Kazakhstan Potash Corporation Limited

ABN 57 143 441 285

2019 Annual Report

Corporate Directory

For the year ended 31 December 2019

Directors	Madam Freada Cheung (Executive Director, ceased from 29 June 2020) Mr. Senlin Liu (Executive Director, ceased from 10 December 2019) Mr. Terence Wong (Executive Director, appointed as Managing Director and Chief Executive Officer on 29 June 2020) Mr. Marco Marcou (Executive Director) (ceased from 31 May 2019) Mr. Grant Thomas (Executive Director and Chief Technical Officer) (ceased from 8 May 2019) Mr. Kaihua Ge (Executive Director) Mr. Junheng Li (Executive Director) (appointed on 14 March 2019, appointed Chief Executive Officer 2 March 2020, ceased as Chief Executive Officer on 29 June 2020 but remained as Non-Executive Director) Mr. Xiaokang Lyu (Executive Director) (ceased from 14 January 2019) Ms. Jaylin Xiaorong Mao (Executive Director) (appointed on 14 January 2019, ceased from 10 December 2019) Mr. Edward Wen (Non-Executive Director) (ceased from 14 March 2019) Ms. Jingjing Wang (Non-Executive Director) (appointed on 25 March 2019, ceased from 9 September 2019) Mr. Yu Sun (Non-Executive Director) (appointed from 5 July 2019, ceased from 30 December 2019) Mr. Dong Xie (Non-Executive Director) (appointed from 18 July 2019, ceased from 8 November 2019) Mr. Hao Chen (Non-Executive Director) (appointed from 28 November 2019, ceased from 28 June 2020) Mr. Yuanzhi Jiang (Non-Executive Director) (appointed from 12 November 2019) Mr. Andrew Chan (Non-Executive Director) (appointed from 1 March 2020) Mr. Mathew Lam (Non-Executive Director) (appointed from 30 June 2020) Mr. Jun Niu (Non-Executive Director) (appointed from 30 June 2020) Ms. Jennifer Li (Non-Executive Director) (appointed from 30 June 2020)
Company secretary	Mr. Marco Marcou (ceased from 30 May 2019) Ms. Fang Li (appointed 7 May 2019, ceased 16 August 2019) Mr. Andrew Chan (appointed from 1 March 2020)
Registered office and principal place of business	Level 27 101 Collins Street Melbourne, 3000 Victoria Phone: +61 3 9221 6373
Share register	Computershare 452 Johnston Street Abbotsford, VIC 3067 Phone: +61 3 9415 5000
Auditor	BDO Audit Pty Ltd Tower 4, Level 18, 727 Collins Street Melbourne, VIC 3008
Solicitors	Norton Rose Fulbright Level 15 485 Bourke Street Melbourne, VIC 3000

Corporate Directory
For the year ended 31 December 2019

Stock exchange listing	Kazakhstan Potash Corporation Limited shares are listed on the Australian Securities Exchange (ASX code: KPC)
Website	www.kazakhpotash.com

Directors’ Report
For the year ended 31 December 2019

The directors present their report, together with the financial statements, on the Consolidated Entity (referred to hereafter as the “Consolidated Entity”) consisting of Kazakhstan Potash Corporation Limited (referred to hereafter as the “Company” or “Parent entity” or “KPC”) and the entities it controlled at the end of, or during, the year ended 31 December 2019.

Directors
The following persons were directors of Kazakhstan Potash Corporation Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Madam Freada Cheung	ceased from 29 June 2020
Mr. Senlin Liu	ceased from 10 December 2019
Mr. Terence Wong	
Mr. Marco Marcou	ceased from 31 May 2019
Mr. Grant Thomas	ceased from 8 May 2019
Mr. Kaihua Ge	
Mr. Junheng Li	appointed on 14 March 2019
Mr. Xiaokang Lyu	ceased from 14 January 2019
Ms. Jaylin Xiaorong Mao	appointed on 14 January 2019, ceased from 10 December 2019
Mr. Edward Wen	ceased from 14 March 2019
Ms. Jingjing Wang	appointed on 25 March 2019, ceased from 9 September 2019
Mr. Yu Sun	appointed on 5 July 2019, ceased from 30 December 2019
Mr. Dong Xie	appointed on 18 July 2019, ceased from 8 November 2019
Mr. Yuanzhi Jiang	appointed on 12 November 2019
Mr. Hao Chen	appointed on 28 November 2019, ceased from 28 June 2020
Mr. Andrew Chan	appointed on 1 March 2020
Mr. Mathew Lam	appointed on 30 June 2020
Mr. Jun Niu	appointed on 30 June 2020
Ms. Jennifer Li	appointed on 30 June 2020

There being no provision in the Company’s Articles of Association for retirement by rotation, all directors shall continue in office.

Principal activities
The principal activities of the Consolidated Entity during the financial year consisted of the identification, acquisition, exploration and development of potash resources in the Republic of Kazakhstan to supply fertilizer products to the growing Chinese and the domestic Kazakhstan markets.

Dividends
There were no dividends paid or declared during the current or previous financial year.

Review of operations
The loss for the Consolidated Entity attributable to the owners of the Company after providing for income tax and non-controlling interest amounted to $44,580,069.

Zhilyanskoye Project
KPC, through Batys Kali LLP, holds a Sub-soil Resources Use Contract (“SSRUC”) for the exploration and development of the Zhilyanskoye potash deposit. The SSRUC is valid for 48 years since its initial granting on 11 December 2008.

Review of operations (Continued)

Zhilyanskoye Project (Continued)
The Zhilyanskoye Project is located approximately 5-10 km south west of the city of Aktobe in the north western region of Kazakhstan. Power (gas and electricity), water, transportation (rail and road) as well as labour are all available within 10 km of the project giving the Company a significant infrastructure advantage.

The deposit has JORC 2012 compliant Mineral Resources, estimated by SRK Consulting (Kazakhstan) Limited as of 6 August 2013 for the sylvinite and polyhalite mineralization.

- A total of 119.8 million metric tonnes (Mt) of Mineral Resources containing sylvinite mineralization at the cut-off of 10% K2O:
  - Indicated Mineral Resources of 66.7 Mt grading 19.24% K2O; and
  - Inferred Mineral Resources of 55.2 Mt grading 17.86% K2O.

- A total of 987.7 Mt of Mineral Resources containing polyhalite mineralization at the cut-off grade of 5% K2O:
  - Indicated Mineral Resources of 769.4 Mt grading 8.1% K2O, and
  - Inferred Mineral Resources of 214.3 Mt grading 7.32% K2O.

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

KPC received a letter on 1 July 2020, from the Ministry of Industry and Infrastructure Development (MIID) in relation to KPC's Zhilyanskoye project in Kazakhstan. The MIID has informed KPC that the transition to mining under the Subsoil Use Contract (SSUC) has not proceeded and as such the government has requested a return of the contractual area.

In response to that letter, KPC wrote to the MIID and has advised them that, after completion of the exploration stage, a dispute with the Aktobe regional government had arisen regarding the boundaries of the SSUC in relation to the location of the Aktobe city boundary and the start of the Zhilyanskoye tenement which has not yet been resolved. That dispute must be resolved before there can be any transition to mining under the SUCC.

In addition, there were a number of meetings during the second half of 2019 between KPC and the MIID in relation to the implementation of a solution mining approach for the development of the Zhilyanskoye project. Following those meetings with the MIID, KPC was advised by the MIID that a traditional shaft mining approach was preferred for the development of the project having regard to the project's proximity to the city of Aktobe. Given that advice from the MIID, KPC began to focus its efforts on designing a traditional shaft mining approach for the development of the project. This change in approach by KPC was duly communicated to the MIID.

At present, KPC is preparing for a commencement of mining stage incorporating the MIID advice which includes the design of a first stage project engineering plan (Kazakhstan Feasibility Project Development Plan (Kazakhstan standards) - Traditional Shaft Mining), development of an environmental impact report and approval of a work program with the MIID. A pre-bankable feasibility study work will be initiated as the design plan nears completion. A budget is in place for this work. KPC has advised the MIID that it will submit the requisite materials required for a transition to mining shortly.

While KPC believes that the above approach will result in the MIID withdrawing its request, there can be no guarantee that will occur. KPC will update the market on further developments accordingly.

The Board has adopted the position that at this stage it is prudent to treat the Zhilyanskoye project as impaired until such time as the issue with the MIID resolves. The impairment is reflected in the financial accounts of this 2019 Annual Report.

Review of operations (Continued)

Chelkar Project
KPC, through Batys Kali LLP, holds a Sub-soil Resources Use Contract ("SSUC") for the exploration and development of the Chelkar potash and magnesium deposit. The SSUC is valid for 51 years since its initial granting on 11 December 2008.

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

KPC received a letter on 1 July 2020, from the MIID in relation to KPC's Chelkar project in Kazakhstan. The MIID has requested a report on the progress of the project in relation to the negotiation of the exploration component of the Subsoil Use Contract (SSUC).

In response to that letter, KPC wrote to the MIID and has advised them that due to the recent drop in potash prices the Company engaged the engineering company Tetra- Tech to complete a bankable feasibility study for the Chelkar project. This work is still in progress and scheduled to be complete before the end of this year. Based on this feasibility study the company will assess the exploration and mining plan for the deposit including selection of mining methods and processing technology.

Considering the available preliminary conclusions of the ongoing feasibility study the company will complete the exploration work program which will be submitted to the MIID for review within the next two months. At completion of additional exploration, the company plans to do the JORC report and transit to mining. The company plans to resume operation of the Chelkar project starting from 2020 and provide employment in the region. The budget for the planned works was also forwarded to the MIID including investments for development of the Chelkar Deposit. The planned expenditure amounts to $2.12m for the period.

In addition, and in line with COVID-19 restrictions imposed by the government of Kazakhstan, the government has developed a very supportive plan to assist business, namely in the mining sector and in foreign investment (Minutes of the meeting to support mining and metallurgical sector in the current social and economic conditions NQ E-238 dated 15 April 2020) which apply directly to Chelkar due to the severe impact that the COVID-19 pandemic has had on the operations of the Company.

While KPC believes that the SSUC negotiation with the MIID will result in the necessary amendment to the SSUC to allow for the planned work to complete, there can be no guarantee that this will occur. KPC will update the market on further developments accordingly.

Satimola Project
On 24 October 2018, the Board of KPC announced that it made a General Offer for Satimola Limited ("Satimola"). Satimola, through its wholly-owned entity, Satbor LLP ("Satbor"), holds the Satimola potash deposit in the Republic of Kazakhstan.

On 14 November 2018, KPC announced that the minimum threshold it set in relation to the General Offer as announced on 24 October 2018, for Satimola Shareholders, Converting Note Holders and Creditors had been achieved.

The Satimola deposit is located in the West Kazakhstan Province, 220 km north of the Ural River port of Atyrau near the Caspian Sea and 70 km north of the town of Inderbor. It is currently understood to be one of the largest in Kazakhstan, containing JORC-compliant Indicated and Inferred potash Resources of 6 billion tonnes grading 15.5% K_2O (Table 1).

Review of operations (Continued)

Satimola Project (Continued)

Table 1. Satimola potash Resources at 10% K_2O cut-off

Mineral Resources (JORC)	Tonnes (million)	Grade (% K_2O)
Indicated	3,100	16.2
Inferred	2,900	17.4
Total	6,000	15.5

Note: KPC ASX release 1.12.2014, Satimola Independent Geological Report produced by Tetra Tech, December 2014; The Resources quoted have an effective date of 28th February 2011 and key assumptions are detailed in the Tetra Tech IGR, December 2014.

KPC received a letter on 1 July 2020, from the MIID in relation to KPC's Satimola project in Kazakhstan. The MIID has noted that the social obligations in the SSUC which relate to such items as social development, local training and contribution to a liquidation fund are outstanding and require payment or the MIID can exercise its rights which might include the termination of the SSUC. In correspondence with the MIID, 2 May 2020 KPC explained that the accounts of LLP Satbor (SSUC License holder) are currently blocked due to the historical debt with tax authorities which the company settled in full including the penalty for late payment (over circa US$1,100,000).

KPC has stated in recent correspondence with the MIID, that it has budgeted to pay all outstanding items as it is keen to resolve all payment issues as KPC is sure the MIID is as well. With the blocking of the bank account being lifted, the Company intends that funds will flow from KPC to clear all liabilities.

Also, the agreed spend by Satimola on the work program with the MIID in 2015 has not progressed. KPC has communicated to the MIID that once final payments for the Satimola transaction are made (scheduled for Q3 2020) KPC are planning on updating the country specific Kazakhstan Government Feasibility Project development plan (2013) in conjunction with the MIID. In addition, pre-bankable feasibility study work will also begin as the update to the Kazakhstan Government Feasibility Project finalizes. The funding for this activity in the next budget period together with the all financial obligations of the company is also reflected in the budget for the period.

In addition, and in line with COVID-19 restrictions imposed by the government of Kazakhstan, the government has developed a very supportive plan to assist the business, namely in mining sector and foreign investment (Minutes of the meeting to support mining and metallurgical sector in the current social and economic conditions NQ E-238 dated 15 April 2020) which apply directly to Satimola (Satbor) due to the severe impact that the COVID-19 pandemic has had on the operations of the Company.

While KPC believes that the payment of the outstanding liabilities and submission of the revised work program will satisfy the MIID's request, there can be no guarantee that will occur. KPC will update the market on further developments accordingly.

Review of operations (Continued)

List of Tenements

Project	Location	Tenement/ Contract number	Interest at beginning of the year (%)	Interest at end of the year (%)
Zhilyanskoye	Aktobe, Kazakhstan	2891	95	95*
Chelkarskoye (Chelkar)	Uralsk, Kazakhstan	2889	95	95
Satimola	Inderbor, Kazakhstan	1391	74	74

Significant changes in the state of affairs

*With the receipt of the letter on 1 July 2020 from the MIID in relation to the Zhilyanskoye project, the Board has adopted the position that at this stage it is prudent to treat the Zhilyanskoye project as impaired until such time as the issue with the MIID resolves. The impairment is reflected in the financial accounts of this 2019 Annual Report.

A claim has been made by a former Director, Mr Senlin Liu which in aggregate amounts to circa $2.6 million. Included in the total is a $1.8 million loan which KPC has been recorded as a liability in the financial report and $840,000 which is being disputed and being treated as a contingent liability (Note 25).

Matters subsequent to the end of the financial year

Between November - December 2018 a Rights Issue was conducted in accordance with the Satimola Limited Memorandum and Articles of Association. The Rights Issue raised US$580,618 via the issue of 29,030,880 shares on the basis of ten additional shares for every one currently held with the price at US$0.02/share for each new share. In January 2020, the share allocation from the Rights Issue was completed and registered with the British Virgin Islands registry where Satimola Limited is domiciled. At the conclusion of the Rights Issue KPC Fortis Fertilizer Limited (a 100% owned subsidiary of KPC) was the only participant. The funds of US$580,618 raised, dealt with outstanding liabilities, including tax issues and working capital. At the conclusion of the Rights Issue the share capital owned by KPC Fortis Fertilizer Limited equated to 96%. The second tranche payment was made to all General Offer participants in May 2019. KPC is in the process of finalising the final payments (third tranche) for the Satimola Limited transaction and expects completion to occur on or around Q3, 2020 when the third tranche payment is made.

The Board approved and executed a Convertible Note agreement with Harvest Leader International Limited (HLL) for $3.5 million on 15 February 2020. The Convertible Note's key terms are in line with the terms on a pro-rata basis as agreed with the CAR Fund as announced on 5 December 2019. Under the terms of the agreement, HLL also agrees to make available funds up to $3.5 million to the Company on application of which $500,000 has drawn down on to date. HLL, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note ($1 per note) is convertible into 50 fully paid ordinary shares in the Company. No interest is payable on the Convertible Notes. In lieu of interest and for agreeing to enter into the Convertible Notes, HLL (or its nominee) will be issued 175 million fully paid ordinary shares in the Company. The balance of funding from the Convertible Note will be used for general working capital. On 8 July 2020, under the terms of the Convertible Note agreement with HLL and after the receipt of the $500,000, the Company issued the requisite Convertible Notes of funds received together with proportion of shares equating to 25 million ordinary shares in the Company to HLL. On receipt of the Convertible Notes for the value of $500,000, HLL elected to convert the Convertible Notes for ordinary shares in KPC. An additional 25 million ordinary shares in the Company were allocated to HLL as a result of the conversion.

