals. This has the effect of significantly reducing the K₂O grade, and increasing the NaCl content. The proportion of polyhalite within the mineralisation is entirely governed by the amount of halite present. The mineralisation is typically grey to light grey in colour. The mineralisation is difficult to differentiate from the underlying anhydrite.

The modelled polyhalite wireframes extend for 16,088m along strike, which is orientated north – south. The limbs of the modelled units dip at 35° towards the east, and at 40° towards the west. The thickness of the modelled units varies between 5m on the limbs, to 35m in the fold hinge. The majority of the mineralisation occurs in the modelled hinge zones, with little lateral extend to the fold hinges. The units typically occur between 200m and 650m below the surface.

2.4 Mineral Resource Estimation and Classification

2.4.1 Exploration history

Exploration at the Zhilyanskoye deposit began in 1936, and continued until 1957, by Soviet era geological surveys. Exploration included geophysics, mapping, and later, diamond and open hole drilling. The deposit was first identified in 1951, when evaporate minerals, such as sylvinite and carnalite were intersected at a depth of 525 m below surface.

The main phase of historical exploration for the Zhilyanskoye deposit was between 1952 and 1959. This phase of exploration included drilling, which identified that the mineralisation with localised within the axial folds and eastern limb of the Zhilyanskaya structure. The western limb of the structure was intersected by a fault, which restricts the lateral extents of the mineralisation. This phase of drilling also included topographic surveys of the area. This also included the survey of the collars of the drill holes.

Subsequently, three holes were drilled between 1982 and 1984, for metallurgical testing.

The most recent phase of drilling was conducted by the Company during 2012. This included the drilling of 10 additional holes, with the aim of twinning some of the historical drilling, and

improving the confidence in the geological and grade continuity.

2.4.2 Quality and quantity of data

Drilling

During the historical phase of drilling, a total of 136 vertical drill holes of between 450 and 850 m deep were completed. The cutting agent for the drill hole is reported to be pobedit, a tungsten carbide alloy. The drill hole diameter varied between 168mm to 150mm, which reduced to 92mm at the hole termination. Core recovery is reported as being high, typically between greater than 95% for the mineralised intersections. According to the contemporaneous surveying records, the drill hole depths were recorded every 150m to 250m, but no down hole surveying was completed. The collars were surveyed using a theodolite. All of the holes were drilled using specialist drilling fluids, to ensure that the evaporate minerals were not dissolved during core extraction.

In 2012, 10 vertical holes were drilled. In the overburden, the holes were drilled using an open hole method, with core extracted in the mineralised intersection. The open holes were lined with casing, to minimise the inflow of water. Drilling was completed using hard alloy bits. The core extracted from the mineralised intervals was either HQ or NQ. The drill holes were surveyed at 20 m intervals down the hole, using an inclinometer. Down hole surveys were only recorded below the casing, which was at an average depth of 320m below surface. During down hole surveying, only the deviation from the anticipated dip angle was reported. Azimuth measurements were not routinely taken, but were recorded when the drill hole dip deviation exceeded 3°. The collars were surveyed using a total station. Core recovery was reported as being greater than 90% for the mineralised intersects.

Of the 10 holes drilled at Zhilyanskoye during 2012, four were completed as twinned holes, to provide a direct comparison with the historical drilling. The holes were typically drilled within 50 m of the original hole to enable direct comparisons to be made. The remainder were aimed at increasing the drill hole drilling density, improving the confidence in the geological and grade continuity, and for the collection of metallurgical samples. After drilling of the hole was completed, the holes were surveyed using down hole geophysical methods. The holes were surveyed for temperature, natural gamma, neutron gamma, caliper logging, flowmeter logging, and drill hole inclination.

Four of the 10 holes drilled in the 2012 campaign were aimed at twinning existing historical holes. Comparing two of the new drill holes to the historical holes shows an apparent vertical displacement of between 20m and 30m. SRK considered that this could be a result of the lack of surveys in the historical drilling, resulting in a perceived offset, when compared to the 2012 drilling. For the remaining 2012 twinned holes, the plots of the twinned holes show good reproducibility between the historical and 2012 grade profiles.

The drilling statistics, as sourced from the Mineral Resource estimation database are included in Table 2-2. The drilling was completed on 17 sections, spaced approximately 1km apart. Infill drilling has reduced the section spacing to 500m in the central portion of the deposit. On section, the drill holes are approximately 200m apart. However, the majority of drill holes on section do not intersect the mineralisation, due to the relatively short down-dip extensions of the mineralisation.

Table 2-2: Drilling statistics for the ZPP

Campaign	Number of drill holes	Total drilling meters (m)	Number of K assay samples	Percentage of K assay samples per campaign
Historical	120	75,899	4,478	87%
2012	10	6,184	652	13%
Total	130	82,083	5,130	-

Sampling and assaying

Core from the historical sampling was marked up to reflect the rock types encountered. Waste bands of less than 5cm thick were included in the potash layers. The marked up layers varied in thickness between 0.1m and 3.0m, with an average thickness of 1.5m. Samples were taken from each layer by drilling holes into the core, using a 12mm diameter bit, and the fine grained material collected for assay. For each 12mm hole, approximately 200g to 220g per sample meter was recovered. For an average sample length of 1.5m, the average sample mass was 300g to 375g. In addition to the drilling method, half core duplicates were also taken for comparison. A total of 41 samples were taken, which comprised 0.7% of the sample database.

For the primary samples, the 300g to 375g sample was divided using cone and quartering to produce a sub-sample of between 120g and 150g. All samples were analysed at the Aktyubinsk chemical laboratory in West Kazakhstan. The samples were analysed using wet chemistry methods to determine the K, Na, Mg, Ca, Cl, SO₄, insoluble residue (“**Insol**”), hygroscopic moisture, and Loss on Ignition (“**LOI**”).

During the 2012 drilling campaign, the core was geologically and geotechnically logged at the drill site, before being photographed. The core was then sealed into boxes and transported to the core storage facility for sampling. The core was marked up to reflect lithological boundaries, with a minimum sample length of 0.5m and a maximum sample length of 5m. The average sample length was 2m. The core was sawn in half to derive the samples for assays. Half core duplicates were also analysed, to provide a field duplicate. A total of 64 half core samples were analysed, which equates to 9.4% of the total sample database.

A typical 2m length half core sample weighed approximately 9.6kg after sawing. The half core samples were processed by crushing to 2mm, before being split to 0.8kg. The sub-sample was then pulverised to 0.07mm, and splitting to 0.3kg. The 0.3kg sub-sample was then split into the primary and laboratory duplicate, which weighted approximately 150g. The samples were analysed at the LLC Aktyubinsk geological laboratory in Aktobe. This laboratory holds an accreditation through the relevant Kazakh authorities.

Depending on the composition of the samples, water or hydrochloric acid was used to dissolve the material for analysis. For soluble salts such as halite, carnallite and sylvite, 1g of sample was dissolved in 150ml to 200ml of hot distilled water, which was continuously stirred for 1 hour. In the case of complete dissolution, the sample was filtered into a 500ml volumetric flask, and the filter washed with hot water. The filters were then burnt in crucibles at a temperature of 900°C for 1 hour. The remaining material represents the insoluble content of the sample.

For the non-soluble salts, such as polyhalite, anhydrite, borate and gypsum, 2 solutions were prepared. Chloride and B₂O₃ were analysed from an aqueous solution, whereas the other components (SO₄²⁻, Ca²⁺, Mg²⁺, K⁺ and Na⁺) from a hydrochloric solution. Approximately 1g of sample was dissolved in 150ml of 5% hydrochloric acid and boiled for 1hour. The insoluble content was derived from filtering the solution and burning the filters in crucibles.

Once dissolved, the chloride content was determined by mixing 10ml of the aqueous extract with 50ml of distilled water, nitric acid (pH adjustment to 2.5 to 3.0) and 2ml of diphenylcarbazone. The final solution was then titrated with nitrate of mercury. Calcium was determined by mixing 50ml of the aqueous extract with 50ml of distilled water, 5ml of sodium hydroxide solution and indicator chrome dark blue and titrating the solution with Trilon B (0.05 N). Magnesium was determined by mixing 50ml of the aqueous extract with 50ml of distilled water, 5ml of ammonia buffer solution and indicator chrome dark blue and titrating the solution

with Trilon B (0.05 N). Sulphate was determined by mixing 100ml of the aqueous extract with 3ml of hydrochloric acid, heating the solution to boil while continuously stirring and adding 8.7ml of barium chloride solution. After a cool-down phase, the solution is filtered and the filter placed in a crucible and dried (100°C to 105°C) and incinerated burned. Boron content was determined by photometry. For K⁺ and Na⁺, the contents were similarly derived from titrating the hydrochloric solution.

Quality assurance and quality control

The historical and recent drilling campaigns were supported by quality assurance and quality control (“**QAQC**”) programmes. For the historical data, the QAQC programme comprised the following:

- field duplicates, where the drilled samples were compared to the half core;
- internal duplicates, where pulps were re-submitted for analysis; and
- external duplicates, where pulps were submitted to external laboratories for analysis.

The 2012 drilling campaign was supported by a QAQC programme which included:

- field duplicates, where the two half core samples were compared;
- internal pulp duplicates;
- external pulp duplicates;
- blanks, which consisted of low K halite; and
- Standard reference materials (“**SRM**”), which were generated for the project for repeat assaying of a single drill hole

SRK analysed all of the available QAQC data, for both the historical and 2012 drilling campaigns. SRK noted that although some minor deficiencies were identified, overall the assay data was of a sufficient quality for use in the subsequent Mineral Resource estimate. SRK identified one significant risk to the data, being the lack of survey data for the historical drilling, which may have introduced a level of uncertainty into the geographical location of the mineralised bodies.

Density Analysis

During the 2012 drilling campaign, density samples were taken. However, the results of this analysis were unavailable for integration into the Mineral Resource estimate. For tonnage estimation, SRK used the historically reported density values for each of the mineralisation types, namely:

- Polyhalite – 2.48t/m³;
- Sylvinite – 2.07t/m³; and
- Sylvinite-carnalite – 1.72t/m³.

SRK notes that the density of polyhalite, in its pure mineral form is 2.78t/m³. For sylvinite, the density of the mineral is stated as being 2.07t/m³. The density values determined for the polyhalite mineralisation illustrates that the mineralisation is not (51%) pure polyhalite, but comprises both polyhalite and halite.

2.4.3 Geological modelling and Domaining

The Mineral Resource Statements are supported by a 3D computerised block model. The Mineral Resources were estimated by SRK, using techniques which are consistent with industry best practice. This section describes the methodologies used to derive the grade and tonnage models, and the analysis undertaken to support the declaration of a Mineral

Resource, in accordance with the JORC Code (2012).

The validated database, which comprised both the historical and 2012 database was used to generate wireframes of the polyhalite, sylvinite, and sylvinite-carnalite bodies. The wireframes were based on statistical analysis of the raw sample data, which showed natural grade cut-offs of 1.59%K₂O for polyhalite, and 1.65% for sylvinite. The wireframes were generated digitising 2D interpretations on each section, and joining these together to form 3D wireframes. The wireframes were extended approximately half the section spacing beyond the drill holes. The 2D interpretations were based on the available drilling, and the interpretations made during the Soviet era exploration programme.

Geological modelling for the Zhilyanskoye deposit consisted of the generation of 21 wireframes for the polyhalite mineralisation, 15 wireframes for the sylvinite mineralisation, and 7 wireframes for the sylvinite-carnalite mineralisation.

The modelled units are typically antiformal structures, with the axial planes striking approximately north - south. The limbs dip at approximately 35° towards the east and 40° towards the west. The mineralisation varies in vertical thickness between 5m at the edges of the modelled units, to a maximum of approximately 140m at the fold axis. No further domaining for grade estimation was applied, meaning the modelled units formed the basis of the grade estimation. The sylvinite and polyhalite modelled solids are illustrated in Figure 2-3.

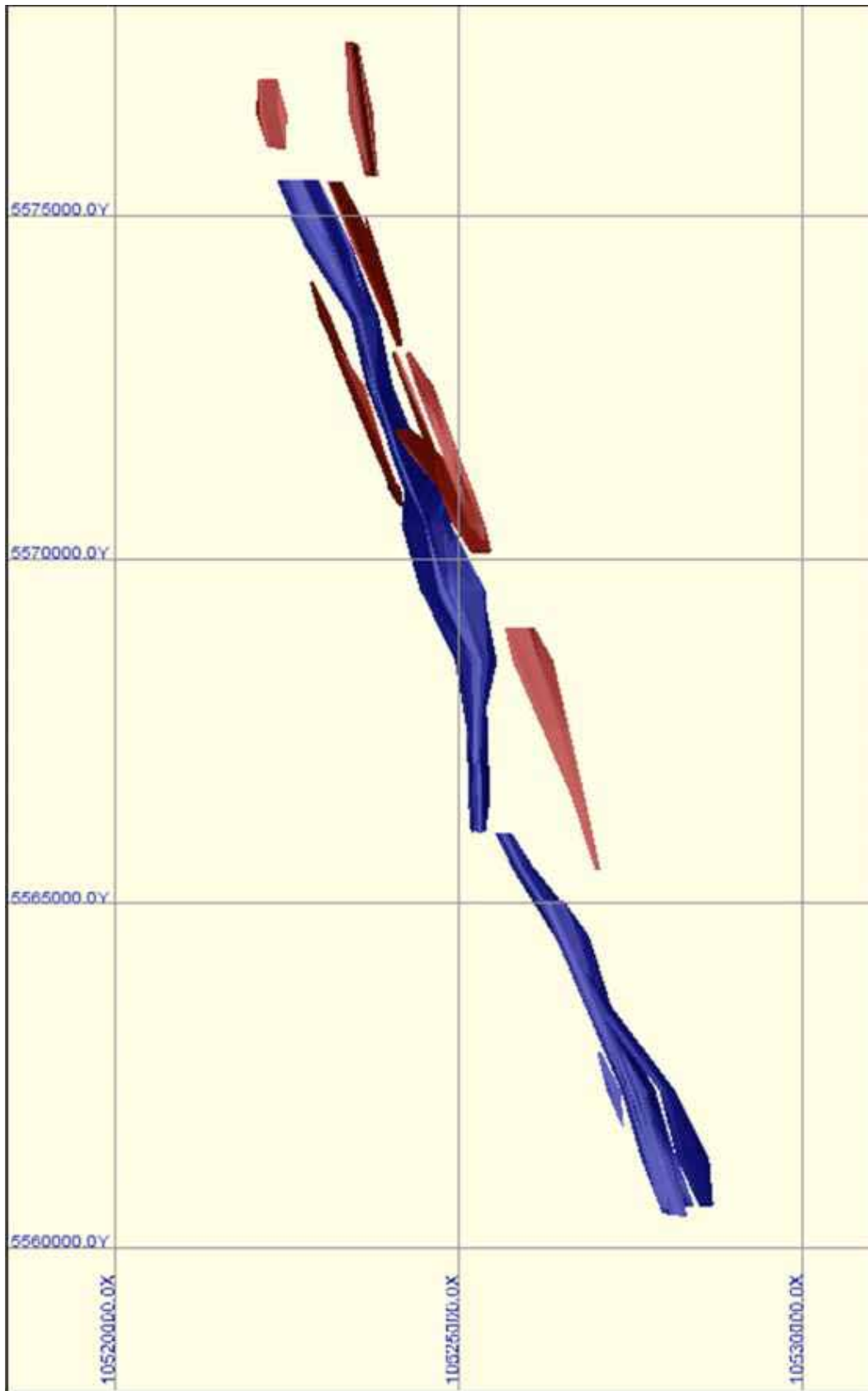


Figure 2-3: Mineral Assets: Geological model of the Zhilyanskoye potash deposit (red = sylvenite; blue = mineralised material containing polyhalite)

2.4.4 Compositing, statistical analysis and variography

The sample data was composited to 2 m within the modelled solids. Statistical analysis of the composited assay, divided into the respective polyhalite and sylvinite mineralisation bodies. The combined histogram for polyhalite showed a bimodal distribution, with a low grade distribution of between 0% and 6.5% K₂O, and a high grade distribution above 6.5% K₂O. The sylvinite histogram also showed a bimodal distribution, with the low and high grade populations divided by a grade of 9.0% K₂O. No capping was applied to the composite data.

Correlation statistics between K₂O, Mg, Na, SO₄, and Insol showed interdependencies between the different variables. To account for these correlations, the variables were estimated using normalised search parameters, and the final block models checked to ensure no biases were introduced.

Due to the complex morphology of the polyhalite and sylvinite bodies, SRK has undertaken unfolding to improve the variographic analysis, and the subsequent block model. The unfolding algorithm applies a factor to both the block model cells and composite data to transform the data into unfolded space. The unfolded data is then used for variograms and grade estimation, before being returned to folded space for model validation.

Variograms were produced for all of the variables being modelled, namely K₂O, Mg, Na, SO₄, and Insol. Variography was undertaken separately for the polyhalite and sylvinite. The resultant nugget effect for K₂O for polyhalite is 30%, and for sylvinite, 10%. The maximum along strike range for polyhalite is 886 m, and 900 m for sylvinite. The Z dimension ranges were noticeably shorter, reflecting the vertical variation within the modelled mineralisation. The maximum ranges were 20 m for polyhalite, and 6 m for sylvinite.

2.4.5 Block modelling and interpolation

The grade was estimated into a block model, with block sizes of 10m by 80m by 2m. As with the composites, the block model was transformed into unfolded space for estimation. The grade was estimated using two methods. The first phase of grade estimation was to estimate indicators into the grade wireframes, to reflect the cut-off grades in the bimodal populations highlighted by the composite statistics. The grade estimates were then limited by these indicator blocks, to restrict the smoothing of grades. The grades were estimated using Ordinary Kriging, with search parameters based on the variograms parameters.

The grade for each modelled unit was estimated separately, using the composites derived from the modelled unit. The grade was estimated using several passes to ensure that all blocks were filled. The first search pass was based on two thirds of the maximum variograms range, which was increased incrementally until all of the blocks in the modelled wireframes had been assigned a grade. A minimum of 1 sample and maximum of 8 samples was used for the polyhalite units. For the sylvinite units, a minimum of 1 sample and maximum of 7 samples was used. For all search passes, a discretisation grid of 5 by 5 by 5 was applied.

The same search parameters were used for all other variables, namely Mg, Na, SO₄, and Insol. Once all grades had been estimated, the block models were returned to folded space, for validation, classification and reporting.

Tonnages were estimated from the modelled volumes by applying a single density, depending on the mineralisation type. The density values were based on the historical data, and were as follows: Polyhalite – 2.48t/m³; Sylvinite – 2.07t/m³; and Sylvinite-carnalite – 1.72t/m³.

SRK notes that the density of polyhalite, in its pure mineral form is 2.78t/m³. For sylvinite, the density of the mineral is stated as being 2.07t/m³. The density values used for tonnage estimation reflect that the sylvinite mineralisation is considered to be relatively pure, whereas

the polyhalite mineralisation is a complex intergrowth of polyhalite and halite.

2.4.6 Validation

The block models were validated using a range of industry standard methodologies. Validation techniques used included visual techniques, where the drill holes were compared the block model on section, validation plots, statistical comparisons between the composite data and the block model, and through re-estimation using a separate technique, namely Inverse Distance Weighting (“IDW”). Overall, SRK is confident that no local or global biases have been introduced during the estimation process, and the block model reflects the input data on both local and global scales.

2.4.7 Classification

The Mineral Resource Statement for the ZPP is reported in accordance with the terms and definitions of the JORC Code, as published in 2004.

In classifying the Mineral Resources, SRK has taken several factors into account. These include, but are not limited to:

- Quality of data;
- Quantity and spacing of data;
- Geological understanding, confidence in the geological continuity; and
- Quality of the estimated grades, and confidence in the grade continuity;

SRK has classified the Mineral Resources as a combination of Indicated and Inferred Mineral Resources. The classification was coded into the model through the digitisation polygons, which were determined by defining areas of higher confidence in the grade and geological continuity. SRK notes that the current geological modelling has inferred a high degree of correlation between the mineralised intersects, resulting in a continuous model of polyhalite and sylvinite mineralisation. SRK notes that additional infill drilling may indicate areas where the complex salt tectonic regime and late stage faulting may have significantly impacted on the currently assumed geological model. The geological model presented is based in part on the historical drilling. SRK has also assumed that the grade distribution within the polyhalite and sylvinite lenses is relatively undisturbed during emplacement, meaning that the grade distribution within the lens reflects the morphology of the modelled lens.

The Indicated Mineral Resources were defined in areas where the drill hole spacing was typically 200m on section, and 500m between sections. The remainder of the modelled mineralisation was classified as Inferred Mineral Resources.

2.5 Mineral Resource Statement

The SRK Mineral Resource Statement, which is reported in accordance with the JORC Code (2012) is presented in Table 2-3 and Table 2-4. The Mineral Resource Statement has an effective date of 6 August 2013, and is presented above a cut-off grade of 5%K₂O for the material containing polyhalite, and 10%K₂O for the sylvinite. As it is anticipated that the deposit will be accessed using underground mining methods, no further constraints were applied.

Table 2-3: SRK Mineral Resource Statement for material containing polyhalite, as of 6 August 2013

Classification	Tonnage (Mt)	K ₂ O (%)	K (%)	Mg (%)	Na (%)	SO ₄ (%)	Insol (%)
Measured	-	-	-	-	-	-	-
Indicated	769.4	8.17	6.79	2.71	14.69	38.26	1.30
Measured + Indicated	769.4	8.17	6.79	2.71	14.69	38.26	1.30
Inferred	214.3	7.32	6.08	2.51	16.27	35.58	1.89
Total	983.7	7.99	6.63	2.67	15.04	37.68	1.43

Table 2-4: SRK Mineral Resource Statement for sylvenite, as of 6 August 2013

Classification	Tonnage (kt)	K ₂ O (%)	K (%)	Mg (%)	Na (%)	SO ₄ (%)	Insol (%)
Measured	-	-	-	-	-	-	-
Indicated	65,051	19.24	15.98	0.21	23.56	2.41	1.81
Measured + Indicated	65,051	19.24	15.98	0.21	23.56	2.41	1.81
Inferred	54,750	17.86	14.83	0.25	24.64	2.52	2.03
Total	119,801	18.61	15.45	0.23	24.05	2.46	1.91

SRK notes that the tonnage declared for the polyhalite mineralisation reflects a unit which comprises both polyhalite and halite. In order to determine the amount of polyhalite within the modelled mineralisation, a factor is applied which determines the percentage polyhalite. Pure polyhalite has a grade of 12.97%K, which is the equivalent of 15.62%K₂O. A factor of 7.710 is used to convert the stated K grade to the polyhalite content. The factor is derived from the chemical composition of polyhalite. Using this factor, the proportion of polyhalite within the modelled mineralisation is 52% for the declared Indicated Mineral Resources and 46% for the Inferred Mineral Resources. SRK has assumed that no other K bearing minerals are present within the modelled mineralisation, meaning that all of the contained K reports to polyhalite. As discussed previously, the remainder of the modelled mineralisation comprises halite, which is intergrown with the polyhalite.

2.6 Additional Technical Studies

SRK understands that the Company has undertaken a series of technical studies for the Zhilyanskoye deposit. The technical studies which have been completed by the Company are summarised below. SRK has not reviewed any of the technical studies summarised below. In this instance SRK consider that exclusion of such technical information would not accurately reflect the status of technical work completed to date. This may also constitute non-disclosure of material information relevant in respect of the effective date of our report:

- During Q1 2013, Batys Kaliy prepared a TEO for construction (a Pre-Feasibility study style document), termed the TEO Construction, which reports details of technical work completed for various disciplines. SRK understands that this document has not been submitted to the local regulatory authorities for approval which means it still may be amended. This technical study this covers the areas of geology, grade and tonnage estimation, mining studies, processing and other aspects. SRK understands that this document may also be used to support preliminary construction works prior to approval of a TEO Proyekt (noted below);
- Based on abstracts from the TEO Construction, a TEO Konditsy, which is a document required by the local Kazakhstan authorities, which contains an economic justification used as a cut-off study was recently produced and approved by the relevant state authorities. The document was approved on 19 August 2013. Disciplines covered in the technical study included geology, grade and tonnage estimation, mining studies, processing, infrastructure and economic studies; and
- SRK understands that the Company is currently commissioning a Chinese entity to prepare a Chinese standard style document and that this will at some point be converted to a TEO Proyekt for Zhilyanskoye. As part of the technical studies completed to date,

SRK understands that the Company has also submitted revised GKZ statements for both deposits the approval for which is expected during November 2013. SRK understands that revised GKZ statements for polyhalite are relatively close to the declared JORC Mineral Resource Statements, but SRK notes that the grade and tonnage estimates for sylvinite are materially different to those Statements declared in accordance with the JORC Code.

2.6.1 TEO Construction (Q1 2013)

SRK understands that the TEO Construction was completed in Q1 2013. The study is used to determine the feasibility of construction the project. SRK understands that the grade and tonnage estimate used as a basis for the development of the study was derived from the original GKZ estimate which was completed in 1959.

Technical studies referenced in the TEO Construction include underground mining studies, mineral processing, civil engineering and infrastructure considerations, environmental impact assessments, and technical and economic modelling. SRK has not reviewed the TEO Construction.

2.6.2 TEO Konditsy (August 2013)

As part of the TEO Konditsy, SRK understands that the Company has commissioned a re-estimation of the GKZ grade and tonnage Statements. The interim grade and tonnage estimates were presented as part of the TEO Konditsy, with the understanding that these would be further updated during H2 2013, with a view of declaring the updated GKZ grade and tonnage estimates as 1 January 2014.

The grade and tonnage estimates are based on a combination of the historical and recent exploration at Zhilyanskoye, including all data used in the generation of the SRK Mineral Resource Statements discussed previously. SRK has not reviewed the updated GKZ grade and tonnage estimates, but note that the methodology used is based on 3D modelling of the geological units, and computerised grade estimation methodologies. SRK notes that the geological model used as a basis of the grade and tonnage estimates differs slightly to that used by SRK, resulting in differences between the GKZ grade and tonnage estimate, and the SRK Mineral Resource estimates presented.

Technical studies referenced in the TEO Konditsy are essentially a summary of that presented for the TEO Construction, with additional information with respect to the mineral processing, geotechnical engineering, and mining studies. As with the TEO Construction, SRK has not reviewed the technical studies presented in the TEO Konditsy. In addition, SRK notes that the geological and grade modelling assumptions used for the generation of the TEO Konditsy differs from that used as the basis of the SRK Mineral Resource Statement presented herein.

2.6.3 Updated GKZ Grade and Tonnage estimates (November 2013)

The Company is currently in the process of updating the publicly declared GKZ estimates.

3 CHELKARSKOYE POTASH PROJECT

3.1 Introduction

This section summarises the geology of the Chelkarskoye deposit, and describes the exploration that has been completed to date. The main phase of exploration for the deposit was during the Soviet era. Since acquisition, the Company has undertaken limited exploration, which is also described. Currently, the Company has not declared a Mineral Resource estimate or Exploration Target for the deposit which are reportable in accordance

with the JORC Code (2012).

Based on the information presented in this CPR, Table 1 of the JORC Code (2012) has been populated and is included in Appendix 1.2 of this CPR.

3.2 Project Location and Description

The CPP is located in northwest Kazakhstan, approximately 98 km southeast of Uralsk. The project area covers an area of approximately 779 km². Administratively, the property is located within the Terektinskiy region. The boundaries of the Property are defined by the coordinates in Table 3-1, and illustrated in Figure 3-1.

