



KORE POTASH LIMITED

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DIRECTORS

Chairman: David Hathorn
CEO: Sean Bennett
Non-Exec Director: Jonathan Trollip
Non-Exec Director: Leonard Math
Non-Exec Director: Timothy Keating
Non-Exec Director: Pablo Altimiras

ISSUED CAPITAL

(As at – 17 Oct 2017)
768.2 m Ordinary Shares
ASX Code: K2P

Satisfaction of condition precedent to scheme of arrangement - Investment agreements

Perth, Australia, 17 October 2017 – Kore Potash Limited ('Kore Group' or the 'Company') - (ASX: K2P) is pleased to advise that as part of the proposed Scheme of Arrangement to redomicile the Kore Group in the United Kingdom (**Scheme**), the Company has entered into contractual arrangements to effect the novation of the ongoing contractual rights contained in the current investment agreements in place with the Company's two largest shareholders, Princess Aurora Company Pte Limited (**'SGRF'**) and Sociedad Quimica Minera de Chile SA (**'SQM'**) to Kore Potash plc (**'Kore Potash UK'**).

These investment agreements, approved by shareholders at the General Meeting held on 20 October 2016¹, provided for the subscription of shares in the Company which completed on 15 November 2016 as part of the US\$45 million equity raise.

As set out in the Notice of General Meeting, dated 21 September 2016, given the size and strategic nature of the investments by SGRF and SQM these agreements also contained certain ongoing contractual rights in favour of each of SGRF and SQM including:

- right to appoint one director (to a board of currently six directors)²;
- right to prescribed information (for example, certain financial statements and management reports and annual operating plan and budget)²;
- right to be consulted in respect of future capital raisings and if those do not proceed by way of pro-rata rights issue a right, subject to compliance with ASX Listing Rules, to maintain its percentage interest in the Company²;
- first right of refusal to purchase, on arm's length terms, a portion of product produced from the Company's projects²;
- undertakings to comply with environmental, health and safety laws, ensuring it is audited by certain recognised auditors and best business practices; and
- consultation and consent rights in respect of the appointment of certain key employees².

(together, the **Investor Rights**)

¹ Full copies of the Investment Agreements were released to ASX on 7 September 2016 and 16 November 2016 as attachments to substantial shareholders notices issued by each of SGRF and SQM.

² In each case these rights are subject to the investor continuing to hold at the relevant time a relevant interest in at least 10% of the Company.



The novation has been effected through the entry into a tri-partite agreement between the Company, Kore Potash UK and SGRF or SQM (as appropriate) pursuant to which, conditional upon the Scheme becoming effective in accordance with its terms:

- Kore Potash UK will assume the obligation to perform of those Investor Rights (through an amendment and restatement of the original investment agreement with Kore Potash UK replacing the Company as the contracting party) – for example, the right to appoint a director moving forward will apply to Kore Potash UK and not the Company;
- the Company will cease to have any ongoing contractual obligation for the performance of those Investor Rights;
- the Investor Rights remain identical in terms to those in the original investment agreements (with the only difference being the removal of Australian law terms and replacing them with the equivalent under the laws of England and Wales and recognising that law as the governing law (being the law applying to Kore Potash UK)) and removing provisions of the original investment agreement that have already been performed (such as the provisions relating to the historical subscription)); and
- Kore Potash UK has agreed to indemnify SGRF and SQM for any historical breaches on the part of the Company.

As these arrangements have the effect of simply replicating the existing Investor Rights in Kore Potash UK (the then parent company of the Kore Group) on effectively identical terms to those that currently exist in the Company, the Company and Kore Potash UK consider the terms acceptable and conditions precedent nine and ten to the Scheme Implementation Agreement satisfied.

- ENDS -

Enquiries:

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