Matters subsequent to the end of the financial year (Continued)

KPC executed a Convertible Note for $6.5 million with the CWSI Group Limited (CWSI) and was executed on 31 December 2019. The Convertible Note's key terms are in line with the terms on a pro-rata basis as agreed with the CAR Fund as announced on 5 December 2019. Under the terms of the agreement CWSI, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note ($1 per note) is convertible into 50 fully paid ordinary shares in the Company. No interest is payable on the Convertible Notes. In lieu of interest and for agreeing to enter into the Convertible Notes, CWSI (or its nominee) will be issued 325 million fully paid ordinary shares in the Company. Under the terms of the agreement, KPC can, on request, draw down against the $6.5 million. To date, KPC has drawn down $6.5 million which has been used to settle liabilities on the Kazakhstan projects, payments in relation to the Satimola Limited transaction and general working capital.

On 18 May 2020, shareholders approved the issue of the Convertible Notes to Harvest Leader International Limited (HLL) for $3.5 million and the issue of 175 million fully paid ordinary shares and Convertible Note to CWSI Group Limited (CWSI) for $6.5 million and the issue of 325 million fully paid ordinary shares.

On 14 April 2020, the KPC Board agreed to execute a Term Sheet in relation to the assignment of the City Winner Holdings (CWH and entity related to Madam Cheung) an original debt in Satimola of US$5 million to KPC, and for KPC to convert the assigned debt to the terms of a proposed issue of secured convertible notes (Convertible Notes) to CWH. The Convertible Note's key terms are in line with the terms on a pro-rata basis as agreed with the CAR Fund as announced on 5 December 2019. Under the terms of the agreement CWH, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note ($1 per note) is convertible into 50 fully paid ordinary shares in the Company. No interest is payable on the Convertible Note. In lieu of interest and for agreeing to enter into the Convertible Note, CWSI (or its nominee) will be issued 512.3 million fully paid ordinary shares in the Company. The Convertible Note is subject to shareholder approval which the Board have approved and of KC will seek shareholder approval at a General Meeting which will be called in due course.

KPC received a letter on 1 July 2020, from the MIID in relation to KPC's Zhilyanskoye project in Kazakhstan. The MIID has informed KPC that the transition to mining under the Subsoil Use Contract (SSUC) has not proceeded and as such the government has requested a return of the contractual area.

KPC has responded to the MIID and believes it will result in the MIID withdrawing its request, there can be no guarantee that will occur. KPC will update the market on further developments accordingly. The Board has adopted the position that at this stage it is prudent to treat the Zhilyanskoye project as impaired until such time as the issue with the MIID resolves.

Subsequent to the reporting date, on 31 December 2019, the World Heath Organisation (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19 outbreak) and the risks to the international community and the virus spread globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having significant negative impact on world stock markets, currencies and general business activities.

Matters subsequent to the end of the financial year (Continued)

Work on the projects included in the current cash flows from operating activities do not allow for significant delays which may result from the global COVID-19 pandemic. At this stage it is impossible to forecast the impact this pandemic may have, if any, on the timing in the completion of the work in the projects, this can be expected to materially affect the Company's forecast cash flows in terms of operating, investing and financial activities. The occurrence of significant delays in forecast operating activities and plans may lead to requiring the Company to raise additional finance or equity to fund ongoing operations. As a consequence the potential impact the global COVID-19 pandemic may have on the Company's business operations and resulting cash flows may create a material uncertainty that may cast doubt on the consolidated entity's ability to continue as a going concern.

Likely developments and expected results of operations

The key objective of KPC continues to be to establish itself as a key potash producer through the development of its three potash projects in Kazakhstan. The activities planned for the course of the next 12 months are focused on continuing the development of Kazakhstan projects.

Zhilyanskoye project: KPC received a letter on 1 July 2020, from the MIID in relation to KPC's Zhilyanskoye project in Kazakhstan. The MIID has informed KPC that the transition to mining under the Subsoil Use Contract (SSUC) has not proceeded and as such the government has requested a return of the contractual area. KPC has responded to the MIID and believes it will result in the MIID withdrawing its request, there can be no guarantee that will occur. KPC will update the market on further developments accordingly. The Board has adopted the position that at this stage it is prudent to treat the Zhilyanskoye project as impaired until such time as the issue with the MIID resolves. The impairment is reflected in these financial accounts.

Chelkar project: during the period it is planned to have the work program for additional exploration drilling approved by the MIID which is in process. On the results of the drilling work the Company will complete a JORC report and Jurisdictional Compliant Feasibility Study (JCFS). Based on the JORC findings and the JCFS the Company shall transit from exploration to mining (apply to the MIID and obtain mining rights).

Satimola project: In the period the prime focus will be on fulfilling all its SSUC obligations and updating the country specific Kazakhstan Government Feasibility Project development plan (2013) in conjunction with the MIID. Pre-bankable feasibility study work will begin as the updating of the Kazakhstan Government Feasibility Project finalizes.

KPC believes that its potash projects have substantial potential and that their development through to production will be financially rewarding for the Company and its Shareholders.

Environmental regulation

The Consolidated Entity is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

Information on directors

Name:	**Mr. Terence Wong**
Title:	Managing Director and Chief Executive Officer
Experience and expertise:	Mr. Wong has over 25 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.
Other directorships:	During the past three years, Mr. Wong has not held any other directorships in publicly listed companies.
Interest in shares:	20,030,701 ordinary shares
Interest in options:	None
Interest in convertible notes:	70,000, convertible into shares at $0.20 each

Name:	**Mr. Junheng Li (appointed on 14 March 2019)**
Title:	Non-Executive Director
Experience and expertise:	Mr. Li has built a strong career in logistics over the past 30 years in China. He is currently the Chairperson of Heilongjiang Zhongxin Warehousing and Transportation Logistics Co., Ltd and Managing Director of both the China Association of Port-of-Entry and Logistics Association of China. Prior to these roles, Mr. Li held the position of General Manager of Guangdong Xinxing Company.
Other directorships:	In the last three years, Mr. Li has not held any other directorships in publicly listed companies.
Interest in shares:	None
Interest in options:	None
Interest in convertible notes:	None

Name:	**Mr. Kaihua Ge**
Title:	Executive Director
Experience and expertise:	With over 30 years managerial experience in the petroleum and resources sector in Russia and the Central Asia region, with considerable project and country expertise in Kazakhstan. Mr. Ge is recognized as one of the pioneers in regard to the internationalization of China's petroleum industry. Mr. Ge has worked in senior management with a number of Chinese State-Owned Enterprises in major projects in Kazakhstan, Turkmenistan, Uzbekistan and Russia. His previous roles included Business Manager, Bureau of Geophysical Prospecting INC, China Petroleum Material Corporation, General Manager, PetroChina International (Kazakhstan) Co. Ltd, and General Manager China Marine Bunker (PetroChina) Co, Ltd. Most recently Mr. Ge has successfully established energy trading between China and Central Asia. Mr. Ge holds a Degree in Project Management from the China University of Petroleum (Huaong) and a Post-Graduate in Social Management from Kazakhstan State University of Management.
Other directorships:	In the last three years, Mr. Ge has not held any other directorships in publicly listed companies.
Interest in shares:	None
Interest in options:	None
Interest in convertible notes:	None

Information on directors (Continued)

Name:	**Mr. Yuanzhi Jiang (appointed on 12 November 2019)**
Title:	Non-Executive Director
Experience and expertise:	Mr. Jiang has over 25 years of experience in the banking industry. Mr. Jiang has served China Construction Bank since 1993 and was appointed as assistant general manager of the International Business Department in Guangzhou, Chief Representative in New York Representative Office of China Construction Bank (New York Branch) and General Manager of Investment Banking Department. Mr. Jiang holds a Bachelor's degree in Economics in Shandong University Economics school, and a MBA degree in Finance in Stern Business School of New York University.
Other directorships:	In the last three years, Mr. Jiang has not held any other directorships in publicly listed companies.
Interest in shares:	None
Interest in options:	None
Interest in convertible notes:	None

Name:	**Mr. Andrew Chan (appointed on 1 March 2020)**
Title:	Company Secretary and Non-Executive Director
Experience and expertise:	Mr. Chan has a background as a corporate and commercial lawyer with over 15 years' experience. He has worked in both private practice and in-house in the resources sector in a variety of roles advising both listed and private companies. He is an experienced Company Secretary and has held directorships of ASX listed companies. He holds a Bachelor of Arts from the University of Sydney and a Bachelor of Laws degree from Bond University.
Other directorships:	(i) Non-Executive Director of GBM Gold Ltd (ASX-GBM) from July 2014 to November 2018 (ii) Non-Executive Director of Ephraim Resources Limited (ASX-EPA) from June 2017 to November 2017.
Interest in shares:	None
Interest in options:	None
Interest in convertible notes:	None

Name:	**Mr. Mathew Lam (appointed on 30 June 2020)**
Title:	Non-Executive Director
Experience and expertise:	Mr. Lam is an experienced investor having invested in listed and unlisted companies all over the world, mostly in the resources, precious metals and stones industry. He has been investing in the industry for over 25 years. His experience covers international trading and global resource exploration.
Other directorships:	In the last three years, Mr. Lam has not held any other directorships in publicly listed companies.
Interest in shares:	254,000 ordinary shares
Interest in options:	None
Interest in convertible notes:	None

Information on directors (Continued)

Name:	**Mr. Jun Niu (appointed on 30 June 2020)**
Title:	Non-Executive Director
Experience and expertise:	Mr. Niu is a graduate from the Law School of Northwest University of Political Science and Law in 1986 with a bachelor's degree in Law (Xi'an). For 20 years, he worked for tin the public sector. For the past 15 years, he has worked in investment companies and technology companies including companies listed in US. He has extensive experience in investment management, financial management and operations management.
Other directorships:	In the last three years, Mr. Niu has not held any other directorships in publicly listed companies.
Interest in shares:	1,748,000 ordinary shares
Interest in options:	None
Interest in convertible notes:	None

Name:	**Ms. Jennifer Li (appointed on 30 June 2020)**
Title:	Non-Executive Director
Experience and expertise:	Ms. Jiang is a graduate from Normal University in China. She has extensive experience with global investment and management companies. She has over 15 years of experience in managing mergers and acquisitions and corporate advisory. She is an experienced entrepreneur and educator.
Other directorships:	In the last three years, Ms. Jiang has not held any other directorships in publicly listed companies.
Interest in shares:	None
Interest in options:	None
Interest in convertible notes:	None

Name:	**Madam Freada Cheung (ceased from 29 June 2020)**
Title:	Executive Director
Experience and expertise:	Mdm. Cheung is an experienced investor in various companies internationally, including companies in Australia, Hong Kong, Singapore and the United Kingdom. She is well respected among the business community and has extensive business contacts internationally and in particular, in the PRC. She has a diversified portfolio and knowledge base, with major investments and interests 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.
Other directorships:	In the last three years, Madam Cheung has not held any other directorships in publicly listed companies.
Interest in shares:	160,096,017 ordinary shares
Interest in options:	None
Interest in convertible notes:	23,525,000, convertible into shares at $0.20 each

Information on directors (Continued)

Name:	**Mr. Hao Chen (ceased from 28 June 2020)** (appointed on 28 November 2019)
Title:	Non-Executive Director
Experience and expertise:	Mr. Chen has over 15 years working experience in Central Asia, he has successively served as General Representative of CITIC International Co., Ltd.'s representative office in Turkmenistan, General Manager of Karazhanbasmunai Company branch, Executive Deputy General Manager of Caspi Bitum Company, First Vice-President of Argymak Trans Service Company, Vice-President of Karazhanbasmunai Company. Mr. Chen has built extensive experience in the field of mining resources and energy in Central Asia. Mr. Hao Chen graduated from Beijing Foreign Studies University with a bachelor degree, a master degree from the Yessenov University of Kazakhstan, and a Doctor degree in Business Administration from the Narxos University of Kazakhstan.
Other directorships:	In the last three years, Mr. Chen has not held any other directorships in publicly listed companies.
Interest in shares:	None
Interest in options:	None
Interest in convertible notes:	None

Name:	**Mr. Senlin Liu (ceased from 10 December 2019)**
Title:	Executive Director
Experience and expertise:	Mr. Liu has a strong successful business background dating back to the 1980's when he founded the Applied Chemistry Group in China. Through his strong corporate management capability, he has developed his company over the last 30 years into a successful comprehensive enterprise involved in such areas as chemical raw materials manufacturing, mineral product development and market development and operation. Mr. Liu holds a master's degree in business administration.
Other directorships:	In the last three years, Mr. Liu has not held any other directorships in publicly listed companies.
Interest in shares:	200,000,000 ordinary shares
Interest in options:	None
Interest in convertible notes:	None

Name:	**Mr. Xiaokang Lyu (ceased on 14 January 2019)**
Title:	Executive Director
Experience and expertise:	Mr. Lyu is a successful entrepreneur with over 30 years business experience predominately in China, and particularly, in the mining sector. Currently, Mr. Lyu is the Chairman of Board of North America Investors Association. Mr. Lyu has an extensive network of business contacts both with China and internationally.
Other directorships:	In the last three years, Mr. Lyu has not held any other directorships in publicly listed companies.
Interest in shares:	13,272,123 ordinary shares
Interest in options:	None
Interest in convertible notes:	None

Information on directors (Continued)

Name:	**Mr. Marco Marcou (ceased from 31 May 2019)**
Title:	Executive Director
Experience and expertise:	Mr. Marcou has over 30 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) specializing in Mergers & Acquisitions. In 2002, Mr. Marcou was a joint founder and 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.
Other directorships:	In the last three years, Mr. Marcou has not held any other directorships in publicly listed companies.
Interest in shares:	10,000 ordinary shares
Interest in options:	None
Interest in convertible notes:	None

Name:	**Ms. Jaylin Xiaorong Mao (ceased on 10 December 2019)** (appointed 14 January 2019)
Title:	Non-Executive Director
Experience and expertise:	Ms. Mao is acting as the Managing Director of AJM Group Holdings Pty Ltd and Non-executive Director of Bojun Agriculture Holdings Limited (ASX code BAH). Previously, Ms. Mao was the Director of Asian Business of Westpac Premium Banking. She has led the Westpac Premium Asian strategy to help the Asian migrants to start a new life in Australia. She has received numerous awards from Westpac including Alfred Davidson Awards (the highest award in Westpac) and New to Bank Championship for her efforts and passion working on Asian Strategy. Over the past 12 years Ms. Mao has built extensive banking & finance experience in Australia across retail, private, corporate & investment banking. Prior to joining Westpac, she was the Business Development Manager in AIMS Financial Group, Senior Relationship Manager of Corporate Banking in Commonwealth Bank & Vice President of Credit Suisse Australia. She has helped Asian ultra-high net worth & high net worth clients with banking & financial needs. She has also facilitated multi million dollars transactions within corporate & investment banking. Ms. Mao holds a Bachelor of Arts from the Sichuan Normal University in China, Master of Commerce from the University of Sydney and Diploma of Applied Finance from Deakins University. She is an active member within the Asian community, actively involved in charitable organizations and community groups.
Other directorships:	(i) Non-Executive director of Tianmei Beverage Group Corporation Limited (ASX-TB8) from February 2018 to November 2018. (ii) Non-Executive director of Bojun Agriculture Holdings Limited (ASX-BAH) from June 2018 to present.
Interest in shares:	None
Interest in options:	None
Interest in convertible notes:	None

Information on directors (Continued)

Name:	**Ms. Jingjing Wang (ceased on 9 September 2019)** (appointed 25 March 2019)
Title:	Non-Executive Director
Experience and expertise:	Ms. Wang who is currently a Director of JD Advisory Pty Ltd is a qualified Chartered Accountant, CPA and FTI (Fellow of The Tax Institute) with over 14 years of expertise in superannuation, company, trust, taxation, accounting issues and client management with RG146 compliance certification. Ms. Wang has extensive experience in delivering tax solutions with a commercial focus to large and small business and high net worth groups across a broad spectrum of industries including agriculture, medicine, retail, wholesale and real estate. Ms. Wang has provided Credit Reporting Standards (CRS) advice since 2016 with a unique knowledge and understanding of CRS implementation in China, Australia, Singapore and Hong Kong.
Other directorships:	In the last three years, Ms. Wang has not held any other directorships in publicly listed companies.
Interest in shares:	None
Interest in options:	None
Interest in convertible notes:	None