Table 3-1: Licence Coordinates for CPP

Easting	Northing
N 50°28' 39"	E 51°35' 36"
N 50°28' 39"	E 51°47' 30"
N 50°24' 55"	E 52°00' 00"
N 50°18' 54"	E 52°00' 00"
N 50°14' 26"	E 51°50' 00"
N 50°14' 26"	E 51°37' 57"
N 50°18' 55"	E 51°30' 00"
N 50°25' 32"	E 51°30' 00"

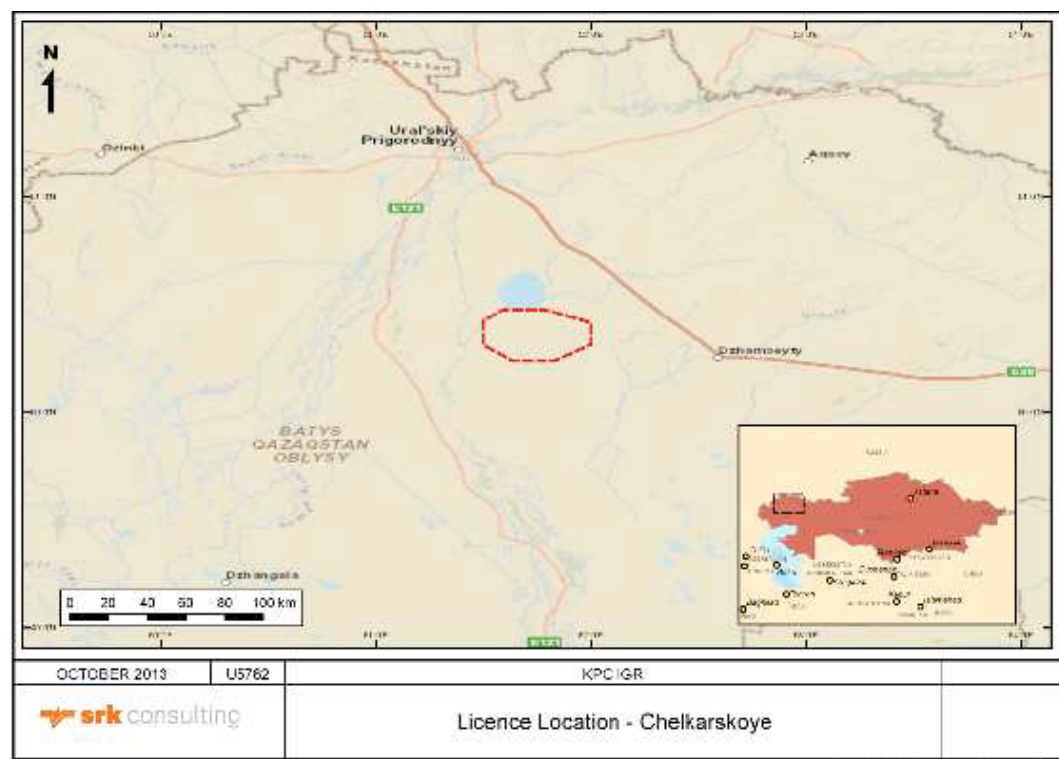


Figure 3-1: Mineral Assets: Location of the Chelkarskoye potash deposit

Access to the CPP is from Uralsk, which has an international airport serviced by direct flights from Moscow. In addition, Uralsk also has daily international rail service connections with Moscow and Tashkent, as well as daily domestic service connections with Almaty and Astana. Paved roads extend to approximately 120km from the CPP boundaries.

The climate in the CPP area is typically continental with warm summers and dry and cold winters. The highest summer day temperatures are around 45°C, with minimum winter temperatures of -45°C recorded. The average day time temperature for the whole year is between 4 and 7°C. Annual precipitation is between 180mm and 300mm, with the wettest months being April-May and October-November. The area has strong winds in the summer,

and can have snowstorms in January to March which can result in populated areas being cut-off from each other.

Vegetation is predominantly drought resistant grassland, with narrow-leaf weeds. Fauna is also typical of grassland, including ground dwelling squirrels, rabbits, wolves, foxes, desert foxes and wild pigs. The area has a rich bird life, especially water birds, eagles, quail, and bustards.

Topographically, the area is slightly raised above sea level, being at an elevation of approximately 60m. The CPP area lies directly to the south of Lake Chelkar. At the shores of the lake, the salt dome has caused a slight hill to develop, which becomes gradually flatter away from the lake in south, east, and west directions. The highest point in the area is Sasai Mountain, at an elevation of +94m.

The local population in the deposit area is mainly employed in agriculture and industry, however, the area is generally sparsely populated. The area has access to electricity. Drinking water is also limited, being sourced from underground sources. A pipeline is currently under consideration, which will source water from the Ural river, which is approximately 40km to 50km away.

3.3 Geology

3.3.1 Regional geology

Potash mineralisation within the Chelkarskoye deposit is associated with a large scale salt dome structure. Lithologies in the area are of a similar age to those at Zhilyanskoye, being from between the Lower Permian and recent. The mineralisation is hosted by rocks from the Lower Permian, termed Kungurian, in age.

The Lower Permian units are subdivided into three, namely the Lower, rock salt bearing horizon, the Middle sulphate bearing horizon, and the Upper, clastic bearing horizon. The potash mineralisation is associated with the Lower horizon, which consists of upper and lower halite units, separated by the potash bearing zone, which is the host of the mineralisation within the Chelkarskoye deposit.

Potash mineralisation within the potash bearing zone forms three distinct layers, namely, from the top down:

- **The upper carnallite and sylvinite sub-zone:** This layer varies in thickness between 150m and 250m. The top of the unit is marked by a layer of sylvinite approximately 50m thick and the base by a layer of anhydrite, which is approximately 70m thick. The KCl grade varies between 8.9% and 27.7%.
- **The middle sylvinite, bischofite, and carnallite sub-zone:** This is the thickest unit, being approximately 270m thick. In addition to the named minerals, the unit is also identified by the presence of kieserite and halite. The KCl content varies between 3.0% and 7.3%. Boron is also noted to occur in this unit.
- **The lower carnallite-sylvinite sub-zone:** This layer is between 50m and 150m thick. The KCl content is approximately 10%, but limited sampling is reported for this unit.

The salt dome structure which forms the host of the Chelkarskoye deposit is divided into three structural domains, which are characterised by specific features, namely:

- **Pre-Kungurian base:** This consists of units below the potash mineralisation, which are typically flat lying. These units do not form part of the potash salt bearing horizons, and have not been subjected to deformation.
- **Kungurian Halogen:** These units have been extensively deformed by salt tectonics. This

domain is the host of the potash mineralisation. Due to the pressure of the overlying sediments, the evaporate units have been deformed into various morphologies, including lenses and domes.

- **Kungurian blanket:** These are sediments overlying the evaporate mineralisation. These units have not been affected by the salt tectonics, and so are relatively undisturbed.

The morphology of the potash bearing units is difficult to determine, due to the complex salt tectonics. The horizons are considered to be highly deformed, often with steep dips and complex fold structures. However, there is currently insufficient drilling to adequately define the extent or morphology of the potash units within the Chelkarskoye deposit.

3.3.2 Deposit geology

The main evaporate minerals which have been intersected by drilling are halite, anhydrite, sylvite, carnalite, kieserite, and bischofite. Minor borates are also been identified. The mineralisation occurs as tabular, steeply dipping units, which strike approximately north-south. The units have steep, but variable dips, due to complex salt tectonics which have led to remobilisation of the potash units within the overlying sediments. Where mineralisation has been intersected, the deposits are generally between 500m and 3,350m in strike length, between 450m and 790m in down dip extension, with an average thickness of approximately 40m. The mineralisation occurs at depths of between 300 and 1,000 m below surface.

A geological map of the potash mineralisation within the Chelkarskoye deposit is given in Figure 3-2. The map was interpreted from the available drilling, and illustrates how the potash mineralisation is relatively complex. The units are not laterally continuous, and the current drill hole spacing is not sufficient for the grade and geological continuity between drill holes to be assumed.

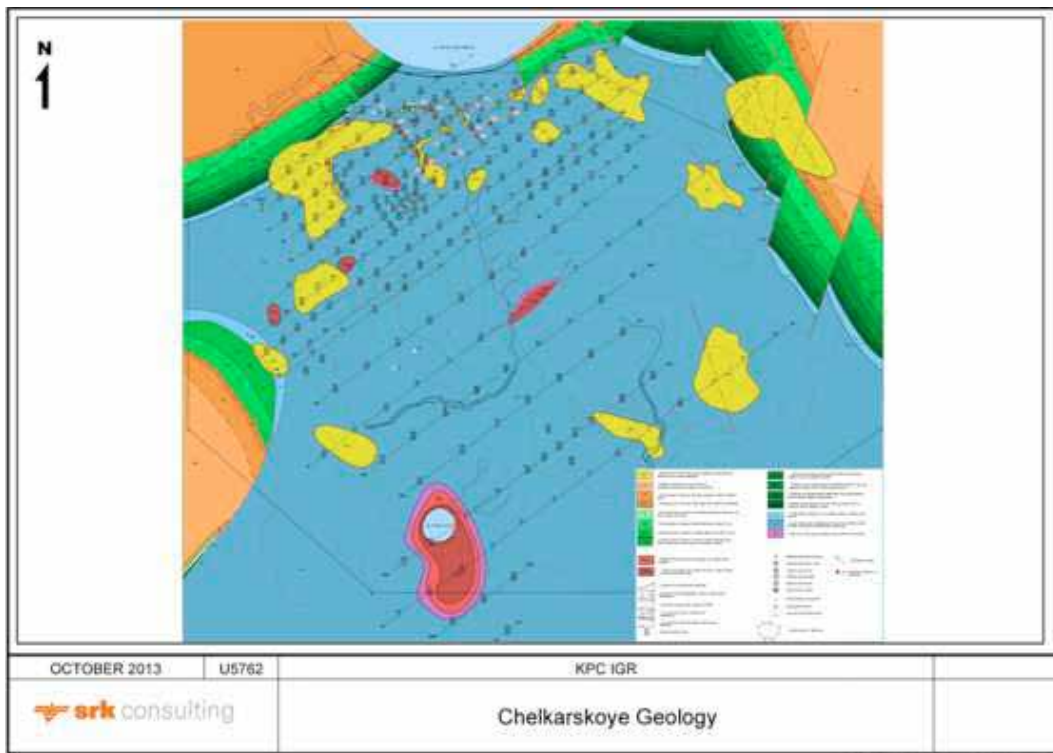


Figure 3-2: Mineral Assets: Geological map of the Chelkarskoye potash deposit

3.4 Exploration

3.4.1 Historical

The Chelkarskoye deposit was first identified by Soviet era geologists in 1926. Early exploration included hydrogeological surveys and geological mapping. Geophysical surveys completed in 1936 identified the overall structure of the area as a dome. Further exploration programmes, conducted during the 1950s and 1960s identified potash mineralisation at depths between 370m and 380m below surface. During this phase of exploration, the area was sub-divided into three prospective areas, namely 4, 5, and 6 fields, which were then explored separately. The area with the least drilling was Field 6, with drilling completed on a 1km by 1km drilling grid. For Field 4, the drilling was also on a 1km by 1km grid, with infill drilling on sections 500m apart in some areas. A total of 70 holes were drilled in Field 4, with 19 drilled for potash exploration, and 41 for defining the structure of the area. In Field 5, 106 holes were completed, on a grid of 500m by 500m. The maximum depth of the drill holes was approximately 1km. SRK notes that due to the complex morphology of the potash mineralisation, the majority of drilled holes did not intersect mineralisation.

Available data from the historical drilling has been recently digitised by the Company. The resultant database is summarised in Table 3-2. The drilling was all completed before 1960, and only limited information exists regarding the drilling and sampling procedures utilised during the campaign. SRK is not aware of any independently verified information regarding the logging, sampling, assaying, and QAQC procedures which were used during the historical drilling campaigns.

Table 3-2: Drilling statistics for the CPP

Campaign	Number of drill holes	Total drilling meters (m)	Number of K assay samples	Percentage of K assay samples per campaign
Historical	535	282,121	12,927	5,562
Total	535	282,121	12,927	5,562

3.4.2 Recent

The Company reports that limited exploration has been carried out at Chelkarskoye. This includes limited drilling and seismic profiles. A total of 4 drill holes were completed between 2010 and 2011, but further drilling was stopped due to the weather conditions. The core was sampled by drilling a central 1 inch diameter core from the centre of the recovered core, which was then sent for assay. It is not recorded where the samples were sent for assay, of the methods used to determine the elemental content. This data has not been used in any subsequent Mineral Resource estimates.

3.5 Historical Technical Studies

In 1965, after the completion of the drilling campaigns, grade and tonnage estimates for the Chelkarskoye deposit were undertaken, and reported in accordance with the Soviet Union reporting standard.

4 EXPLORATION PROGRAMME

4.1 Introduction

The following section includes a summary of the expenditures provided in respect of the Exploration Programme as developed by the Company for the three month period ending 31 December 2013 and calendar 2014.

It is however important to note that the exploration strategy proposed by the company is

focused on the generation of technical documentation required for compliance with local regulatory standards. Furthermore, it is apparent that whilst this reflects the minimum level of commitments for 2014. SRK has also been informed that the Company does not intend to pursue the generation of Pre-Feasibility Studies, Feasibility Studies and Environmental, Social Impact Assessments as defined within the context of the Reporting Standard adopted for this CPR. Accordingly, SRK concludes that the Company will not be intending to report an Ore Reserve in accordance with the Reporting Standard.

Notwithstanding the above, SRK notes that for the CPP, the Company has stated its intention, to establish a Mineral Resource in accordance with the Reporting Standard and that this work is planned to be completed during calendar 2014.

4.2 Expenditures

The total expenditure included in the Exploration Programme for the Mineral Assets are US\$4.09 million (A\$4.42 million) of which US\$2.42 million (A\$2.61 million) and US\$1.67 million (A\$1.81 million) relate to the ZPP and the CPP respectively.

Table 4-1: Exploration Programme expenditures for the ZPP

Activity	Units	Expenditure
Feasibility Study – Chinese Institute	(US\$K)	1,850
Kazakhstan geology government approval for design	(US\$K)	67
subsoil rights evaluation	(US\$K)	167
project finance	(US\$K)	333
Total	(US\$K)	2,417

Table 4-2: Exploration Programme expenditures for the CPP

Activity	Units	Expenditure
Drilling & related geology work	(US\$K)	1,405
Kazakhstan geology government approval for design	(US\$K)	70
Subsoil rights evaluation	(US\$K)	200
Total	(US\$K)	1,675

5 CONCLUDING REMARKS

5.1 Introduction

The following section includes a summary of the principal conclusions pertaining to the Mineral Resources and the Exploration Programme for the Mineral Assets. SRK's opinion as expressed in respect of the Mineral Resources and the Exploration Programme are reported in accordance with:

- the Reporting Standards as stated in Section 1.2.1;
- the Reliance Statements as noted in Section 1.2.2;
- the verification and validation process outlined in Section 1.4; and
- the limitations as noted in Section 1.5.1.

The focus of this CPR is the presentation of Mineral Resources in accordance with the Reporting Standard (Section 1.2.1), accordingly and at the request of the Company, neither the 'reserves' reported in accordance with the national reporting standard, nor the content of the 2013 TEO Konditsy or any preliminary OVOS have been subject to independent validation nor verification by SRK. For the avoidance of doubt, any technical information, sourced from the 2013 TEO Konditsy, is where referenced in this CPR is provided for information only. Accordingly SRK cannot comment on whether the technical work reported in these documents provides any indication of the technical feasibility or economic viability of the ZPP.

5.2 Mineral Resources

As at 26 November 2012, the Company reports the following in respect of the ZPP:

- Mineral Resources containing polyhalite mineralisation (51% of the tonnage quoted assuming %K to polyhalite conversion of 7.71) of:
 - Indicated Mineral Resources of 769.4Mt grading 8.17%K₂O, 6.79%K, 2.71%Mg, 14.69%Na, 38.26%SO₄ and 1.30%Insols,
 - Inferred Mineral Resources of 214.3Mt grading 7.32%K₂O, 6.08%K, 2.51%Mg, 16.27%Na, 35.58%SO₄ and 1.89%Insols; and
- Sylvinite Mineral Resources comprising:
 - Indicated Mineral Resources of 65.1Mt grading 19.24%K₂O, 15.98%K, 0.21%Mg, 23.56%Na, 2.41%SO₄ and 1.81%Insols,
 - Inferred Mineral Resources of 54.8Mt grading 17.86%K₂O, 14.83%K, 0.25%Mg, 24.64%Na, 2.52%SO₄ and 2.03%Insols.

5.3 Exploration Programme

The total expenditure included in the Exploration Programme for the Mineral Assets are US\$4.09 million (A\$4.42 million) of which US\$2.42 million (A\$2.61 million) and US\$1.67 million (A\$1.81 million) relate to the ZPP and the CPP respectively.

5.4 Principal Issues

The principal technical issues which impact the Mineral Resource statements and Exploration Programme as reported herein are summarised below, comprising both risks and opportunities.

Specific Risks

- That the mineralized material containing polyhalite (51%) as reported in the Mineral Resource statement for the ZPP, is following further technical and economic analysis, determined not to be economically viable. SRK notes that the primary source of potash material is currently sourced from the mining of sylvanite deposits and that where polyhalite is mined the percentage of polyhalite mineral exceeds 75%. This is further exemplified by the focus of advanced stage projects where the focus is on deposits where this percentage also exceeds 70%.

Specifically, SRK notes that given the nature of the mineralisation, it is likely that the mineralised material containing polyhalite will require to be subjected to intensive processing to produce a marketable product and that this will inevitably incur additional expenditures. Notwithstanding this aspect, SRK notes that this is the subject of various technical-economic studies required as part of compliance with the local regulatory standards. As such, SRK understands that the Company is addressing these issues via such processes;

- That the Company is not currently considering any further detailed geological investigation (exploration drilling) in respect of the ZPP. In this instance, and given the type nature of the deposit, SRK considers that in order to support more detailed mining method selection and mine planning studies, additional drilling is required;
- That the planned exploration drilling in respect of the CPP is not successful in delineating a Mineral Resource or Exploration Target which is reportable in accordance with the terms and definition of the Reporting Standard;
- That the completion of further technical studies in accordance with the national reporting standards conclude that the consideration of establishing commercial operations at the ZPP is not technically feasible and economically viable; and

- Whilst there is no specific requirement to complete technical studies in accordance with the benchmarks specified in the Reporting Standards, the raising of development finance from certain international institutions may be difficult.

Specific Opportunities

- The principal opportunities relate to the successful outcome of the planned exploration programmes specifically with respect to:
 - Defining a Mineral Resource for the CPP,
 - Demonstrating that the ZPP as considered in the latest technical studies, prepared in accordance with the local standards, is both technically feasible and economically viable.

Glossary

Glossary – Technical Studies

Feasibility Study	means a comprehensive study of a mineral deposit in which all geological, engineering, legal, operating, economic, social, environmental and other relevant factors are considered in sufficient detail so that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production. For the avoidance of doubt, this would commonly ensure that the technical feasibility and economic viability of the mineral deposit has been demonstrated on a multi-disciplinary basis to what is commonly known as “bankable standards”. In a Feasibility Study the declaration of Ore Reserves would be expected and the economic viability of the mineral deposit could be demonstrated with sole reliance on the depletion of the Ore Reserves without inclusion of Mineral Resources. In parallel to the development of the Feasibility Study it is normally expected that an Environmental and Social Impact Study would have been completed. Typical contingencies included within the capital expenditure estimate range between 10% and 15% and accuracy ranges are typically $\pm 15\%$.
Pre-Feasibility Study	means a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a qualified person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as an Ore Reserve. For the avoidance of doubt this would commonly ensure that the technical feasibility and economic viability of the mineral project has been demonstrated on a multi-disciplinary basis to PFS levels and accordingly the declaration of Ore Reserves would be expected. SRK notes that such studies are not normally dependent on Inferred Mineral Resources to demonstrate economic viability and generally include appropriate contingencies ($\pm 20\%$ to 25%) with respect to capital expenditures to account for the lower amount of site specific engineering designs completed compared to that normally included in a Feasibility Study. Furthermore it is also general industry practice to acknowledge that such studies in reflecting a lower degree of accuracy are accompanied by higher accuracy/sensitivity ranges ($\pm 20\%$). Key deliverables of a Pre-Feasibility Study would include a recommendation of a single and sufficiently positive technical and economic outcome such that advancement to Feasibility-Study level is warranted.
Scoping study	means a study that includes an economic analysis of the potential viability of mineral resources taken at an early stage of the project prior to the completion of a PFS. A Scoping Study may be based on Measured, Indicated, or Inferred Mineral resources or a combination of any of these and include disclosure of forecast mine production rates and may contain capital costs to develop and sustain the mining operation, operating costs. For the avoidance of doubt a Scoping Study would seek to establish the mining method and process route to establish the nature and scale of the mineral project. A Scoping Study would have limited site specific data in respect of key operating assumptions and would only address certain disciplines on a high level fatal flaw basis. Both the contingency ($>30\%$) and accuracy/sensitivity ($\pm 30\%$) associated with key assumptions are generally higher than that assumed for PFSs. Key deliverables of a Scoping Study would include the determination of sufficiently positive technical and economic outcomes such that advancement to PFS level is warranted. A Scoping Study is preliminary in nature, in that it generally includes Inferred Mineral Resources that are considered too speculative

geologically to have the economic considerations applied to them that would enable them to be categorized as Ore Reserves, and there is no certainty that the technical and economic aspects presented will be realised.

Conceptual Study means a study that incorporates inherently lower level of accuracy and confidence with respect to technical and economic parameters normally included in a Scoping Study. A Conceptual study may only include Inferred Mineral Resources and/or further assumptions regarding Exploration Targets. Accordingly site specific data may be limited and reliance on generic assumptions derived from comparable situations is common.

Glossary – Mineral Resources and Ore Reserves

Ore Reserves the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at Pre-Feasibility or Feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported.

Proved Ore Reserves is the economically mineable part of a Measured Mineral Resource. A Proved Ore Reserve implies a high degree of confidence in the Modifying Factors. A Proved Ore Reserve represents the highest confidence category of reserve estimate and implies a high degree of confidence in geological and grade continuity, and the consideration of the Modifying Factors. The style of mineralisation or other factors could mean that Proved Ore Reserves are not achievable in some deposits.

Probable Ore Reserves is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve. Consideration of the confidence level of the Modifying Factors is important in conversion of Mineral Resources to Ore Reserves. A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

Mineral Resource a 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

Measured Mineral Resource that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It

may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

Indicated Mineral Resource

is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

Inferred Mineral Resource

that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

APPENDIX

1. TABLE 1 (JORC CODE 2012, EDITION)

1.1 Zhilanskoye Potash Project (JORC Code 2012: Table 1)

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Section 1 Sampling Techniques and Data		
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Not applicable – the deposits lie at significant depth below surface, and so surface sampling has not been undertaken
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Described in Section 2.4.2, page 17 Drilling was completed during two phases, the first in the Soviet era (1952 to 1959), and more recently (2012) when an infill and twin drilling campaign was completed.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Described in Section 2.4.2, page 17 Historical core recovery reported as greater than 95% for mineralized intercepts Recent core recovery recorded as greater than 90% for mineralized intercepts
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Described in Section 2.4.2, page 18 Historical core logged for geology only, which was used as a basis of the sampling interval. Recent core was geologically and geotechnically logged, before being photographed. Core was marked at lithological boundaries, with a minimum sample length of 0.5m, and a maximum of 5m. In addition, recent holes were surveyed for temperature, natural gamma, neutron gamma, caliper logging, flowmeter logging, and drill hole inclination.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Described in Section 2.4.2, page 18 Historical core sampled by drilling 12mm holes into the core, and collecting fine material for analysis. Approximately 200g to 220g of sample was taken per drilled meter was recovered. Limited half core samples were also taken for comparison purposes. Recent samples consisted of half core, with the core being split using a saw.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Described in Section 2.4.2, page 18 and 19 Samples were analysed using wet chemistry methods to determine the K, Na, Mg, Ca, Cl, SO₄, Insol, hygroscopic moisture, and LOI. Historical QAQC included field duplicates, internal duplicates, and external duplicates Samples from the recent drilling were analysed at an accredited laboratory, using relevant wet chemistry methods. QAQC procedures for the recent drilling included field duplicates, internal duplicates, external duplicates, blanks, and SRMs generated for the project by re-assaying a single drill hole
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Described in Section 2.4.2, page 17 The recent drilling campaign included both infill and twinned holes. The twinned holes aimed to improve confidence in the historical data.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. 	<ul style="list-style-type: none"> Described in Section 2.4.2, page 17 Historical holes were not surveyed, which may have introduced a level of uncertainty into the geographical location of the mineralised bodies The area was surveyed topographically as part of the

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CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	historical exploration campaigns
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> The drill hole spacing used to derive the Mineral Resource estimate is described in Section 2.4.2 (page 17). Drill holes were drilled on sections, spaced between 1,000m and 200m apart. The drill holes are spaced sufficiently close to adequately characterized the grade and geological continuity for the declaration of Indicated and Inferred Mineral Resources. The assay data was composited to 2m lengths prior to estimation
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> The drilling orientation for the mineralisation is favourable for an unbiased sample. The holes are drilled with steep (sub-vertical to vertical) dips, and the mineralization is generally flat lying, although folded. No material bias is considered to be induced in relation to the geometry / intersection angles of drill holes.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Described in Section 2.4.2, page 18 For the recent drilling, the core was sealed into boxes and transported to the secure core storage facility for sampling
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Described in Section 1.4, page 4, and Section 1.7, page 7. The deposit was visited by the SRK CP during 2012 and 2013. The visits were specifically to review the recent drilling campaign, and to review the sampling and assay procedures being used by the Company.
Section 2 Reporting of Exploration Results		
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Described in Section 2.2, page 11 The ZPP is covered by a single licence. The deposit falls easily within the licence boundaries.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Described in Section 2.4.1, page 16 The majority of the exploration was completed during the Soviet Era, by state run exploration surveys.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation 	<ul style="list-style-type: none"> Described in Section 2.3, pages 12 to 16 The deposit is characterised by both polyhalite and sylvinite potash mineralization, which has been folded to create a complex morphology
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Listing this material would not add any further material understanding of the deposit and Mineral Resource. Furthermore, no Exploration Results are specifically reported.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Not applicable. No Exploration Results are specifically reported. No metal equivalents have been used.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Not applicable, no Exploration Results are specifically reported.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Various maps and sections are presented herein.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Not applicable. No Exploration Results are specifically reported

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Not applicable.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Described in Section 4 The Company has supplied an Exploration Programme for the CPP, for the three month period ending 31 December 2013 and calendar 2014. The exploration strategy proposed by the Company is focused on the generation of technical documentation required for compliance with local regulatory standards, rather than additional drilling or exploration. SRK has also been informed that the Company does not intend to pursue the generation of Pre-Feasibility Studies, Feasibility Studies and Environmental, Social Impact Assessments as defined within the context of the Reporting Standard adopted for this CPR. Accordingly, SRK concludes that the Company will not be intending to report an Ore Reserve in accordance with the Reporting Standard.
Section 3 Estimation and Reporting of Mineral Resources		
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used. 	<ul style="list-style-type: none"> Described in Section 2.4.3, page 20 SRK was provided with a validated database, as maintained by the Company. The twinned holes and QAQC results were validated by SRK (Section 2.4.2, page 17 and 19) to ensure that the data from the two drilling campaigns were comparable and suitable for inclusion in the subsequent Mineral Resource estimate.
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	<ul style="list-style-type: none"> Described in Section 1.4, page 4, and Section 1.7, page 7 Site visits were completed by the SRK Competent Person during 2012 and 2013. The purpose of the site visits was to review the drilling, sampling, and assaying campaigns, as well as to gain knowledge regarding the geology of the deposit.
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	<ul style="list-style-type: none"> Described in Sections 2.3, 2.4.3, 2.4.7, and 2.5 The morphology of the polyhalite and sylvinite units was modeled using 3D wireframing techniques. The modelled units are typically antiformal structures, with the axial planes striking approximately north - south. The limbs dip at approximately 35° towards the east and 40° towards the west. The boundaries of the mineralised units were derived in part from the geology, and in part from a modelling cut-off grade. These were 1.59%K₂O for polyhalite, and 1.65% K₂O for sylvinite units.
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	<ul style="list-style-type: none"> Described in Section 2.4.3 The mineralisation varies in vertical thickness between 5m at the edges of the modelled units, to a maximum of approximately 140m at the fold axis.
Estimation and modeling techniques	<ul style="list-style-type: none"> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. Description of how the geological interpretation was used to control the resource estimates. Discussion of basis for using or not using grade cutting or capping. The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available. 	<ul style="list-style-type: none"> Described in Sections 2.4.4, 2.4.5, and 2.4.6 The assay data was composited to 2m intervals prior to estimation. The data was unfolded to improve variogram modeling and grade estimation. The data was returned to unfolded space prior to model validation. Variograms were generated for K₂O, Mg, Na, SO₄, and Insol, with separate suites of variograms being generated for polyhalite and sylvinite. Grade was estimated using both OK. An indicator method was applied to reduce smoothing in the model. The search radii used were based on the variogram parameters, with the search radii being increased in subsequent passes to ensure all blocks within the modelled units were filled. A minimum of 1 sample and maximum of 8 samples was used for the polyhalite units, and for the sylvinite units, a minimum of 1 sample and maximum of 7 samples was used. For all search passes, a discretisation grid of 5 by 5 by 5 was applied. The same search parameters were used for all other variables, namely Mg, Na, SO₄, and Insol.
Moisture	<ul style="list-style-type: none"> Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. 	<ul style="list-style-type: none"> Described in Section 2.4.2, page 19 Tonnages were estimated from the modelled volumes by applying a single density, depending on the mineralisation type. The density values were based on the historical data, and were as follows: Polyhalite – 2.48t/m³; Sylvinite – 2.07t/m³; and Sylvinite-carnalite – 1.72t/m³. All densities are dry densities.