Name:	**Mr. Edward Wen (ceased on 14 March 2019)**
Title:	Non-Executive Director
Experience and expertise:	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 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 of over US$3 billion. Mr. Wen holds a Master of Business Administration from Stern School of Business of New York University.
Other directorships:	In the last three years, Mr. Wen has not held any other directorships in publicly listed companies.
Interest in shares:	4,734,878 ordinary shares
Interest in options:	None
Interest in convertible notes:	120,000, convertible into shares at $0.20 each

Information on directors (Continued)

Name:	**Mr. Grant Thomas (ceased on 8 May 2019)**
Title:	Executive Director
Experience and expertise:	Mr. Thomas has 30 years of professional experience covering project acquisition, mineral exploration and resource project evaluations for several minerals, including diamonds, gold, iron ore, copper, lead, zinc, uranium, fluorspar and coal in Australia, China, South Africa, Tajikistan, Kazakhstan, Brazil, Cambodia and Mongolia. Mr. Thomas has completed several substantial capital raisings in London, Sydney, Hong Kong and Singapore. Mr. Thomas has been involved with successful project leadership and exploration discoveries within Australia and China including; Homestead, Mount Sheila and Mount Sylvia (iron ore) and 2.4Moz Au Xinjiang Gold Mountain and Kuan Gou (gold) discoveries. Mr. Thomas holds a Bachelor degree in Science from Adelaide University in Australia and is a Member of Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG).
Other directorships:	(i) Executive Director of Amani Gold Limited (ASX-ANL) from January 2018 to November 2018 (ii) Executive Director of ActivEX Limited (ASX-AIV) from July 2013 to February 2018
Interest in shares:	245,786 ordinary shares
Interest in options:	None
Interest in convertible notes:	None

Name:	**Mr. Dong Xie (ceased on 8 November 2019)** (appointed 18 July 2019)
Title:	Non-Executive Director
Experience and expertise:	Mr. Xie has over 30 years of experience in the banking and finance industry. Since 2009, Mr. Xie has served as the vice president of the Asia Pacific Stock Exchange. Mr. Xie was previously appointed as the Assistant to the President of China Construction Bank Co., Ltd (Hong Kong branch), General Manager of Investment Bank Department of China Cinda Asset Management Co. Ltd, and Deputy Manager of China Construction Bank International Finance Co. Ltd. Mr. Xie is a researcher for the Asia Pacific Financial Innovation Institute, Vice-President of the Australian Chinese Investment Association, a member of the Australian Chinese Finance Organisation and a member of the Australian Actuaries Association. Mr. Xie holds a Bachelor degree in automation engineering in South China University in Guangdong, a MBA in University of Western Sydney and DBA in University of South Australia.
Other directorships:	(i) Non-Executive director of Tianmei Beverage Group Corporation Limited (ASX-TB8) from December 2017 to August 2018.
Interest in shares:	None
Interest in options:	None
Interest in convertible notes:	None

Information on directors (Continued)

Name:	**Mr. Yu Sun (ceased on 30 December 2019)** (appointed 5 July 2019)
Title:	Executive Director
Experience and expertise:	Mr. Sun has worked in financial services for major international financial institutions for 25 years. Mr. Sun is an expert in the area of international financial business and international economic diplomacy. Mr. Sun has extensive experience in investment banking. Mr. Sun used to serve as Director of Australia United Investment Corporation, Managing Director of UBS Group Wealth Management, Executive Director of the World Bank Urban Development Foundation and Vice President of Asian Development Investment Bank. Mr. Sun holds a master’s degree in finance and a doctorate in economics from the University of New South Wales.
Other directorships:	In the last three years, Mr. Sun has not held any other directorships in publicly listed companies.
Interest in shares:	None
Interest in options:	None
Interest in convertible notes:	None

“Other directorships” quoted above are directorships for listed entities in Australia only and excludes directorships of all other types of entities, unless otherwise stated.

Company Secretary
Mr. Andrew Chan was appointed as Company Secretary on 1 March 2020. Refer above for more information.

Meetings of directors

The number of meetings of the Company's Board of Directors during the year ended 31 December 2019, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Mr. Senlin Liu	15	15
Madam Freada Cheung	12	16
Mr. Terence Wong	16	16
Mr. Marco Marcou	7	7
Mr. Grant Thomas	6	6
Mr. Xiaokang Lyu	0	1
Mr. Edward Wen	0	5
Mr. Kaihua Ge	8	16
Mr. Junheng Li	2	11
Ms. Jaylin Xiaorong Mao	12	14
Ms. Jingjing Wang	1	3
Mr. Yu Sun	8	8
Mr. Dong Xie	4	4
Mr. Hao Chen	2	2
Mr. Yuanzhi Jiang	3	3

Held: represents the number of meetings held during the time the director held office.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the Consolidated Entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:
A. Remuneration Policy
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Additional information

A. Remuneration Policy

The remuneration of all directors and executives of the Company is determined by the Board.

The Company is committed to remunerating Senior Executives and Executive Directors in a manner that is market-competitive and consistent with best practice and also takes into account the best interests of shareholders. Where possible/relevant remuneration packages are based on fixed and variable components determined by the Executives' position, experience and performance and may be satisfied via cash or equity.

Non-executive Directors are remunerated at a level that is consistent with industry standards and shareholder approval is required prior to any participation in any issue of equity. No retirement benefits are payable, other than statutory superannuation, if applicable.

The aim of the Directors is to increase shareholder wealth through successfully achieving the Consolidated Entity's primary objectives. During the Consolidated Entity's exploration phase these objectives are not linked to company earnings. Instead the successful completion of agreements securing the rights to significant potash resources and discovery of other resources through exploration are expected to drive shareholder wealth.

The Company did not engage the services of a remuneration consultant during the year.

Remuneration report (audited) (Continued)

B. Details of remuneration

Details of the remuneration of the key management personnel of the Consolidated Entity (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity) and specified executives of Kazakhstan Potash Corporation Limited, are set out in the following tables.

12 month period ended 31 December 2019	**Short-term benefits**			**Post-employment benefits**	**Long-term benefits**	**Share-based payments**		
Name								
	Cash salary and fees	**Bonus**	**Non-monetary[1]**	**Super-annuation**	**Long service leave**	**Equity-settled**	**Total**	**Performance Related**
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Executive Directors								
Mr. Senlin Liu[3]	55,000	-	-	-	-	-	55,000	-
Madam Freada Cheung[3,4]	24,000	-	23,937	-	-	-	47,937	-
Mr. Terence Wong[4]	389,673	-	-	3,304	-	-	392,977	-
Mr. Marco Marcou[2, 5]	222,861	-	-	-	20,473	-	243,334	-
Mr. Grant Thomas[6]	11,000	-	-	-	-	-	11,000	-
Mr. Xiaokang Lyu[7]	934	-	-	-	-	-	934	-
Mr. Kaihua Ge	24,000	-	-	-	-	-	24,000	-
Mr. Junheng Li	19,067	-	-	-	-	-	19,067	-
Ms. Jaylin Xiaorong Mao[8]	21,734	-	-	-	-	-	21,734	-
Non-Executive Directors								
Mr. Edward Wen[9]	12,500	-	-	-	-	-	12,500	-
Ms. Jingjing Wang[10,13]	10,934	-	-	-	-	-	10,934	-
Mr. Yu Sun[11]	11,600	-	-	-	-	-	11,600	-
Mr. Dong Xie[12]	7,400	-	-	-	-	-	7,400	-
Mr. Hao Chen	2,134	-	-	-	-	-	2,134	-
Mr. Yuanzhi Jiang	3,200	-	-	-	-	-	3,200	-
	816,037	-	23,937	3,304	20,473	-	863,751	

1. Non-Monetary benefits represent accommodation provided by the Consolidated Entity.
2. Represents remuneration billed through PYMA Pty Ltd.
3. Mr. Senlin Liu ceased as Managing Director on 10 December 2019 and Madam Freada Cheung was appointed as Managing Director on 10 December 2019.
4. Madam Freada Cheung ceased as Executive Chairperson and Managing Director on 29 June 2020 and Mr. Terence Wong was appointed as Chief Executive Officer on 29 June 2020.
5. Mr. Marco Marcou ceased as Executive Director on 31 May 2019 and acted as Company Secretary for 2019.
6. Mr. Grant Thomas ceased as Executive Director and Chief Technical Officer on 8 May 2019.
7. Mr. Xiaokang Lyu ceased as Executive Director on 14 January 2019.
8. Ms. Jaylin Xiaorong Mao ceased as Executive Director on 10 December 2019.
9. Mr. Edward Wen ceased as Non-Executive Director on 14 March 2019.
10. Ms. Jingjing Wang ceased as Non-Executive Director on 9 September 2019.
11. Mr. Yu Sun ceased as Non-Executive Director on 30 December 2019.
12. Mr. Dong Xie ceased as Non-Executive Director on 8 November 2019.
13. Represents remuneration billed through JD Advisory Group Pty Ltd.

Remuneration report (audited) (Continued)

B. Details of remuneration (Continued)

12 month period ended 31 December 2018	**Short-term benefits**			**Post-employment benefits**	**Long-term benefits**	**Share-based payments**		
Name	**Cash salary and fees**	**Bonus**	**Non-monetary[1]**	**Super-annuation**	**Long service leave**	**Equity-settled**	**Total**	**Performance Related**
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Executive Directors								
Mr. Senlin Liu[6]	1,880	-	-	-		-	1,880	-
Madam Freada Cheung[4, 6]	57,000	-	249,677	-	-	1,798,000	2,104,677	85%
Mr. Terence Wong	261,377	-	-	3,305	-	-	264,682	-
Mr. Marco Marcou[2, 4, 9]	257,000	-	-	-	-	93,000	350,000	27%
Mr. Baolin Wang[7]	12,581	-	-	-	-	-	12,581	-
Mr. Grant Thomas	159,000	-	-	-	-	-	159,000	-
Mr. Xiaokang Lyu	57,000	-	-	-	-	-	57,000	-
Mr. Jiafu Wei[5]	29,500	-	-	-	-	-	29,500	-
Mr. Kaihua Ge	1,880	-	-	-	-	-	1,880	-
Non-Executive Directors								
Mr. Edward Wen[5]	57,000	-	-	-	-	15,500	72,500	21%
Ms. Junmei Zhang[3,8]	12,581	-	-	-	-	-	12,581	-
	906,799	-	249,677	3,305	-	1,906,500	3,066,281	

1. Non-Monetary benefits represent accommodation provided by the Consolidated Entity.
2. Represents remuneration billed through PYMA Pty Ltd.
3. Represents remuneration billed through MX Consulting Services Pty Ltd.
4. As approved by the shareholders during the Company's AGM held on 17 May 2018, 61,500,000 ordinary shares were issued to directors (or their nominees) in recognition of time and effort undertaken by them in the operation of KPC:
   - 58,000,000 shares were issued to Madam Freada Cheung.
   - 3,000,000 shares were issued to Mr. Marco Marcou.
   - 500,000 shares were issued to Mr. Edward Wen.

   There is no performance condition attached to the shares issued above.
5. Mr. Jiafu Wei ceased as Executive Director on 27 June 2018.
6. Madam Freada Cheung ceased as Chief Executive Officer on 13 December 2018 and Mr. Senlin Liu was appointed as Chief Executive Officer on 13 December 2018.
7. Mr. Baolin Wang ceased as Executive Director on 16 March 2018.
8. Ms. Junmei Zhang ceased as Non-Executive Director on 16 March 2018.
9. Mr. Marco Marcou acted as Company Secretary for 2018.

Remuneration report (audited) (Continued)

C. ***Service agreements***

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Directors	Duration	Notice Required	Remuneration
Executive Directors			
Mr. Senlin Liu	No fixed term		Director's fee of $60,000 per annum
Madam Freada Cheung	No fixed term		Director's fee of $24,000 per annum
Mr. Terence Wong	No fixed term	2 Months	Remuneration of HK$1,991,748 per annum and Director's fee of $2,000 per month
Mr. Marco Marcou	No fixed term	4 Months	Remuneration of $200,000 per annum and Director's fee of $2,000 per month
Mr. Grant Thomas	No fixed term		Director's fee of $2,000 per month from January to March 2019, $5,000 for April 2019
Mr. Kaihua Ge	No fixed term		Director's fee of $24,000 per annum
Mr. Xiaokang Lyu	No fixed term		Director's fee of $24,000 per annum
Mr. Junheng Li	No fixed term		Director's fee of $24,000 per annum
Ms. Jaylin Xiaorong Mao	No fixed term		Director's fee of $24,000 per annum
Non-Executive Directors			
Mr. Edward Wen	No fixed term		Director's fee of $60,000 per annum
Ms. Jingjing Wang	No fixed term		Director's fee of $24,000 per annum
Mr. Yu Sun	No fixed term		Director's fee of $24,000 per annum
Mr. Dong Xie	No fixed term		Director's fee of $24,000 per annum
Mr. Hao Chen	No fixed term		Director's fee of $24,000 per annum
Mr. Yuanzhi Jiang	No fixed term		Director's fee of $24,000 per annum

Remuneration report (audited) (Continued)

D. Share-based compensation

Issue of shares

No shares were granted or issued to directors and other key management personnel as compensation during the year ended 31 December 2019.

Options

No options were vested, granted or issued to directors and other key management personnel as part of compensation during the year ended 31 December 2019.

E. Additional information

A claim made by a former Managing Director, Mr. Senlin Liu, includes a claim for remuneration of $840,000. The Company disputes this claim and the Directors are satisfied that this claim will be defended, refer Note 25.

The losses of the Consolidated Entity over the last five years are summarized below:

	Year ended 31 Dec 2015 $	Year ended 31 Dec 2016 $	Year ended 31 Dec 2017 (restated) $	Year ended 31 Dec 2018 $	**Year ended 31 Dec 2019 $**
Loss after income tax	(24,978,197)	(21,870,079)	(16,072,832)	(49,869,408)	**(44,612,826)**

The factors that are considered to affect total shareholders return ("TSR") are summarized below:

	Year ended 31 Dec 2015 $	Year ended 31 Dec 2016 $	Year ended 31 Dec 2017 (restated) $	Year ended 31 Dec 2018 $	**Year ended 31 Dec 2019 $**
Share price at financial year end ($A)*	0.155	0.070	0.021	0.020	**0.020**
Total dividends declared (cents per share)	-	-	-	-	**-**
Basic loss per share (cents per share)	(5.59)	(3.61)	(2.12)	(4.21)	**(3.01)**

Remuneration report (audited) (Continued)

E. Additional information (Continued)

Additional disclosures relating to key management personnel

Loans given to key management personnel

Name	Balance at the start of the year $	Interest paid and payable for the year $	Interest not charged $	Balance at the end of the year $	Highest indebtedness during the year $
Marco Marcou	54,907	4,500	-	59,407	59,407

Loan to Marco Marcou (a former Director) represents the Loan to MAP ET-China Holding Pty Limited at a 9% interest rate for a period of three years from 29 November 2017 to 28 November 2020. The period of the loan has been agreed between the parties.

The amounts shown for interest not charged in the tables above represent the difference between the amount paid and payable for the year and the amount of interest that would have been charged on an arm's-length basis.

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.

Remuneration report (audited) (Continued)

E. Additional information (Continued)

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Ordinary shares	**Balance at the start of the year[1]**	**Shares in lieu of cash remuneration**	**Shares to directors**	**Disposals/ other**	**Balance at the end of the year[2]**
Madam Freada Cheung	160,096,017	-	-	-	160,096,017
Mr. Senlin Liu	200,000,000	-	-	-	200,000,000
Mr. Terence Wong	20,030,701	-	-	-	20,030,701
Mr. Marco Marcou	10,000	-	-	-	10,000
Mr. Grant Thomas	245,786	-	-	-	245,786
Mr. Kaihua Ge	-	-	-	-	-
Mr. Xiaokang Lyu	13,272,123	-	-	-	13,272,123
Ms. Jaylin Xiaorong Mao	-	-	-	-	-
Mr. Edward Wen	4,734,878	-	-	-	4,734,878
Ms. Jingjing Wang	-	-	-	-	-
Mr. Yu Sun	-	-	-	-	-
Mr. Dong Xie	-	-	-	-	-
Mr. Yuanzhi Jiang	-	-	-	-	-
Mr. Hao Chen	-	-	-	-	-
	398,389,505	-	-	-	398,389,505

1. Or date of appointment.
2. Or date of resignation.

Remuneration report (audited) (Continued)

E. Additional information (Continued)

Additional disclosures relating to key management personnel (Continued)

Convertible notes holding

The number of notes in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Convertible notes	**Balance at the start of the year[1]**	**Received as part of remuneration**	**Additions**	**Disposals/ Other**	**Balance at the end of the year[2]**
Madam Freada Cheung	23,525,000	-	-	-	23,525,000
Mr. Senlin Liu	-	-	-	-	-
Mr. Terence Wong	70,000	-	-	-	70,000
Mr. Marco Marcou	-	-	-	-	-
Mr. Grant Thomas	-	-	-	-	-
Mr. Kaihua Ge	-	-	-	-	-
Mr. Xiaokang Lyu	-	-	-	-	-
Ms. Jaylin Xiaorong Mao	-	-	-	-	-
Mr. Edward Wen	120,000	-	-	-	120,000
Ms. Jingjing Wang	-	-	-	-	-
Mr. Yu Sun	-	-	-	-	-
Mr. Dong Xie	-	-	-	-	-
Mr. Yuanzhi Jiang	-	-	-	-	-
Mr. Hao Chen	-	-	-	-	-
	23,715,000	-	-	-	23,715,000

1. Or date of appointment.
2. Or date of resignation.

Remuneration report (audited) (Continued)

E. Additional information (Continued)

Additional disclosures relating to key management personnel (Continued)

Options holding
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

Options	**Balance at the start of the year[1]**	**Received as part of remuneration**	**Additions**	**Expired/ Forfeited/ others**	**Balance at the end of the year[2]**
Madam Freada Cheung	89,050,000	-	-	(30,000,000)	59,050,000
Mr. Senlin Liu	-	-	-	-	-
Mr. Terence Wong	1,140,000	-	-	(1,000,000)	140,000
Mr. Marco Marcou	-	-	-	-	-
Mr. Grant Thomas	-	-	-	-	-
Mr. Kaihua Ge	-	-	-	-	-
Mr. Xiaokang Lyu	3,000,000	-	-	(3,000,000)	-
Ms. Jaylin Xiaorong Mao	-	-	-	-	-
Mr. Edward Wen	740,000	-	-	(500,000)	240,000
Ms. Jingjing Wang	-	-	-	-	-
Mr. Yu Sun	-	-	-	-	-
Mr. Dong Xie	-	-	-	-	-
Mr. Yuanzhi Jiang	-	-	-	-	-
Mr. Hao Chen	-	-	-	-	-
	93,930,000	-	-	(34,500,000)	59,430,000

1. Or date of appointment.
2. Or date of resignation.

Shares under option
Unissued ordinary shares of Kazakhstan Potash Corporation Limited under option at the date of this report are as follows:

Grant date	**Expiry date**	**Exercise price**	**Number under option**
20 April 2017	19 April 2020	$0.055	92,424,400
5 June 2017	5 June 2020	$0.100	60,000,000

Shares issued on the exercise of options
There were no ordinary shares of Kazakhstan Potash Corporation Limited issued during the year ended 31 December 2019 and up to the date of this report on the exercise of options granted. The above options expired unexercised on 20 April 2020 and 5 June 2020 respectively.

This concludes the remuneration report, which has been audited.

Indemnity and insurance of officers
The Company has not, during or since the financial year, indemnified or agreed to indemnify the directors and/or executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable.

During the financial year, the Company paid a premium in respect of a contract to insure the directors of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Rounding of amounts
The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Non-audit services
There were no non-audit services provided by the auditor during the 2019 or 2018 financial years.
There are no officers of the Company who are former audit partners of BDO East Coast Partnership or Directors of BDO Audit Pty Ltd.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 30

Auditor
BDO Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Terence Wong
Managing Director

11 August 2020

Corporate Governance Statement

For the year ended 31 December 2019

Details of the Company's corporate governance practices which were approved at the same time as this Annual Report are included in the Corporate Governance Statement set out on the Company's website and the Appendix 4G lodged with this Annual Report. This URL on the website is located at:

http://kazakhpotash.com/about/corporate-governance/

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DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF KAZAKHSTAN POTASH CORPORATION LIMITED

As lead auditor of Kazakhstan Potash Corporation Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kazakhstan Potash Corporation Limited and the entities it controlled during the period.

James Mooney
Director

Melbourne, 11 August 2020

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General information

The financial report covers Kazakhstan Potash Corporation Limited as a Consolidated Entity consisting of Kazakhstan Potash Corporation Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Kazakhstan Potash Corporation Limited’s functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors’ declaration.

Kazakhstan Potash Corporation Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Level 27, 101 Collins Street, Melbourne 3000 VIC.

A description of the nature of the Consolidated Entity’s operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 11 August 2020. The directors have the power to amend and reissue the financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	2019 $	2018 $
Revenue from continuing operations	*4*	**215,090**	268,752
Share of results of joint venture	*11*	**(105,973)**	(2,649,478)
Expenses			
Employee expenses		**(1,846,367)**	(3,601,433)
Depreciation and amortization expenses		**(51,678)**	(93,716)
Exploration costs		**-**	(342,000)
Consulting fees		**-**	(183,164)
Legal and other professional fees		**(2,126,553)**	(626,126)
Occupancy expenses		**(299,650)**	(784,234)
Finance costs		**(5,741,740)**	(5,016,770)
Gain on disposal of investment		**341,281**	-
Other expenses		**(523,886)**	(255,280)
Impairment of assets		**(35,009,006)**	(35,678,329)
Foreign exchange gain/(loss)		**535,656**	(907,630)
Loss before income tax from continuing operations	*5*	**(44,612,826)**	(49,869,408)
Income tax	*6*	**-**	-
Loss after income tax for the year		**(44,612,826)**	(49,869,408)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		**33,909**	256,057
Share of other comprehensive income of joint venture	*11*	**(1,824)**	134,468
Total comprehensive income for the year		**(44,580,741)**	(49,478,883)

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2019

	Note	2019	2018
		$	$
Loss for the year is attributable to:			
Owners of the Company		**(44,580,069)**	(49,284,013)
Non-controlling interest		**(32,757)**	(585,395)
		(44,612,826)	(49,869,408)
Total comprehensive income for the year is attributable to:			
Owners of the Company		**(44,549,548)**	(48,984,338)
Non-controlling interest		**(31,193)**	(494,545)
		(44,580,741)	(49,478,883)
Loss per share from continuing operations attributable to the owners of Kazakhstan Potash Corporation Limited		Cents	Cents
Basic loss per share	*32*	**(3.01)**	(4.21)
Diluted loss per share	*32*	**(3.01)**	(4.21)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
For the year ended 31 December 2019

	Note	**2019** **$**	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	*7*	**25,595**	158,482
Other assets	*8*	**2,070,926**	565,845
Total current assets		**2,096,521**	724,327
Non-current assets			
Financial assets	*9*	**259,213**	282,985
Intangible assets	*10*	**168**	278
Investment in joint venture	*11*	**-**	1,190,360
Plant and equipment	*12*	**4,109,918**	4,276,673
Exploration and evaluation assets	*13*	**41,826,374**	81,445,240
Total non-current assets		**46,195,673**	87,195,536
Total assets		**48,292,194**	87,919,863
LIABILITIES			
Current liabilities			
Accrued expenses and other payables	*14*	**7,280,021**	4,350,649
Financial liabilities	*15*	**49,561,169**	41,698,171
Total current liabilities		**56,841,190**	46,048,820
Net current liabilities			
Deferred tax liabilities	*16*	**1,259,934**	8,398,869
Provisions	*17*	**6,428,387**	6,928,750
Total non-current liabilities		**7,688,321**	15,327,619
Total liabilities		**64,529,511**	61,376,439
NET ASSETS		**(16,237,317)**	26,543,424
Equity			
Issued capital	*18*	**220,518,231**	218,718,231
Reserves	*19*	**1,660,948**	2,449,427
Accumulated losses	*20*	**(238,495,520)**	(194,734,451)
Equity attributable to the owners of Kazakhstan Potash Corporation Limited		**(16,316,341)**	26,433,207
Non-controlling interests		**79,024**	110,217
Total equity		**(16,237,317)**	26,543,424

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2019

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Non-controlling interests $	Total $
Balance at 1 January 2018	208,385,358	4,498,252	(146,240,938)	(1,120,550)	65,522,122
Loss after income tax for the year	-	-	(49,284,013)	(585,395)	(49,869,408)
Other comprehensive income for the year, net of tax	-	299,675	-	90,850	390,525
Total comprehensive income for the year	-	299,675	(49,284,013)	(494,545)	(49,478,883)
Transactions with owners in their capacity as owners:					
Transfer on expiry of share options	-	(790,500)	790,500	-	-
Shares placement	4,490,360	-	-	-	4,490,360
Shares issued as loan settlement	1,049,880	-	-	-	1,049,880
Shares issued as consideration for acquisition of MCC Resources SARLU	1,900,000	-	-	-	1,900,000
Return of the share capital for acquisition of MCC Resources SARLU	-	(1,558,000)	-	-	(1,558,000)
Capital raising cost	(45,057)	-	-	-	(45,057)
Other transactions:					
Shares issued in lieu of payment for services	95,000	-	-	-	95,000
Shares issued in lieu of cash remuneration for directors	764,564	-	-	-	764,564
Shares issued in lieu of cash remuneration for senior employees	132,743	-	-	-	132,743
Shares issued in lieu of cash remuneration for services	7,883	-	-	-	7,883
Shares issued to senior employees as rewards and incentives	31,000	-	-	-	31,000
Shares issued to directors as reward and incentives	1,906,500	-	-	-	1,906,500
Non-controlling interests arising from acquisition of Satimola Group	-	-	-	1,725,312	1,725,312
Balance as at 31 December 2018	**218,718,231**	**2,449,427**	**(194,734,451)**	**110,217**	**26,543,424**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Non-controlling interests $	Total $
Balance at 1 January 2019	218,718,231	2,449,427	(194,734,451)	110,217	26,543,424
Loss after income tax for the year	-	-	(44,580,069)	(32,757)	(44,612,826)
Other comprehensive income for the year, net of tax	-	30,521	-	1,564	32,085
Total comprehensive income for the year	-	30,521	(44,580,069)	(31,193)	(44,580,741)
Transactions with owners in their capacity as owners:					
Transfer on expiry of share options	-	(819,000)	819,000	-	-
Shares issued in lieu of payment for services	1,600,000	-	-	-	1,600,000
Shares issued to senior employees as rewards and incentives	200,000	-	-	-	200,000
Balance as at 31 December 2019	**220,518,231**	**1,660,948**	**(238,495,520)**	**79,024**	**(16,237,317)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Note	**2019**	2018
		$	*$*
Cash flows from operating activities			
Interest and other receipts		**189,483**	248,826
Interest paid		**(94,851)**	-
Payments to suppliers and employees		**(1,891,961)**	(1,820,286)
Net cash used in operating activities	*31*	**(1,797,329)**	(1,571,460)
Cash flows from investing activities			
Purchase of plant and equipment		**(67,484)**	-
Payment for E&E asset		**(8,425)**	(89,298)
Payment for Satimola acquisition		**(1,120,839)**	(2,784,518)
Loans repayment from other parties		**-**	276,040
Loans advanced to other parties		**-**	(757,048)
Net cash used in investing activities		**(1,196,748)**	(3,354,824)
Cash flows from financing activities			
Proceeds from issue of shares, net of transaction costs		**-**	4,490,360
Share issue transaction cost		**-**	(45,057)
Proceeds from borrowings		**3,384,017**	1,861,021
Repayment of borrowings		**(524,791)**	(1,907,261)
Net cash provided by financing activities		**2,859,226**	4,399,063
Net decrease in cash and cash equivalents		**(134,851)**	(527,221)
Cash and cash equivalents at the beginning of the financial year		**158,482**	647,910
Effects of exchange rate changes on cash		**1,964**	37,793
Cash and cash equivalents at the end of the financial year	*7*	**25,595**	158,482

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period. At the date of adoption of AASB 16 Leases, the Company did not have any leases that were required to be recognized on the balance sheet.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going Concern
The financial report has been prepared on the basis of a going concern as the Directors contemplate the consolidated entity will continue with normal business activities, the realisation of assets and liabilities in the normal course of business and to be in a position to pay its debts as and when they become due for a period of twelve months from the date of approving this financial report.

For the period ended 31 December 2019, the Consolidated Entity incurred a loss after income tax of $44,612,826 from continuing operations and had net cash outflow from operating activities of $1,797,329. At 31December 2019, the Consolidated Entity had cash and cash equivalents of $25,595 and a net current liability position of $54,744,669.

The ability of the Consolidated Entity to continue as a going concern is dependent upon the successful implementation of exploration programmes and feasibility studies and potential mine development activities on the potash projects in Kazakhstan which will require the Group to raise additional funds through debt and equity. The existence of these conditions indicates a material uncertainty that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern.

Management has prepared cash flow projections for a period of 15 months from the date of approval of the annual financial report inclusive of funding initiatives that demonstrate the Consolidated Entity, having reached agreement in respect to convertible note funding rollover and subject to success in respect of other cash raising initiatives, will have sufficient cash to meet its obligations over this period.

Notwithstanding the above, the directors have prepared the annual financial statements 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:

- The consolidated statement of financial position at 31 December 2019 includes current financial liabilities of $49,561,169. The majority of this balance relates to the following:
    - $30 million convertible note facility that matured on 25 November 2019. Agreement has been reached with the holder of the convertible notes to roll over the existing convertible note facility and subscribe for, or procure that its nominee subscribes for, 30 million $1 convertible notes that mature 4 years from the issue date. The issue of the replacement convertible notes is subject to shareholder approval:

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern (Continued)

- The Board approved and executed a Convertible Note agreement with Harvest Leader International Limited (HLL) for $3.5 million on 15 February 2020. The Convertible Note's key terms are in line with the terms on a pro-rata basis as agreed with the CAR Fund as announced on 5 December 2019. Under the terms of the agreement, HLL also agrees to make available funds up to $3.5 million to the Company on application of which $500,000 has drawn down on to date. HLL, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note ($1 per note) is convertible into 50 fully paid ordinary shares in the Company. No interest is payable on the Convertible Notes. In lieu of interest and for agreeing to enter into the Convertible Notes, HLL (or its nominee) will be issued 175 million fully paid ordinary shares in the Company. The balance of funding from the Convertible Note will be used for general working capital. On 8 July 2020, under the terms of the Convertible Note agreement with HLL and after the receipt of the $500,000, the Company issued the requisite Convertible Notes of funds received together with proportion of shares equating to 25 million ordinary shares in the Company to HLL. On receipt of the Convertible Notes for the value of $500,000, HLL elected to convert the Convertible Notes for ordinary shares in KPC. An additional 25 million ordinary shares in the Company were allocated to HLL as a result of the conversion.
- KPC executed a Convertible Note for $6.5 million with the CWSI Group Limited (CWSI) and was executed on 31 December 2019. The Convertible Note’s key terms are in line with the terms on a pro-rata basis as agreed with the CAR Fund as announced on 5 December 2019. Under the terms of the agreement CWSI, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note ($1 per note) is convertible into 50 fully paid ordinary shares in the Company. No interest is payable on the Convertible Notes. In lieu of interest and for agreeing to enter into the Convertible Notes, CWSI (or its nominee) will be issued 325 million fully paid ordinary shares in the Company. Under the terms of the agreement, KPC can, on request, draw down against the $6.5 million. To date, KPC has drawn down $6.5 million which has been used to settle liabilities on the Kazakhstan projects, payments in relation to the Satimola Limited transaction and general working capital.
- On 18 May 2020, shareholders approved the issue of the Convertible Notes to Harvest Leader International Limited (HLL) for $3.5 million and the issue of 175 million fully paid ordinary shares and Convertible Note to CWSI Group Limited (CWSI) for $6.5 million and the issue of 325 million fully paid ordinary shares.