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CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Cut-off parameters	<ul style="list-style-type: none"> The basis of the adopted cut-off grade(s) or quality parameters applied. 	<ul style="list-style-type: none"> Described in Section 2.5 A cut-off grade of 5%K₂O for the material containing polyhalite, and 10%K₂O for the sylvinite.
Mining factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. 	<ul style="list-style-type: none"> Described in Section 2.5 The deposit is assumed to be mined using underground methods
Metallurgical factors or assumptions	<ul style="list-style-type: none"> The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made. 	<ul style="list-style-type: none"> Commented on Section 2.5 SRK notes that the tonnage declared for the polyhalite mineralisation reflects a unit which comprises both polyhalite and halite. Using a factor derived from the K content of polyhalite, SRK has determined that the proportion of polyhalite within the modelled mineralisation is 52% for the declared Indicated Mineral Resources and 46% for the Inferred Mineral Resources. SRK has assumed that no other K bearing minerals are present within the modelled mineralisation, meaning that all of the contained K reports to polyhalite. As discussed previously, the remainder of the modelled mineralisation comprises halite, which is intergrown with the polyhalite.
Environmental factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	<ul style="list-style-type: none"> Described in Section 2.6 SRK understands that a series of technical studies for the ZPP have been completed. This includes environmental considerations. SRK has not reviewed any of the technical studies completed by the Company.
Bulk density	<ul style="list-style-type: none"> Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	<ul style="list-style-type: none"> Described in Section 2.4.2, page 19 Tonnages were estimated from the modelled volumes by applying a single density, depending on the mineralisation type. The density values were based on the historical data, and were as follows: Polyhalite – 2.48t/m³; Sylvinitite – 2.07t/m³; and Sylvinitite-carnalite – 1.72t/m³. All densities are dry densities.
Classification	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit. 	<ul style="list-style-type: none"> Described in Section 2.4.7 In classifying the Mineral Resources, SRK has taken several factors into account. These include, but are not limited to: <ul style="list-style-type: none"> Quality of data; Quantity and spacing of data; Geological understanding, confidence in the geological continuity; and Quality of the estimated grades, and confidence in the grade continuity; SRK notes that the current geological modelling has inferred a high degree of correlation between the mineralised intersects, resulting in a continuous model of polyhalite and sylvinitite mineralisation. SRK notes that additional infill drilling may indicate areas where the complex salt tectonic regime and late stage faulting may have significantly impacted on the currently assumed geological model. The geological model presented is based in part on the historical drilling. SRK has also assumed that the grade distribution within the polyhalite and sylvinitite lenses is relatively undisturbed during emplacement, meaning that the grade distribution within the lens reflects the morphology of the modelled lens.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates. 	<ul style="list-style-type: none"> No external reviews have been undertaken to date
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available. 	<ul style="list-style-type: none"> Described in Section 2.4.7 SRK has classified the Mineral Resources as a combination of Indicated and Inferred Mineral Resources. The Indicated Mineral Resources were defined in areas where the drill hole spacing was typically 200m on section, and 500m between sections. The remainder of the modelled mineralisation was classified as Inferred Mineral Resources.

1.2 Chelkarskoye Potash Project (JORC Code 2012: Table 1)

CRITERIA	JORC CODE EXPLANATION	COMMENTARY
Section 1 Sampling Techniques and Data		
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Not applicable – the deposits lie at significant depth below surface, and so surface sampling has not been undertaken
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Described in Section 3.4, page 29 The majority of drilling was undertaken during the Soviet era (before 1960). Limited information is available regarding the drilling and sampling techniques utilized during the campaigns. Four holes were drilled between 2010 and 2011, but limited information is reported.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Not recorded for either historical or recent drilling.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Not recorded for either historical or recent drilling.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Not recorded for either historical or recent drilling.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Not recorded for either historical or recent drilling. It is reported that the recent core was sampled by drilling a central 1 inch diameter core from the centre of the recovered core, which was then sent for assay. However, it is not recorded where the samples were sent for assay, or the methods used to determine the elemental content. None of the historical or recent data has been used in subsequent Mineral Resource estimates.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> None undertaken at the current time.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Not recorded for either historical or recent drilling.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Described in Section 3.4, page 29 The drill holes are reported to be drilled on a grid of 500m by 500m. The maximum depth of the drill holes was approximately 1km.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Described in Section 3.4, page 29 The drill holes are assumed to have been drilled vertically. The complex morphology of the potash mineralization means that the majority of drilled holes did not intersect mineralization.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Not recorded for either historical or recent drilling.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and 	<ul style="list-style-type: none"> Not applicable

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CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	data.	
Section 2 Reporting of Exploration Results		
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Described in Section 3.2, page 26 The CPP is covered by a single licence. The deposit falls easily within the licence boundaries.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Described in Section 3.4.1, page 29 The majority of the exploration was completed during the Soviet Era, by state run exploration surveys.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation 	<ul style="list-style-type: none"> Described in Section 3.3 Potash mineralisation within the Chelkarskoye deposit is associated with a large scale salt dome structure. The morphology of the potash bearing units is difficult to determine, due to the complex salt tectonics. The horizons are considered to be highly deformed, often with steep dips and complex fold structures. However, there is currently insufficient drilling to adequately define the extent or morphology of the potash units within the Chelkarskoye deposit. The main evaporate minerals which have been intersected by drilling are halite, anhydrite, sylvite, carnalite, kieserite, and bischofite. The mineralisation occurs as tabular, steeply dipping units, which strike approximately north-south. The units have steep, but variable dips, due to complex salt tectonics which have led to remobilisation of the potash units within the overlying sediments.
Drill hole information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Listing this material would not add any further material understanding of the deposit. Furthermore, no Exploration Results are specifically reported.
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Not applicable. No Exploration Results are specifically reported. No metal equivalents have been used.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Not applicable, no Exploration Results are specifically reported.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Various maps and sections are presented herein.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Not applicable. No Exploration Results are specifically reported
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Not applicable. No Exploration Results are specifically reported
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Described in Section 4 The Company has supplied an Exploration Programme for the CPP, for the three month period ending 31 December 2013 and calendar 2014. The exploration strategy proposed by the Company is focused on the generation of technical documentation required for compliance with local regulatory standards, rather than additional drilling or exploration. SRK has also been informed that the Company does not intend to pursue the generation of Pre-Feasibility Studies, Feasibility Studies and Environmental, Social Impact Assessments as defined within the context of the Reporting Standard adopted for this CPR. Accordingly, SRK concludes that the Company will not be intending to report an Ore Reserve in accordance with the Reporting Standard.
Section 3 Estimation and Reporting of Mineral Resources		
Database integrity	<ul style="list-style-type: none"> Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes. Data validation procedures used. 	<ul style="list-style-type: none"> Not applicable – No Mineral Resources are currently declared for the CPP
Site visits	<ul style="list-style-type: none"> Comment on any site visits undertaken by the Competent Person 	<ul style="list-style-type: none"> Not applicable – No Mineral Resources are currently

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CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	<ul style="list-style-type: none"> and the outcome of those visits. If no site visits have been undertaken indicate why this is the case. 	declared for the CPP
Geological interpretation	<ul style="list-style-type: none"> Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit. Nature of the data used and of any assumptions made. The effect, if any, of alternative interpretations on Mineral Resource estimation. The use of geology in guiding and controlling Mineral Resource estimation. The factors affecting continuity both of grade and geology. 	• Not applicable – No Mineral Resources are currently declared for the CPP
Dimensions	<ul style="list-style-type: none"> The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource. 	• Not applicable – No Mineral Resources are currently declared for the CPP
Estimation and modeling techniques	<ul style="list-style-type: none"> The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used. The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data. The assumptions made regarding recovery of by-products. Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation). In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed. Any assumptions behind modelling of selective mining units. Any assumptions about correlation between variables. Description of how the geological interpretation was used to control the resource estimates. Discussion of basis for using or not using grade cutting or capping. The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available. 	• Not applicable – No Mineral Resources are currently declared for the CPP
Moisture	<ul style="list-style-type: none"> Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content. 	• Not applicable – No Mineral Resources are currently declared for the CPP
Cut-off parameters	<ul style="list-style-type: none"> The basis of the adopted cut-off grade(s) or quality parameters applied. 	• Not applicable – No Mineral Resources are currently declared for the CPP
Mining factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made. 	• Not applicable – No Mineral Resources are currently declared for the CPP
Metallurgical factors or assumptions	<ul style="list-style-type: none"> The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made. 	• Not applicable – No Mineral Resources are currently declared for the CPP
Environmental factors or assumptions	<ul style="list-style-type: none"> Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made. 	• Not applicable – No Mineral Resources are currently declared for the CPP
Bulk density	<ul style="list-style-type: none"> Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit. Discuss assumptions for bulk density estimates used in the evaluation process of the different materials. 	• Not applicable – No Mineral Resources are currently declared for the CPP
Classification	<ul style="list-style-type: none"> The basis for the classification of the Mineral Resources into varying confidence categories. Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). Whether the result appropriately reflects the Competent Person's view of the deposit. 	• Not applicable – No Mineral Resources are currently declared for the CPP
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of Mineral Resource estimates. 	• Not applicable – No Mineral Resources are currently declared for the CPP
Discussion of relative accuracy/confidence	<ul style="list-style-type: none"> Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be 	• Not applicable – No Mineral Resources are currently declared for the CPP

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CRITERIA	JORC CODE EXPLANATION	COMMENTARY
	relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	



**Legal due diligence report
on Kazakhstan potash
tenements**

A 3D geometric graphic consisting of several overlapping, semi-transparent blue and grey rectangular blocks of varying sizes and orientations, creating a complex, layered structure.

January 2014

1. INTRODUCTION

- 1.1 This report has been prepared for inclusion in the prospectus to be issued by Kazakhstan Potash Corporation Limited ACN 143 441 285 (“**KPC**”) for the purposes of compliance with Australian laws and the rules of ASX Limited (**Prospectus**).
- 1.2 This tenements report (**Tenements Report** or **Report**) addresses legal issues arising from the examination of documents and information relating to the land and subsoil use rights in respect of the exploration and mining of potassium magnesium salts in the Zhilyanskaya deposit in Aktubinsk region of West Kazakhstan (**Zhilyanskaya Deposit**), and the Chelkarskaya deposit in West Kazakhstan (**Chelkarskaya Deposit**) by Batys Kaliy LLP (**Batys Kaliy**) (together, the **Tenements**).
- 1.3 Annexure A of this Tenements Report sets out the subsoil use contracts to which Batys Kaliy is a party in respect of the Zhilyanskaya and Chelkarskaya Deposits (**Contracts**). In summary, the following Contracts are in force:
 - Contract No. 2891 (as amended) in respect of the Zhilyanskaya Deposit (**Zhilyanskaya Contract**); and
 - Contract No. 2889 (as amended) in respect of the Chelkarskaya Deposit (**Chelkarskaya Contract**).

2. RELEVANT LAWS

- 2.1 The relevant Kazakh laws applicable to the exploration and mining of minerals in Kazakhstan, including West Kazakhstan region, is Law No 291-IV of the Republic of Kazakhstan “On mineral resources and subsurface use” dated June 24, 2010 (as amended on 4 June 2013) (**2010 Subsurface Law**). The Ministry of Industry and New Technologies of the Republic of Kazakhstan (**MINT**) is the State’s competent authority responsible for state supervision on subsoil use in respect of solid minerals.
- 2.2 The Contracts were entered into in 2008.
- 2.3 The Contracts are subject to the 2010 Subsurface Law. Addendums № 2 to each of the Contracts were made in order to conform the Contracts to the 2010 Subsurface Law.

In general, the 2010 Subsurface Law includes all provisions of the 1996 Subsurface Law. However, there are some differences between the 2010 Subsurface Law and the 1996 Subsurface Law namely; the 2010 Subsurface Law:

- reinforced the pre-emptive right of the State to acquire subsoil use rights. According to 2010 Subsurface Law, the State has pre-emptive rights where there is an “alienation of objects” relating to subsoil use rights to the third parties (refer to section 3.11 for further discussion on the State’s pre-emptive rights;
- introduced a new legal term, “objects relating to subsoil use rights”. The term is defined as including:
 - equity interests (shares) in authorised capital of the subsoil user; and
 - equity interests (shares) in authorised capital of legal entities, which could directly or indirectly (through third parties), impact on decisions made by subsoil user.
- requires subsoil users to prepare project documentation in respect of each stage of activity (exploration or production); and

- reinforced minimum requirements for the use of local Kazakh content in respect of materials, services and employees used or employed in the mining tenements the subject of the subsoil use contract.

2. ENQUIRIES MADE

In preparing this Report, Linkage & Mind LLP made enquiries to 1) MINT (the competent authority for subsoil users); 2) the MINT local committee of geology and subsoil use (**Zapkaznedra**); and 3) representatives of Batys Kaliy on execution of obligations under the Contracts.

3. RESULTS OF ENQUIRIES

- 3.1. Further details of the Contracts, as disclosed by legal due diligence, and our enquiries with the MINT, Zapkaznedra and the representatives of Batys Kaliy are set out in Annexure A to this Report.
- 3.2. As a result of our enquires, and subject to the statements set out in this Report, we are satisfied that the information and particulars included in this Report comprise an accurate statement of the status of each of the Contracts as at the date on which the enquiries were made. Set out below is a summary of our key findings.
- 3.3. *Contracts have been validly granted*

The results of our legal due diligence and enquires indicate that the Contracts were granted to JSC "National Company "SEC "Batys" (**JSC SEC Batys**), a shareholder of Batys Kaliy, on the basis of direct negotiations with the Ministry of Energy and Mineral Resources of the Republic of Kazakhstan (the predecessor to MINT). According to the 1996 Subsurface Law, being the law which was effective on the date the Contracts were entered into, the Contracts could be granted to national companies on the basis of direct negotiations. That is, no competitive tender process was required for the granting of subsoil use rights. The Contracts were transferred from JSC SEC Batys to Batys Kaliy on 13 March 2009.

3.4. *Standing of the Contracts*

As a result of our legal due diligence and enquiries, we believe that:

- (1) Batys Kaliy has been validly granted the subsoil use rights in respect of the Tenements. These rights remain in full force and effect as at the date of this Report;
- (2) Each Contract imposes a number of obligations on Batys Kaliy, including financial obligations which must be strictly observed. In respect of these obligations, our legal due diligence and enquiries revealed the following in respect of the Contracts:

Chelkarskaya Contract

There has been two audits conducted by Zapkaznedra in respect of Batys Kaliy's fulfillment of its obligations under the Chelkarskaya Contract. The audits identified the following contract violations:

- certain works were overpaid, while other obligations under the contract were not performed fully;
- the relevant part of the contract area of the Chelkarskaya Deposit has not yet been returned (refer to section 4.10 below for further discussion on the relinquishment of the Contract area);

- miscellaneous (for example, failing to enter all previously drilled wells into books and not putting into proper condition the wellheads).

Under the 2010 Subsurface Law, nonfulfillment of contractual obligations on two occasions is grounds for unilateral termination of the subsoil contract by MINT. In a letter from Zapkaznedra to Batys Kaliy dated 29 October 2013, Zapkaznedra advised Batys Kaliy that it had no claims against Batys Kaliy in respect of fulfillment its contractual obligations. Accordingly, the Chelkarskaya Contract remains in full force and effect.

Zhilyanskaya Contract

As at the date of this Report, Zapkaznedra had not conducted any audits of the Zhilyanskaya Contract.

3.5. *Term of the Contracts*

The Chelkarskaya Contract provides that Batys Kaliy has the right to explore and produce potassium magnesium salts at the Chelkarskaya Deposit for a period of 51 years (6 years of exploration and 45 years of production). The exploration period expires on 11 December 2014.

The Zhilyanskaya Contract provides that Batys Kaliy has the right to explore and produce potassium magnesium salts at the Zhilyanskaya Deposit for a period of 48 years (3 years of exploration and 45 years of production). Pursuant to Addendum Nos. 2 and 3 to the Zhilyanskaya Contract, the exploration period was extended by a further 2 years. The exploration period for the Zhilyanskaya Deposit expired on 11 December 2013. On 18 November 2013 Batys Kaliy has submitted application for extension of the exploration period until 11 December 2014.

3.6. *Third party matters*

Batys Kaliy is the exclusive owner of the subsoil use rights to the Tenements. Subsoil use rights were granted to Batys Kaliy “without prejudice of third parties’ rights”.

3.7. *Compliance with working programs*

- (1) Under terms of the Contracts and the law effective on the date of signing of those Contracts, the relevant contractor shall prepare an annual working program and submit the working program to the authorized body for approvals. The progress of the compliance with the terms of the Contracts and working programs is reflected in Reports on Performance of Contract Obligations (LKU), which shall be submitted by subsoil users to MINT (its Committee of Geology and Subsoil use in particular) on a quarterly basis.
- (2) Our review of the LKUs of the Contracts for the period 2009 - 2012 indicates that certain works were overpaid, especially in 2011, while other obligations under the Contracts were not performed fully due to various reasons, including the overcharge of historical geological data in the annual program for Chelkarskaya deposit in 2009, force majeure concerning adoption of the 2010 Subsurface Law, certain geological and other reasons. Non-fulfillment of the agreed working programs could result in administrative penalties and notifications from the authorized body with a request to remedy the relevant violations. Administrative penalties were imposed on the deputy of the General Director of Batys Kaliy in 2010 and 2013 after inspection of Chelkarskaya Deposit by Zapkaznedra. The fines were duly paid.
- (3) The execution of contractual obligations for the Zhilyanskaya and Chelkarskaya Deposits by Batys Kaliy in 2013 will be set out in the LKU for the fourth quarter of 2013.

3.8. *Environmental compliance*

- (1) On May 5, 2012 the authorized body in the field of environmental protection (**Local Environmental Authority**) inspected Batys Kaliy in respect of its compliance with the ecological requirements at the Zhilyanskaya Deposit. The audit revealed that Batys Kaliy did not have the necessary environmental permits and had no industrial environmental control plan. Batys Kaliy remedied the situation and received an "Emissions Permit" for 2012 and developed an industrial environmental control plan for 2012-2013 for both Deposits. In September 2012, Batys Kaliy and the local environmental authority agreed the environment protection action plan for 2012-2013 (**Plan**). Batys Kaliy is required by the Local Environmental Authority to submit quarterly reports on its compliance with the Plan.
- (2) In 26 August 2013, the Local Environmental Authority audited Batys Kaliy in respect of its compliance with the ecological requirements at the Chelkarskaya Deposit. According to the result of the audit, there were no violations of the Contract or the law.

3.9. *Land issues*

- (1) Under Kazakh law, subsurface users must obtain local land use rights over the contract area from the local authority (**Akimat**).
- (2) The use of land without permission from Akimat can lead to administrative liability and a requirement by MINT to cease the exploration works.
- (3) Batys Kaliy has a valid land use permit for the Chelkarskaya Deposit. The approval for the use of the land at the Zhilyanskaya Deposit expired on 11 December 2013. Batys Kali is planning to apply for receiving land use permit at the Zhilyanskaya Deposit after extension of the exploration period for this deposit.

3.10. *Relinquishment of the Contract area*

- (1) According to the Contracts, Batys Kaliy has the obligation to:
 - return the contract area of the Zhilyanskaya Deposit on expiration of the exploration period, except for the territory on which a commercial discovery is made; and
 - in respect of the Chelkarskaya Deposit, to return by the end of the third year of exploration, 10% of the contract area; 20% by the end of the fourth year of exploration; 40% by the end of the fifth year of exploration; and all remaining territory, except the territory of the commercial discovery, by the end of the sixth year of exploration. Despite the fact that the fourth year of exploration on the Chelkarskaya Deposit has expired, the relevant part of the contract area has not yet been returned. The Company is planning to return 70% of the territory in 2013 by changing planned exploration works. Therefore, it shall amend the project of work evaluation on the Chelkarskaya Deposit and sign Addendum № 3 to the Contract № 2889 providing for corresponding changes to the clause 4.3. of the Contract which regulates relinquishment issues. If clause 4.3. of the Contract will not be changed, it could be a reason for the termination of the Contract due to infringement of its terms.

3.11. *Pre-emptive rights of the State of Kazakhstan*

- (1) The Republic of Kazakhstan has the pre-emptive right to acquire (i) subsurface use rights; (ii) an equity interest in any entity holding subsurface use rights; and (iii) an equity interest in any entity which may directly and/or indirectly determine and/or exert influence on decisions made by an entity which holds subsurface use rights (if the main activity of such entity is related to subsurface use in Kazakhstan at the time of the transfer of such interest).
- (2) The Subsurface Law regulates the procedures and requirements for the obtainment of the waiver of the State from its pre-emptive rights.

4. **ASSUMPTIONS IN PREPARING REPORT**

- 4.1 The information, conclusions and recommendations contained in this report are entirely and solely based on the documents provided by Batys Kaliy. We assume that these documents are correct and up to date as at the date they were received by us.
- 4.2 The information, conclusions and recommendations can be changed in case of provision of additional information and documents.
- 4.3 We not confirm the authenticity and validity of all signatures, seals and stamps on the documents provided to us. We assume that all documents provided to us are written and approved properly, all the signatories to the documents have been duly authorized to sign, all original documents are authentic, and all copies are exact duplicates of their originals.

5. CONSENT TO BE NAMED IN THE PROSPECTUS

- 5.1. Linkage & Mind LLP consents to being named in this Prospectus as being responsible for the preparation of this Tenements Report.
- 5.2. Except for this Tenements Report, Linkage & Mind LLP has not been involved in the preparation of any part of the Prospectus, or authorized the issue of the Prospectus and is not responsible for any matter included in or omitted from the Prospectus.
- 5.3. Linkage & Mind LLP disclaims liability of any person in respect of any statement included in or omitted from this Prospectus and regarding any matter not governed by Kazakhstani law.

6. DISCLOSURE OF FINANCIAL INTERESTS

Linkage & Mind LLP will be paid fees for the preparation of this report and related matters. Other than in respect of these professional fees, Linkage & Mind LLP and its affiliates have no significant interest in the proportion of the Company.

Managing Partner, Madina Sypataeva



Annexure A
Schedule of Contracts

Contract No.	Subsoil user	Project Name	Project location	Status	Authorised minerals	StartDate	Expiry Date	Contract Area (km ²)	Annual fees (EURO)
2891	Batys Kaliy	Zhilyanskaya	Aktubinsk region of Kazakhstan	Granted	Potassium-magnesium salt	11/12/2008	10/12/2056 The total term of the contract is 48 years (5 years of exploration and 43 years of production). The 5 year exploration period expires on 11 December 2013.	88	No fixed fee. Payments in respect of the subsoil rights are set out in the contract

Addendums to Contract № 2891:

- Addendum № 1 as of 13/03/2009 – on the basis of this addendum the subsoil use right was transferred from JSC SEC Batys to Batys Kaliy;
- Addendum № 2 as of 20/02/2012 - on the basis of this addendum the contract was conformed to be in compliance with 2010 Subsurface Law. In addition, this addendum provides for the extension of exploration period for one year and amendments to the working program (program which provides for obligations of Batys Kaliy during exploration period, i.e. what types of work shall be done and financial obligations); and
- Addendum № 3 as of 2/08/2013 - on the basis of this addendum (a) the exploration period was extended till December, 11 2013, and (b) Amendments to the working program were approved.

Project Name: Subsoil use right of Batys Kali LLP

Strictly Private & Confidential

2889	Batys Kaliy	Chelkarskaya	West Kazakhstan region	Granted	Potassium-magnesium salt	11/12/2008	10/12/2059 The exploration period expires on 11 December 2014. The period of production is 45 years	779	No fixed fee. Payments in respect of the subsoil rights are set out in the contract
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Addendums to Contract № 2889:

- Addendum № 1 as of 13/03/2009 – on the basis of this addendum the subsoil use right was transferred from JSC SEC Batys to Batys Kaliy; and
 - Addendum № 2 as of 20/02/2012 - on the basis of this addendum the Contract was conformed to be in compliance with 2010 Subsurface Law. In addition, the addendum provides for amendments to the Working program (program which provides for obligations of Batys Kaliy during exploration period, i.e. what types of work shall be done and financial obligations).
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10 FINANCIAL INFORMATION

10.1 INTRODUCTION

This Section contains historical and pro-forma historical financial information for KPC. All information presented in this Section should be read in conjunction with the Risks set out in Section 11 and the Investigating Accountant's Report set out in Section 13.

10.2 OVERVIEW

KPC was admitted to the Official List of the ASX on 13 December 2010 to carry out acquisition, exploration and development of mining assets in Australia, with a focus on gold and base metals. Subsequently, the Company entered into agreements to purchase the Zhilyanskoye Project and the Chelkar Project, both located in western Kazakhstan.

To acquire the Zhilyanskoye and Chelkar Projects, KPC will acquire 100% of the shares on issue in the capital of Jian Resources. Jian Resources entered into a share sale and purchase agreement with various vendors to acquire 100% of the shares on issue in the capital of Wiyot (**Acquisition Transactions**).

Wiyot owns 100% of the shares on issue in the capital of Aktobe Tuz, which has a 95% interest in the capital of Batys Kali. Batys Kali owns the Subsoil Use Rights in respect of the Zhilyanskoye Project and the Chelkar Project. In late 2011, the Wiyot vendors notified the Company that, due to an alleged breach in the completion of the acquisition of Wiyot, the vendors had brought arbitration proceedings in Kazakhstan to seek to terminate the share purchase agreement.

In March 2012 the Company entered into revised agreements with each of the relevant parties in relation to the acquisition of the Zhilyanskoye and Chelkar Projects. The agreements included the resolution of the dispute the subject of the Kazakhstan arbitration proceedings.

On 27 June 2012, at a general meeting of the Company, Shareholders gave their approval to proceed with the Acquisition Transactions in accordance with the revised terms.

Separately, on 1 May 2013, the Company entered into a number of transaction agreements with various parties under which it agreed to acquire a 100% interest in the Satimola Project (**Sale Agreement**). The Company's acquisition of the Satimola Project was expected to occur by way of an acquisition of all of the shares on issue in Satimola. The acquisition of the Satimola Project was subject to the satisfaction of a number of conditions precedent on or before 14 November 2013 (**Longstop Date**). Due to the non-satisfaction of all of the conditions precedent by the Longstop Date, the acquisition of the Satimola Project will not be completed under the original Sale Agreement. Refer to further details in Section 5.3.

The Company is issuing the Prospectus to raise additional capital to assist with meeting its business and mining exploration objectives following the completion of the Acquisition Transactions.

10.3 BASIS OF PREPARATION OF THE FINANCIAL INFORMATION

The Historical Financial Information presented has been extracted from the audited historical financial statements of the Company for the period from incorporation (being 3 May 2010) to 30 June 2011 (**FY2011**), year ended 30 June 2012 (**FY2012**) and year ended 30 June 2013 (**FY2013**).

Section 10 includes the following historical and pro-forma historical financial information:

- Historical financial information comprising the Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income and Historical Consolidated Statements of Cash Flows of KPC for FY2011, FY2012 and FY2013 as set out in Section 10.4, and the Historical Consolidated Statement of Financial Position of the Company as at 30 June 2013 as set out in Section 10.5, and accompanying notes as set out in Sections 10.6 to 10.9 (**Historical Financial Information**); and
- Pro-Forma historical financial information comprising the Post Acquisition Pro-Forma Historical Consolidated Statement of Financial Position as at 30 June 2013 and the Minimum Subscription and Full Subscription Pro-Forma Historical Consolidated Statements of Financial Position as at 30 June 2013 as set out in Section 10.5 and accompanying notes as set out in Section 10.6 to 10.9 (**Pro-Forma Historical Financial Information**).

The Post Acquisition Pro-Forma Historical Consolidated Statement of Financial Position as at 30 June 2013 is based on the Historical Consolidated Statement of Financial Position referred to above, adjusted to include completion of the Acquisition Transactions as if they had occurred at 30 June 2013 and the incorporation of other pro-forma assumptions including various transactions subsequent to 30 June 2013 as set out in Section 10.7.

The Minimum Subscription and Full Subscription Pro-Forma Historical Consolidated Statement of Financial Position is based on the Post Acquisition Pro-Forma Historical Consolidated Statement of Financial Position referred to above, adjusted to include the Minimum Subscription and Full Subscription raised under the Prospectus and payment of offer expenses as if they occurred on 30 June 2013 as set out in Section 10.8.

For each of FY2011, FY2012 and FY2013 the Company's auditor, BDO, issued unqualified audit opinions, with an emphasis of matter regarding the Company's ability to continue as a going concern.

10.4 HISTORICAL CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME AND HISTORICAL CONSOLIDATED STATEMENTS OF CASH FLOWS

Set out below is a summary of the Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income and Historical Consolidated Statements of Cash Flows of KPC for FY2011, FY2012 and FY2013. The Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income and Historical Consolidated Statements of Cash Flows have been prepared on the basis of the significant accounting policies adopted by the Company set out in Section 10.6 and should be read in conjunction with the accompanying notes. The Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income and Historical Consolidated Statements of Cash Flows have been subject to review by the Investigating Accountant as set out in the Investigating Accountant's Report in Section 13.