  On 14 April 2020, the KPC Board agreed to execute a Term Sheet in relation to the assignment of the City Winner Holdings (CWH an entity related to a former director Madam Cheung) an original debt in Satimola of US$5 million to KPC, and for KPC to convert the assigned debt to the terms of a proposed issue of secured convertible notes (Convertible Notes) to CWH. The Convertible Note's key terms are in line with the terms on a pro-rata basis as agreed with the CAR Fund as announced on 5 December 2019. Under the terms of the agreement CWH, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note ($1 per note) is convertible into 50 fully paid ordinary shares in the Company. No interest is payable on the Convertible Note. In lieu of interest and for agreeing to enter into the Convertible Note, CWSI (or its nominee) will be issued 512.3 million fully paid ordinary shares in the Company. The Convertible Note is subject to shareholder approval which the Board have approved and of KC will seek shareholder approval at a General Meeting which will be called in due course.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern (Continued)

- USD$5.029 million owing to Asia Pacific Resources Development Investment Limited (APRDIL) by Satimola Limited via a loan note certificate. An understanding has been reached through discussions between KPC and the principal of APRDIL where the outstanding balance will be repaid either at the commencement of production at the Satimola project or at the engagement of a development partner for the project, whichever occurs sooner. There is a risk that APRDIL may request payment prior to production commencement or development partner engagement, and in this circumstance, if it arises, KPC will look to arrange for payment of the balance of the Loan Note Certificate. The APRDIL representative on the Satimola Limited's board continues in the role with the KPC appointed directors and the APRDIL principal has been a major shareholder of KPC since 2011.

- The directors will continue to source additional funding, through either debt or equity as is considered appropriate over this period to enable the Consolidated Entity to continue the development process. The specific funding initiatives that are already in place include:
  - A Convertible Note with Harvest Leader International Limited (HLL) to the value of $3.5 million of which $500,000 has been drawn down against for working capital purposes and completion of the Satimola transaction;
  - Proceeds from the sale of East Global Limited of $1.35 million;
  - Off-market transfer of the Simon Cong (MCC) KPC shares has been agreed on KPC terms and is being arranged at $0.02/share with proceeds to KPC;
  - Off-market transfer of the Zhang Daling is under negotiation with a view to arrange a $0.02/share with proceeds to KPC; and
  - The placement mandate has been refreshed allowing the Company to place 400 million Equity Securities which will be applied as required during the period to meet the obligations of the Company. Discussions, with a number of financiers and potential development partners who have been identified as sources of either placement or convertible note funding have been on-going since the beginning of the year and have been very positive to date.
  - If funding is required, the Consolidated Entity has received an on-going financial support letter dated 20 June 2020 from the CAR Fund. The financial support is for a period of at least 18 months from the date of the letter.

- The Company is budgeting to retire all short-term debt.

The requirement to raise additional capital and funding to meet its operating and exploration and development activities creates a material uncertainty that may cast doubt on the consolidated entity's ability to continue as a going concern. 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 and at amounts different to those stated in the financial report. The report 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 Consolidated Entity be unable to continue as a going concern and meet its debts as and when they become due and payable.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern (Continued)
COVID-19 Impact
Subsequent to the reporting date, on 31 December 2019, the World Heath Organisation (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19 outbreak) and the risks to the international community and the virus spread globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having significant negative impact on world stock markets, currencies and general business activities.

Work on the projects included in the current cash flows from operating activities do not allow for significant delays which may result from the global COVID-19 pandemic. At this stage it is impossible to forecast the impact this pandemic may have, if any, on the timing in the completion of the work in the projects, this can be expected to materially affect the Company's forecast cash flows in terms of operating, investing and financial activities. The occurrence of significant delays in forecast operating activities and plans may lead to requiring the Company to raise additional finance or equity to fund ongoing operations.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kazakhstan Potash Corporation Limited as at 31 December 2019 and the results of all subsidiaries for the year then ended. Kazakhstan Potash Corporation Limited and its subsidiaries together are referred to in these financial statements as the "Consolidated Entity".

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity 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 Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. 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.

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial report is presented in Australian dollars, which is Kazakhstan Potash Corporation Limited's functional and presentation currency.

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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

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.

Revenue recognition
Revenue from contracts with customers within AASB 15
Identification of performance obligations
At contract inception, the Consolidated Entity assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:
(a) a good or service (or a bundle of goods or services) that is distinct; or
(b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:
(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
(b) the Consolidated Entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition
Revenue is recognised when (or as) the Consolidated Entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)
<u>Revenue from contracts with customers within AASB 15 (Continued)</u>
Timing of revenue recognition (Continued)
The Consolidated Entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:
(a) the customer simultaneously receives and consumes the benefits provided by the Consolidated Entity's performance as the Consolidated Entity performs;
(b) the Consolidated Entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
(c) the Consolidated Entity's performance does not create an asset with an alternative use to the Consolidated Entity and the Consolidated Entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Consolidated Entity satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Consolidated Entity considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Service income is recognised over time when services are rendered.
For revenue recognised over time under AASB 15, provided the outcome of the performance obligation can be reasonably measured, the Consolidated Entity applies the output method (i.e. based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract) to measure the progress towards complete satisfaction of the performance obligation because the method provides a faithful depiction of the Consolidated Entity's performance and reliable information is available to the Consolidated Entity to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Transaction price: significant financing components
When the contract contains a significant financing component (i.e. the customer or the Consolidated Entity is provided with a significant benefit of financing the transfer of goods or services to the customer), in determining the transaction price, the Consolidated Entity adjusts the promised consideration for the effects of the time value of money. The effect of the significant financing component is recognised as an interest income or interest expense separately from revenue from contracts with customers in profit or loss.

The Consolidated Entity determines the interest rate that is commensurate with the rate that would be reflected in a separate financing transaction between the Consolidated Entity and its customer at contract inception by reference to, where appropriate, the interest rate implicit in the contract (i.e. the interest rate that discounts the cash selling price of the goods or services to the amount paid in advance or arrears), the prevailing market interest rates, the Consolidated Entity's borrowing rates and other relevant creditworthiness information of the customer of the Consolidated Entity.

Variable consideration
If the consideration promised in a contract includes a variable amount, the Consolidated Entity estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer. The variable consideration is estimated by using either the expected-value or the most-likely-amount method whichever is better to predict the entitled amount. The estimated variable consideration is then included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised of the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)
Revenue from contracts with customers within AASB 15 (Continued)
Variable consideration (Continued)
Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost or Mandatory FVOCI that are not credited-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Income tax
The income tax expense or benefit for the year is the tax payable on that year'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.

Cash and cash equivalents
Cash and cash equivalents include 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Consolidated Entity becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Consolidated Entity's contractual rights to future cash flows from the financial asset expire or (ii) the Consolidated Entity transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ('FVPL'), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("Mandatory FVOCI"); (iii) equity investment measured at fair value through other comprehensive income ("Designated FVOCI"); or (iv) measured at fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the Consolidated Entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Consolidated Entity changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model (the "reclassification date").

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Consolidated Entity's financial assets at amortised cost include cash and bank balances, deposits, prepayments and other receivables.

Financial assets are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)
Impairment of financial assets
The Consolidated Entity recognises loss allowances for expected credit losses (“ECL”) on financial assets that are measured at amortised cost, Mandatory FVOCI, lease receivables, contract assets, loan commitments and financial guarantee contracts issued to which the impairment requirements apply in accordance with AASB 9. At each reporting date, the Consolidated Entity measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

For trade and other receivables, the Consolidated Entity applies a simplified approach in calculating ECL. The Consolidated Entity recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped on the following basis of shared credit risk characteristics:
(i) past due information
(ii) nature of instrument
(iii) nature of collateral
(iv) industry of debtors
(v) geographical location of debtors
(vi) external credit risk ratings

Assessment of significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Consolidated Entity compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Consolidated Entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Consolidated Entity presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the receivables due from government authorities for which the Consolidated Entity has reasonable and supportable information to demonstrate that previous non-payments were an administrative oversight, instead of resulting from financial difficulty of the borrower, or that there is no correlation between significant increases in the risk of a default occurring and financial assets on which payments are more than 30 days past due, but that evidence does identify such a correlation when payments are more than 60 days past due.

Notwithstanding the foregoing, the Consolidated Entity assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Definition of default

The Consolidated Entity considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Consolidated Entity may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Consolidated Entity, in full (without taking into account any collaterals held by the Consolidated Entity); or
(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Consolidated Entity considers that default has occurred when a financial asset is more than 90 days past due unless the Consolidated Entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;
(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.
(b) a breach of contract, such as a default or past due event.
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
(e) the disappearance of an active market for that financial asset because of financial difficulties.
(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Consolidated Entity writes off a financial asset when the Consolidated Entity has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Consolidated Entity expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Consolidated Entity's procedures for recovery of amounts due. Any recovery made is recognised in profit or loss.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. Credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Consolidated Entity becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Consolidated Entity's financial liabilities include accrued expenses and other payables, and liability portion of convertible notes. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Joint Venture

The Consolidated Entity has applied *AASB 11 Joint Arrangements* to its joint venture arrangements. Under AASB 11, investments in joint arrangements are classified as either operations or joint ventures depending on the contractual rights and obligations each investor has. The Consolidated Entity has assessed the nature of its joint arrangements and determined it to be a joint venture. Joint Ventures are accounted for using the equity method in the Consolidated Entity's consolidated financial statements.

Under the equity method of accounting, investments in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Consolidated Entity's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Consolidated Entity's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Consolidated Entity's net investment in the joint ventures), the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Consolidated Entity and its joint ventures are eliminated to the extent of the Consolidated Entity's investments in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed when necessary to ensure consistency with the policies and adopted by the Consolidated Entity.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Venture (Continued)
The Consolidated Entity determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Consolidated Entity calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to the share of results of the joint venture, in the consolidated statement of profit or loss.

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 ofplant and equipment over their expected useful lives as follows:

Leasehold improvements	Over lease term
Computer and office equipment	1 - 10 years
Furniture and fixtures	2 - 15 years
Motor vehicles	3 - 10 years
Machinery	4 - 10 years
Buildings and structures	10 - 30 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 Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss

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 period in which the decision is made.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Provisions
Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity 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.

Employee benefits
Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in current liabilities, otherwise they are classified as non-current, 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. 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 corporate 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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits (Continued)
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 the consolidated entity 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 the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)
On the acquisition of a business, the Company assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Company's operating or accounting policies and other pertinent conditions in existence at the acquisition-date. Where the business combination is achieved in stages, the Company 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 recognized 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.

Loss per share
Basic loss per share
Basic loss per share is calculated by dividing the profit attributable to the owners of Kazakhstan Potash Corporation Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the financial period.

Diluted loss per share
Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goods and Services Tax ("GST") and other similar taxes (Continued)
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.

New or amended Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standard Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The key messages and implications of the standard are that lessees will no longer be required to classify leases as either operating or finance leases. Lessees will recognise all leases in the balance sheet (subject to limited exemption) in a similar manner to existing finance leases, by recognising a "right-of-use" asset and a lease liability for the present value of the obligation. The requirements for lessor accounting have been carried forward from *AASB 117* Leases largely unchanged. Optional exemptions exist for short-term leases (12 months or less) and low value leases where you may elect to recognise the lease payments in profit or loss on a straight line basis, or another systematic manner that depicts the pattern of expected benefits, instead of applying the recognition and measurement requirements in *AASB 16*. These exemptions apply on a lease-by-lease basis. One will no longer recognise straight-line expenses for operating lease costs. All leases will incur a front-end loaded expense, comprising depreciation on the right-of-use asset, and interest on the lease liability. When initially measuring the right-of-use asset and lease liability, non-cancellable lease payments (including inflation-linked payments), as well as payments for option periods which the entity is reasonably certain to exercise, must be included in the present value calculation. Contingent (e.g. turnover linked) rentals will not be capitalised into the right-of-use asset but continue to be expensed in profit or loss.

In January 2019, all leases were cancelled. As the Consolidated Entity has no leases as defined under *AASB 16*, the adoption of *AASB 16* has had no impact to the financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements 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 judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Share-based payment transactions
The Consolidated Entity 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 loan 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.

Estimation of useful lives of assets
The Consolidated Entity determines the estimated useful lives and related depreciation charges for its plant and equipment and intangible assets. 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
The Consolidated Entity 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. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on the Consolidated Entity'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 the Consolidated Entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. To date, the Consolidated Entity has not recognised any deferred tax assets on the basis that there is insufficient certainty over the Company's ability to utilise these losses in future periods to offset taxable profits. See Note 6.

Measurement of Convertible Notes
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 the difference between this amount and the issue price of the convertible notes is carried as a non-current liability on the amortized 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.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Exploration and evaluation costs
Exploration and evaluation costs have been capitalized on the basis that the Consolidated Entity will commence commercial production in the future, from which time the costs will be amortized in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalized which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalized. In addition, costs are only carried forward if they are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalized costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Provision for rehabilitation or retirement of asset
According to the environmental laws and subsoil use contract, the Consolidated Entity has a legal liability mitigate the consequences of the deposit development. The liability is recognised at the net present value of expected future costs. The liability recognised represents the management's best estimate of the costs to be incurred in future; however, a judgment is required as many of those estimated costs will not be accurate up to the end of the deposit development. The calculations are reviewed annually and are based on current regulatory requirements as well as on estimated life of the deposit. Significant changes in estimates of pollution degree, restoration standards and methods may result in changes in liabilities over time.

Classification of joint arrangements
The joint venture agreements in relation to Chongqing Bright Road Industrial Co., Ltd ("CBRI") require unanimous consent from all parties for all relevant activities. This entity is therefore classified as a joint venture even though it holds 51% of the voting rights and the Consolidated Entity recognise its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with *AASB 128 Investments in Associates and Joint Ventures* as described in Note 1.

3. OPERATING SEGMENTS

The Consolidated Entity operated predominately as an explorer with the view to identify attractive mineral deposits of sufficient grade and size to provide sustainable returns to shareholders. Following the completion of the acquisition of the Kazakhstan Potash Projects, the Consolidated Entity operates mainly in Kazakhstan, via subsidiaries in Hong Kong and China. The Chief Operating Decision Maker ('CODM') reviews operating performance of the consolidated entity based on management reports that are prepared. At regular intervals, the CODM is provided management information at a consolidated entity level for the consolidated entity's cash position, and reviews geological results and other qualitative measures as a basis for decision making. On this basis, no segment information is included in these financial statements.

4. REVENUE

	Consolidated	
	2019	2018
	$	$
Interest income	**26,798**	28,060
Gains from issue of shares	**-**	5,000
Service income	**188,292**	235,692
Total revenue	**215,090**	268,752

5. EXPENSES

	Consolidated	
Loss before income tax from continuing operations includes the following specific expenses:	**2019**	2018
	$	$
Depreciation and amortisation		
Buildings and structures	**-**	303
Leasehold improvements	**-**	5,968
Computer and office equipment	**9,058**	43,198
Furniture and fixtures	**8,044**	5,566
Motor vehicle	**-**	3,534
Machinery	**34,460**	33,623
Intangible assets	**116**	1,524
Total depreciation and amortisation	**51,678**	93,716
Consulting fees	**-**	183,164
Finance costs		
Unwinding of discount – Convertible Notes	**5,465,936**	4,906,813
Interest expense – Short Term Loan	**275,804**	109,957
Total finance costs	**5,741,740**	5,016,770
Rental expense relating to operating leases	**299,650**	784,234
Superannuation expense		
Defined contribution superannuation expense	**3,304**	5,928
Gain on disposal of investment		
Gain on disposal of investment (Note 11) (i)	**341,281**	-
Impairment of assets		
Impairment of exploration and evaluation assets of Batys Kali	**42,147,941**	44,047,619
Reversal of deferred tax liability due to impairment of exploration and evaluation assets (Note 16)	**(7,138,935)**	(8,809,524)
Impairment of receivables	**-**	440,234
Total impairment of assets	**35,009,006**	35,678,329

(i) This is the gain from the disposal of East Global Limited, the equity holder via a subsidiary in Chongqing Bright Road Industrial Co Ltd ("CBRI") which was the joint venture partner with Chongqing Material of Agricultural Production (Group) Co Ltd ("CMAG"). On 26 December 2019, KPC sold its interest in its joint venture. The Board determined that KPC should focus its efforts on its potash projects in Kazakhstan and therefore reached agreement to sell its interest in the joint venture. Under the terms of the agreement the transaction was for $1.5 million payable in two tranches. The first tranche of $150,000 was received in March 2020. The balance is due 30 September 2020.

6. INCOME TAX EXPENSE

	Consolidated	
	2019	2018
	$	$
Current tax expense	**-**	-
Deferred tax	**-**	-
Income tax expense	**-**	-
Reconciliation between prima facie tax on loss from ordinary activities to statutory income tax expense		
Loss on ordinary activities before income tax	**(44,612,826)**	(49,869,408)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	**(13,383,848)**	(14,960,822)
Add tax effect of		
Differences in tax rates	**(36,491)**	3,716,345
Non-deductible items, temporary differences and losses not recognized	**13,420,339**	11,244,477
Income tax expense	**-**	-

The benefit of tax losses has not been brought to account at 31 December 2019 because the directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time.

These tax losses are also subject to final determination by the Taxation authorities when the Group derives taxable income. The benefits will only be realised if:

(a) The Company and its subsidiaries derive future assessable income of a nature and of an amount sufficient to enable the benefit of the deduction for the losses to be realised;

(b) The Company and its subsidiaries continue to comply with the conditions for the deductibility imposed by law; and

(c) No changes in the tax legislation adversely affect the Company and its subsidiaries in realising the benefit of the losses.

Australian tax losses are subject to further review by the Consolidated Entity to determine if they satisfy the necessary legislative requirements under the Income Tax legislation for the carry forward and recoupment of tax losses.

7. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated	
	2019	2018
	$	$
Cash on hand	**9,850**	**25,165**
Cash at bank (i)	**15,167**	**131,900**
Cash on deposit	**578**	**1,417**
	25,595	**158,482**

(i) Included in cash at bank as of 31 December 2019 was an amount of $Nil (2018: $4,637) at Satbor LLP, a subsidiary in Kazakhstan, which is restricted for use to only repay outstanding tax debts owing to the Kazakhstan Government.

8. CURRENT ASSETS – OTHER ASSETS

	Consolidated	
	2019	2018
	$	$
Sundry debtors, deposit and other receivables (i)	**2,070,926**	565,845

(i) Includes $1,500,000 receivable from disposal of East Global Limited group of companies which owns joint venture of Chongqing Material of Agricultural Production (Group) Co Ltd (“CMAG”). The initial payment of $150,000 deposit has been received in March 2020 with the balance due for payment in September 2020.

9. NON-CURRENT ASSETS – FINANCIAL ASSETS

	Consolidated	
	2019	2018
	$	$
Restricted cash (i)	**248,507**	245,223
Deposits paid	**-**	27,116
Loan to West Kaz Regional Energy	**10,706**	10,646
	259,213	282,985

(i) The amount represents deposits maintained in a special bank account which can be used by the Company only with the approval of the Ministry of Industry and Innovative Technologies of the Republic of Kazakhstan to cover the costs of regeneration and recultivation of the Contract territory in Kazakhstan. Unused part of the deposits will be returned to the Company after expiration of the Contract.

10. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Consolidated	
	2019	2018
	$	$
Intangible assets - at cost	**38,158**	38,158
Less: Accumulated amortisation	**(37,990)**	(37,880)
	168	278

Intangible assets include special acquired software which is generally used in the process of geological and geophysical exploration.

Reconciliation
A reconciliation of the written down value at the beginning and end of the current year is set out below:

	Consolidated	
	2019	2018
	$	$
Opening balance	**278**	1,807
Foreign exchange difference	**6**	(5)
Amortisation expenses	**(116)**	(1,524)
Closing balance	**168**	278

11. INVESTMENT IN JOINT VENTURE

Interests in a joint venture is accounted for using equity method of accounting. Information relating to the joint venture that are material to the Consolidated Entity are set out below:

		Ownership interest	
	Principal place of business /	**2019**	2018
Name	**Country of incorporation**	**%**	%
Chongqing Bright Road Industrial Co., Ltd.	People's Republic of China	**-**	51

On 26 December 2019, KPC sold its interest in its joint venture in Chongqing Bright Road Industrial Co Ltd ("CBRI") via the disposal of East Global Limited, the equity holder in CBRI which was the joint venture with Chongqing Material of Agricultural Production (Group) Co Ltd ("CMAG"). The Board determined that KPC should focus its efforts on its potash projects in Kazakhstan and therefore reached agreement to sell its interest in the joint venture.

11. INVESTMENT IN JOINT VENTURE (CONTINUED)

	Consolidated	
Summarised statement of profit or loss and other comprehensive income	**2019**	2018
	$	$
Revenue	**-**	69,886
Interest income	**-**	-
Exchange loss	**-**	-
Other expenses	**(207,790)**	(5,264,941)
Loss before income tax	**(207,790)**	(5,195,055)
Income tax expense	**-**	-
Loss after income tax	**(207,790)**	(5,195,055)
Other comprehensive income	**(3,576)**	263,662
Total comprehensive income	**(211,366)**	(4,931,393)
Reconciliation of the consolidated entity's carrying amount		
Opening carrying amount	**1,190,360**	3,358,298
Share of loss after income tax:	**(105,973)**	(2,649,478)
Share of other comprehensive income	**(1,824)**	134,468
Share of total comprehensive income	**(107,797)**	(2,515,010)
Foreign exchange difference	**78,631**	347,072
Disposal of investment	**(1,161,194)**	-
Closing carrying amount	**-**	1,190,360

The Board determined that KPC should focus its efforts on its potash projects in Kazakhstan and therefore reached agreement to sell its interest in the joint venture

12. NON-CURRENT ASSETS – PLANT AND EQUIPMENT

	Consolidated	
	2019	2018
	$	$
Leasehold improvements – at cost	**-**	307,529
Less: Accumulated depreciation	**-**	(307,529)
	-	-
Computers and office equipment – at cost	**219,347**	194,352
Less: Accumulated depreciation	**(214,060)**	(187,172)
	5,287	7,180
Furniture and fixtures – at cost	**91,644**	55,588
Less: Accumulated depreciation	**(73,210)**	(31,326)
	18,434	24,262
Buildings and structures – at cost	**4,695,046**	4,650,562
Less: Accumulated depreciation	**(2,020,620)**	(1,843,277)
	2,674,426	2,807,285
Motor vehicles – at cost	**34,188**	33,617
Less: Accumulated depreciation	**(34,188)**	(33,617)
	-	-
Machinery – at cost	**2,119,416**	340,971
Less: Accumulated depreciation	**(1,917,536)**	(92,712)
	201,880	248,259
Construction in progress – at cost	**1,209,891**	1,189,687
Less: Accumulated depreciation	**-**	-
	1,209,891	1,189,687
Total plant and equipment	**4,109,918**	4,276,673

12. NON-CURRENT ASSETS – PLANT AND EQUIPMENT (CONTINUED)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings and structures $	Leasehold improvements $	Computers and office equipment $	Furniture and fixtures $	Motor vehicles $	Machinery $	Construction in progress $	Total $
Balance at 1 Jan 2018	-	5,735	48,163	27,735	3,517	264,915	-	350,065
Acquisition of subsidiaries	3,210,357	-	-	820	-	20,809	1,189,167	4,421,153
Disposal	(158,093)	-	-	-	-	-	-	(158,093)
Depreciation expense capitalized to E&E	(149,230)	-	-	-	-	-	-	(149,230)
Foreign exchange difference	(95,446)	233	2,215	1,273	17	(3,842)	520	(95,030)
Depreciation expense	(303)	(5,968)	(43,198)	(5,566)	(3,534)	(33,623)	-	(92,192)
Balance at 31 Dec 2018	2,807,285	-	7,180	24,262	-	248,259	1,189,687	4,276,673
Additions	13,955	-	11,285	42,244	-	-	-	67,484
Disposals	-	-	(4,064)	(32,120)	-	(10,470)	-	(46,654)
Depreciation expense capitalized to E&E	(177,343)	-	-	(8,330)	-	-	-	(185,673)
Foreign exchange difference	30,529	-	(56)	422	-	(1,449)	20,204	49,650
Depreciation expense	-	-	(9,058)	(8,044)	-	(34,460)	-	(51,562)
Balance at 31 Dec 2019	**2,674,426**	**-**	**5,287**	**18,434**	**-**	**201,880**	**1,209,891**	4,109,918

Included in plant and equipment as of 31 December 2019 was an amount of $4,016,921 at Satbor LLP, a subsidiary in Kazakhstan, which is restricted from being disposed until all outstanding tax debts owing to the Kazakhstan Government has been settled.

13. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	2019	2018
	$	$
Exploration and evaluation assets	**41,826,374**	81,445,240
Reconciliation of amount:		
Opening balance	**81,445,240**	99,760,724
Acquisition of Satimola	**-**	25,329,429
Capitalised expenditure	**1,818,203**	89,298
Impairment	**(42,147,941)**	(44,047,619)
Foreign exchange difference	**710,872**	313,408
Closing balance	**41,826,374**	81,445,240

During this year the Company conducted an impairment assessment of its mineral assets in Kazakhstan and formed the view that the Chelkar, Zhilyanskoye and Satimola assets had indicators of impairment as assessed against the requirements of *AASB 6 Exploration and Evaluation of Mineral Resources* specifically paragraph 20(a) and 20(b). In respect of each paragraph the director's comment as follows:

a) *the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.*

13. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS (CONTINUED)

I. Zhilyanskoye – KPC received a letter on 1 July 2020, from the MIID in relation to KPC's Zhilyanskoye project in Kazakhstan. The MIID has informed KPC that the transition to mining under the Subsoil Use Contract (SSUC) has not proceeded and as such the government has requested a return of the contractual area. KPC has responded to the MIID and believes it will result in the MIID withdrawing its request, however there can be no guarantee that this will occur. The Board has adopted the position that at this stage it is prudent to treat the Zhilyanskoye project as impaired until such time as the issue with the MIID resolves.

II. Chelkar – The SSRUC continues and is valid for 51 years since its initial granting on 11 December 2008. The exploration period has expired. Renewal of an extension of the exploration period has been provided to the MIID, however additional discussion continues with the MIID in relation to extending the exploration period further to encompass 2020/2021.

III. Satimola – The SSRUC continues and is valid for 23 years since its initial granting on 19 April 2004 and KPC is reviewing the current development program in conjunction with the MIID, which is expected to result in an agreed approach during the second half of 2020.

The Sub Soil Use Contracts (SSUC) for two projects (Chelkar and Satimola) continue to be current as verified through the government department responsible for their management, the MIID on-line site. Under the terms of each SSUC there are specified stages and times for exploration, development (transition to mining) and mining of each site, which can be varied between the parties through mutual agreement via an Addendum to the specific SSUC. For various reasons, the Company has not completed some specified stages within the allocated time which creates a risk to the on-going status and currency of the SSUC's for the project(s).

KPC received a letter on 1 July 2020, from the MIID in relation to KPC's Chelkar project in Kazakhstan. The MIID has requested a report on the progress in relation to the exploration of the project in relation to the negotiation of the exploration component of the SSUC.

In response to that letter, KPC wrote to the MIID and has advised them that due to the recent drop in potash prices the Company engaged the engineering company Tetra- Tech to complete a bankable feasibility study for the Chelkar project. This work is still in progress and scheduled to be complete before the end of this year. Based on this feasibility study the company will assess the exploration and mining plan for the deposit including selection of mining methods and processing technology.

Considering the available preliminary conclusions of the ongoing feasibility study the company will complete the exploration work program which will be submitted to the MIID for review within the next two months. At completion of additional exploration, the company plans to do the JORC report and transit to mining. The company plans to resume operation of the Chelkar project starting from 2020 and provide employment in the region. The budget for the planned works was also forwarded to the MIID including investments for development of the Chelkar Deposit. This budgeted expenditure amounts to $2.12 million for the period.

While KPC believes that the SSUC negotiation with the MIID will result in the necessary amendment to the SSUC to allow for the planned work to complete, there can be no guarantee that this will occur.

KPC received a letter on 1 July 2020, from the MIID in relation to KPC's Satimola project in Kazakhstan. The MIID has noted that the social obligations in the SSUC which relate to such items as social development, local training and contribution to a liquidation fund are outstanding and require payment. Also, the agreed spend by Satimola on the work program agreed with the MIID in 2015 has not progressed according to that budget.

13. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS (CONTINUED)

While KPC believes that the payment of the outstanding liabilities and submission of the revised work program will satisfy the MIID's request, which KPC has indicated to the MIID it will do, there can be no guarantee that will occur.

There is no certainty that the MIID will continue the engagement process with the Company in relation to its development plans and SSUC obligations and there is a risk that the MIID may form a view contrary to the continued currency for either, one, or all of the SSUCs, however as at the date of this report there is no such indication for the Chelkar and Satimola projects and hence the directors are of the view that tenure remains intact for the SSUCs.

b) *substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.*

I. Zhilyanskoye – Indicator of impairment. Budgeted expenditure has been put on hold pending the outcome of the discussion with the MIID in relation to 1 July 2020 letter. On the basis of the MIID letter the project has been fully impaired.

II. Chelkar – Indicator of impairment. The Company has begun planning and revised implementation of the final stage exploration program. Discussions with the MIID continue in relation to extending the exploration period further to encompass 2020/2021.

III. Satimola – Indicator of impairment. Work is underway to review the current development program in conjunction with the MIID which is expected to result in an agreed approach during the second half of 2020.

In respect of the Company's plans for the projects the Company has failed to significantly progress the projects due to a lack of funding being available. The current plans for the projects all require significant further funding. The Company has secured some funding and identified potential sources for additonal funding but the lengthy period that has passed since significant progress has been made on the projects and the uncertainty around the ability to source funds to undertake planned activities are considered indicators of impairment.

When impairment indicators are present, an estimate of the asset's (Chelkar and Satimola) recoverable amount is calculated, being the higher of fair value less costs of disposal and the asset's value in use. In order to calculate the recoverable amount, the Company had in March 2018, August 2018, January 2020 and May 2020, commissioned CSA Global to prepare independent valuations of the mineral assets held by the Company in Kazakhstan.

Impairment Test

CSA Global has determined that the appropriate valuation approach for the projects is the comparative transaction valuation method. This approach looks at prior transactions for the property and recent arm's length transactions for comparable properties. This methodology looks at a time frame of the five years prior to the valuation date. It provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares. These estimates are considered level 2 fair value measurements (as defined by accounting standards) as they are derived from valuation techniques that include inputs that are based on observable market data. KPC considered the input and the valuation approach to be consistent with the approach taken by market participants.

13. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS (CONTINUED)

August 2018 Valuation Methodology	**Project**	**Mineral Asset**	**Ownership**	**Area (km sq)**	**Valuation (A$M)**		
					Low	**Preferred**	**High**
Comparative transaction valuation method	Zhilyanskoye Mineral Resource	Pre-Development	95%	88	32.0	41.3	50.5
	Zhilyanskoye Exploration Area	Advance Exploration Area			0.7	1.3	2.0
	Subtotal – Zhilyanskoye			**88**	**32.7**	**42.6**	**52.5**
	Chelkar	Advance Exploration Area	95%	779	8.0	13.6	19.2
	Total			**867**	**40.7**	**56.2**	**71.7**

February 2020 Valuation Methodology	**Project**	**Mineral Asset**	**Ownership**	**Area (km sq)**	**Valuation (A$M)**		
					Low	**Preferred**	**High**
Comparative transaction valuation method	Zhilyanskoye Mineral Resource	Pre-Development	95%	88	41.8	52.2	52.7
	Zhilyanskoye Exploration Area	Advance Exploration Area			0.7	1.3	2.0
	Subtotal – Zhilyanskoye			**88**	**42.5**	**53.5**	**54.7**
	Satimola Mineral Resource	Advance Exploration Area	96% (31 December 2019: 74%)	246	56.4	70.3	84.7
	Chelkar	Advance Exploration Area	95%	779	8.0	13.6	19.2
	Total			**1,113**	**106.9**	**137.4**	**158.6**

An updated CSA Global independent valuation (May 2020) commissioned for an upcoming general meeting has affirmed the carrying value of the respective mineral assets at 31 December 2019 for Chelkar and Satimola.

13. NON-CURRENT ASSETS – EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Carrying value of exploration and evaluation assets

For the period ended 31 December 2018 the Company took guidance from the CSA Global independent valuation as at 30 June 2018 (commissioned in August 2018) and impaired the aggregate asset value of Zhilyanskoye and Chelkar by $44 million to $56.2 million (Zhilyanskoye: $42.6 million and Chelkar: $13.6 million). In relation to the Satimola asset, a CSA Global independent valuation report commissioned in March 2018, prior to the acquisition indicated a fair value of $73.6 million.

After taking further guidance from the recent 2020 CSA Global independent valuation in conjunction with the 2018 valuations, the Company has affirmed the carrying value of the respective mineral assets at 31 December 2019 whereby the Chelkar asset's carrying value remains at $13.6 million which is also unchanged from the August 2018 valuation. In relation to the Satimola asset, the March 2018, February 2020 and May 2020 valuations were significantly higher than its carrying value of $26.3 million. Based on this assessment, no impairment to the assets is required at 31 December 2019.