10.4.1 Historical consolidated statements of profit or loss and other comprehensive income

	Audited FY2013 \$	Audited FY2012 \$	Audited FY2011 \$
Revenue from continuing operations	179,567	368,372	214,804
Expenses			
Employee expenses	(1,646,135)	(1,534,828)	(514,663)
Depreciation	(108,639)	(14,472)	(2,108)
Consulting fees	(4,086,164)	(4,915,294)	(684,602)
Legal and other professional fees	(1,068,425)	(1,540,589)	(206,486)
Marketing and promotion expenses	(4,330)	(33,266)	(11,053)
Regulatory listing fees	(52,331)	(147,542)	(42,717)
Occupancy expenses	(1,261,674)	(731,654)	(25,902)
Telecommunication	(18,657)	(49,198)	(22,477)
Travel expense	(559,118)	(884,831)	(369,776)
Finance costs	(2,785,129)	(2,166,406)	(29,034)
Loss on disposal of plant and equipment	-	(14,457)	-
Other expenses	(323,844)	(321,202)	(129,609)
Impairment of assets	(3,906,179)	-	-
Realised foreign exchange gain/(loss)	347,927	(5,368)	(3,947)
Unrealised foreign exchange gain/(loss)	4,810,126	919,728	(531,169)
Loss before income tax expense from continuing operations	(10,483,005)	(11,071,007)	(2,358,739)
Income tax expense	-	-	-
Loss after income tax expense for the year	(10,483,005)	(11,071,007)	(2,358,739)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(381,913)	(30,170)	-
Total comprehensive loss for the year	(10,864,918)	(11,101,177)	(2,358,739)

10.4.2 Historical consolidated statements of cash flows

	Audited FY2013 \$	Audited FY2012 \$	Audited FY2011 \$
Cash flows from operating activities			
Interest received	6,851	219,642	55,998
Payments to suppliers and employees	(6,727,163)	(3,396,486)	(948,593)
Interest paid	(100,073)	(1,832,338)	-
	<hr/>		
Net cash used in operating activities	(6,820,385)	(5,009,182)	(892,595)
Cash flows from investing activities			
Purchase of plant and equipment	(474,533)	(70,813)	(21,991)
Payment for tenements and exploration expenditure	(319,116)	(425,942)	(219,275)
Payments for investments	(1,477,754)	(518,547)	-
Return of investments	1,957,714	-	-
Loan received	-	-	3,870,475
Loans advanced to other parties	(22,560,245)	(15,316,751)	(8,852,339)
Proceeds from sale of plant and equipment	-	7,000	-
	<hr/>		
Net cash used in investing activities	(22,873,934)	(16,325,053)	(5,223,130)
Cash flows from financing activities			
Proceeds from issue of shares	10,193,586	32,281,414	6,588,600
Proceeds from borrowings	6,017,941	7,181,050	-
Repayment of borrowings	(5,757,626)	(207,000)	-
Capital raising costs	-	8,819	(387,775)
	<hr/>		
Net cash provided by financing activities	10,453,901	39,264,283	6,200,825
Net (decrease)/ increase in cash and cash equivalents	(19,240,418)	17,930,048	85,100
Cash and cash equivalents at the beginning of the financial year	18,015,148	85,100	-
Effects of exchange rate changes on cash	1,727,926	-	-
	<hr/>		
Cash and cash equivalents at the end of the financial year	502,656	18,015,148	85,100

10.5 HISTORICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND PRO-FORMA HISTORICAL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Set out below is the Historical Consolidated Statement of Financial Position of KPC and the Pro-Forma Historical Consolidated Statements of Financial Position as at 30 June 2013. The Pro-Forma Historical Consolidated Statements of Financial Position consist of the Post Acquisition Pro-Forma Historical Consolidated Statement of Financial Position, the Minimum Subscription and the Full Subscription Pro-Forma Historical Consolidated Statement of Financial Position. The historical and pro-forma historical financial information has been prepared on the basis of the significant accounting policies adopted by the Company set out in Section 10.6 and should be read in conjunction with the accompanying notes as set out in Section 10.6 to 10.9. The Historical Consolidated Statement of Financial Position of KPC and the Pro-Forma Historical Consolidated Statements of Financial Position have been subject to review by the Investigating Accountant as set out in the Investigating Accountant's Report in Section 13.

	Notes (Section 10.9)	Audited Historical Consolidated 30 Jun 2013 \$	Unaudited Post Acquisition Pro-Forma Historical Consolidated 30 Jun 2013 \$	Unaudited Minimum Subscription Pro-Forma Historical Consolidated 30 Jun 2013 \$	Unaudited Full Subscription Pro-Forma Historical Consolidated 30 Jun 2013 \$
CURRENT ASSETS					
Cash and cash equivalents	1	502,656	19,719,477	27,314,703	69,151,417
Trade and other receivables	2	1,800,000	335,761	335,761	335,761
Other assets	3	14,799,856	750,877	750,877	750,877
TOTAL CURRENT ASSETS		17,102,512	20,806,115	28,401,341	70,238,055
NON CURRENT ASSETS					
Other financial assets	4	56,295,637	-	-	-
Property, plant & equipment		420,661	493,763	493,763	493,763
Exploration and evaluation assets	5	200,000	393,280,898	393,280,898	393,280,898
Intangible assets		-	49,624	49,624	49,624
TOTAL NON CURRENT ASSETS		56,916,298	393,824,285	393,824,285	393,824,285
TOTAL ASSETS		74,018,810	414,630,400	422,225,626	464,062,340
CURRENT LIABILITIES					
Trade and other payables	6	3,135,637	5,425,305	5,425,305	5,425,305
Financial liabilities	7	8,068,606	86,747	86,747	86,747
Consultancy fee payable	8	-	68,904,000	68,904,000	68,904,000
TOTAL CURRENT LIABILITIES		11,204,243	74,416,052	74,416,052	74,416,052
NON CURRENT LIABILITIES					
Financial liabilities	9	7,743,123	12,288,000	12,288,000	12,288,000
Other liabilities	10	-	252,767	252,767	252,767
Deferred tax liabilities	11	112,500	62,532,620	62,532,620	62,532,620
TOTAL NON CURRENT LIABILITIES		7,855,623	75,073,387	75,073,387	75,073,387
TOTAL LIABILITIES		19,059,866	149,489,439	149,489,439	149,489,439
NET ASSETS		54,958,944	265,140,961	272,736,187	314,572,901
EQUITY					
Issued capital	12	61,087,328	376,186,451	383,781,677	425,618,391
Reserves	13	16,896,766	34,130,766	34,130,766	34,130,766
Accumulated losses	14	(23,025,150)	(145,040,695)	(145,040,695)	(145,040,695)
		54,958,944	265,276,522	272,871,748	314,708,462
Non Controlling Interest		-	(135,561)	(135,561)	(135,561)
TOTAL EQUITY		54,958,944	265,140,961	272,736,187	314,572,901

10.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of the Historical and Pro-Forma historical financial information (collectively referred to as the 'Financial Information') are:

10.6.1 Basis of preparation

The Financial Information has been prepared in accordance with the measurement requirements, but not all disclosure requirements, of Australian Accounting Standards, Accounting Interpretations and the Corporations Act. In the view of the Directors, the omitted disclosures are not materially adverse to potential investors or inconsistent with any information contained elsewhere in the Prospectus.

Refer to Section 5 for an overview of KPC's corporate structure.

The financial statements have been prepared under the historical cost convention. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted. All values are rounded to the nearest dollar.

The accounting policies have been consistently applied.

a. Going Concern

For the year ended 30 June 2013, KPC and controlled entities (**Group**) incurred a loss after income tax expense of \$10,483,005 from continuing operations, and had net cash outflows from operating activities of \$6,820,385. At 30 June 2013, the Company has net current assets of \$5,898,269, including other non-financial assets of \$14,301,200 relating to deferred expenses from the GEM-CITIC Facility Line. At 30 June 2013, the Group reported cash and cash equivalents of \$502,656 and management has prepared cash flow projections for a period of twelve months from the date of approval of the Prospectus.

The ability of the Group to continue as a going concern is dependent upon the successful completion of its strategic acquisition of rights to potash projects in Kazakhstan which requires the Group to raise additional funds through debt and equity to complete the transactions. The existence of these conditions indicates a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding the above, the Directors have prepared the financial information on a going concern basis, which contemplates the continuity of normal business activity, the realisation of assets and the settlement of liabilities through the normal course of business for the following reasons:

- KPC has entered into an agreement with the CAR Fund, pursuant to which CAR Fund agrees to subscribe for, and KPC agrees to issue, up to \$30 million worth of convertible notes, which will be secured over all the property of the Company, are interest free, have a term of 4 years and will be convertible into Shares at \$1.00 per Share. The Company intends to use the proceeds from the issue of the CAR Convertible Notes to supplement the financing of the potential acquisition of the Satimola Project, provide loan funding to Batys Kali and make available additional working capital for the Group.

The issue of the CAR Convertible Notes was approved by Shareholders at a general meeting of the Company held on 25 October 2013. On 25 November 2013, CAR Fund subscribed for, and KPC issued, \$30 million CAR Convertible Notes and 60 million Options.

- KPC is raising a minimum of \$9 million under the Prospectus (before expenses of the Offer).
- The Directors anticipate a successful capital raising based on this Prospectus, and a successful application for reinstatement of the Company's Shares to quotation on the ASX; thereby enabling the issue of the consideration Shares to the Project Vendors.

If the Group is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the Financial Information. The Financial Information does not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they become due and payable.

b. Presentation Currency

The financial information is presented in Australian dollars, which is the Company's presentation currency. The functional currency for Jian Resources and Wiyot is US dollars and the functional currency for Aktobe Tuz and Batys Kali is Kazakhstan Tenge.

c. Principles of consolidation

The Historical Financial Information comprises the financial statements of KPC and its controlled entities. The Pro-Forma Historical Financial Information comprises the financial statements of KPC and its controlled entities as if the Acquisition Transactions had occurred at 30 June 2013. The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

Controlled entities are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

d. Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

e. Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

f. Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

g. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h. Loans and advances

Loans and advances are recognised at fair value less any provision for impairment.

Collectability of loans and advances is reviewed on an ongoing basis. Amounts which are known to be uncollectable are written off by reducing the carrying amount directly.

i. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss, and in relation to business combinations. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. For unlisted investments, KPC establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and KPC has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

KPC assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

j. Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Leasehold improvements	Over lease term
Computer and office equipment	1 - 3 years
Furniture and fixtures	10 years
Motor vehicles	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

k. Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

l. Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

m. Trade payables and other payables

These amounts represent liabilities for goods and services provided to KPC prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured.

n. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

o. Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on the bank overdraft
- interest on short-term and long-term borrowings

p. Provisions

Provisions are recognised when KPC has a present (legal or constructive) obligation as a result of a past event, it is probable KPC will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

q. Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether KPC receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of KPC or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of KPC or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

r. Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new Shares or Options are shown in equity as a deduction, net of tax, from the proceeds.

s. Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

t. Impact of Adopting New Accounting Standards and New / Revised Accounting Standards Not yet Effective

The Company has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board (AASB), but not all disclosure requirements, that are relevant to its operations and effective for year ended 30 June 2013.

Certain new accounting standards and interpretations have been published that are not mandatory for the year ended 30 June 2013 but are available for early adoption. The Company has not early adopted the new accounting standards. The Directors have given due consideration to these standards and interpretations and do not believe they will have any material financial impact on the financial information of the Company.

10.6.2 Critical accounting judgements, estimates and assumptions

The preparation of the financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The preparation of the financial information requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below:

Share-based payment transactions

KPC measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Provision for impairment of loans and advances

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the individual borrower's financial position.

Measurement of Consideration shares

The Company has used a price of \$1.80 per Share to represent the fair value of the Shares to be issued as consideration for the Acquisition Transactions. However the Directors note that this fair value may change when the actual consideration Shares are issued. Therefore for the purpose of the Prospectus, the fair value of the consideration Shares is a critical estimate and judgement. Refer to Note 10.7(c) for further information on the justification of this value being a reasonable approximation of fair value.

Estimation of useful lives of assets

KPC determines the estimated useful lives and related depreciation charges for its plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax

KPC is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. KPC recognises liabilities for anticipated tax audit issues based on KPC's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if KPC considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. To date, the Company has not recognised any deferred tax assets on the basis that there is insufficient certainty over the company's ability to utilize these losses in future periods to offset taxable profits.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Business combinations

As discussed in Section 10.6.1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Measurement of Convertible Notes

As discussed in Section 10.6.1, on the issue of convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The estimate of a market rate for an equivalent non-convertible bond is a key accounting estimate.

10.7 Post Acquisition Pro-Forma Historical Consolidated Statement of Financial Position

The Post Acquisition Pro-Forma Historical Consolidated Statement of Financial Position has been based on the Historical Consolidated Statement of Financial Position as at 30 June 2013 adjusted to reflect the completion of the Acquisition Transactions as if they had occurred at 30 June 2013 and the incorporation of other pro-forma assumptions including various transactions subsequent to 30 June 2013.

a. Overview of the Acquisition Transactions

The Acquisition Transactions incorporate the following entities:

- a. Jian Resources.
- b. Wiyot. Wiyot is the parent entity of Aktobe Tuz. Aktobe Tuz is the parent entity of Batys Kali.

Under the terms of the Agreements, KPC has agreed to:

- i. pay US\$1 million and issue up to 40,000,000 Shares to Mainstar (**Mainstar Shares**) in consideration for the transfer of 75% of the issued share capital in Jian Resources to KPC;
- ii. issue up to 15,000,000 Shares to United Delight (**United Shares**) in consideration for the transfer of the remaining 25% of the issued share capital in Jian Resources to KPC;
- iii. pay US\$10 million and issue up to 110,000,000 Shares to Goldquest (**Goldquest Shares**) in consideration for the transfer of 100% of the issued share capital in Wiyot, a company incorporated in Panama and which holds a 95% ultimate interest in the Zhilyanskoye and Chelkar Projects (through its wholly-owned subsidiary Aktobe Tuz and its 95% owned subsidiary Batys Kali), to Jian Resources; and
- iv. pay US\$20 million and issue up to 120,000,000 Shares to Celaric (**Celaric Shares**) in consideration for Celaric providing certain services to Jian Resources in relation to the acquisition of Wiyot.

It was the initial view of the Directors that the obligations in respect of the Celaric cash consideration and the Celaric Shares are not a separate transaction or an acquisition related cost of KPC, but are part of the liabilities assumed by KPC in exchange for the acquisition of Jian Resources. However, following a detailed review of the structure of the Acquisition Transactions, and owing to a lack of conclusive evidence supporting the position that the consultancy fee payable to Celaric pertains only to services provided by Celaric to Jian Resources before the acquisition contracts were entered into by KPC and Jian Resources, the Directors have determined that it is more appropriate to treat these payments as an acquisition-related expense.

There are additional conditions with respect to the issue of Shares to the Project Vendors (**Vendor Shares**) described above which are explained in (v) to (x) below:

- v. The actual number of Mainstar Shares, United Shares, Goldquest Shares and Celaric Shares to be released to the relevant vendors is linked to the resources levels of both the Zhilyanskoye and Chelkar Projects. Until resources levels are proven, the Vendor Shares will be held in voluntary escrow either with an independent escrow agent or subject to a holding lock. During the period of Voluntary Escrow, the Vendor Shares will have no voting rights (subject to any required approval from the ASX) or the holder or holders of the Vendor Shares will be restricted from exercising any voting rights attaching to them. On release from Voluntary Escrow, the Vendor Shares will have the same rights as all other issued Shares in KPC, including voting rights.
- vi. Based on a JORC report prepared by SRK, potash resources at the Zhilyanskoye Project are over 1 billion tonnes. Based on the Acquisition Transaction agreements, the Mainstar Shares, United Shares and Goldquest Shares, which total 165 million Shares, will be released to the relevant Projects Vendors after the ASX approves the reinstatement of the Shares to quotation.
- vii. The Celaric Shares will only be released from Voluntary Escrow upon confirmation, to JORC standards, that potash resources at the Chelkar project are no less than 1 billion tonnes. If the potash resources at Chelkar are less than 1 billion tonnes, then the Shares to be released from Voluntary Escrow to Celaric will be reduced in proportion to the amount of resources reported.
- viii. Any Vendor Shares not released from Voluntary Escrow are to be returned to KPC and cancelled for nil consideration.
- ix. To enable Jian Resources to acquire Wiyot and its subsidiaries, Aktobe Tuz and Batys Kali, KPC provided a loan to Jian Resources of US\$30 million and Jian Resources used the loan to pay the cash consideration under the Acquisition Transaction agreements to Goldquest and the cash component of the consultancy fee to Celaric. KPC has also paid the US\$1 million cash consideration to Mainstar in relation to the acquisition of Jian Resources.
- x. In addition to the Voluntary Escrow arrangements described above, the Vendor Shares are expected to be subject to additional compulsory escrow requirements from the date of reinstatement of KPC Shares to quotation on ASX in accordance with Chapter 9 of the ASX Listing Rules.

b. Measurement of the consultancy fee payable to Celaric – Celaric Shares

Agreements relating to the Acquisition Transactions require that JORC compliant resource reports on the Chelkar Project exist before Celaric Shares are released from Voluntary Escrow. The number of Celaric Shares to be released as the consultancy fee will be based on the amount of resources contained in the Chelkar Project. At this stage of exploration, the resources level is uncertain. The consultancy fee payable represents a contingent liability resulting from the Acquisition Transactions and has been recorded as a liability in accordance with AASB3 “Business Combinations”.

The directors have therefore used their judgement to assess the fair value of the consultancy fee payable. Information from government reports generated during the Soviet era estimated resources in the Chelkar deposit area at up to 6.6 billion tonnes. These government reports were considered for geological analysis undertaken in the Ercosplan Geological Report commissioned by the Company and issued on 27 September 2011 (which is the best current independent evidence on the Chelkar Project). Consistent with the estimate methodology adopted for the Chelkar deposit area in the preparation of the Company’s Replacement Prospectus dated 9 November 2011, the Directors have considered that a resource level for the Chelkar Project of around 319 million tonnes is the most appropriate estimate upon which to value the consultancy fee payable at the date of issuing the shares. However, the Directors remain optimistic that confirmation of a higher resources level for the Chelkar Project will be obtained after further exploration work has been done.

Accordingly the estimated consultancy fee payable that has been incorporated in the Post Acquisition Pro-Forma Historical Consolidated Statement of Financial Position corresponds to resources being established in accordance with the required conditions of 319 million tonnes.

The estimated fair value of the consultancy fee payable under the Celaric agreements has been calculated by applying 31.9%, being 319 million tonnes as a percentage of 1 billion tonnes, to the 120 million Shares to be issued to Celaric, at a price of \$1.80 per Share, totalling \$68,904,000.

c. Business combinations

The purchase consideration and fair values of the identifiable consolidated net assets of the companies notionally acquired (Acquirees) under the Acquisition Transactions at 30 June 2013 are represented by the following:

	Jian Resources \$	Wiyot & Controlled Entities \$	Total \$
Purchase consideration – to owners of Acquirees			
Cash consideration – paid to owners of Acquirees			
Initial cash payment – USD1 million (already paid)	996,301	-	996,301
Additional cash payment for USD10 million (already paid)	-	10,781,671	10,781,671
Share consideration at fair value of \$1.80 per share to owners of Acquirees			
15,000,000 shares for United Delight	27,000,000		27,000,000
40,000,000 shares for Mainstar	72,000,000		72,000,000
110,000,000 shares for Goldquest		198,000,000	198,000,000
	99,996,301	208,781,671	308,777,972

	Carrying Value at 30 June 2013 \$	Fair Value Assessment \$
<u>Assets and liabilities of Acquirees notionally acquired at 30 June 2013 as a result of the Acquisition Transactions are:</u>		
Cash and cash equivalents	159,012	159,012
Loans and advances	335,761	335,761
Other assets	252,221	252,221
Plant and equipment	73,102	73,102
Capitalised exploration expenditure	17,022,559	-
Value attributed to acquired potash projects (exploration)	-	393,080,898
Intangible assets	49,624	49,624
Accrued expenses and other payables	(2,289,668)	(2,289,668)
Financial liabilities	(86,747)	(86,747)
Non-current financial liabilities – related entities	(20,258,905)	(20,258,905)
Non-current other liabilities	(252,767)	(252,767)
Deferred tax liabilities (related to potash projects acquired)	-	(62,420,120)
	(4,995,808)	308,642,411
Add : Non Controlling Interest		135,561
Net Assets acquired		308,777,972

Sensitivity Analysis – Purchase Consideration

The Company has used a price of \$1.80 per Share to represent the fair value of the Shares to be issued as consideration, for the purpose of preparing the Pro-Forma Historical Financial Information, which under AASB3 “Business Combinations” needs to be measured at the acquisition date. The directors deem \$1.80 per Share to be a reasonable estimate of the fair value of the Shares to be issued for the purpose of preparing the Pro-Forma Historical Financial Information on the following basis:

- The Share price when the company last traded on the ASX on 30 September 2011 of \$1.00 is not a true reflection of the value of the Company on the basis that the Shares of KPC are currently suspended from trading on the ASX.
- Management have considered Share price movements before the suspension of KPC’s Shares from trading on the ASX took place. During the 2011 calendar year, the Share price fluctuated between \$0.77 and \$2.90.
- Specifically, when the announcements were made during 2011 in relation to the Batys Kali acquisition, the Share price was in excess of \$1.80.
- The Shares being issued under this Prospectus are being issued at \$1.80 per Share.

On this basis, the Directors have estimated that \$1.80 per Share is a reasonable estimate of the acquisition date fair value of the consideration Shares to be issued under the Acquisition Transactions for applying to the consideration Shares for the purpose of this Prospectus.

The Directors also note that the fair value of the consideration will be calculated based on the Share price traded on the ASX on the acquisition date, which will be the date the consideration Shares are issued. Therefore the above purchase consideration is an estimate only, and will potentially change depending on movements in the Share price.

If the Share price differs from \$1.80 per Share on the acquisition date, the following table provides a range of examples of the potential impact on the value of the purchase consideration which may be material:

Share price	Purchase Consideration
\$2.00 per share	341,777,972
\$1.80 per share	308,777,972
\$1.60 per share	275,777,972
\$1.40 per share	242,777,972
\$1.20 per share	209,777,972

As noted in Section 10.6.2, Critical Accounting Judgements, Estimates and Assumptions, business combinations are initially accounted for by the Company on a provisional basis. Post-acquisition the Directors will be required to fair value the purchase consideration and estimate the fair value of assets acquired and liabilities assumed as at the acquisition date.

d. Other Post-Acquisition Pro-Forma Adjustments

Other pro-forma adjustments, including various transactions subsequent to 30 June 2013, incorporated in the Post Acquisition Pro-Forma Historical Consolidated Statement of Financial Position as if they had occurred at 30 June 2013 are as follows:

- In September 2013, the Company entered into a loan agreement with Team Lucky, the 2012 convertible note holder (**Noteholder**). The agreement was arranged to release the Company from the charge over its assets and from being exposed to the risk that the convertible notes issued to the Noteholder could be called upon following the Company raising \$30 million. Under the agreement, the Company would provide a loan facility of up to \$9 million to the Noteholder. The facility was made available upon all the convertible notes issued to the Noteholder being converted into fully paid ordinary KPC shares in accordance with the terms and conditions of the convertible notes deed poll. Conversion of the 2012 Convertible Notes took place in October 2013, with 15,000,000 shares and 30,000,000 options being issued and a loan of \$9,000,000 was drawn down to pay for the conversion of 30,000,000 options at \$0.30 per share.
- On 8 January 2014, the Directors resolved to raise a provision for non-recoverability of \$9 million (refer Note 2, Section 10.9) against the Team Lucky loan in the Company's financial statements due to the delay in finalising a prospectus and relisting on the ASX. This delay impacts on the ability of Team Lucky to sell its Shares and repay the loan. The Directors have been required to assess the recoverability of this loan in the preparation of the Company's 31 December 2013 half year financial report. The ongoing requirement for this provision will be monitored by the Directors, post relisting on the ASX.
- The conversion of 3,000,000 options by option holders at \$0.30 per share raising \$900,000.
- In May 2013, CAR Fund executed a legally binding convertible note term sheet with the Company to issue up to \$30,000,000 CAR Convertible Notes in 2 tranches. To provide funds to support the continued development of the Company before shareholder approval was obtained, CAR Fund entered into an advance agreement with the Company and the sum of \$6,086,606 was advanced by the CAR Fund before 30 June 2013. Further advances were made after 30 June 2013 and the total amount advanced under the advance agreement was \$14,300,637. The CAR Convertible Notes were approved by Shareholders at a General meeting on 25 October 2013 and \$30 million CAR Convertible Notes were issued on 25 November 2013. Based on an agreement between CAR Fund and Holdrey, \$2 million of the CAR Convertible Notes were issued against the repayment of the Holdrey loan. The convertible note was classified between liabilities and equity reserves on issue, as required by Australian Accounting Standards. Key terms of the Convertible Notes are set out in Section 10.9, Note 9.

- A further USD3.5 million was advanced to Satimola under a loan agreement with Satimola, entered into as part of the Satimola acquisition transaction. As a result of non-completion of the Satimola acquisition as at the date of this Prospectus, and given that Satimola Limited is an exploration company transiting to mining, the recoverability of the amounts previously loaned to Satimola depends heavily on the availability of further funding. As such, the directors considered that there is significant uncertainty regarding the recoverability of the loan and the loans were fully provided for under the Pro-Forma Historical Statement of Financial Position.
- On 8 January 2014, the Directors resolved to raise a provision for non-recoverability of \$1.8 million against loans owing from former directors of \$1.8 million (refer Note 2, Section 10.9). This provision has been raised due to the delay in finalising a prospectus and relisting on the ASX, which impacts on the ability of the former directors to sell their Shares and repay the loans. The Directors have been required to assess the recoverability of this loan in the preparation of the Company's 31 December 2013 half year financial report. The ongoing requirement for this provision will be monitored by the Directors, post relisting on the ASX.
- Due to the delay in finalising a prospectus and relisting on the ASX, and the impact this will have on the likelihood that the Company will be able to use the GEM-CITIC Facility Line, on 8 January 2014, the Directors resolved to expense the prepayment of the fees in relation to the GEM-CITIC Facility Line of \$14,301,200 (refer Note 3, Section 10.9) in the Company's financial statements. The expenses incurred establishing this facility had been deferred to be offset against capital raised under the facility in the future. This expense will be reflected in the Company's 31 December 2013 half year financial report.

10.8 MINIMUM SUBSCRIPTION AND FULL SUBSCRIPTION PRO-FORMA HISTORICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Minimum Subscription and Full Subscription Pro-Forma Historical Consolidated Statement of Financial Position have been based on the Post Acquisition Pro-Forma Historical Consolidated Statement of Financial Position as at 30 June 2013, and reflects the following events and transactions as if they had taken place at that date:

- for the Minimum Subscription, the issue of 5 million Shares at \$1.80 per Share to raise \$9,000,000;
- for the Full Subscription, the issue of 30 million Shares at \$1.80 per Share to raise \$54,000,000;
- payment of Share issue expenses of approximately \$1,404,774 or \$4,568,060 in the case of Minimum Subscription and Full Subscription respectively, as if they had occurred as at 30 June 2013.

10.9 NOTES TO THE HISTORICAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND PRO-FORMA HISTORICAL CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Historical Consolidated 30 Jun 2013 \$	Post Acquisition Pro-Forma Historical Consolidated 30 Jun 2013 \$	Minimum Subscription Pro-Forma Historical Consolidated 30 Jun 2013 \$	Full Subscription Pro-Forma Historical Consolidated 30 Jun 2013 \$
Note 1: Cash and cash equivalents				
Historical cash assets at 30 June 2013	502,656	502,656	502,656	502,656
Cash asset acquired on business combination	-	159,012	159,012	159,012
Loans advanced to Satimola	-	(3,773,585)	(3,773,585)	(3,773,585)
Funds paid to Company for CAR Convertible Note(i)	-	21,931,394	21,931,394	21,931,394
Exercise of options	-	900,000	900,000	900,000
Issue of fully paid ordinary shares – Minimum Subscription	-	-	9,000,000	-
Issue of fully paid ordinary shares – Full Subscription	-	-	-	54,000,000
Payment of prospectus expenses from proceeds of the offer	-	-	(1,404,774)	(4,568,060)
	502,656	19,719,477	27,314,703	69,151,417

(i) Further funds received post year end from CAR Fund for the subscription of \$30 million CAR Fund Convertible Notes, including \$8,232,031 of additional advance made under the advance agreement with CAR Fund as detailed in Note 7 (ii).

Note 2: Trade and other receivables

Loans to two former directors for conversion of options into shares (i)	1,800,000	1,800,000	1,800,000	1,800,000
Impairment of loans to former directors (i)	-	(1,800,000)	(1,800,000)	(1,800,000)
Other loan (ii)	-	9,000,000	9,000,000	9,000,000
Impairment of other loan (ii)	-	(9,000,000)	(9,000,000)	(9,000,000)
Staff loans recognised on business combination (iii)	-	335,761	335,761	335,761
	1,800,000	335,761	335,761	335,761

(i) Loans to former directors for conversion of options into shares which matured in April 2013. A provision for non-recoverability of \$1.8 million for these loans has been recorded. Refer Section 10.7(d) for further details.

(ii) A loan to Team Lucky (Noteholder) was arranged to release the Company from the charge over its assets and from being exposed to the risk that the convertible notes with a notional value of \$15 million issued to the Noteholder could be called upon following the Company raising \$30 million. Under the agreement, the Company has to provide a loan facility of up to \$9 million to the Noteholder. The facility was to be made available upon all the convertible notes issued to the Noteholder being converted into Shares in accordance with the terms and conditions of the convertible notes deed poll. Conversion of the convertible notes took place in October 2013, resulting in the issue of 15,000,000 shares and the loan of \$9,000,000 was drawn down. The loan is unsecured, matures on 21 April 2014 but is repayable in part or in full at any time prior to the maturity date, and pays interest at 6%.

Team Lucky is an unrelated third party investor who has been supportive of the Company since 2011, when it initially subscribed for a \$12 million convertible note, which matured in 2012 and then subscribed for a convertible note for \$15 million in 2012 on maturity of the 2011 convertible note. While the loan provided to the Noteholder is unsecured, all proceeds from the sale of the Shares when the Noteholder's holding of Shares issued to it on conversion is at 9 million or below will be repaid to the Company for settlement of the loan. The Directors have allowed for a provision for non-recoverability of \$9 million for this loan. Refer to Section 10.7(d) for further detail.

(iii) The loans represent short term advances made to employees of Batys Kali.

	Historical Consolidated 30 Jun 2013 \$	Post Acquisition Pro-Forma Historical 30 Jun 2013 \$	Minimum Subscription Pro-Forma Historical 30 Jun 2013 \$	Full Subscription Pro-Forma Historical 30 Jun 2013 \$
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Note 3: Other assets

Deposits and other receivables	498,656	750,877	750,877	750,877
Deferred expenses (i)	14,301,200	-	-	-
	14,799,856	750,877	750,877	750,877

- (i) The Company entered into a finance agreement with GEM in 2011. As part of the agreement, the Company paid initial commitment fees of \$2,800,000, followed by additional commitment fees of \$50,000 and issued 17,000,000 options, valued at \$11,451,200, to secure the GEM-CITIC Facility Line. The Directors have expensed the GEM-CITIC Facility Line fees subsequent to year end. Refer to Section 10.7(d) for further detail.

Note 4: Non-current financial assets

Loan – Satimola Limited (i)	2,695,418	6,469,003	6,469,003	6,469,003
Impairment of loan to Satimola Limited (i)	-	(6,469,003)	(6,469,003)	(6,469,003)
Deposit on investment in Jian Resources	996,301	996,301	996,301	996,301
Elimination of deposit on investment on business combination (ii)	-	(996,301)	(996,301)	(996,301)
Loan - Jian Resources	32,739,091	32,739,091	32,739,091	32,739,091
Elimination of Jian Resources loan on business combination (ii)	-	(32,739,091)	(32,739,091)	(32,739,091)
Loan – Batys Kali	19,864,827	19,864,827	19,864,827	19,864,827
Elimination of Batys Kali loan on business combination (ii)	-	(19,864,827)	(19,864,827)	(19,864,827)
	56,295,637	-	-	-

- (i) Amount represents loans of USD 2.5 million (\$2,695,418) made pursuant to a Loan agreement entered into as part of the acquisition of the Satimola project. A further advance of USD 3.5 million (\$3,773,585) has been made after 30 June 2013. As a revised agreement to continue the acquisition has not been reached and Satimola is an exploration company that relies heavily on new investments to continue on a going concern basis, the Directors consider that an impairment allowance of the full amount of the loan is appropriate.

- (ii) Business combination adjustments related to pro-forma Acquisition Transactions.

Note 5: Exploration and evaluation assets

Australian projects	200,000	200,000	200,000	200,000
Kazakhstan potash projects (i)	-	393,080,898	393,080,898	393,080,898
	200,000	393,280,898	393,280,898	393,280,898

- (i) The Kazakhstan exploration assets acquired relate to resource permits for Zhilyanskoye Project and Chelkar Project in Kazakhstan. The permits are owned by Batys Kali. Refer to note 10.7 (c) for further details.

Note 6: Trade and other payables

Payables and accrued expenses	2,595,637	4,885,305	4,885,305	4,885,305
Equity facility commitment fee payable (i)	540,000	540,000	540,000	540,000
	3,135,637	5,425,305	5,425,305	5,425,305

- (i) Relates to fee payable on GEM-CITIC Facility Line.

	Historical Consolidated 30 Jun 2013 \$	Post Acquisition Pro-Forma Historical Consolidated 30 Jun 2013 \$	Minimum Subscription Pro-Forma Historical Consolidated 30 Jun 2013 \$	Full Subscription Pro-Forma Historical Consolidated 30 Jun 2013 \$
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Note 7: Current financial liabilities

Other loans secured (i)	2,000,000	-	-	-
Advances from CAR Fund (ii)	6,068,606	14,300,637	14,300,637	14,300,637
Conversion of advances from CAR Fund into the CAR Convertible Note (ii)	-	(14,300,637)	(14,300,637)	(14,300,637)
Other loan acquired on business combination	-	86,747	86,747	86,747
	8,068,606	86,747	86,747	86,747

- (i) Between January and March 2012, the Company borrowed \$2 million from Holdrey under 2 agreements. The loans carried similar terms, were interest free (options exercisable at \$0.30 each with expiry of 3 years from date of grant issued in lieu of interest) and had a maturity of 12 months from date of drawdown. \$1 million of the loans from Holdrey were secured by a fixed and floating charge over all of the assets, rights and undertaking of the Company. The remaining \$1 million loan from Holdrey was secured by a fixed and floating charge over KPC's wholly owned subsidiary, Fortis Mining Singapore Pte Ltd. The loans were repaid after 30 June 2013, with the repayment of the loans being applied towards the CAR Convertible Note subscription.
- (ii) Amount represents advance made by CAR Fund under the advance agreement. Subsequent to year end further cash advances of \$8,232,031 were received from the CAR Fund. On 25 November 2013 the total cash advanced of \$14,300,637 was converted to CAR Convertible Notes, refer to note 9 (i) for details.

Note 8: Consultancy fee payable

Expected consultancy fee payable for the issue of 38,280,000 Shares at \$1.80	-	68,904,000	68,904,000	68,904,000
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Represents the fair value of the contingent liability assumed in the Acquisition Transactions for the consultancy fee payable to Celaric. Shares to be released to Celaric based on terms of the agreements of the Acquisition Transactions. Refer to Section 10.7(b) for further detail.

Note 9: Non-Current financial liabilities

Face value of 2012 convertible note	15,000,000	15,000,000	15,000,000	15,000,000
Discount on 2012 convertible note	(7,256,877)	(7,256,877)	(7,256,877)	(7,256,877)
	7,743,123	7,743,123	7,743,123	7,743,123
Conversion of 2012 convertible note	-	(7,743,123)	(7,743,123)	(7,743,123)
	7,743,123	-	-	-
Face value of CAR Convertible Note (i)	-	30,000,000	30,000,000	30,000,000
Discount on CAR Convertible Note (ii)	-	(17,712,000)	(17,712,000)	(17,712,000)
	7,743,123	12,288,000	12,288,000	12,288,000

- (i) Pursuant to an agreement, CAR Fund (or its nominee) agrees to subscribe for, and KPC agrees to issue, secured convertible notes up to a total value of \$30 million. Each CAR Convertible Note is convertible into 1 Share at \$1.00 per Share by the holder of the Note. CAR Fund or its nominee will receive 2 Options for each CAR Convertible Note issued and an additional 2 Options for each CAR Convertible Note converted into Shares. The Options are exercisable at 30 cents per Option. Neither the CAR Convertible Notes nor the options will be quoted on the ASX. The CAR Convertible Notes are secured by a general security interest over all of the property of the Company, are interest free, and have a term of 4 years from the date of issue.

At the end of 4 years the Convertible Note liability of \$30 million is repayable in cash if the holders of the Notes have not elected to convert them into shares in KPC. The sole discretion to convert the Notes into shares in KPC is held by the holders of the Notes.

The issue of the CAR Convertible Notes was subject to Shareholder approval. Approval for the issue of the CAR Convertible Notes was granted at a general meeting of the company held on 25 October 2013. \$30 million of CAR Convertible Notes were issued on 25 November 2013 against cash received, amount from the repayment of the Holdrey loan, and advances previously made of \$14,300,637.

- (ii) Amount represents equity portion of the CAR Convertible Notes issue, which includes options valued at \$16,800,000 and the equity portion of the convertible note at \$912,000.
- (iii) Over time, the Company will record an accrued interest expense with the effect that a liability of \$30 million will be recorded at the end of the term of the CAR Convertible Notes. The accounting for this is disclosed as follows:

	Statement of Profit or Loss and Other Comprehensive Income	Statement of Financial Position
	Interest Expense \$	CAR Convertible Note Liability \$
Convertible note liability – 25 November 2013		12,288,000
Year ending 30 June 2014	1,743,245	14,031,245
Year ending 30 June 2015	3,507,811	17,539,056
Year ending 30 June 2016	4,384,764	21,923,820
Year ending 30 June 2017	5,480,955	27,404,775
Period to 25 November 2017	2,595,225	30,000,000

	Historical Consolidated 30 Jun 2013 \$	Post Acquisition Pro-Forma Historical Consolidated 30 Jun 2013 \$	Minimum Subscription Pro-Forma Historical Consolidated 30 Jun 2013 \$	Full Subscription Pro-Forma Historical Consolidated 30 Jun 2013 \$
Note 10: Other liabilities				
Provision of asset retirement obligations	-	252,767	252,767	252,767
Note 11: Deferred tax liabilities				
Deferred tax liabilities	112,500	112,500	112,500	112,500
Deferred tax liabilities recognised on business combination	-	62,420,120	62,420,120	62,420,120
	112,500	62,532,620	62,532,620	62,532,620
Note 12: Issued capital				
KPC ordinary shares on issue adjusted for proposed transactions as at 30 June 2013	61,087,328	376,186,451	383,781,677	425,618,391
<i>Movement in Issued Capital represented by the following transactions:</i>				
132,739,665 fully paid ordinary shares on issue as at 30 June 2013	61,087,328	61,087,328	61,087,328	61,087,328
Post 30 June 2013 share issues				
Conversion of 15 million convertible notes at \$1.00 per share	-	8,199,123	8,199,123	8,199,123
30 million options exercised, at \$0.30 per share	-	9,000,000	9,000,000	9,000,000
3 million options exercised, at \$0.30 per share	-	900,000	900,000	900,000
Issue of 110 million shares at \$1.80 per share (i)	-	198,000,000	198,000,000	198,000,000
Issue of 40 million shares at \$1.80 per share (i)	-	72,000,000	72,000,000	72,000,000
Issue of 15 million shares at \$1.80 per share (i)	-	27,000,000	27,000,000	27,000,000
Proposed Prospectus Transactions				
Minimum subscription of 5 million shares at \$1.80	-	-	9,000,000	-
Full Subscription of 30 million shares at \$1.80	-	-	-	54,000,000
Less costs of the share issue	-	-	(1,404,774)	(4,568,060)
	61,087,328	376,186,451	383,781,677	425,618,391
Number of shares on issue following above issues				
	No. 132,739,665	No. 345,739,665	No. 350,739,665	No. 375,739,665

(i) Issue of these shares is related to the acquisition transaction. Refer to Section 10.7(a) for details.

In addition to the above, following completion of the Acquisition Transactions, the Celaric Shares will be issued and held in Voluntary Escrow. During the period of Voluntary Escrow, the Vendor Shares will have no voting rights (subject to any required approval from the ASX) or the holder or holders of the Vendor Shares will be restricted from exercising any voting rights attaching to them. On the release from Voluntary Escrow, the Vendor Shares will have the same rights as all other issued Shares in KPC, including voting rights. If the potash resources at Chelkar are less than 1 billion tonnes, then the Shares to be released from Voluntary Escrow to Celaric will be reduced in proportion to the amount of resources reported. Any Celaric Shares, not released from Voluntary Escrow are to be returned to KPC for zero consideration pursuant to a selective Share buy-back or capital reduction or otherwise cancelled, subject to compliance with the Corporations Act.

	Historical Consolidated 30 Jun 2013 \$	Post Acquisition Pro-Forma Historical Consolidated 30 Jun 2013 \$	Minimum Subscription Pro-Forma Historical Consolidated 30 Jun 2013 \$	Full Subscription Pro-Forma Historical Consolidated 30 Jun 2013 \$
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Note 13: Reserves

Share Option

Share option reserve as at 30 June 2013	17,752,849	17,752,849	17,752,849	17,752,849
Option value of CAR convertible note	-	16,800,000	16,800,000	16,800,000
1 million options expired, exercisable at \$0.30 per share	-	(22,000)	(22,000)	(22,000)
	17,752,849	34,530,849	34,530,849	34,530,849

Other Reserve

Other reserve as at 30 June 2013	(444,000)	(444,000)	(444,000)	(444,000)
Equity portion of CAR Convertible note	-	912,000	912,000	912,000
Equity portion of 2012 convertible note	-	(456,000)	(456,000)	(456,000)
	(444,000)	12,000	12,000	12,000

Foreign currency Reserve

Foreign currency Reserve as at 30 June 2013	(412,083)	(412,083)	(412,083)	(412,083)
	16,896,766	34,130,766	34,130,766	34,130,766

Note 14: Accumulated losses

Accumulated loss as at 30 June 2013	(23,025,150)	(23,025,150)	(23,025,150)	(23,025,150)
Impairment loss – Satimola loan provision	-	(6,469,003)	(6,469,003)	(6,469,003)
Impairment loss – former directors' loans	-	(1,800,000)	(1,800,000)	(1,800,000)
Impairment loss – other loans	-	(9,000,000)	(9,000,000)	(9,000,000)
Deferred expenses facility expensed	-	(14,301,200)	(14,301,200)	(14,301,200)
Consultancy fee - Celaric	-	(90,467,342)	(90,467,342)	(90,467,342)
1 million Options expired, exercisable at \$0.30 per Share	-	22,000	22,000	22,000
	(23,025,150)	(145,040,695)	(145,040,695)	(145,040,695)

Note 15: Subsidiaries

Subsidiary entities consolidated	Country of Incorporation	Percentage owned 30 Jun 2013	Percentage owned Post-acquisition Pro-Forma
Fortis Holding Company Pty Ltd	Australia	100%	100%
Jal 1 Pty Ltd	Australia	100%	100%
Fortis Mining Singapore Pte Ltd	Singapore	100%	100%
Potash Investment Pte Ltd.	Singapore	100%	100%
FMJ Mining Pte Limited	Singapore	100%	100%
Fortis Mining (Hong Kong) Limited	Hong Kong	100%	100%
Fortis Potash Resources Limited	Hong Kong	100%	100%
Kazakhstan Potash Corporation Limited	Hong Kong	100%	100%
Sino Beverley Limited	British Virgin Islands	100%	100%
Fortis Mining (Beijing) Limited	China	100%	100%
Fortis Mining (Shanghai) Limited	China	100%	100%
Ji'an Resources Investment Limited	Hong Kong	-	100%
Wiyot S.A.	Panama	-	100%
Aktobe Tuz LLP	Kazakhstan	-	100%
Batys Kali LLP	Kazakhstan	-	95%

10.10 BATYS KALI LLP HISTORICAL FINANCIAL INFORMATION

Summarised historical financial information for Batys Kali is presented below for the three (3) financial years ended 31 December 2012, 31 December 2011 and 31 December 2010. This information has been extracted from Batys Kali's audited financial reports for each of these years. The summarised historical financial information consists of a summarised statement of profit or loss and other comprehensive income and a statement of financial position.

The financial reports for each of these financial years were audited by local Kazakhstan auditors Alem Audit, in accordance with International Standards of Auditing with the financial statements of Batys Kali being prepared in accordance with International Financial Reporting Standards. Alem Audit issued unqualified audit reports on Batys Kali for each of these years.

Summarised historical financial information for Batys Kali for the six month period ended 30 June 2013 has also been presented below, consisting of a summarised statement of profit or loss and other comprehensive income and a statement of financial position as at 30 June 2013. This summarised historical financial information for the six month period ended 30 June 2013 has been reviewed by Alem Audit and an unqualified review conclusion was issued for this period.

The audited financial reports of Batys Kali have a presentation and functional currency being Kazakhstan Tenge. The summarised financial information presented below is in Australian Dollars and has been translated into Australian dollars in accordance with the Company's accounting policies set out in Section 10.6.

The exchange rates used for converting amounts presented in Kazakhstan Tenge (KZT) to Australian dollars in the note are as follows:

Year or period then ended	KZT/AUD	
	PL	BS
31 December 2010	135.51	149.80
31 December 2011	151.31	150.72
31 December 2012	154.44	156.53
30 June 2013	153.20	140.65

Other entities being acquired which are party to the Acquisition Transactions are Jian Resources, Wiyot and Aktobe Tuz. These entities are sole purpose investment entities. They conduct no activity other than acting as a holding entity for a controlled entity. The statement of financial position of each of these entities as at 30 June 2013 and their historical statements of profit or loss and other comprehensive income for the last 3 years are not material to the consolidated group post acquisition. All material assets and liabilities of each of these entities are eliminated on consolidation in the preparation of the pro-forma historical financial statements for KPC set out in Section 10.5.

10.10.1 Historical Statements of Profit or Loss and Other Comprehensive Income

	Reviewed 30 Jun 2013 \$'000	Audited 31 Dec 2012 \$'000	Audited 31 Dec 2011 \$'000	Audited 31 Dec 2010 \$'000
Finance income	-	2	1	-
General administrative expenses	(574)	(796)	(506)	(306)
Other expenses	(1)	(15)	(15)	-
Finance expenses	(9)	(13)	(21)	(9)
Foreign exchange loss	(111)	(182)	(95)	(3)
Loss before income tax	(695)	(1,004)	(636)	(318)
Income tax benefit	-	-	-	-
Loss after income tax	(695)	(1,004)	(636)	(318)

10.10.2 Historical Statements of Financial Position

	Reviewed 30 Jun 2013 \$'000	Audited 31 Dec 2012 \$'000	Audited 31 Dec 2011 \$'000	Audited 31 Dec 2010 \$'000
CURRENT ASSETS				
Cash and cash equivalents	159	1,238	1,142	34
Trade and other receivables	336	328	491	19
Other assets	257	26	33	-
TOTAL CURRENT ASSETS	752	1,592	1,666	53
NON CURRENT ASSETS				
Other financial assets	-	149	724	155
Property, plant & equipment	73	70	88	16
VAT Receivable	1,799	1,445	563	158
Exploration and evaluation assets	17,023	13,885	5,806	1,738
Intangible assets	50	49	60	-
TOTAL NON CURRENT ASSETS	18,945	15,598	7,241	2,067
TOTAL ASSETS	19,697	17,190	8,907	2,120
CURRENT LIABILITIES				
Trade and other payables	2,290	1,664	303	196
TOTAL CURRENT LIABILITIES	2,290	1,664	303	196
NON-CURRENT LIABILITIES				
Long-term financial liabilities	19,952	17,134	9,275	2,115
Other liabilities	253	227	207	48
TOTAL NON-CURRENT LIABILITIES	20,205	17,361	9,482	2,163
TOTAL LIABILITIES	22,495	19,025	9,785	2,359
NET LIABILITIES	(2,798)	(1,835)	(878)	(239)
EQUITY				
Issued capital	67	67	67	67
Accumulated losses	(2,674)	(1,979)	(975)	(339)
Foreign exchange reserve	(191)	77	30	33
TOTAL EQUITY	(2,798)	(1,835)	(878)	(239)

11 RISKS

The exploration and development of natural resources is a speculative activity that involves a high degree of risk. Whilst the Company has sought to acquire interests in projects which have identified prospective mineral targets, there is no guarantee that the projects will generate commercial returns for the Company and its investors. Therefore, the Shares to be issued pursuant to this Prospectus are a speculative investment.

The following summary explains some of the risks associated with investment in the Company and which may impact upon the financial performance of the Company. However, potential investors should read this Prospectus in its entirety and consult their professional advisers before applying for Shares under this Prospectus. The list of risk factors outlined here is not exhaustive.

Neither the Company, nor its Directors nor any of its professional advisers give any form of guarantee on future dividends, return on capital or the price at which the Shares might trade on the ASX.

Investors should consider the non-exhaustive list of risks associated with investing in the Company that is outlined below, and consult with their advisors before making an investment in the Company.

11.1 Risks associated with KPC

Early stage of development

KPC is an exploration company at an early stage of its development. This presents risks to investors and in particular exploration and development risks. These risks are discussed in more detail in Section 11.3 below “Exploration and development risks”.

Ongoing funding requirements

The expenditure and operating costs of the Zhilyanskoye and Chelkar Projects may exceed the amount estimated by the Company or there may be instances where there is a requirement for expenditure on the projects which was unforeseen. Accordingly, further funding may be required by the Company to undertake or continue its exploration activities. If commercial quantities of minerals are discovered and the Company commences mining activities then further funding may be required. There is no guarantee that the Company will be able to raise the additional required funding on a timely basis, on favourable terms or that such further funding will be sufficient to enable the Company to implement its planned commercial strategy. These factors may adversely affect the financial performance of the Company.

Risk of not continuing as a going concern

For the year ended 30 June 2013, KPC and its controlled entities have incurred a loss after income tax expense of \$10,483,005 from continuing operations and had net cash outflows from operating activities of \$6,820,385. In the Investigating Accountant’s Report at Section 13, the Investigating Accountant has included an Emphasis of Matter that these conditions, amongst others, indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern which is dependent upon the successful completion of its strategic acquisition of rights to potash projects in Kazakhstan which requires it to raise additional funds through debt and equity to complete the transactions. If the Consolidated Entity is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business. For further information regarding this, please refer to the Investigating Accountant’s Report at Section 13.

Sino-Agri Convertible Note

The Company intends to use the funds raised by the issue of the Sino-Agri Convertible Notes to fund the acquisition of the Satimola Project. The Company and the vendors of the Satimola Project are currently in negotiations in respect of the acquisition. If the acquisition of the Satimola Project does not proceed, Sino-Agri may choose to not progress and finalise the fulfilment of the Sino-Agri Convertible Note requirements. Accordingly, the Company would not be able to access \$150 million for the purposes of expenditure on its other projects. See Section 14.6 for further details of the agreement with Sino-Agri.

GEM-CITIC Facility Line

There is a risk that the issue of Shares to GEM (or its nominee(s)) pursuant to the GEM Facility Agreement may negatively impact on the other Shareholders due to:

- the dilutional effect of the issue of the Shares to GEM; and
- a reduction in the market value of the Shares due to the Shares issued to GEM having been issued at a discount to the current market price and the potential for stock sellers, which will include GEM (or its nominee(s)), to outnumber stock buyers. Refer to Section 14.3 for further details.

Team Lucky Loan

Pursuant to the loan agreement with Team Lucky dated 26 September 2013, the Company provided a loan of \$9 million to Team Lucky (**Loan**). The Company may be unable to recover the Loan amount. Failure to recover the Loan amount could reduce the ability of the Company to fund its works program. The Directors have made a provision against the non-recoverability of the Loan amount. Refer to Section 10.7.d for further details.

Key personnel

The Company's operations depend to a great extent on the efforts of key personnel, many of whom would be difficult to replace in the short term. The loss of those key personnel could cause a significant disruption to our business and could adversely affect our operations.

Doing business internationally

Our proposed international sales and subsequent operations will be subject to a number of risks inherent in selling and operating abroad which could adversely affect our ability to increase or maintain our foreign sales. These include, but are not limited to, risks regarding:

- currency exchange rate fluctuations;
- local economic and political conditions;
- disruptions of capital and trading markets;
- accounts receivable collection and longer payment cycles;
- difficulties in staffing and managing foreign operations;
- potential hostilities and changes in diplomatic and trade relationships;
- restrictive governmental actions (such as restrictions on the transfer or repatriation of funds and trade protection measures, including export duties and quotas and customs duties and tariffs);
- changes in legal or regulatory requirements;
- the laws and policies of Australia and other countries affecting trade, foreign investment and loans, and import or export licensing requirements;
- tax laws; and
- changes in circumstances or market conditions resulting from these risks may restrict our ability to operate in an affected region and/or adversely affect the profitability of our operations in that region.

Acquisitions can present risks

The Company may make acquisitions, including the Satimola Project, in the future as part of future growth plans. Such activities may result in use of the Company's cash resources and issuances of equity securities, which may result in a dilution of existing stockholders. In addition, the Company may be negatively impacted by the assumption of liabilities of the merged or acquired company. Further acquisitions entail a number of specific risks including:

- the impact of known potential liabilities or unknown liabilities associated with the acquired companies;
- the difficulty of assimilating the operations, personnel and customers of the acquired companies into the Company's operations and business;
- the potential disruption of the Company's ongoing business and distraction of management;
- the difficulty of integrating acquired operations into the Company's services and unanticipated expenses related to such integration;

- the failure to successfully develop acquired assets, resulting in the impairment of amounts currently capitalized as intangible assets;
- the impairment of relationships with customers and partners of the acquired companies or the Company's customers and partners as a result of the integration of acquired assets;
- the impairment of relationships with employees of the acquired companies or the Company's employees as a result of integration of new management personnel;
- the difficulty of integrating the acquired company's accounting, management information, human resources and other administrative systems into existing administrative, financial and managerial controls and reporting systems and procedures;
- the need to implement required controls, procedures and policies at companies which, prior to acquisition, lacked such controls, procedures and policies;
- in the case of foreign acquisitions, uncertainty regarding the impact of foreign laws and regulations, currency risks and the particular economic, political and regulatory risks associated with specific countries and the difficulty integrating operations and systems as a result of language, cultural, systems and operational differences;
- the potential inheritance of the acquired companies' past financial statements with their associated risks;
- the difficulty of achieving the anticipated synergies from the combined businesses;
- the potential need to write-down the goodwill of any such transaction in subsequent periods, resulting in charges to operations; and/or
- possibility of not being able to retain the acquired or merged companies' key employees and customers.

Strained Resources

The Company's forecast growth will strain its managerial and operational resources, which could hurt its business and results of operations. There can be no assurance that the Company's managers will be able to manage growth effectively. To manage future growth, the Company's management must continue to improve the Company's operational, IT and financial systems, procedures and controls and expand, train, retain and manage its employee base. If the Company's systems, procedures and controls are inadequate to support its operations, the Company's expansion could slow or come to a halt, and it could lose its opportunity to gain significant market share. Any inability to manage growth effectively could materially harm the Company's business, results of operations and financial condition.

11.2 Tenement and resources risk

Tenement risk

The ability of KPC to carry out successful exploration, development and production will depend on its ability to obtain and maintain tenure to licences, permits and mining titles. KPC's rights in respect of the Zhilyanskoye and Chelkar Projects are described in Section 7.1. As noted in Section 7.1, the land use permit for the Zhilyanskoye Project has expired. Batys Kali is planning to apply for a new land use permit after the extension to the exploration period has been granted. There is no guarantee that the land use permit will be issued.

The maintenance of KPC's rights must be in accordance with the laws of Kazakhstan and in particular Kazakhstan mining legislation. Conditions imposed by this legislation must be complied with. No guarantee can be given that tenures will be maintained or granted, or if they are maintained or granted, that KPC will be in a position to comply with all conditions that are imposed.

Resources risk

The resources estimates for the Zhilyanskoye Project are estimates only and no assurance can be given that any particular level of recovery of potash will in fact be realised or that the identified ore body will actually be commercially mineable or capable of being economically exploited.

The mineral resource estimate for the Zhilyanskoye deposit is based on data obtained from 119 historic drill holes drilled between 1952 and 1958, and 10 verification drill holes drilled in 2012. See Section 7.3. There are no JORC compliant resources currently defined on the Chelkar Project. See Section 7.4.

If a resource is defined in the future for the Chelkar Project, that resource estimate will be an expression of judgment. The same applies for the resource estimate for the Zhilyanskoye Project. These judgements were based on knowledge, experience and industry practice. Often these estimates are appropriate when made but may change significantly when new information becomes available. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustments.