In relation to the Zhilyanskoye asset's carrying value, the Board has determined that it will be impaired for the purposes of these accounts and it has been written down to $Nil.

14. CURRENT LIABILITIES – ACCRUED EXPENSES AND OTHER PAYABLES

	Consolidated	
	2019	2018
	$	$
Accrued expenses and sundry creditors	**4,903,009**	2,320,745
Other taxes and levies payable	**1,391,990**	1,310,778
Salary and pension payable	**985,022**	719,126
	7,280,021	4,350,649

15. CURRENT LIABILITIES – FINANCIAL LIABILITIES

	Consolidated	
	2019	2018
	$	$
Consideration payable for acquisition of Satimola (i)	**1,570,179**	2,390,965
Face value of convertible note (ii)	**30,000,000**	30,000,000
Discount on convertible note (ii)	**-**	(5,465,937)
Shareholder's loan – Senlin Liu (iii)	**1,920,476**	205,982
Related party loan – Asian New Energy (iv)	**1,259,681**	-
Related party loan – Madam Freada Cheung	**76,637**	-
Loan from former Prodrill director	**6,102**	-
Satimola Borrowings	**14,728,094**	14,567,161
	49,561,169	41,698,171

(i) The second tranche of approximately $0.72 million has been paid in May 2019. The remaining balance will be paid in 2020.

15. CURRENT LIABILITIES – FINANCIAL LIABILITIES (CONTINUED)

(ii) The Convertible Notes matured on 25 November 2019. On 5 December 2019, revised terms in relation to the CAR Fund $30 million Convertible Notes were agreed between the CAR Fund and KPC, with a Term Sheet executed by both parties. Under the terms of the new agreement the CAR Fund, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note ($1 per note) is convertible into 50 fully paid ordinary shares in the Company. No interest is payable on the Convertible Notes. In lieu of interest and for agreeing to enter into the new Convertible Note for a four-year period, the CAR Fund (or its nominee) will be issued 1.5 billion fully paid ordinary shares in the Company. The agreement is subject to shareholder approval and the Board of KPC will seek shareholder approval at a General Meeting which will be called in due course.

(iii) On 12 March 2019, Mr. Senlin Liu, a former Director and Chairman of the Board entered into an advance agreement with the Company. The advance amounting to $1,800,000 was made on 12 March 2019. Interest is charged at 12% per annum and repayable within three months. The loan is overdue, is continuing to accrue interest and its repayment will be negotiated with the lender.

(iv) On 1 May 2019, Asia New Energy Ltd entered into an advance agreement with the Company. Asia New Energy Ltd is a related party with former Director Madam Freada Cheung. Interest is charged at 12% per annum and repayable within one month. Subsequent to the reporting date, the loan has been repaid in full.

16. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	Consolidated	
	2019	2018
	$	$
Opening deferred tax on acquisition of the Batys Kali LLP (i)	**8,398,869**	17,208,393
Impairment of FV of E&E Asset (ii)	**(7,138,935)**	(8,809,524)
	1,259,934	8,398,869

Deferred tax liabilities arose:

(i) On the acquisition of the Batys Kali LLP in March 2014, a deferred tax liability was recognized in relation to the potash projects acquired.

(ii) Due to the impairment of the exploration and evaluation assets by $42,147,941 (2018: $44,047,619) in December 2019 (Note 5), the related deferred tax liability reduced by $7,138,935 (2018: $8,809,524).

The Consolidated Entity has not recognised any deferred tax assets in respect of the current financial year (31 December 2018: $Nil).

17. NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated	
	2019	2018
	$	$
Provision for historical costs reimbursement commitment (i)	**5,474,742**	6,000,527
Provision for asset liquidation liabilities (ii)	**817,384**	794,239
Provision for abandonment fund (iii)	**136,261**	133,984
	6,428,387	6,928,750

(i) In accordance with the Subsoil Use Contract the Company is obliged to reimburse the geological costs previously incurred by the Republic of Kazakhstan for the exploration and development of a site for potash and boron ores extraction at the Satimola deposit. The fixed reimbursement payment of US$8.92 million to the Government of the Republic of Kazakhstan for the historical costs incurred for the development of the specified site is payable by quarterly installments within 10 years after the start of production.

(ii) The amount of liability for asset liquidation and site restoration was determined as of 31 December 2019 and 2018 using nominal prices for liquidation works estimated at these dates and based on the application of the forecasted inflation rate in the period prior to the fulfillment of these liabilities until 2033 in the amount of 5.40% per annum (2018: 7.22% per annum).

As of 31 December 2019, the discount rate for calculating the net present value of estimated future costs for the assets liquidation and sites restoration was 7.68% per annum (2018: 7.68 per annum).

(iii) In accordance with Exploration and Production Contracts, the Company must establish a provision for abandonment fund to cover expenses for restoration and reclamation of the contract area. The Company has established a provision of 1% of exploration expenditures for this purpose.

18. EQUITY – ISSUED CAPITAL

	Consolidated		Consolidated	
	2019	2018	**2019**	2018
	Shares	Shares	**$**	$
Ordinary shares - fully paid	**1,499,210,993**	1,409,210,993	**151,614,231**	149,814,231
Treasury shares (i)	**120,000,000**	120,000,000	**68,904,000**	68,904,000
Total	**1,619,210,993**	1,529,210,993	**220,518,231**	218,718,231
At the beginning of the financial year	**1,529,210,993**	1,078,468,528	**218,718,231**	208,385,358
Shares issued as loan repayment	**-**	40,380,000	**-**	1,049,880
Shares placement	**-**	218,860,000	**-**	4,490,360
Shares issued as consideration for acquisition of MCC Resources SARLU	**-**	100,000,000	**-**	1,900,000
Shares issued as professional service on acquisition MCC	**-**	5,000,000	**-**	95,000
Shares issued in lieu of cash remuneration for directors	**-**	18,203,905	**-**	764,564
Shares issued in lieu of cash remuneration for senior employees (Note 33)	**10,000,000**	5,440,287	**200,000**	132,743
Shares issued in lieu of payment for services (Note 33)	**80,000,000**	358,273	**1,600,000**	7,883
Shares issued to directors as reward and incentive	**-**	61,500,000	**-**	1,906,500
Shares issued to senior employees as reward and incentive	**-**	1,000,000	**-**	31,000
Capital raising costs	**-**	-	**-**	(45,057)
At end of the financial year	**1,619,210,993**	1,529,210,993	**220,518,231**	218,718,231

(i) Treasury shares include 120,000,000 shares required to be issued under a consultancy agreement with Celaric for its assistance in the acquisition of the Batys Kali assets. The value ascribed to these shares is the fair value of the consultancy services provided. The treasury shares to Celaric were issued on 4 March 2014 and are held in Voluntary Escrow. During the period of Voluntary Escrow, the shares will have no voting rights (subject to any required approval from the ASX) or the holder or holders of the shares will be restricted from exercising any voting rights attaching to them. On the release from Voluntary Escrow, the 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.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

18. EQUITY – ISSUED CAPITAL (CONTINUED)

Capital risk management

The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 31 December 2018 Annual Report.

19. EQUITY –RESERVES

	Share option $	Foreign currency $	Conversion right of convertible notes $	Other reserves $	Total $
Balance at 1 Jan 2018	4,012,535	(8,599,080)	9,084,797	-	4,498,252
Foreign currency translation	-	299,675	-	-	299,675
Return on capital for acquisition of MCC Resources SARLU	-	-	-	(1,558,000)	(1,558,000)
Expired options	(790,500)	-	-	-	(790,500)
Balance at 31 Dec 2018	3,222,035	(8,299,405)	9,084,797	(1,558,000)	2,449,427
Balance at 1 Jan 2019	3,222,035	(8,299,405)	9,084,797	(1,558,000)	2,449,427
Options expired	(819,000)	-	-	-	(819,000)
Foreign currency translation	-	30,521	-	-	30,521
Balance at 31 Dec 2019	**2,403,035**	**(8,268,884)**	**9,084,797**	**(1,558,000)**	**1,660,948**

Share option reserve
This reserve is used to recognize the grant date fair value of options issued to employees but not exercised.

Foreign currency reserve
Exchange differences arising on translation of the foreign controlled entity are recognized in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Conversion right of convertible notes reserve
This reserve is used to record the conversion right that arise as a result of issuance of convertible notes.

Other reserves
In the previous financial year, the Consolidated Entity entered into a Strategic Corporation Agreement ("Agreement") for the potential acquisition of 60% of Societe MCC Resource SARL ("MCC"). Pursuant to the Agreement, the Consolidated Entity issued 100,000,000 of its shares at $0.019 per share to the Seller on 26 March 2018 as part of the consolidation for the potential acquisition. The potential acquisition was subsequently unwound and the Seller agreed to return the shares to the Consolidated Entity.

20. EQUITY –ACCUMULATED LOSSES

	Consolidated	
	2019	2018
	$	$
At beginning of the financial year	**194,734,451**	146,240,938
Loss after income tax for the year	**44,580,059**	49,284,013
Transfer from share option reserve on expiry of options (Note 19)	**(819,000)**	(790,500)
At the end of financial year	**238,495,520**	194,734,451

21. EQUITY –DIVIDENDS

There were no dividends paid or declared during the current or previous financial years.

22. FINANCIAL INSTRUMENTS

Financial risk management objectives
The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. These include monitoring levels of exposure to interest rate, and foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Aging analyses and monitoring of specific credit allowances are undertaken to manage credit risk, and liquidity risk is monitored through the development of future rolling cash flow forecasts. The Board reviews and agrees policies for managing each of these risks as summarised below.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors (“the Board”). These policies include identification and analysis of the risk exposure of the Consolidated Entity and development of appropriate procedures, controls and risk limits. Finance identifies, evaluates and as far as possible, takes action to mitigate financial risks within the Consolidated Entity's operating units.

Market risks
Foreign currency risk
The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity’s functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

	Assets		Liabilities	
	2019	2018	**2019**	2018
Consolidated	**$**	$	**$**	$
US dollars	**256,299**	264,624	**185,661**	5,590
Hong Kong dollars	**59,617**	3,273,491	**300,761**	82,451
Chinese Renminbi	**2,146**	4,044	**169,311**	435,897
Kazakhstan Tenge	**983,770**	124,340	**11,880,160**	753,291
	1,301,832	3,666,499	**12,535,893**	1,277,229

22. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives (Continued)

Market risks (Continued)
Foreign currency risk (Continued)
Based on this exposure, had the Australian dollar weakened/strengthened by 10%/10% (2018: weakened/strengthened by 10%/10%) against these foreign currencies with all other variables held constant, the Consolidated Entity's loss after tax for the period would have been $1,123,406 higher/lower (2018: $238,927 lower/higher) and equity would have been $1,123,406 lower/higher (2018: $238,927 higher/lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual realised and unrealised foreign exchange gain for the year ended 31 December 2019 was $230,898 (2018: loss of $907,630).

Price risk
The Consolidated Entity is not exposed to any significant price risk.

Interest rate risk
The Consolidated Entity is not exposed to any significant interest rate risk as its main interest rate risk is limited to its variable rate cash and cash equivalent assets. Other borrowings have fixed or zero interest rate and interest rate risk is managed by constant monitoring of interest rates.

Credit risk
Credit risk comes from cash and cash equivalents, contractual cash flows and debt instruments and sundry debtors. Due to the limited nature of the credit risk assets are monitored individually based on knowledge of the debtor, past experience and any other relevant factors considered when determining whether to undertake the transaction. Debts are monitored and if required, expected credit losses are allowed for when identified.

The Consolidated Entity has no material credit risk exposure.

	Consolidated	
	2019	2018
	$	$
Cash and cash equivalents (excluding cash on hand)	**15,745**	133,317
Non-cash financial assets	**2,330,139**	848,830
	2,345,884	982,147

Cash and cash equivalents are held with large financial institutions with strong credit ratings.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements.

The Company manages liquidity risk by maintaining adequate reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

22. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives (Continued)
Liquidity Risk (Continued)
Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated 2019	Weighted average interest rate	1 year or less	Between 1 - 2 years	Between 2 -5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Accrued expenses and sundry creditors	-	**7,280,021**	-	-	-	**7,280,021**
Payable for Satimola acquisition	-	**1,570,179**	-	-	-	**1,570,179**
Loan from CWH	-	**7,136,740**	-	-	-	**7,136,740**
Loan from Sprint Capital	-	**7,178,249**	-	-	-	**7,178,249**
Loan from former Prodrill director	-	**6,102**	-	-	-	**6,102**
Interest-bearing - fixed rate						
Convertible note	Note (i)	**30,000,000**	-	-	-	**30,000,000**
Convertible note Satimola Group	Note (i)	**413,105**	-	-	-	**413,105**
Loan from Asian New Energy	12%	**1,259,681**	-	-	-	**1,259,681**
Loan from Madam Freada Cheung	12%	**76,637**	-	-	-	**76,637**
Loan from Senlin Liu	12%	**1,920,476**	-	-	-	**1,920,476**
Total non-derivatives		**56,841,190**	-	-	-	**56,841,190**

Consolidated 2018						
Non-derivatives						
Non-interest bearing						
Accrued expenses and sundry creditors	-	4,350,649	-	-	-	4,350,649
Payable for Satimola acquisition	-	2,390,965	-	-	-	2,390,965
Loan from CWH	-	7,094,396	-	-	-	7,094,396
Loan from Sprint Capital	-	7,135,891	-	-	-	7,135,891
Interest-bearing - fixed rate						
Convertible note	Note (i)	30,000,000	-	-	-	30,000,000
Convertible note Satimola Group	Note (i)	336,874	-	-	-	336,874
Loan from Senlin Liu	12%	205,982	-	-	-	205,982
Total non-derivatives		51,514,757	-	-	-	51,514,757

(i) Weighted average interest rate represents the effective rate of interest calculated by applying value of options issued in lieu of interest. The Convertible Notes do not pay cash interest.

The Company put a number of capital raising initiatives in place to address the issue of Liquidity Risk and these are detailed in the Going Concern section in Note 1 in this report.

23. KEY MANAGEMENT PERSONNEL DISCLOSURES

Related party transaction
Related party transactions are set out in Note 27.

24. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by BDO East Coast Partnership, the auditor of the company, its network firms, and non-BDO network firms:

	Consolidated	
	2019	2018
	$	$
BDO Audit Pty Ltd (previously BDO East Coast Partnership)		
Audit or review of the financial statements	**150,000**	354,800
BDO network firms		
Audit or review of the financial statements	**36,928**	24,632
Non-BDO network firms		
Audit or review of the financial statements	**44,072**	34,236
	231,000	413,668

25. CONTINGENT LIABILITIES

In accordance with the Kazakhstan tax laws, in 2014 Batys Kali LLP, the Company's subsidiary, has an obligation to pay a commercial discovery bonus for the Zhilyanskoye deposit. The taxable base for the assessment of commercial discovery bonus is the value of mineral reserves which is determined by reference to planned production costs as per the feasibility report approved by relevant authorized body increased by 20%. Tax laws specify the commercial discovery bonus payment period to be not later than 90 days after approval by the relevant authorized body of the mineral reserves of the deposit under combined exploration and production contract. Potash salt reserve estimation report on Zhilyanskoye deposit as at 1 January 2014 was approved in April 2014 by the Republic of Kazakhstan State Commission for Mineral Reserves.

As at the current date, Batys Kali LLP has no feasibility report specifying planned production costs and therefore are not able to determine the value of reserves as prescribed by the tax laws and, consequently, there is no taxable base for assessment of commercial discovery bonus.

Subsequently to the reporting period, a claim has been made by a former Director Mr. Senlin Liu in relation to outstanding loan amount owed and remuneration owed which is an aggregate amount of $2.6 million. Of the aggregate, the amount of $1.8 million with interest, is recognised as a financial liability by the Company which is intended to be repaid. The remaining of $840,000 is disputed by the Company and the Directors are confident of successfully defending this claim.

Other than the above, the Consolidated Entity had no contingent liabilities as at 31 December 2018.

26. COMMITMENTS

	Consolidated	
	2019	2018
	$	$
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**-**	848,702
Between two to five years	**-**	647,900
	-	1,496,602

Operating lease commitments includes contracted amounts for various offices and residential properties under non-cancellable operating leases expiring within one to three years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

However, all leases have been cancelled in 2019.