Cross-jurisdictional ownership structure risk

The proposed ownership structure of the Zhilyanskoye and Chelkar Projects is set out in Section 5.2. Following completion of the various acquisition transactions with the Project Vendors, the Company will hold all of the shares on issue in Jian Resources and, through Jian Resources' wholly-owned subsidiaries, a 95% interest in Batys Kali, the company which holds the Subsoil Use Rights for the Zhilyanskoye and Chelkar Projects. The subsidiaries through which KPC will hold the majority interest in Batys Kali are Wiyot and Aktobe Tuz, which are incorporated in foreign jurisdictions; namely Panama and Kazakhstan. This cross-jurisdictional ownership structure presents a risk to the security of KPC's investment in the Zhilyanskoye and Chelkar Projects, due to the potential for the Company's influence and control over these subsidiaries to be compromised as a result of the laws of Panama and Kazakhstan and the enforcement of them being less robust than those in place in Australia in respect of share ownership, corporate governance and financial reporting and audit requirements for companies.

To protect its investment in the Zhilyanskoye and Chelkar Projects following completion of their acquisition, the Company intends to ensure that its nominees control the boards and any other governing bodies of Aktobe Tuz and Batys Kali, subject to any local law requirements. As a preliminary step to protect its investment prior to completion of the acquisition of the Zhilyanskoye and Chelkar Projects, the Company's nominees already control the board of directors of both Wiyot and Jian Resources.

11.3 Exploration and development risks

The business of potash exploration, project development and production involves inherent risks. Success depends on the successful exploration appraisal, design and construction of efficient recovery and processing facilities, competent operational and managerial performance, and efficient distribution and marketing services. Exploration is a speculative endeavour and production operations can be hampered by engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events. The outcome of the Company's exploration, project development and production programs will affect the future performance of the Company and the price of its Shares.

If the Company commences production, the production may be curtailed or shut down for considerable periods of time owing to a range of factors such as disruptions to transport infrastructure, lack of market demand, government regulation, production allocations or force majeure events. These curtailments may continue for a considerable period of time resulting in a materially adverse effect on the operations and/or financial condition of the Company.

The exploration for and production of potash involves certain operating hazards, such as:

- failure and/or breakdown of equipment;
- adverse geological, seismic and geotechnical conditions;
- industrial accidents;
- labour disputes;
- pollution; and
- other environmental hazards and risks.

Any of these hazards could cause the Company to suffer substantial losses if they occur. The Company may also be liable for environmental damage caused by previous owners of the property to be developed. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could reduce or eliminate funds available for acquisitions, exploration and development or cause the Company to suffer losses.

Exploration, development and environmental factors which may affect the Company's financial position, prospects and the price of its listed securities are set out below:

Exploration Risks

There are a number of risks associated with the mineral exploration activities to be carried out by the Company, including:

- exploration may be hampered by government legislation, industrial disputes, cost overruns, land claims and compensation, and other unforeseen contingencies;
- the success of the Company also depends on locating economically recoverable minerals, access to required development capital, movement in the price of minerals, securing and maintaining title to its exploration licences and obtaining all consents and approvals necessary for the conduct of its exploration activities;
- exploration on the existing projects of the Company may be unsuccessful, resulting in a reduction of the value of those projects, diminution in the cash reserves of the Company and possible relinquishment of the exploration licences;
- there can be no assurance that the Company will discover significant resources or reserves nor can there be any assurance that any particular level of recovery from such resources or reserves will be realised;
- weather conditions over a prolonged period can adversely affect exploration; and
- whether or not income will result from projects intended for exploration depends on successful establishment of extraction operations. Factors including costs, actual reserves, consistency and reliability of reserves, and mineral prices affect successful development, as does the design and construction of efficient mining facilities, competent operation and management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced consultants.

Development Risks

If the Company does locate commercial reserves of minerals, then the future development of a mining operation at any of the Company's projects will be subject to a number of risks, including:

- geological and weather conditions causing delays and interference to operations;
- obtaining all necessary and requisite approvals from relevant authorities and third parties;
- technical and operational difficulties associated with mining of minerals and production activities;
- access to necessary funding;
- mechanical failure of plant and equipment;
- shortages or increases in price of consumables, and plant and equipment;
- environmental hazards, fires, explosions and other accidents;
- transportation facilities;
- cost overruns; and
- the costs of extraction being higher than expected.

There is no guarantee that the Company will achieve commercial viability through the development of its projects.

Production risk

In production, operations may be disrupted by a variety of risks and hazards which are beyond the Company's control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents.

Infrastructure risk

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, railways, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations of the Company. The projects in Kazakhstan are fairly accessible being located near main roads and in reasonably close proximity to a railroad in the relevant area, however any change or damage to the road or railroad network could have a material impact on the business of the Company.

Construction and operational risks, including, without limitation, equipment and plant performance, harsh weather conditions, terrain, environmental, cost estimation accuracy and workforce performance and dependability will all affect the development and profitability of the Zhilyanskoye and Chelkar Projects.

In the event that the current infrastructure is not adequate, or that adequate infrastructure is not developed or is developed but does not support the viability of the Zhilyanskoye and Chelkar Projects, the existing challenges in respect of transportation may adversely affect the operations of the Company.

Environmental risk

The activities being undertaken by the Company are subject to environmental laws and regulations. The Company will endeavour to comply at all times with all applicable laws and intends to conduct its activities in an environmentally responsible manner.

However, the existence of environmental legislation means that the Company may potentially face a liability risk relating to its activities and/or be restricted from engaging certain exploration activity due to environmental legislation.

11.4 Kazakhstan risks

Overview

Kazakhstan declared its independence from the Soviet Union in 1990. Since gaining independence, the Government of Kazakhstan has implemented a program of trade and economic liberalisation to encourage commerce and foreign investment. However, changes to investment policies and legislation or a shift in political attitude may adversely affect the Company's operations and profitability.

Political environment in Kazakhstan

In respect of the Company's Zhilyanskoye and Chelkar Projects, the Company will be subject to those risks associated with operating in a foreign jurisdiction. Such risks can include, economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local residents or contractors or require other benefits to be provided to local residents.

There is no certainty that the political and economic conditions in Kazakhstan will remain stable, and there is a risk that the government of Kazakhstan may change its policies regarding foreign investment and the ownership of mineral resources and may adversely affect the Company's operations and profitability.

Kazakhstan legal environment

Although the Kazakhstan legal system continues to develop, it is less certain than legal systems in developed countries. This uncertainty could lead to the following risks:

- difficulties in obtaining effective legal redress for breaches of laws or regulations or in respect of property rights;
- inconsistencies or conflicts between and within laws, regulations, decrees, orders and resolutions;
- difficulties in enforcing foreign judgments and arbitral awards, particularly against state bodies;
- relative inexperience of the judiciary may lead to uncertainty in the application of laws and regulations; and
- lack of jurisprudence and administrative guidance on the application of laws and regulations, particularly with respect to taxation and proprietary rights.

In general, the level of compliance by private citizens and administrative bodies with laws and regulations in business dealings, particularly with respect to licences, is less certain than in more developed countries. The Company may have difficulty in obtaining effective legal redress in circumstances where the Company is adversely affected by a breach of law or regulation. Given the legal environment, the certainty of the Company's arrangements cannot be assured.

11.5 Risks associated with Shares

Re quotation of shares on the ASX

Until the current suspension from quotation is lifted by the ASX, Shares cannot be traded on the ASX and there is no liquid market for the Shares.

As the Company has no prior involvement in the exploration of potash, the acquisition of the Zhilyanskoye and Chelkar Projects resulted in a change in the nature and scale of the Company's activities. Because of the change, trading in Shares on the ASX was suspended from November 2011, the date on which Shareholders approved the acquisition of the Zhilyanskoye and Chelkar Projects, in accordance with ASX Listing Rules. The suspension will continue until the Company meets the requirements of Chapters 1 and 2 of the ASX Listing Rules. The issue of this Prospectus and completion of the Offer is aimed to meet the requirements but there is a risk that the Company may not be able to meet the requirement of the ASX for reinstatement to quotation of the Shares. Should this occur, the Shares will not be able to be traded on the ASX until the ASX Listing Rules requirements are satisfied. See Section 4.5.

Dilution risk

KPC has on issue a substantial number of convertible notes and options. Its ongoing funding requirements may lead to further issues of Shares, convertible notes and options. These issues could result in substantial dilution of a shareholder's proportionate holding in the Company.

11.6 General Investment Risks

Some of the general risks of investment which are considered beyond the control of the Company are as follows.

The state of Australian and international economies

A downturn in the Australian and/or the international economies may negatively impact the performance of the Company which in turn may negatively impact the value of securities in the Company.

Changes to government policies and legislative changes

Government policy and legislative changes which are outside the control of the Company may also have a negative impact on the financial performance of the Company.

This includes without limitation policy and legislative changes by the governments in Australia and Kazakhstan in relation to their respective mining legislation and policies, taxation, mining royalties, environmental regulations and policies, and rights in relation to access to land and infrastructure. Such matters may adversely affect the Company's operations and financial performance.

The Company's operations in Kazakhstan will be governed by Kazakhstan laws and regulations, which may be amended from time to time and in such a manner as may have a material adverse impact on the financial position and performance of the Company.

The Company will endeavour to do all acts matters and things as may be necessary to comply with the laws, regulations and policies of the countries in which it operates, nevertheless, such matters as the legal and political conditions of the countries in which it operates (and any changes to such conditions) are outside the control of the Company.

Movements in local and international stock markets

The price of stocks in a publicly listed company can be highly volatile and the value of a company's securities can be expected to fluctuate depending on various factors, including commodity price changes, stock market sentiment, government policies, investor perceptions, economic conditions and market conditions which affect the exploration industry. It is therefore possible that the Company's securities will trade at below the Offer price.

Economic Risk and Price of Commodities

The Company's Share price will be influenced by the prevailing market prices from time to time of the resources that the Company is targeting in its exploration programs

The price of minerals is influenced by physical and investment demand for, and supply of, those resources. Fluctuations in these prices may influence individual projects in which the Company has an interest and the price of the Company's Shares.

Further, commodities are principally sold throughout the world in US dollars so any fluctuations in the exchange rate between Australian and US dollars could adversely affect the Company's financial position, performance and prospects.

These factors may have an adverse effect on the Company's projects and activities as well as its ability to finance future projects and activities.

Movements in interest rates and inflation rates

The fluctuation of interest and inflation rates could negatively impact the Company's cost of finance and operating costs.

Fluctuations in international currency markets

It is likely that any revenue derived by the Company out of the projects in Kazakhstan will be in foreign currency. Similarly, much of the Company's operating expenditure would also be incurred in foreign currency. Fluctuations of currency may adversely affect the currently proposed expenditure plan and existing budgets for the Company's activities.

11.7 Summary

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company.

The Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, return of capital or the value of those Shares.

Investment in the company must be regarded as speculative and neither the company nor any of its Directors or any party associated with the Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of the Shares, including those offered by this Prospectus, will be achieved.

12 THE BOARD, REMUNERATION AND DIRECTORS' INTERESTS

12.1 Board of Directors

Madam Freada Kwan Cheung

Chairperson and Managing Director

Madam Cheung is an experienced investor in various companies internationally, including companies in Australia, Hong Kong, PRC, Singapore and United Kingdom. She is well respected among the business community and has extensive business contacts internationally and in particular, the PRC. She has a diversified portfolio and knowledge base, with major investments and interest in the mining industry, clean energy and agricultural resources segments and is recognised for her vision in investment projects. Madam Cheung also has strong successful experience in mergers and acquisitions.

Mr Terence Wong

Executive Director

Mr Wong has over 20 years of experience in management and investment in Hong Kong and the PRC and has extensive Asian business experience and networks.

Mr Wong has a Diploma in Public Administration and Postgraduate Diploma in Business Management from Hong Kong Polytechnic University and also a Postgraduate Diploma in Business Management from University of Birmingham.

Mr Marco Marcou

Executive Director

Mr Marcou has over 25 years of managerial, consulting and advisory experience in Australia, the USA and Asia. He has held a number of senior management positions and worked for Deloitte Consulting (Australia and Hong Kong) specialising in Mergers and Acquisitions.

In 2002, Mr Marcou was a joint founder, and is currently a director of MAP Capital Advisors (MAP) a leading independent boutique investment and advisory house with offices in Sydney and Melbourne providing Corporate Advisory (Strategic Transactions and Capital Markets), Market Insights, Venture Capital and Specialist Funds services. MAP's sector focus is on the TRiMET market segments (namely: Technology, Retail, Internet, Media, Entertainment & Telecoms) and the Resources sectors (namely: Mining, Oil and Gas, and Cleantech).

Mr Marcou holds a Master of Business Administration from Swinburne University of Technology and a Bachelor of Arts from the University of Melbourne.

Ms Teresa Wong

Executive Director, Chief Financial Officer

Ms Wong has been appointed the Company's Chief Financial Officer and is an Executive Director of the Company.

Ms Wong has over 20 years of experience in accounting, finance and auditing. She started her career with Deloitte Touche Tohmatsu and moved to work at a management level in finance, risk management and treasury functions in large investment banks, including Macquarie Group Limited. Ms Wong holds a Bachelor of Commerce degree from Australian National University and is a member of the CPA (Australia).

Mr Edward Wen

Non-Executive Director

From 1993 to 2000, Mr Wen was an investment banker in several global investment banking houses in New York, first at J&W Seligman and then Nomura Securities, where he initiated and executed numerous cross-border initial public offerings, merger and acquisition transactions and structured financings.

From 2001 to 2008, Mr Wen has been served as President of Genes Capital Group, a US-based merchant banking company which provided financing for small-cap companies.

Since 2008, Mr Wen founded and manages several private equity funds with total investment assets over US\$3 billion.

Mr Wen holds a Master of Business Administration from Stern School of Business of New York University.

Ms Junmei Zhang

Non-Executive Director

Ms Zhang has over 17 years accounting experience in a number of senior management roles. Ms Zhang holds a Master of Accounting and Post-Graduate Diploma in Accounting (Macquarie University) and an Economics and Finance qualification from the China Institute of Banking and Finance (Beijing, China) and is a member of CPA Australia.

12.2 Directors' Remuneration and Interests

The Constitution provides that, subject to any contract or the Listing Rules, the Board may fix the remuneration of each executive Director. That remuneration may be comprised of salary, bonuses or any other elements but must not be a commission on or a percentage of the Company's profits or operating revenue. Non-executive Directors are entitled to be paid directors' fees and non-cash payments (as determined by the Board) up to a maximum aggregate amount last fixed by ordinary resolution. The fees paid to non-executive directors must not be a commission on or a percentage of the Company's profits or operating revenue. The Company has entered into a director's services agreement with each of the directors.

Other than as set out in this Prospectus, no Director and no firm in which a Director is a partner:

- (1) has any interest, or has had any interest during the last 2 years, in the formation or promotion of the Company, or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; and
- (2) no amount has been paid, or agreed to be paid and no benefit has been given, or agreed to be given, to any Director or any firm in which any Director is a partner, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her or by the firm in which he or she is a partner in connection with the formation or promotion of the Company or the Offer.

As at the date of this Prospectus, the remuneration and relevant interest held by each of the current directors (including companies and trusts associated with the directors) in KPC are set out below:

Madam Freada Kwan Cheung

Madam Cheung has an interest through City Winner Holdings and the CAR Fund in 28,877,743 Shares, \$23,525,000 CAR Convertible Notes and 56,970,000 Options.¹

Madam Cheung is entitled to an executive remuneration package of US\$780,000 per annum and director's fees of \$60,000 per annum in respect of her role as Chairperson and Managing Director of the Company.

¹ Madam Cheung is a director of City Winner Holdings, which holds 28,877,743 Shares and 1,920,000 Options and a director of the CAR Fund which holds 23,525,000 CAR Convertible Notes and 55,050,000 Options.

Mr Terence Wong

Mr Wong has an interest in \$70,000 CAR Convertible Notes and 140,000 Options.

Mr Wong is entitled to an executive remuneration package of \$250,000 per annum and director's fees of \$60,000 per annum in respect of his role as Executive Director of the Company.

Mr Marco Marcou

Mr Marcou through entities associated with him has an interest in \$150,000 CAR Convertible Notes and 300,000 Options.

Mr Marcou is entitled to an executive remuneration package of \$200,000 per annum and director's fees of \$60,000 per annum in respect of his role as Executive Director of the Company.

Mr Marcou is an indirect shareholder and the company secretary of MAP Capital Pty Ltd ACN 119 833 760 (MAP Capital), and an indirect shareholder and a director of MAP Capital Advisors Pty Ltd ACN 116 831 497 (MAP Advisors). MAP Capital is the holder of an Australian Financial Services Licence (AFSL). MAP Advisors is an authorised representative of MAP Capital. Mr Marcou will have a financial interest in any fees or commissions paid by the Company to either of MAP Capital or MAP Advisors in respect of a placement of Shares by either of MAP Capital or MAP Advisors to their respective clients. Please refer to Section 4.15 for further details of the fees payable to AFSL holders in respect of placement of Shares.

Ms Teresa Wong

Ms Wong has an interest in \$70,000 CAR Convertible Notes and 140,000 Options.

Ms Wong is entitled to an executive remuneration package of US\$250,000 per annum, director's fees of \$60,000 per annum, as well as discretionary bonus in respect of her role as Executive Director of the Company.

Mr Edward Wen

Mr Wen has an interest in \$120,000 CAR Convertible Notes and 240,000 Options.

Mr Wen is entitled to directors fees of \$60,000 per annum in respect of his role as a Director of the Company.

Ms Junmei Zhang

Mr Zhang has an interest in \$65,000 CAR Convertible Notes and 130,000 Options.

Ms Zhang is entitled to directors fees of \$60,000 per annum in respect of her role as a Director of the Company.

12.3 Additional services

The Constitution provides that if, at the request of the Board, a Director performs extra services the Director is entitled to be paid a fixed sum set by the Board. Payment for extra services may be made in addition to any existing remuneration or fees that the director is entitled to.

12.4 Deeds of access and indemnity

KPC has entered into a deed of access, indemnity and insurance in favour of each Director. Under each deed, KPC agrees to indemnify each Director for any liability, subject to the restrictions prescribed in the Corporations Act, incurred by the Director in his or her capacity as a Director of KPC or its subsidiaries. The deed also gives each Director a right of access to board papers and KPC is required to maintain insurance cover for the Directors.

12.5 Corporate Governance - Role of the Board

The Board is responsible for the following principal matters:

- the strategic direction of the Company;
- overseeing, negotiating and implementing the significant capital investments and material transactions entered into by the Company;
- management goals and the Company's policies;
- monitoring and reviewing the financial and operational performance of the Company;
- risk management strategy and review; and
- future expansion of the Company's business activities.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

- leadership of the organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board;
- strategy formulation: to set and review the overall strategy and goals for the Company, ensuring that there are policies in place to govern the operation of the Company;
- overseeing planning activities: the development of the Company's strategic plan;
- shareholder liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company;
- monitoring, compliance and risk management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company; and
- company finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.

The Board has adopted a Board Charter which sets out its responsibilities, processes and duties in greater detail.

12.6 ASX Corporate Governance Principles and Guidelines

The Board is committed to principles of best practice in corporate governance.

The Board will conduct itself in accordance with the ASX Corporate Governance Principles and Recommendations, 2nd Edition (2010) as issued by the ASX Corporate Governance Council, to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company.

The Company has formulated its own Corporate Governance policies and practices using the ASX Principles and Recommendations as a guide.

The Board will review on an ongoing basis the corporate governance policies and structures that the Company has in place to ensure that these are appropriate for the size of the Company and nature of its activities, and that these policies and structures continue to meet the corporate governance standards that the Board is committed to.

Summary of Company's position in relation to ASX Principles and Recommendations:

ASX PRINCIPLE AND RECOMMENDATION	COMPANY'S POSITION:
<p>Principle 1 – Lay solid foundations for management and oversight</p>	<p><u>The Role of the Board</u> The Board is responsible for, and has the authority to determine, all matters relating to strategic direction, policies, practices, management goals and the operations of the Company.</p> <p><u>The Role of Management</u> It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.</p> <p>The Company's officers and management have all entered into service contracts which outline the responsibilities of each of the company's officers and of management personnel when performing their roles for the Company.</p> <p>The Board has established and adopted a <i>Board Charter</i>.</p>
<p>Principle 2 – Structure the Board to add value</p>	<p>The Company has four executive directors and two independent non-executive directors. The Board is an appropriate size to effectively and efficiently oversee the management and operations of the Company, based on the present size of the Company's activities.</p> <p>The Board does not have a majority of independent directors. The Board considers it appropriate for Madam Cheung, Terence Wong, Marco Marcou and Teresa Wong to be involved in the management of the Company as executives at this critical stage of the Company's development. The Board considers that the presence of two independent non-executive directors is appropriate given the size of the Company and the nature of its operations.</p> <p>The Board is chaired by Madam Freada Kwan Cheung. Given Madam Cheung's experience she is seen as the most appropriate Chairperson at this critical stage of the Company's development.</p> <p>The Board is responsible for the nomination and selection of directors. Given the size of the Company and the nature of its operations, the Board does not believe it to be appropriate to establish a nomination committee at this time.</p> <p>The composition of the Board, its performance and the appointment of new Directors will be reviewed periodically by the Board, taking advice from external advisers where considered appropriate.</p>

ASX PRINCIPLE AND RECOMMENDATION	COMPANY'S POSITION:
<p>Principle 3 – Promote ethical and responsible decision making</p>	<p><u>Code of Conduct</u></p> <p>The Board has established a <i>Code of Conduct</i> for the Board and Management. The Board is committed to meeting their responsibilities under the Constitution and Corporations Act when carrying out their functions as company officers.</p> <p><u>Securities Trading Policy</u></p> <p>The Company has adopted a <i>Securities Trading Policy</i> for directors, officers and employees.</p> <p>The purpose of the <i>Securities Trading Policy</i> is to reduce the risk of insider trading and ensure that the Company's directors, officers and employees are aware of the legal restrictions on trading shares in the Company whilst in possession of undisclosed information concerning the Company.</p> <p>The <i>Securities Trading Policy</i> sets out when trading in the Company's shares by directors, officers and employees is not permitted. Restrictions on trading are imposed by the Company to reduce the risk of insider trading and to minimise the chance that misunderstandings or suspicions arise that the Company's directors, officers, or employees are trading while in possession of undisclosed information concerning the Company</p> <p><u>Reporting Unethical or Illegal Practices</u></p> <p>Company policy requires employees who are aware of unethical or illegal practices to report these practices to management. Any reports of unethical or illegal practices are investigated by the Board. Reporters of unethical practices may remain anonymous.</p> <p><u>Diversity Policy</u></p> <p>The Company recognises and values the unique contribution people can make because of their individual background and different skills, experiences and perspectives. While the Company has not set measurable objectives in regards to gender diversity, the Board reviews information on gender diversity to monitor the issue of diversity.</p>
<p>Principle 4 – Safeguard integrity in financial reporting</p>	<p>Due to the size of the Company and the nature of its activities, the Board has adopted the functions of the Company's Audit and Risk Committee. The Board is responsible for monitoring and reviewing financial reporting by the Company and carrying out the functions of the Audit and Risk Committee.</p> <p>The Company has adopted an Audit and Risk Committee Charter for the Board to perform the Audit and Risk Committee function which sets out the Board's responsibilities, procedures, guidelines and composition. The Audit and Risk Committee Charter can be viewed on the Company's website.</p>

ASX PRINCIPLE AND RECOMMENDATION	COMPANY'S POSITION:
<p>Principle 5 – Make timely and balanced disclosure</p>	<p>The Company has adopted a <i>Communication and Disclosure Policy</i> to ensure compliance with the ASX Listing Rules disclosure requirements.</p> <p>To comply with the ASX Listing Rules, the Company intends to immediately notify the ASX of information:</p> <ul style="list-style-type: none"> • concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; • that would, or would be likely to, influence persons who commonly invest in securities. <p>The <i>Communication and Disclosure Policy</i> includes processes designed to ensure that Company information:</p> <ul style="list-style-type: none"> • is disclosed in a timely manner; • is factual; • does not omit material information; and • is expressed in a clear and objective manner that allows the input of the information when making investment decisions. <p>The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.</p>
<p>Principle 6 – Respect the rights of Shareholders</p>	<p>The Board is committed to ensuring that the Company's shareholders receive information relating to the Company on a timely basis and shall endeavour to keep shareholders well informed of all material developments of the Company.</p> <p>The Board has adopted a <i>Communication and Disclosure Policy</i>, and as part of this policy, will ensure that all relevant announcements and documents are published on the Company's website in a prompt fashion.</p> <p>The Company will respect the rights and entitlements of the Company's shareholders under the Constitution and the Corporations Act.</p>

ASX PRINCIPLE AND RECOMMENDATION	COMPANY'S POSITION:
<p>Principle 7 – Recognise and manage risk</p>	<p>The Board takes a proactive approach to the Company's risk management and internal compliance and control system. The Board is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board of Directors.</p> <p>The Board has adopted the functions of the Audit and Risk Committee and is responsible for monitoring, identifying and managing risks, and ensuring that these risk identification and management procedures are implemented and followed.</p> <p>The Company has an Audit and Risk Committee Charter which can be viewed on the Company's website.</p> <p>The Company has also adopted a <i>Risk Management Policy</i> designed to ensure:</p> <ul style="list-style-type: none"> • all major sources of potential opportunity for harm to the company (both existing and potential) are identified, analysed and treated appropriately; • business decisions throughout the Company appropriately balance the risk and reward trade off; • regulatory compliance and integrity in reporting is achieved; and • the Company's continued good standing with its stakeholders. <p>The Company intends to establish a <i>Technical Committee</i> in the future that shall be responsible for oversight of, and reporting to the Board on, the status of the Company's exploration and mining activities from a technical perspective.</p>
<p>Principle 8 – Remunerate fairly and responsibly</p>	<p>The Board is responsible for the Company's remuneration policy and has adopted a <i>Remuneration Policy</i> which outlines the processes by which the Board shall review officer and management remuneration. The Company has provided disclosure of a summary of its remuneration policies for the Company's officers in this Prospectus.</p> <p>The Company is committed to remunerating its officers and executives fairly and to a level which is commensurate with their skills and experience and which is reflective of their performance. Further disclosure of officer and executive remuneration will be made in accordance with the ASX Listing Rules and the Corporations Act.</p>

13 INVESTIGATING ACCOUNTANT'S REPORT



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AUSTRALIA

The Directors
Kazakhstan Potash Corporation Limited
Level 5
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Melbourne VIC 3000

28 January 2014

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Introduction

BDO East Coast Partnership ('BDO') has been engaged by Kazakhstan Potash Corporation Limited (formerly called Fortis Mining Limited) ('KPC' or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to certain historical and pro-forma historical financial information of KPC, for inclusion in a replacement prospectus to be dated on or about 28 January 2014 ('Prospectus') relating to a public offer of up to 30 million fully paid ordinary shares at an issue price of \$1.80 per Share, raising \$54 million before costs ('Full Subscription'). The Offer will not be underwritten. The minimum subscription will be 5 million fully paid ordinary shares at an issue price of \$1.80 per Share, raising \$9 million before costs ('Minimum Subscription'). KPC reserves the right to accept over subscriptions.

Unless stated otherwise in this Report, expressions defined in the Prospectus have the same meaning in this Report.

Scope

KPC has requested BDO to review the following financial information as set out in Section 10 of the Prospectus:

- Historical financial information, comprising the Historical Consolidated Statements of Profit or Loss and Other Comprehensive Income and Historical Consolidated Statements of Cash Flows of KPC for the financial period ended 30 June 2011, and financial years ended 30 June 2012 and 30 June 2013 as set out in Section 10.4 of the Prospectus, and the Historical Consolidated Statement of Financial Position of the Company as at 30 June 2013 as set out in Section 10.5, and accompanying notes as set out in Sections 10.6 to 10.9 ('Historical Financial Information'); and
- Pro-forma historical financial information comprising the Post Acquisition Consolidated Statement of Financial Position as at 30 June 2013 and the Minimum Subscription and Full Subscription Consolidated Pro-Forma Statements of Financial Position as at 30 June 2013 as set out in Section 10.5 of the Prospectus and accompanying notes as set out in Section 10.6 to 10.9 ('Pro-forma Historical Financial Information').

(collectively, the 'Financial Information')

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.



The Financial Information is presented in the Prospectus in an abbreviated form insofar as it does not include all of the disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The Historical Financial Information had been extracted from the audited consolidated financial reports of KPC for the financial period ended 30 June 2011, and financial years ended 30 June 2012 and 30 June 2013, upon which BDO (formerly PKF East Coast Practice) issued unqualified audit reports, with an emphasis of matter regarding going concern in each of the financial periods.

Included in Section 10.10 of the Prospectus is summarised historical financial information in relation to Batys Kali LLP. The scope of our review has not included reviewing the historical financial information of Batys Kali LLP as set out in Section 10.10 of the Prospectus and consequently we have not performed any procedures in relation to this historical financial information. Consequently, this historical financial information is excluded from our Report.

Directors' Responsibility

The Directors of KPC are responsible for the preparation of the Financial Information, including the selection and determination of pro-forma adjustments made to the Historical Financial Information. This includes responsibility for such internal controls as the Directors deem necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our Responsibility for the Financial Information

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement *ASAE 3450 Assurance engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Financial Information.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information as set out in Section 10.4 of the Prospectus, and the Historical Consolidated Statement of Financial Position of the Company as at 30 June 2013 as set out in Section 10.5, and accompanying notes as set out in Sections 10.6 to 10.9 are not prepared, in all material aspects, in accordance with the stated basis of preparation as described in Section 10.6.1 of the Prospectus.



Emphasis of Matter - Going Concern

Without modifying our conclusion on the Historical Financial Information, we draw attention to Section 10.6.1 Going Concern in the Financial Information, which indicates that the consolidated entity incurred a net loss from continuing operations of \$10,483,005 and net cash outflows from operating activities amounting to \$6,820,385 during the year ended 30 June 2013. These conditions, along with other matters as set forth in Section 10.6.1 Going Concern, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Pro-Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe:

- a. The pro-forma transactions and adjustments as set out in Sections 10.7 and 10.8 of the Prospectus do not provide a reasonable basis for the Pro-Forma Historical Financial Information; and
- b. The Pro-Forma Historical Financial Information and selected notes to the Financial Information as at 30 June 2013 as set out in Section 10.5, which assumes completion of the pro-forma transactions set out in Sections 10.7 and 10.8 of the Prospectus, are not prepared in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Australian Accounting Standards and other mandatory professional reporting requirements as if the pro-forma transactions had occurred as at 30 June 2013.

Emphasis of Matter - Fair value of Shares to be issued

Without modifying our conclusion on the Pro-Forma Historical Financial Information, we draw attention to Section 10.7(c) Business Combinations in the Financial Information, which indicates the potential impact from the assumption used in establishing the fair value of the Shares to be issued as part of the purchase consideration in the Acquisition Transactions used in the preparation of the Pro-forma Historical Financial Information.

Restriction on use

Without modifying our conclusions, we draw attention to Section 10.2 of the Prospectus, which describes the purpose of the Financial Information, being for inclusion in the Prospectus in order for the Company to raise additional capital to assist with meeting its business and mining exploration objectives following completion of the Acquisition Transactions. As a result, the Financial Information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.



Disclosure of interest

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the Prospectus other than in connection with the preparation of this Report for which professional fees will be received. From time to time, BDO provides KPC with certain other professional services for which normal professional fees are received.

Yours faithfully

BDO East Coast Partnership

A handwritten signature in blue ink that reads 'David Garvey'. The signature is written in a cursive style with a long horizontal stroke extending to the right.

David Garvey
Partner

14 MATERIAL AGREEMENTS

The Company, or its subsidiaries, has entered into the following agreements which the Board considers to be material and relevant to the Offer or the operation of KPC's business (**Material Agreements**):

- Share Sale and Purchase Agreement between Jian Resources, Goldquest and various other sellers in respect of the sale and purchase of a 95% interest in Batys Kali (as amended) (**Wiyot SPA**);
- Term Sheet with CAR Fund for the issue of convertible notes up to a total value of \$30 million (**CAR Fund Agreement**);
- Equity Line Facility Agreement with GEM and GEM Advisors (as amended and varied) in respect of an equity facility of up to \$140 million (**GEM Facility Agreement**);
- Loan Agreement with Team Lucky (**Team Lucky Loan Agreement**);
- Loan Agreement with Batys Kali (**Batys Kali Loan Agreement**);
- Agreement with Sino-Agri for the issue of convertible notes up to a total value of \$150 million (**Sino-Agri Agreement**);
- MoU with NFC (**NFC MoU**); and
- MoU among MINT, KPC and Sino-Agri (**Sino-Agri MoU**).

The key terms of each of the Material Agreements are summarised below. Some terms referred to in the Material Agreements may be defined in the Material Agreements but not defined in this Prospectus.

14.1 Wiyot SPA

Background

On 30 March 2012, the Company announced to the ASX that it had entered into the revised transaction agreements with each of Mainstar, United Delight, Goldquest and Celaric pursuant to which KPC would ultimately, through a series of transactions, acquire a 95% interest in the Zhilyanskoye and Chelkar Projects (**Transaction Agreements**). In consideration for the acquisition of the Zhilyanskoye and Chelkar Projects, KPC agreed to pay the following consideration:

- (1) US\$1 million and up to 40,000,000 Shares to Mainstar (**Mainstar Shares**) in consideration for the transfer of 75% of the issued share capital in Jian Resources, a company incorporated in Hong Kong, to KPC;
- (2) Up to 15,000,000 Shares to United Delight (**United Shares**) in consideration for the transfer of the remaining 25% of the issued share capital in Jian Resources to KPC;
- (3) US\$10 million and up to 110,000,000 Shares to Goldquest (**Goldquest Shares**) in consideration for the transfer of 100% of the issued share capital in Wiyot, which holds a 95% ultimate interest in the Zhilyanskoye and Chelkar Projects (through its wholly-owned subsidiary Aktobe Tuz and its 95% owned subsidiary Batys Kali), to Jian Resources; and
- (4) US\$20 million and up to 120,000,000 Shares to Celaric (**Celaric Shares**) in consideration for Celaric providing certain services to Jian Resources in connection with Jian Resources' acquisition of 100% of the issued share capital in Wiyot. Those consulting services included representing Jian Resources in the acquisition of Wiyot, provision of information concerning, and assisting in the investigation of, the Zhilyanskoye and Chelkar Projects and obtaining all requisite permits and authorities to complete the acquisition of Wiyot.

Completion of KPC's acquisition of the Zhilyanskoye and Chelkar Projects, which included the proposed issue of the Mainstar Shares, United Shares, Goldquest Shares and Celaric Shares, was to occur as soon as practicable after receipt of Shareholder approval and as required by the ASX, after the ASX has approved the reinstatement of Shares in KPC to quotation on the ASX. The approval was obtained at a general meeting of the Company held on 27 June 2012.

Based on the Transaction Agreements, when the Mainstar Shares, United Shares, Goldquest Shares and Celaric Shares are issued, they will be held in Voluntary Escrow. The Mainstar Shares, United Shares and Goldquest Shares will only be released from Voluntary Escrow upon confirmation, to JORC standards, that potash resources at the Zhilyanskoye Project are no less than 1 billion tonnes. The Celaric Shares will only be released from Voluntary Escrow upon confirmation, to JORC standards, that potash resources at the Chelkar Project are no less than 1 billion tonnes.

As announced by the Company in August 2013, the threshold for the release of the Mainstar Shares, United Shares and Goldquest Shares from Voluntary Escrow has been reached and each party is, subject to reinstatement of the Shares to quotation, entitled to access their respective parcel of Shares. The threshold for the release of the Celaric Shares from Voluntary Escrow has not yet been reached.

In addition to the Voluntary Escrow arrangements described above, the Mainstar Shares, United Shares, Goldquest Shares and Celaric Shares will be subject to additional compulsory escrow requirements from the date of reinstatement of KPC Shares to quotation on ASX in accordance with Chapter 9 of the ASX Listing Rules. Chapter 9 of the ASX Listing Rules provides that, during the period of the compulsory escrow, the holders, and controllers, of the Mainstar Shares, United Shares, Goldquest Shares and Celaric Shares will be restricted from:

- (1) disposing of those Shares;
- (2) creating any security interest in those Shares;
- (3) do any act or omission if the act or omission would have effect of transferring effective ownership or control of those Shares; and
- (4) participating in a return of capital made by KPC.

Shares may be released from compulsory escrow in certain circumstances as contemplated by the ASX Listing Rules.

Acquisition of Wiyot by Jian Resources

On 29 July 2010, Jian Resources, Goldquest and certain other Sellers entered into the Wiyot SPA pursuant to which Jian Resources would acquire all of the shares held by the shareholders of Wiyot. Upon acquisition of Jian Resources and then the Wiyot shares through Jian, KPC will hold a 95% beneficial interest in Batys Kali. Batys Kali holds the Subsoil Use Rights for exploration and production at the Zhilyanskoye and Chelkar Projects in Kazakhstan.

The consideration for the acquisition of Wiyot shares under the Wiyot SPA was US\$10 million and the Goldquest Shares and the issue of the Goldquest Shares required approval from Shareholders. Shareholder approval was granted at a general meeting of the Company held on 27 June 2012.

Under the Wiyot SPA, the issue of the Goldquest Shares is subject to the following restrictions:

- the Goldquest Shares be held in Voluntary Escrow;
- if required by the ASX, the Sellers will enter into restriction agreements in respect of the Goldquest Shares; and
- the Sellers would not vote any of the Goldquest Shares until such shares are released from any Voluntary Escrow arrangements.

On 19 August 2013, KPC announced to the ASX that Goldquest was entitled to receive all of the Goldquest Shares. However, those Shares will not be issued until the ASX has approved the reinstatement of Shares in KPC to quotation on the ASX (subject to the ASX's usual conditions for such reinstatement).

14.2 CAR Fund Agreement

On 31 May 2013, the Company entered into the CAR Fund Agreement with CAR Fund, an entity associated with Madam Cheung, the executive Chairperson of KPC.

Pursuant to the agreement, CAR Fund (or its nominee) agreed to subscribe for, and KPC agreed to issue, secured convertible notes up to a total value of \$30 million. Each CAR Convertible Note is convertible into 1 Share at \$1.00 per Share. The CAR Fund will receive 2 Options for each CAR Convertible Note issued to it and an additional 2 Options for each CAR Convertible Note converted into Shares. The Options are exercisable at 30 cents per Option. Neither the CAR Convertible Notes nor the Options issued with them will be quoted on the ASX.

Proceeds from the issue of the CAR Convertible Notes will be used:

- to fund the obligations of Fortis Mining (Hong Kong) Limited, a wholly-owned subsidiary of KPC, under the Batys Kali Loan Agreement; and
- for working capital of KPC and its subsidiaries.

The CAR Convertible Notes will be secured by a general security interest over all of the property of the Company, are interest free and have a term of 4 years from the date of issue.

The approval of the issue of the CAR Convertible Notes and associated options was granted at a general meeting of the Company held on 25 October 2013. On 25 November 2013, CAR Fund applied for, and the Company issued, \$30 million CAR Convertible Notes and 60 million Options to the CAR Fund. Since then, the CAR Fund has transferred 4.95 million Options and \$6.475 million CAR Convertible Notes to third parties, including the Directors. The interests of the Directors in the securities of KPC are set out in Section 12.2.

14.3 GEM Facility Agreement

On 18 April 2011, KPC entered into the GEM Facility Agreement with GEM and GEM Advisors pursuant to which GEM agreed to grant KPC the GEM-CITIC Facility Line, being an equity line facility of \$140 million. The purpose of the GEM-CITIC Facility Line is to provide KPC with funding for working capital and other investment purposes.

What is an equity line facility and how does it work?

An equity line facility is a financing mechanism for a company to obtain funding without having to take out a loan. The company secures funding from a third party financier in exchange for the issue of shares in the company. The facility has a total value, in the case of KPC it is \$140 million. Accordingly, the company may “drawdown” on the facility at any time during the term of the facility, requiring the financier to provide the agreed amount of funding. In exchange for funds, the company issues shares, generally at a discount to the current market price, to the financier up to the value of the funds provided.

An equity line facility has advantages for a company in the process of developing its business because there is no requirement for the company to repay the funds provided by the financier. The financier provides the funds in anticipation of being able to sell the shares at a price higher than the funds made available to the company by it. However, there are risks associated with an equity line facility which may negatively impact on Shareholders. Those risks are set out in Section 11.1 and below in this Section 14.3.

There may be certain conditions imposed by the investor in respect of the provision of funding, for example, payment by the company of an upfront commitment fee, the requirement for certain “drawdown conditions” to be met prior to the provision of funds or other requirements in respect of the company’s performance.

The specific terms and conditions of the GEM-CITIC Facility Line are set out below.

Term

The original term of the GEM Facility Agreement was 3 years from the date of the Agreement (Term). The Term expires on 18 April 2014.

GEM’s Obligations

Under the GEM Facility Agreement, GEM agreed to:

- grant the GEM-CITIC Facility Line to KPC;
- allow KPC to draw down on the GEM-CITIC Facility Line at any time during the Term, subject to certain drawdown conditions; and
- subscribe for such number of KPC shares as KPC requires GEM to subscribe for, having a total issue price not exceeding \$140 million (**Drawdown Shares**).

KPC’s obligations

Under the GEM Facility Agreement, KPC agreed to:

- pay GEM an equity line fee of \$11.4 million (**Equity Line Fee**). KPC’s obligation to pay the Equity Line Fee can be satisfied by KPC granting to GEM, or its nominee(s), 17 million Options;
- pay GEM Advisors a commitment Fee of \$2.8 million (Commitment Fee);
- issue the Drawdown Shares to GEM (or its nominee(s)) following receipt of a Drawdown Notice, subject to the Drawdown Conditions being satisfied; and
- use best endeavours to obtain a grant of quotation from ASX for the Drawdown Shares.

Drawdown conditions

GEM's obligations to subscribe for Drawdown Shares under the GEM Facility Agreement is subject to, and conditional upon, the following conditions having been satisfied in respect of each Drawdown:

- **(Drawdown Procedure)** the Company being entitled to make a drawdown and having complied with the drawdown procedure set out in clause 2.3 of the GEM Facility Agreement,
- **(Drawing Limit)** the drawing limits not having been exceeded. Under the terms of the GEM Facility Agreement, the Company cannot require GEM to subscribe for such number of Shares:
 - o that would result in GEM having a Substantial Holding in the Company; or
 - o than is more than the number calculated under the following formula:
$$\text{Drawing Limit} = 700\% \times \text{Trading Volume}$$

(Trading Volume means the average daily number of Shares traded on ASX during the number of Trading Days specified in the Drawdown Notice, prior to and excluding the Drawdown Date, and excluding any Shares traded on any day during that period when the Closing Trade Price of the Shares was less than the Threshold Price. The Threshold Price means no less than: a) \$1.50 per Share; b) or any other price per Share that GEM and the Company agree in writing).
- **(Drawdown Documents)** GEM having received properly completed and duly executed Drawdown Documents in respect of the relevant Drawdown;
- **(No breach or default)** the Company not being in breach of the GEM Facility Agreement and no Event of Default has occurred or subsists at the Drawdown Date, the relevant Closing Date or will result from the provision of monies under the Drawdown;
- **(Availability of Funds)** the provision of the subscription monies will not cause the Available Commitment under the GEM Facility Agreement to be exceeded;
- **(Representations and Warranties)** each representation and warranty by the Company in the GEM Facility Agreement is true and correct and is neither misleading nor deceptive as at the Drawdown Date or at the relevant Closing Date;
- **(Authorisations)** all Authorisations necessary to be obtained by the Company for the relevant Drawdown have been obtained, including any approvals required under either Chapter 7 or Chapter 10 of the Listing Rules and the Company can provide evidence of this to GEM;
- **(Closing Trade Price)** the Closing Trading Price of a Share quoted on ASX on the Trading Day immediately preceding the Drawdown Date is equal to or higher than the Threshold Price;
- **(Liquidity)** during the 10 Trading Days prior to and excluding the Drawdown Date:
 - o the Shares are continuously quoted on ASX; and
 - o there is no actual or threatened trading halt of the Shares or suspension of the Shares from quotation;
- **(Share lending)** all of the following has occurred in respect of each proposed Drawdown:
 - o a Share Lending Agreement has been entered into between GEM and the Share Lender and is in full force and effect;
 - o the Company has given the Share Lender a copy of the Drawdown Notice on the same day as it is given to GEM;
 - o by no later than the second Business Day after the Company has given GEM the Drawdown Notice, the Share Lender has lent to GEM such number of Shares which is no less than the number of Shares specified in the relevant Drawdown Notice; and
 - o the Share Lender has complied with all of its essential obligations under the Share Lending Agreement; and
- **(Equity Line Fee)** the Company having satisfied its obligations in respect of payment to GEM of the \$11.4 million Equity Line Fee.

Purchase Price per Drawdown Share

If GEM is required under the GEM Facility Agreement to subscribe for Shares, the Purchase Price per Share will be equal to 90% of the average Closing Trading Price of Shares in the Pricing Period. The Pricing Period is the period

starting on and from the Trading Day immediately after the date on which GEM is satisfied that the Drawdown Conditions have been satisfied or waived by GEM (**Drawdown Conditions Satisfaction Date**), and ending at 5.00pm on the Trading Day which is 15 consecutive Trading Days after the Drawdown Conditions Satisfaction Date.

In calculating the average Closing Trading Price of Shares, the Closing Trade Price on any “Knockout Day” will be disregarded and the number of Trading Days comprising the Pricing Period will be reduced by the number of Knockout Days that occur during that period. A Knockout Day is defined as a day on which an “Adjustment Event” occurs, being any of the following:

- the Closing Trade Price of Shares multiplied by 90% is less than the Threshold Price;
- trading in the Shares on ASX is suspended or halted;
- the number of Shares traded on ASX on any Trading Day is less than 25% of the Trading Volume; and
- an event occurs which has a material adverse effect.

Adjustments to number of Drawdown Shares

GEM has the right in its absolute discretion to:

- reduce the proposed number of Drawdown Shares (as set out in the Drawdown Notice) by up to 50%; or
- increase the proposed Drawdown Shares by up to 100%, provided that GEM cannot require the Company to on the Closing Date to issue any Shares to GEM if to do so would be in breach of any Australian law or the Listing Rules.

Variation of agreement and status of drawdown

Between the period of 19 October 2011 and 4 September 2012, the parties entered into a number of deeds of forbearance and variation in respect of the GEM Facility Agreement (**Deeds**). The purpose of the Deeds was to vary the terms of GEM Facility Agreement in response to KPC having defaulted on its obligations to pay the Commitment Fee to GEM Advisors (**Breach**). The Breach has now been remedied. As at the date of this Prospectus, KPC has met all of its obligations under the GEM Facility Agreement and the GEM-CITIC Facility Line remains in place for KPC to draw down on prior to expiration of the Term. As at the date of this Prospectus, the Company had not drawn down on the GEM-CITIC Facility Line.

17 million Options were issued to GEM as payment for the Equity Line Fee on 30 June 2011, and as at the date of this Prospectus, GEM had not exercised any of its Options.

Under the terms of the Deeds, KPC agreed to issue GEM (or its nominee) 1.35 million Shares (**Deed Shares**). The Deed Shares were issued on 6 March 2012 and 5 September 2012 respectively. Following further negotiations with GEM, KPC has agreed to buy back, and GEM has agreed to sell to KPC, 900,000 Deed Shares for nil consideration.

Risks associated with the Facility

There is a risk that the issue of Shares under the GEM-CITIC Facility Line may negatively impact on other Shareholders due to:

- the dilutional effect of the issue of the Drawdown Shares; and
- a reduction in the market value of the Shares due to the Drawdown Shares being issued at a discounted price to that of the current market price and the potential for stock sellers to outnumber stock buyers.

14.4 Team Lucky Loan Agreement

Pursuant to the terms of a deed poll dated 30 May 2012, the Company agreed to issue, and Team Lucky agreed to subscribe for, 15,000,000 secured convertible notes with a total face value of \$15,000,000 (**Deed Poll**). The issue of the convertible notes was approved by the Shareholders at a general meeting of the Company held on 30 April 2012.

On 26 September 2013, the Company entered into a loan agreement pursuant to which the Company agreed to provide a loan facility of up to \$9 million to Team Lucky available upon all the convertible notes issued to Team Lucky under the Deed Poll being converted into Shares. The agreement was arranged to release the Company from the charge over its assets and from being exposed to the risk that the convertible note issued to Team Lucky could be called upon following the Company raising \$30 million. That loan was drawn down by Team Lucky on 21 October 2013 following the conversion of all of the convertible notes into Shares.

Conversion of all of the convertible notes took place on 17 October and 21 October 2013 respectively. Upon conversion of the convertible notes, Team Lucky, under the terms of the Deed Poll, was issued 15 million Shares and 30 million Options exercisable at \$0.30 per Option. Subsequently, Team Lucky exercised or procured the exercise of 30 million Options exercisable at \$0.30 per Option against the drawdown of the loan.

14.5 Batys Kali Loan Agreement

Pursuant to the Wiyot SPA, the Company also agreed to provide a loan of US\$24,000,000 to Batys Kali for general working capital requirements (**Loan**). During July 2012, KPC and Batys Kali entered into the loan agreement. Under the loan agreement, the availability period in respect of the Loan is from the date of agreement to 1 January 2015 (**Expiry Date**). Batys Kali must repay any outstanding payments due on the Loan by the Expiry Date. Interest on the Loan is payable at a rate of 5% per annum.

As at the date of this Prospectus, Batys Kali had drawn down US\$20,166,582 of the Loan.

14.6 Sino-Agri Agreement

On 6 May 2013, the Company entered into an agreement with Sino-Agri pursuant to which KPC agreed to issue 100,000,000 convertible notes with a total value of \$150 million. Each Sino-Agri Convertible Note is convertible into 1 Share at \$1.50 per Share. The Sino-Agri Convertible Notes have an expiry date of 5 years from the date of issue. If the notes are converted, Sino-Agri will also receive 1 Option for each Sino-Agri Convertible Note converted. Sino-Agri will receive 100 million Options if all of the 100,000,000 notes are converted.

The Company intends to use the \$150,000,000 raised on issue of the Sino-Agri Convertible Notes primarily to fund the acquisition of the Satimola Project, the purchase price for which is US\$150 million. If the acquisition of Satimola Project does not proceed, it is unlikely that the Sino-Agri Convertible Notes will be issued.

The issue of the Sino-Agri Convertible Notes is subject to approval by the Shareholders and the Company having entered into the share sale agreement in respect of the acquisition of all of the shares in Satimola. Shareholder approval was obtained at a general meeting of the Company held on 25 October 2013 and the Company had already entered into the share sale agreement on 1 May 2013, prior to signing the Sino-Agri Agreement. The issue of the Sino-Agri Convertible Notes is also conditional on Sino-Agri receiving any applicable regulatory approval required by the Treasurer of Australia under the FATA or in accordance with any policy of, or discretion exercised by, FIRB or the Treasurer.

Sino-Agri must subscribe for the Sino-Agri Convertible Notes on or before the expiry of the 3 month period after receipt by the Sellers of all necessary approvals from the Kazakhstan government for KPC's acquisition of the Satimola Shares. As at the date of this Prospectus the Company had not issued the Sino-Agri Convertible Notes.

KPC has agreed to grant Sino-Agri a general security interest over all of its property to secure repayment of the Sino-Agri Convertible Notes.

14.7 NFC MoU

On 2 August 2013, the Company entered into an MoU with NFC pursuant to which the parties agreed to work together in good faith and to reach preliminary agreement on the engineering, procurement and construction by NFC of a 1,200kt/y concentrator for potassium chloride and a 1,00kt/y concentrator for multi nutrient polyhalite fertiliser for the Zhilyanskoye Project. Pursuant to the MoU, KPC agrees to provide NFC with full access to the Zhilyanskoye Project. NFC has agreed to submit a binding quotation for the construction of the concentrators by 31 December 2013.

14.8 Sino-Agri MoU

On 7 September 2013, the MINT, KPC and Sino-Agri entered into an MoU pursuant to which KPC and Sino-Agri expressed their collective intent to create a large-scale fertiliser industry in Kazakhstan and to provide funding in the amount of not less than US\$1 billion for the construction of fertiliser plants in Kazakhstan. The MINT expressed its intent to, within the limits of its authority and Kazakh law, to consider the possibility of providing the necessary information to KPC and Sino-Agri in respect of obtaining relevant approvals in relation to the establishment of a fertiliser industry in Kazakhstan.

15 ADDITIONAL INFORMATION

15.1 Registration and company background

KPC is a public company limited by shares that was registered under the Corporations Act on 3 May 2010 and is deemed to be registered in Victoria, Australia.

15.2 Documents Available for Inspection

The following documents are available for inspection during normal office hours, free of charge, at the registered office of the Company for a period of at least 12 months from the date of lodgement of this Prospectus with the ASIC:

- (1) the current Constitution;
- (2) the consents referred to in this Section 15;
- (3) the material contracts referred to in Section 14; and
- (4) the rules of the Employee Share Option Plan referred to in Section 15.6.

15.3 Current Capital Structure

The capital structure of the Company as at the date of this Prospectus and following completion of the Offer based on the Minimum Subscription is set out below:

	On date of Prospectus	Following completion of the Minimum Subscription
Ordinary shares ⁽¹⁾	180,739,665	185,739,665
Convertible notes ⁽²⁾	30,000,000	30,000,000
Share options ⁽³⁾	109,100,000	109,100,000

(1) Excludes Shares to be issued to Project Vendors:

- (a) 110,000,000 Shares to Goldquest;
- (b) 40,000,000 Shares to Mainstar;
- (c) 15,000,000 Shares to United Delight; and
- (d) 120,000,000 Shares to Celaric to be held in Voluntary Escrow until report on Chelkar resources is completed (refer to Section 14 for details of the arrangement). These Shares will have no voting rights or holder of those shares will be restricted from exercising any voting rights attaching to them.

(2) On 25 November 2013, the Company issued the CAR Convertible Notes. The CAR Convertible Notes are interest free, have a maturity date of 25 November 2017 and are convertible into Shares at \$1 per Share. Refer to Section 14.2 for full details of the CAR Convertible Notes.

(3) On the date of Prospectus, the Company has on issue the following Options:

Expiry Date	Outstanding Amount	Exercise Price
1 February 2014	100,000	\$0.40
19 January 2015	500,000	\$0.30
27 January 2015	1,000,000	\$0.30
2 March 2015	500,000	\$0.30
25 June 2015	1,000,000	\$0.30
21 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

15.4 Rights attaching to Shares

The Constitution contains the internal rules of the Company. The following is a summary of the material provisions of the Constitution and the rights and liabilities attaching to Shares. This summary is not an exhaustive explanation of the Constitution nor does it constitute a definitive statement of the rights and liabilities of Shareholders.

The Shares to be issued pursuant to this Prospectus will rank equally in all respects with the existing Shares of the Company. Full details of the rights attaching to the Shares are set out in the Constitution.

Issue of Shares

The issue of Shares and Options by the Company is under the control of the Directors, subject to the Corporations Act, ASX Listing Rules and any rights attached to any special class of shares.

Transfer of Shares

Subject to the Constitution, a Shareholder may transfer a Share by any means permitted by the Corporations Act or by law. The Company may participate in a computerised or electronic system for the purpose of facilitating dealings in Shares. The Company participates in the share registration and transfer system known as CHESSE, which is operated by ASX under the Security Clearing House Business Rules. Under CHESSE, the Company may issue holding statements in lieu of share certificates. The Company is not permitted to charge any fee for registering a transfer of shares. The Directors may refuse to register a transfer of Shares only if the refusal would not contravene the Corporations Act or the Listing Rules, where the registration would create a new parcel of unmarketable securities. The Directors must not register a transfer to a subsidiary of KPC or if the Corporations Act, Listing Rules or the Operating Rules (as that term is defined in the Constitution) forbid the registration.

Variation of Shares

If KPC issues different classes of shares, or divides issued shares into different classes of shares, the rights attaching to a class of shares may only be varied with the consent in writing of 75% of the holders of issued shares of the affected class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of the affected class.

Meetings of members (General meetings)

The Directors may call a meeting of Members whenever they think fit. Members may call a meeting in accordance with the Corporations Act. The Constitution contains provisions prescribing the content requirements for notices of meetings sent to Members. All Members are entitled to attend, and will receive at least 28 days notice of, a general meeting. A quorum for a general meeting is two (2) Members who are eligible to vote at the general meeting.

The Company will hold an annual general meeting in accordance with the Corporations Act and the Listing Rules.

Voting rights

Subject to any rights or restrictions for the time being attached to any Shares or class of shares of the Company, each Shareholder, whether present in person or by proxy, attorney or representative at a meeting of Shareholders, has one vote on a show of hands and one vote on a poll for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share. Resolutions of members will be decided by a show of hands unless a poll is demanded. A poll may be demanded by the chairperson of the meeting, at least 5 Shareholders (or their proxy, attorney or representative) entitled to vote on the resolution, or any one or Shareholders holding not less than 5% of the votes that may be cast on the resolution on a poll.

Directors

The business of the Company is to be managed by or under the direction of the Directors. The Board may decide the number of Directors, however the Company must have at least three (3) Directors and not more than nine (9). Subject to the maximum number of Directors not being exceeded, the Board may appoint a person to be a Director at any time except during a general meeting. Any such Director must retire at the next annual general meeting (at which meeting he or she may be eligible for election as director).

The Company in general meeting may elect Directors by ordinary resolution.

At each annual general meeting, with the exception of the Managing Director and those Directors appointed by the Board, one third of the Directors must retire from office and are eligible for re-election.

The aggregate remuneration of the non-executive Directors must not exceed the amount last fixed by ordinary resolution.

Dividends

Directors are only able to recommend and declare dividends out of profits of the Company. The Directors may resolve to pay an in specie dividend. Subject to any rights attaching to shares which may in the future be issued with special or preferred rights, the Directors may fix the amount, the time for payment and the method of payment of a dividend. Subject to any special rights attaching to shares (such as preference shares), dividends will be paid proportionately. The Company is not required to pay any interest on dividends. Refer to Section 4.18 for KPC's dividend policy. It is unlikely that KPC will pay any dividends in the near future.

Officers' indemnity and insurance

The Company must indemnify any officer of the Company and its wholly owned subsidiaries and may indemnify its auditors against a liability incurred by the officer or the auditor in that capacity to a person unless the liability arises out of conduct involving a lack of good faith. The Company may make a payment to the officer or auditor in relation to legal costs and expenses incurred by that officer or auditor in defending an action for a liability or in responding to actions taken by a government agency or liquidator.

The Company may also pay the premiums on Directors and officers liability insurance.

The indemnity in favour of the officers is a continuing indemnity. It applies to all acts done by the person while an officer of the Company or one of its wholly owned subsidiaries even though the person is not an officer at the time the claim in respect of the liability is made.

Winding Up

On a winding up of KPC a liquidator may, with the authority of a special resolution of the Shareholders, divide among the Shareholders the property of KPC in proportion to the Shares held by them. The liquidator may for that purpose set the value he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders. The liquidator may, with the sanction of a special resolution of the Shareholders, vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

ASX Listing Rules

On re-admission to the Official List, notwithstanding anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing contained in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done; authority is given for that act to be done or not to be done, as the case may be. If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If any provision of the Constitution is or becomes inconsistent with the Listing rules, the Constitution is deemed not to contain that provision, to the extent of the inconsistency.

15.5 Escrow arrangements

Chapter 9 of the ASX Listing Rules require certain shareholders to enter into restriction agreements in accordance with the Listing Rules. Under a restriction agreement, a security holder is restricted from dealing in all or part of the securities they hold at completion of the Offer until a specified period after the securities are quoted. As at the date of this Prospectus, the Company is unable to specify which of its securities may be subject to restrictions in accordance with Chapter 9. However, none of the holders of the Shares offered under this Prospectus, nor any of the Shares on issue on the date on which the Company was admitted to the Official List will be subject to restriction agreements.

As foreshadowed in the explanatory statement to the notice of general meeting of the Company dated 24 May 2012, the 285 million Shares to be issued to Mainstar, Goldquest, United Delight and Celaric will be subject to a 2 year restriction.

15.6 Employee incentive plans

The Company has established an Employee Share Option Plan (**ESOP**) which provides an opportunity for certain eligible employees to acquire Shares in the Company. The Company has issued a document titled 'Employee Share Option Plan – Rules' which sets out the terms and conditions of the ESOP.

The material terms of the ESOP are as follows:

- The total number of Shares which are the subject of unexercised Options granted under the ESOP, when aggregated with the Shares which have been issued on exercise of the Options granted under the ESOP, during the three years preceding the date on which an Option is issued, may not exceed 15% of the total number of issued Shares in the capital of the Company at the date of issue of any Option.
- The Board may determine that any employees or executives are eligible to participate in the ESOP.
- The exercise price of options issued under the ESOP will be, at the discretion of the Board, equal to or greater than the market trading price of the Company's shares on the date of grant.
- Unless the Board determines otherwise, no payment is required by an eligible employee at the time an option is granted to them.
- An eligible employee will only be entitled to exercise their option if they remain in employment with the Company. However, there are certain rules entitling option holders to exercise their options if they have ceased employment for reasons of retirement, redundancy, disability, death or other reason for termination of employment.
- Shares allotted upon the exercise of an option will, upon allotment, rank *pari passu* in all respects with the then existing ordinary issued shares in the Company.
- There will be an adjustment to the number of shares which may be acquired on exercise of an option, and the exercise price of an option, following a pro-rata rights issue, bonus issue of shares, reconstruction or reorganisation of the capital of the Company.
- The exercise period of the options will be expedited in the event that a takeover bid is made for the Company's shares.
- The Company will not seek for the Options to be quoted on the ASX. The Company will apply for quotation of the shares acquired on the exercise of Options.

The above is a general summary of the ESOP rules. A copy of the complete ESOP which has been lodged with the ASX is available at <http://www.asx.com.au/asxpdf/20101213/pdf/31vkny4cy82qcj.pdf>

15.7 Taxation overview

The following taxation summary provides a general overview of the Australian tax implications to Australian resident and non-resident investors who acquire and hold Shares under the Offer contained in this Prospectus. This summary is based on the law in force, and administrative practice of the Commissioner of Taxation (**Commissioner**), as at the date of this Prospectus. However, potential investors should be aware that the ultimate interpretation of the Australian taxation law rests with the courts and that the law, and the way in which the Commissioner administers the law, may change at any time.

The Australian taxation laws are complex and the following summary is not intended to be a complete statement of the possible implications for investors.

The individual circumstances of each investor may affect the taxation implications of the investment of that investor. It is the responsibility of each Applicant to be satisfied as to the particular taxation treatment that applies to each investment. Persons who are considering making an investment in KPC should seek independent professional advice with respect to the tax consequences applicable to their individual circumstances before investing.

The following discussion assumes that an investor will hold the Shares on capital account. A different treatment may apply if an investor holds the Shares on revenue account, for example share traders.

(1) Australian investors

Capital gains tax

Australian income tax laws contain a capital gains tax (**CGT**) regime. Shareholders who hold Shares on capital account will be subject to the CGT regime on disposal of those Shares. For CGT purposes, a Share is generally acquired on the date the Share is issued or transferred. The cost base used to work out any capital gain or loss on Shares is generally the amount a shareholder pays to acquire the Shares plus any incidental costs of acquisition and non-capital costs of ownership incurred. Gains on the disposal of Shares held on capital account will be subject to CGT. A capital gain will arise where the proceeds received exceed the cost base of the Shares. Conversely, a capital loss will be incurred where the proceeds received on disposal are less than the reduced cost base of the Shares. Capital losses made in the same or prior years can typically be offset against any capital gains. Any remaining net capital gain is included in assessable income and taxed. Where a net capital loss is incurred it may be carried forward indefinitely and offset against future capital gains subject to certain restrictions. Individuals (including partners in a partnership), trusts and complying superannuation funds may in certain circumstances be entitled to a 50% discount (33.33% in the case of complying superannuation funds) on capital gains derived where they have held Shares as a CGT asset for 12 months or more. Any discount would apply only after capital losses are first applied against the capital gain. Companies holding Shares are not entitled to the discount.

Taxation of dividends

Dividends paid on the Shares will be included in assessable income in the income year they are paid. Dividends may be franked or unfranked. Franked dividends have franking credits attached and reflect the Australian corporate tax paid on the profits out of which the dividends are paid. The dividends and any franking credits attached should be included in assessable income. Shareholders will be entitled to a tax offset equal to the franking credits received, provided the recipient is a “qualified person”. In general terms, to be a qualified person two tests must be satisfied being the “holding period rule” and the “related payments rule”. These rules will, in broad terms, be satisfied where Shareholders have held the Shares at risk for at least 45 continuous days (excluding the dates of acquisition and disposal). Special rules apply to trusts which receive franked dividends. It is recommended that further advice be obtained if Shares are to be held by a trust. Corporate shareholders may also be entitled to a franking credit in their franking account equal to the franking credit attached to the dividend paid. Such credit can be attached to dividends paid by the corporate shareholder to its own shareholders. Certain types of taxpayers, including individuals and superannuation funds, are entitled to a refund of any excess franking credits. Unfranked dividends will be included in assessable income.

(2) Non-resident investors

Capital gains tax

Under current legislation, foreign residents are not subject to Australian tax on any capital gains incurred on the sale of any Australian assets (such as Shares), other than in specific circumstances.

In broad terms, capital gains tax is only payable where a CGT event arises (for example, a sale) in relation to a CGT asset that is “taxable Australian property”.

“Taxable Australian property” is relevantly defined to include a CGT asset that is an “indirect Australian real property interest”.

Broadly, an “indirect Australian real property interest” is a membership interest of 10% or more in an entity which has “taxable Australian real property” (which includes real property and certain mining assets) as its principal assets.

As at the date of this Prospectus the sale of Shares by non-resident investors is unlikely to be subject to Australian tax on any capital gains. However, non-resident investors should obtain their own advice in relation to the tax consequences of any sale of their Shares.

Taxation of dividends

Dividends received by non-resident Shareholders will not be subject to dividend withholding tax (DWT) to the extent the dividend is franked. However, DWT may apply to that part of the dividend that is unfranked. The general rate of DWT is 30%. However this may be reduced (usually to 15%) where Australia has a Double Taxation Agreement with the Country in which the Shareholder is resident. Non-resident investors should consult their local tax adviser on the taxation implications of the receipt of dividends in their own jurisdiction of residence.

(3) Stamp duty

No stamp duty will be payable by successful Applicants or bidders on the issue of Shares to successful Applicants. In addition, under current law, no stamp duty would generally be payable on any subsequent transfer of Shares.

(4) GST

Under current law, Goods and Services Tax is not payable on the issue or transfer of Shares.

(5) TFN and ABN

Applicants are not required to advise KPC of their TFN or, where relevant, ABN. However, if a TFN or ABN is advised to KPC and no exemption is applicable, tax is required to be deducted by KPC at the top personal marginal rate (currently 45%) plus Medicare levy (currently 1.5%) plus the flood levy (if applicable) from certain distributions.

No withholding requirement applies in respect of fully franked dividends paid by KPC in respect of the Shares.

(6) Investors should obtain their own advice

The summary set out above is a summary only and does not take into account any individual's personal circumstances. The individual circumstances of each investor may affect the taxation implications of the investment of that investor.

It is the responsibility of each Applicant to be satisfied as to the particular taxation treatment that applies to each investment. Persons who are considering making an investment in KPC should seek independent professional advice with respect to the tax consequences applicable to their individual circumstances before investing.

15.8 Litigation

On 16 April 2013, the Company issued a proceeding in the Supreme Court of Victoria against its former directors, Frank Cannavo and Indrajit (Jitto) Arulampalam with respect to unpaid director loans in the amount of \$1.8 million. The parties have reached a confidential "in principle" agreement with respect to the resolution of that proceeding. The parties to the proceeding are in the process of formalising that confidential "in principle" agreement. Once formalised, the effect of the confidential "in principle" agreement will be that the Company receives \$1.8 million and the director loans will be discharged.

15.9 Consents

The following consents have been given in accordance with the Corporations Act:

- 1) BDO has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as the Investigating Accountant and the auditor of the Company and to the inclusion in this Prospectus of its Investigating Accountant's Report in the form and context in which it is included. Notwithstanding that it may be referred to elsewhere in this Prospectus, BDO has only been involved in the preparation of the Investigating Accountant's Report and was not involved in the preparation of any other part of this Prospectus. BDO did not authorise or cause the issue of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus other than in respect of the Investigating Accountant's Report.
- 2) Norton Rose Fulbright have given, and have not before lodgement of this Prospectus with ASIC, withdrawn their written consent to being named in this Prospectus as solicitors to the Company in the form and context in which they are named. Norton Rose Fulbright did not authorise or cause the issue of this Prospectus and do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.
- 3) Computershare has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named as Share Registrar in the form and context in which it is named. Computershare has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Computershare has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

- 4) SRK has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as the Independent Geologist reporting on the Zhilyanskoye and Chelkar Projects, to other references to it in this Prospectus and to the inclusion in this Prospectus of its Independent Geologist Report on the Zhilyanskoye and Chelkar Projects in the form and context in which it is included. Notwithstanding that it may be referred to elsewhere in this Prospectus, SRK has only been involved in the preparation of the Independent Geologist Report and was not involved in the preparation of any other part of this Prospectus. SRK did not authorise or cause the issue of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus other than in respect of the Independent Geologist's Report.
- 5) Linkage & Mind have given, and have not before lodgement of this Prospectus with ASIC, withdrawn their written consent to be named in this Prospectus as the Independent Solicitor reporting on the Zhilyanskoye and Chelkar Projects and to the inclusion in this Prospectus of its Independent Solicitor's Report on the Zhilyanskoye and Chelkar Projects in the form and context in which it is included. Notwithstanding that it may be referred to elsewhere in this Prospectus, Linkage & Mind has only been involved in the preparation of the Independent Solicitor's Report and was not involved in the preparation of any other part of this Prospectus. Linkage & Mind did not authorise or cause the issue of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus other than in respect of the Independent Solicitor's Report on the Zhilyanskoye and Chelkar Projects.
- 6) Mr James Guy has given, and has not before lodgement of this Prospectus with ASIC, withdrawn his written consent to be named in this Prospectus as the consulting geologist engaged by the Company reporting on the West Australian Tenements and to the inclusion in this Prospectus of the information on the West Australian Projects in the form and context in which it is included. Notwithstanding that he may be referred to elsewhere in this Prospectus, Mr James Guy has only been involved in the preparation of the information on the West Australian Projects and was not involved in the preparation of any other part of this Prospectus. Mr James Guy did not authorise or cause the issue of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus other than in respect of the information on the West Australian Projects.
- 7) Mr Jerry Aiken has given, and has not before lodgement of this Prospectus with ASIC, withdrawn his written consent to be named in this Prospectus as the consulting geologist engaged by the Company reporting on the Zhilyanskoye and Chelkar Projects and to the inclusion in this Prospectus of the information on the Zhilyanskoye and Chelkar Projects in the form and context in which it is included. Notwithstanding that he may be referred to elsewhere in this Prospectus, Mr Jerry Aiken has only been involved in the preparation of the information on the Zhilyanskoye and Chelkar Projects and was not involved in the preparation of any other part of this Prospectus. Mr Jerry Aiken did not authorise or cause the issue of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus other than in respect of the information on the Zhilyanskoye and Chelkar Projects.
- 8) Alem Audit has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus as the independent auditor of Batys Kali in the form and context in which they are named, and to the inclusion in this Prospectus of summarised information extracted from the audited financial reports of Batys Kali for the financial years ended 31 December 2012, 31 December 2011 and 31 December 2010 as prepared by Alem Audit. Alem Audit was not involved in the preparation of any other part of this Prospectus. Alem Audit did not authorise or cause the issue of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.
- 9) Batys Kali has given, and has not before lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion in Section 4.10 of this Prospectus of statements in respect of the pre-feasibility study conducted on the Zhilyanskoye Project in the form and context in which they appear. Batys Kali was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus, and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of the Prospectus other than in respect of the information on the pre-feasibility study conducted on the Zhilyanskoye Project.

15.10 Competent persons

The information in this Prospectus that relates to the Zhilyanskoye and Chelkar Projects as much as it relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Jerry Aiken a Registered Professional Geologist, who is a Registered Member of the Society of Mining, Metallurgy and Exploration (SME), a 'Recognised Overseas Professional Organisation' (ROPO). Mr Jerry Aiken is a Senior Associate Consultant of SRK Consulting (U.S.). Mr Jerry Aiken has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration at Zhilyanskoye and to the activity which he is undertaking, to qualify as a Competent Person (CP) as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jerry Aiken has given, and has not before lodgement of this Prospectus with ASIC withdrawn, his written consent to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

The information in this Prospectus that relates to the Company's West Australian Tenements 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 has given, and has not before lodgement of this Prospectus with ASIC withdrawn, his written consent to the inclusion in this Prospectus of the matters based on his information in the form and context in which it appears.

15.11 Interests of Experts and Advisers

Except as set out below, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- (1) has any interest, or has had any interest during the last 2 years, in the formation or promotion of the Company or in property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; and
- (2) no amount has been paid, or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of the Company or the Offer.

It is estimated that approximately \$515,581 will be payable in respect of legal, accounting and experts' fees as follows:

- 1) BDO has provided an Investigating Accountant's Report to the Company in relation to the Offer. Professional fees paid or payable to BDO for preparation of the Investigating Accountant's Report are approximately \$60,000, and the fees of overseas offices of BDO providing due diligence enquiries for the purposes of the Investigating Accountant's Report are approximately \$38,822.
- 2) Norton Rose Fulbright acted as solicitors to the Offer. Professional fees payable to Norton Rose Fulbright for work done in relation to this Prospectus are approximately \$295,000. Further amounts may be paid to Norton Rose Fulbright in accordance with normal time-based charges.
- 3) SRK has provided an Independent Geologist's Report in relation to the Zhilyanskoye and Chelkar Projects. Professional fees paid or payable to SRK for preparation of the Independent Geologist's Report are \$74,033.
- 4) Linkage & Mind has provided an Independent Solicitor's Report in relation to the Zhilyanskoye and Chelkar Projects. Professional fees paid or payable to Linkage & Mind for preparation of the Independent Solicitor's Report are \$47,726.

15.12 Expenses of the Offer

The estimated expenses of the Offer under Minimum Subscription and Full Subscription, exclusive of GST, are as follows:

Expense	Minimum Subscription Amount (A\$)	Full Subscription Amount (A\$)
Legal Fees	\$295,000	\$295,000
Investigating Accountant's Fees	\$98,822	\$98,822
Independent Geologists; Reports on projects in Kazakhstan	\$74,033	\$74,033
Independent Solicitor's Report on the Zhilyanskoye and Chelkar Projects	\$47,726	\$47,726
Printing and Postage	\$20,870	\$20,870
ASX Fees	\$220,394	\$233,679
ASIC Fees	\$2,225	\$2,225
Brokerage Fees	\$630,000	\$3,780,000
Share Registry Fees	\$7,255	\$7,255
Other	\$8,450	\$8,450
TOTAL	\$1,404,774	\$4,568,060

15.13 Governing law

This Prospectus and the contracts that arise from the acceptance of Applicants under this Prospectus are governed by the law of Victoria and each Applicant submits to the exclusive jurisdiction of the courts of Victoria and of the Commonwealth of Australia.

15.14 Directors responsibility statement and consent

The Directors state that they have made all reasonable enquiries and have reasonable grounds to believe that any statements by the Directors in this Prospectus are true and not misleading and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiry and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by section 716 of the Corporations Act to the issue of this Prospectus and have not withdrawn that consent, before lodgement of this Prospectus with ASIC.

This Prospectus is prepared on the basis that:

- (1) certain matters may be reasonably expected to be known to professional advisers of any kind with whom Applicants may reasonably be expected to consult; and
- (2) Information is known to Applicants or their professional advisers by virtue of any Acts or laws of the Commonwealth of Australia or any State of Australia.

In accordance with s720 of the Corporations Act, the lodgement and issue of this Prospectus has been consented to and authorised by each of the Directors.

Signed for and on behalf of the Board



Madam Freada Kwan Cheung

Chairperson and Managing Director

Dated: 28 January 2014

16 GLOSSARY

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

Acquisition Transactions has the meaning given in Section 10.2.

AEDT means Australian Eastern Daylight Time.

Aktobe Tuz means Aktobe Tuz LLP, a company incorporated under the laws of Kazakhstan.

Alem Audit means Alem Audit LLP, a body corporate incorporated in Kazakhstan.

Applicant means a person who submits an Application.

Application Form means the application form that is attached to, or accompanied by, this Prospectus.

Application means a valid application to subscribe for Shares under this Prospectus.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by it, as the case requires.

ASX Listing Rules or **Listing Rules** means the listing rules of ASX (as amended or waived from time to time).

Batys Kali means Batys Kali LLP, a body corporate incorporated in Kazakhstan.

BDO means BDO East Coast Partnership (formerly, PKF East Coast Practice).

Board means the Board of Directors of the Company as it is constituted from time to time.

CAR Convertible Note means the convertible notes issued to CAR Fund pursuant to an agreement between the Company and CAR Fund dated 31 May 2013.

CAR Fund means China-Asia Resources Fund, a company incorporated in the Cayman Islands.

Celaric means Celaric Continental Limited, a legal entity established and existing under the law of the Seychelles.

Chelkar Project means the potash deposit covering 779 sq. km located in West Kazakhstan and subject to subsoil use Contract No. 2889 registered on 11 December 2008.

CHESS means ASX Clearing House Electronic Subregistry System.

City Winner Holdings means City Winner Holdings Limited (BVI Company Number 1593087), a company incorporated in the British Virgin Islands.

Closing Date means 7 February 2014 or such earlier or later date as the Directors may determine.

Computershare means Computershare Investor Services Pty Limited ABN 48 078 279 277.

CNAMPC Group means China National Agricultural Means of Production Group Corporation, a PRC state owned enterprise.

Company or KPC means Kazakhstan Potash Corporation Limited ACN 143 441 285 (formerly Fortis Mining Limited).

Constitution means the constitution of the Company as at the date of issue of this Prospectus.

Corporations Act means Corporations Act 2001 (Cth).

Director means a current director of the Company.

Directors means the Directors of the Company.

FATA means the *Foreign Acquisition and Takeovers Act 1975* (Cth).

FIRB means the Australian Foreign Investment Review Board.

Full Subscription means subscriptions for Shares under this Offer totalling \$54,000,000.

GEM means CITIC-GEM Limited, a company incorporated in the Cayman Islands.

GEM Advisors means GEM Investments America LLC, a company incorporated in the United States.

GEM-CITIC Facility Line means the \$140 million equity facility between KPC, GEM and GEM Advisors dated 18 April 2011.

GEM Facility Agreement has the meaning given in Section 14.3.

Goldquest means Goldquest Services Inc (BVI Company Number 1464580), a company incorporated in the British Virgin Islands.

Group has the meaning given in Section 10.6.1.a.

Holdrey means Holdrey Pty Ltd (ACN 006 501 524)

Independent Solicitor's Report means the report entitled "*Legal due diligence report on Kazakhstan potash tenements*" drafted by Linkage & Mind dated 14 January 2014 as set out in Section 9.

Investigating Accountant means BDO.

Investigating Accountant's Report means the report entitled "Investigating Accountant's Report" drafted by BDO dated 14 January 2014 as set out in Section 13.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESSE.

Jian Resources means Ji'an Resources Investment Limited, a company incorporated in Hong Kong.

JORC means the Australasian Joint Ore Reserves Committee.

JORC Code means the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition issued by JORC.

Kazakhstan means the Republic of Kazakhstan.

Linkage & Mind means Linkage & Mind LLP.

Mainstar means Mainstar Investments Limited (BVI Company Number 1623215), a company incorporated in the British Virgin Islands.

Minimum Application means the minimum application for Shares that can be made by an Applicant under this Offer, being valid subscriptions for at least 1,000 Shares.

Minimum Subscription means total minimum number of Shares which must be subscribed for before the Shares the subject of the Offer will be issued.

MINT means the Ministry of Industry and New Technologies of Kazakhstan.

MoU means Memorandum of Understanding.

NFC means China Nonferrous Metal Industry's Foreign Engineering and Construction Company Limited, a PRC state-controlled listed company.

Offer means the invitation to apply for Shares pursuant to this Prospectus.

Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Official List means the official list of the ASX.

Opening Date means 29 January 2014 or as varied by the Directors.

Option means an option to acquire a Share in the Company.

Original Prospectus means the prospectus dated 12 December 2013.

PRC means the People's Republic of China.

Project Vendors means each of Mainstar, United Delight, Goldquest and Celaric.

Prospectus means this replacement prospectus dated 28 January 2014 and which was lodged with ASIC on 28 January 2014, replacing the Original Prospectus.

Satbor means Satbor Limited Liability Partnership (LLP) with Foreign Participation registered under the laws of Kazakhstan (Registration Number 7764-1926-TOO).

Satimola means Satimola Limited (BVI Company Number 646824), a company incorporated under the laws of the British Virgin Islands.

Satimola Project means the Satimola potash and borate deposit covering 245.98 sq. km located in the Akzhaik district of West Kazakhstan.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Computershare.

Shareholder means a person or entity entered in the Company's register of members from time to time as the holder of Shares.

Sino-Agri means Sino-Agri Mining Investment Co., Ltd, a company incorporated in the PRC and a member of the CNAMPC Group.

Sino-Agri Convertible Note means the convertible note issued to Sino-Agri pursuant to an agreement between the Company and Sino-Agri dated 6 May 2013.

SRK means SRK Consulting (Kazakhstan) Limited.

Subsoil Use Right means the contractual right to conduct exploration, mine development and production activities in respect of a mineral deposit.

Team Lucky means Team Lucky Limited (BVI Company Number 1625523). a company incorporated in the British Virgin Islands.

Transaction Agreements has the meaning given in Section 14.1.

United Delight means United Delight Holdings Limited (BVI Company Number 1523486), a company incorporated in the British Virgin Islands.

Voluntary Escrow means the agreement between the Company and the Project Vendors that the Shares to be issued to the Project Vendors will be held either with an independent escrow agent or be subject to a holding lock, and released only upon confirmation, to JORC standards that potash resources at each of the Zhilyanskoye and Chelkar Projects are not less than 1 billion tonnes.

West Australian Projects or Tenements means the Gidgee, Jundee, Darlot, Braemore and New England Well gold mining projects located in Western Australia.

Wiyot means Wiyot S.A., a company incorporated in Panama.

Zhilyanskoye Project means the potash deposit covering 88 sq. km located in the Aktubinsk region of West Kazakhstan and subject to subsoil use Contract No. 2891 registered on 11 December 2008.

SCHEDULE 1: CORPORATE DIRECTORY

Directors of the Company

Madam Freada Kwan Cheung (Chairperson and Managing Director)
Mr Terence Wong (Executive Director)
Mr Marco Marcou (Executive Director)
Ms Teresa Wong (Executive Director, Chief Financial Officer)
Mr Edward Wen (Non-Executive Director)
Ms Junmei Zhang (Non-Executive Director)

Joint Company Secretaries

Mr Marco Marcou
Ms Teresa Wong

Principal Office

Level 5
406 Collins Street
Melbourne VIC 3000

Telephone: +613 9258 2107
Facsimile: +613 9670 3222
E-mail: info@kazakhpotash.com
Web page: www.kazakhpotash.com

Postal Address

Level 5
406 Collins Street
Melbourne VIC 3000

Registered Office

Level 5
406 Collins Street
Melbourne VIC 3000

ASX Code

KPC

Share Registry

Computershare
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Solicitors to the Company

Norton Rose Fulbright
485 Bourke Street
Melbourne VIC 3000

Investigating Accountant

BDO East Coast Partnership
Level 14
140 William Street
Melbourne VIC 3000

Independent Geologist reporting on the Zhilyanskoye and Chelkar Projects

SRK Consulting (Kazakhstan) Limited
39 Gogol St., 11th Floor
Almaty, Republic of Kazakhstan
050002

Independent Solicitor reporting on the Zhilyanskoye and Chelkar Projects

Linkage & Mind LLP
7 Imanova Street
010000, Kazakhstan

Independent auditor reporting on Batys Kali

Alem Audit
65 Kazybek bi St.,
Office 5
Almaty, Kazakhstan

How to complete this Application Form

A Shares applied for
Enter the number of Shares you wish to apply for. The application must be for a minimum of 1,200 Shares (A\$2,160).

B Application Monies
Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the issue price of A\$1.80 per Share. The minimum amount of Application monies is A\$2,160 and applications for less than this amount may be rejected.

C Applicant Name(s)
Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applications may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address
Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details
Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this application.

F CHES
The Company participates in CHES. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment
Make your cheque, money order or bank draft payable to 'Kazakhstan Potash Corporation Limited Subscription A/C' in Australian currency and cross it 'Not Negotiable'. Your cheque, money order or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-present and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form. Cash will not be accepted.

No receipts for payment will be forwarded to Applicants.

Before completing the Application Form the Applicant(s) should read this Prospectus to which this Application relates. By lodging the Application Form, the Applicant agrees that this Application for Shares in Kazakhstan Potash Corporation Limited is upon and subject to the terms of the Prospectus and the Constitution of Kazakhstan Potash Corporation Limited, agrees to take any number of Shares that may be issued to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited ("CIS") by no later than 5:00pm (Melbourne time) on Friday, 7 February 2014. You should allow sufficient time for this to occur. Return the Application Form with cheque, bank draft or money order attached to:

Kazakhstan Potash Corporation Limited
C/- Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 3001 AUSTRALIA

Neither CIS nor Kazakhstan Potash Corporation Limited accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning your Application, please contact Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund



Kazakhstan Potash Corporation Limited
(ASX:KPC)

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Melbourne VIC 3000

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