	Consolidated	
	2019	2018
	$	$
Exploration obligations to be undertaken:		
Within one year	**-**	198,277
Between two to five years	**-**	-
More than to five years	**-**	-
	-	198,277

The Consolidated Entity has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Consolidated Entity.

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Company has the option to negotiate new terms or relinquish the tenements.

27. RELATED PARTY TRANSACTIONS

Parent entity
Kazakhstan Potash Corporation Limited is the Parent Entity.

Transactions with related parties	**Consolidated**	
	2019	2018
The following transactions occurred with related parties:	**$**	$
Interest charged from China Asia Resources Fund (related entity of Madam Freada Cheung)	**-**	5,486
Interest charged from Mr. Senlin Liu	**192,166**	-
Interest charged from Madam Cheung	**3,302**	-
Interest charged from Asian New Energy	**80,336**	-
Interest charged to China Asia Resources Fund	**-**	6,077

Receivable from and payable to related parties

The following current payables are outstanding at the reporting date in relation to transactions with related parties:		
Director fee payable for service of Madam Freada Cheung	**66,000**	42,000
Director fee payable for service of Terence Wong	**66,000**	42,000
Director fee payable for service of Marco Marcou	**151,809**	42,000
Director fee payable for service of Senlin Liu	**56,880**	-
Director fee payable for service of Xiaokang Lyu	**42,934**	42,000
Director fee payable for service of Kaihua Ge	**25,880**	-
Director fee payable for service of Grant Thomas	**109,677**	98,677
Director fee payable for service of Jaylin Xiaorong Mao	**4,615**	-
Director fee payable for service of Junheng Li	**19,067**	-
Director fee payable for service of Edward Wen	**54,500**	42,000
Director fee payable for service of Jiafu Wei	**14,500**	14,500
Director fee payable for service of Yuanzhi Jiang	**3,200**	-
Director fee payable for service of Hao Chen	**2,134**	-
Director fee payable for service of Dong Xie	**7,400**	-
Director fee payable for service of Yu Sun	**11,600**	-
Director fee payable for service of Junmei Zhang	**-**	29,491
Salary payable to Terence Wong	**175,276**	-
Salary payable to Grant Thomas	**50,000**	50,000
Service fee payable to Terrence Grammer	**2,500**	2,500
	863,972	405,168

27. RELATED PARTY TRANSACTIONS (CONTINUED)

	Consolidated	
	2019	2018
	$	$
Loans from related parties:		
Loan from former Director - Mr. Senlin Liu (i)	**1,822,625**	205,982
Accrued interest on loan from Mr. Senlin Liu	**97,851**	-
Loan from former Director - Madam Freada Cheung (ii)	**73,339**	-
Accrued interest on loan from Madam Freada Cheung	**3,297**	-
Loan from Asia New Energy (iii) (an entity related to a former Director - Madam Freada Cheung)	**1,179,875**	-
Accrued interest on loan from Asia New Energy	**79,806**	-
Loan from City Winner Holdings (an entity related to a former Director - Madam Freada Cheung)	**7,136,740**	7,084,160
Loans to related parties:		
Loan to MAP ET-China Holding Pty Limited (an entity related to a former Director - Marco Marcou) (iv)	**50,000**	50,000
Accrued interest on loan to MAP ET-China Holding Pty Limited	**9,407**	4,907

(i) Four loan facilities agreement was signed between the Company and the former Director, Mr. Senlin Liu, who provided a secured loan of $1,800,000 at an interest rate of 12%, a secured loan of $2,200 at an interest rate of 12%, an unsecured loan of total up to RMB20,000 and an unsecured loan of total up to $41,808 at an interest rate of 12%.

(ii) A loan agreement was signed between the Company and the former Director, Madam Freada Cheung who provided a secured loan of total up to HKD400,000 at an interest rate of 12%.

(iii) A loan agreement was signed between the Company and Asia New Energy, an entity related to former Director Madam Freada Cheung, who provided a secured loan of total up to US$826,240 at an interest of 12%.

(iv) Loan to former Director, Marco Marcou represents the Loan to MAP ET-China Holding Pty Limited at a 9% interest rate for a period of three years from 29 November 2017 to 28 November 2020. The period of the loan has been agreed between the parties.

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Consolidated Entity is set out below:

	Consolidated	
	2019	2018
	$	$
Cash salary & non-monetary benefits	**839,974**	1,156,476
Share based payment benefits	**-**	1,906,500
Post-employment benefits	**3,304**	3,305
Long-term benefits	**20,473**	-
	863,751	3, 066,281

28. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the Parent Entity.

	Parent	
	2019	2018
	$	$
Loss after income tax for the year	**(43,761,788)**	(47,753,571)
Total comprehensive income for the year	**(43,761,788)**	(47,753,571)
Total current assets	**394,711**	390,100
Total assets	**75,912,049**	52,990,969
Total current liabilities	**33,286,442**	25,336,599
Total liabilities	**92,149,366**	26,447,545
Equity		
Issued Capital	**220,518,231**	218,718,231
Reserves	**9,929,832**	10,748,832
Accumulated losses	**(246,685,380)**	(202,923,639)
Total equity	**(16,237,317)**	26,543,424

Refer to Note 25 for information of contingent liabilities which also impact the parent company.

Significant accounting policies
The accounting policies of the Parent Entity are consistent with those of the Consolidated Entity, as disclosed in Note 1, except that investments in subsidiaries are accounted for at cost, less any impairment, in the Parent Entity.

29. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in Note 1.

Name of entity	Country of incorporation	Class of shares	Equity holding 2019 %	Equity holding 2018 %
Aktobe Tuz LLP	Kazakhstan	Ordinary	**100**	100
Allied Earth Limited	British Virgin Islands	Ordinary	**100**	100
Allied Pacfiic Limited	British Virgin Islands	Ordinary	**100**	100
Batys Kali LLP	Kazakhstan	Ordinary	**95**	95
CK Resources Trading Investment Limited	Hong Kong	Ordinary	**-**	100
East Global Limited	British Virgin Islands	Ordinary	**-**	100
Fortis Mining (Beijing) Limited	China	Ordinary	**100**	100
Fortis Mining (Hong Kong) Limited	Hong Kong	Ordinary	**100**	100
Fortis Potash Resources Limited	Hong Kong	Ordinary	**100**	100
Ji'an Resources Investment Limited	Hong Kong	Ordinary	**100**	100
KPC Drilling Ltd	Hong Kong	Ordinary	**100**	100
KPC Fertiliser International Limited	Hong Kong	Ordinary	**100**	100
KPC Fortis Fertiliser Limited	Hong Kong	Ordinary	**100**	100
KPC Fortis Investment Limited	Hong Kong	Ordinary	**100**	100
KPC Investment Limited	Hong Kong	Ordinary	**100**	100
Pacific Trinity Limited	British Virgin Islands	Ordinary	**100**	100
Prodrill Exploration LLP	Kazakhstan	Ordinary	**100**	100
Satimola Limited	British Virgin Islands	Ordinary	**73.37**	73.37
Satbor LLP	Kazakhstan	Ordinary	**73.37**	73.37
Satimola Finance Limited	Isle of Man	Ordinary	**73.37**	73.37
Sino Beverley Limited	British Virgin Islands	Ordinary	**100**	100
Star Earth Limited	British Virgin Islands	Ordinary	**100**	100
WIYOT S.A.	Panama	Ordinary	**100**	100
Worldwide Capital Limited	British Virgin Islands	Ordinary	**100**	100

30. EVENTS AFTER THE REPORTING PERIOD

Between November - December 2018 a Rights Issue was conducted in accordance with the Satimola Limited Memorandum and Articles of Association. The Rights Issue raised US$580,618 via the issue of 29,030,880 shares on the basis of ten additional shares for every one currently held with the price at US$0.02/share for each new share. In January 2020, the share allocation from the Rights Issue was completed and registered with the British Virgin Islands registry where Satimola Limited is domiciled. At the conclusion of the Rights Issue KPC Fortis Fertilizer Limited (a 100% owned subsidiary of KPC) was the only participant. The funds of US$580,618 raised, dealt with outstanding liabilities, including tax issues and working capital. At the conclusion of the Rights Issue the share capital owned by KPC Fortis Fertilizer Limited equated to 96%. The second tranche payment was made to all General Offer participants in May 2019. KPC is in the process of finalising the final payments (third tranche) for the Satimola Limited transaction and expects completion to occur on or around Q3, 2020 when the third tranche payment is made.

30. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

The Board approved and executed a Convertible Note agreement with Harvest Leader International Limited (HLL) for $3.5 million on 15 February 2020. The Convertible Note's key terms are in line with the terms on a pro-rata basis as agreed with the CAR Fund as announced on 5 December 2019. Under the terms of the agreement, HLL also agrees to make available funds up to $3.5 million to the Company on application of which $500,000 has drawn down on to date. HLL, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note ($1 per note) is convertible into 50 fully paid ordinary shares in the Company. No interest is payable on the Convertible Notes. In lieu of interest and for agreeing to enter into the Convertible Notes, HLL (or its nominee) will be issued 175 million fully paid ordinary shares in the Company. The balance of funding from the Convertible Note will be used for general working capital. On 8 July 2020, under the terms of the Convertible Note agreement with HLL and after the receipt of the $500,000, the Company issued the requisite Convertible Notes of funds received together with proportion of shares equating to 25 million ordinary shares in the Company to HLL. On receipt of the Convertible Notes for the value of $500,000, HLL elected to convert the Convertible Notes for ordinary shares in KPC. An additional 25 million ordinary shares in the Company were allocated to HLL as a result of the conversion.

KPC executed a Convertible Note for $6.5 million with the CWSI Group Limited (CWSI) and was executed on 31 December 2019. The Convertible Note’s key terms are in line with the terms on a pro-rata basis as agreed with the CAR Fund as announced on 5 December 2019. Under the terms of the agreement CWSI, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note ($1 per note) is convertible into 50 fully paid ordinary shares in the Company. No interest is payable on the Convertible Notes. In lieu of interest and for agreeing to enter into the Convertible Notes, CWSI (or its nominee) will be issued 325 million fully paid ordinary shares in the Company. Under the terms of the agreement, KPC can, on request, draw down against the $6.5 million. To date, KPC has drawn down $6.5 million which has been used to settle liabilities on the Kazakhstan projects, payments in relation to the Satimola Limited transaction and general working capital.

On 18 May 2020, shareholders approved the issue of the Convertible Notes to Harvest Leader International Limited (HLL) for $3.5 million and the issue of 175 million fully paid ordinary shares and Convertible Note to CWSI Group Limited (CWSI) for $6.5 million and the issue of 325 million fully paid ordinary shares.

On 14 April 2020, the KPC Board agreed to execute a Term Sheet in relation to the assignment of the City Winner Holdings (CWH and entity related to Madam Cheung) an original debt in Satimola of US$5 million to KPC, and for KPC to convert the assigned debt to the terms of a proposed issue of secured convertible notes (Convertible Notes) to CWH. The Convertible Note's key terms are in line with the terms on a pro-rata basis as agreed with the CAR Fund as announced on 5 December 2019. Under the terms of the agreement CWH, or its nominee, can convert the Convertible Notes into fully paid ordinary shares of KPC. Each Note ($1 per note) is convertible into 50 fully paid ordinary shares in the Company. No interest is payable on the Convertible Note. In lieu of interest and for agreeing to enter into the Convertible Note, CWSI (or its nominee) will be issued 512.3 million fully paid ordinary shares in the Company. The Convertible Note is subject to shareholder approval which the Board have approved and of KC will seek shareholder approval at a General Meeting which will be called in due course.

KPC received a letter on 1 July 2020, from the MIID in relation to KPC’s Zhilyanskoye project in Kazakhstan. The MIID has informed KPC that the transition to mining under the Subsoil Use Contract (SSUC) has not proceeded and as such the government has requested a return of the contractual area.

KPC has responded to the MIID and believes it will result in the MIID withdrawing its request, there can be no guarantee that will occur. KPC will update the market on further developments accordingly. The Board has adopted the position that at this stage it is prudent to treat the Zhilyanskoye project as impaired until such time as the issue with the MIID resolves.

30. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

Subsequent to the reporting date, on 31 December 2019, the World Heath Organisation (WHO) announced a global health emergency because of a new strain of coronavirus (COVID-19 outbreak) and the risks to the international community and the virus spread globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having significant negative impact on world stock markets, currencies and general business activities.

Work on the projects included in the current cash flows from operating activities do not allow for significant delays which may result from the global COVID-19 pandemic. At this stage it is impossible to forecast the impact this pandemic may have, if any, on the timing in the completion of the work in the projects, this can be expected to materially affect the Company's forecast cash flows in terms of operating, investing and financial activities. The occurrence of significant delays in forecast operating activities and plans may lead to requiring the Company to raise additional finance or equity to fund ongoing operations. As a consequence the potential impact the global COVID-19 pandemic may have on the Company's business operations and resulting cash flows may create a material uncertainty that may cast doubt on the consolidated entity's ability to continue as a going concern.

31. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2019	2018
	$	$
Loss after income tax for the year	**(44,612,826)**	(49,869,408)
Adjustments for:		
Depreciation and amortisation	**51,678**	93,716
Foreign exchange differences	**(535,656)**	(105,530)
Impairment of assets	**35,009,006**	35,678,329
PPE written off	**46,654**	-
Deposit written off	**27,738**	-
Exploration expenditure	**-**	342,000
Gain on disposal of subsidiary	**(341,281)**	-
Non-cash income	**(25,607)**	(19,926)
Non-cash interest expense	**5,465,936**	5,000,288
Non-cash consulting fees and other expenses	**1,600,000**	1,068,479
Share of results of joint venture	**105,973**	2,649,478
Shares issued to directors as reward and incentive	**-**	1,937,500
Shares issued to directors in lieu of cash remuneration	**-**	194,434
Shares issued to senior employees in lieu of cash remuneration	**200,000**	132,743
Decrease/(increase) in other current assets	**(1,505,081)**	69,137
Decrease/(increase) in accrued expenses and other payables	**2,716,137**	1,257,300
Net cash used in operating activities	**(1,797,329)**	(1,571,460)

32. EARNINGS PER SHARE

	Consolidated	
	2019	2018
	$	$
Loss per share from continuing operations		
Loss after income tax attributed to the owners	**(44,580,069)**	(49,284,013)
	Shares	Shares
Weighted average number of ordinary shares used in calculating basic earnings per share	**1,478,745,240**	1,170,440,430
Adjustments for calculation of diluted earnings per share	**-**	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**1,478,745,240**	1,170,440,430
	Cents	Cents
Basic loss per share	**(3.01)**	(4.21)
Diluted loss per share	**(3.01)**	(4.21)

Share options and convertible notes on issue are not dilutive as conversion would result in an increase of loss per share.

33. SHARE-BASED PAYMENTS

Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

Share-based payments for consultant services performed

On 24 March 2019 KPC entered into a Consulting Agreement, for the purpose of preparing a solution trial mining plan for the potash deposit owned by KPC. The Consultant was engaged by KPC to perform work and render services in connection with providing mining property technical consultancy services in consultation with KPC. 80,000,000 KPC Ordinary Shares were issued to the Consultant on 25 March 2019 as consideration for the technical consultancy services. The number of shares to be granted is determined based on the fair value of the services divided by the closing share price on the grant date, which was determined in the agreement between KPC and the consultant.

Shared-based payments for reward and incentives to senior employees

On 25 March 2019, 10,000,000 shares were issued at an issue price of $0.02 to senior employees as reward and incentive in recognition of the outstanding work undertaken by them in the operations of KPC. The shares are recognised at the closing price of $0.02 on the grant date (grant date fair value) as an issue of share capital and as part of employee expenses in the period the shares were granted.

33. SHARE-BASED PAYMENTS (CONTINUED)

There were no options granted to employees in 2019.

31 December 2019

Grant Date	Expiry Date	Exercise Price	Balance at beginning of Year	During the Year: Granted	During the Year: exercised	During the Year: Lapsed	End of Year: Outstanding	End of Year: Exercisable	Weighted Average Share Price at date of exercise
02/06/16	02/06/19	$0.200	39,000,000	-	-	39,000,000	-	-	-
20/04/17	20/04/20	$0.055	52,424,400	-	-	-	52,424,400	52,424,400	-
20/04/17	20/04/20	$0.055	40,000,000	-	-	-	40,000,000	40,000,000	-
05/06/17	05/06/20	$0.100	60,000,000	-	-	-	60,000,000	60,000,000	-
			191,424,400	-	-	39,000,000	152,424,400	152,424,400	-
Weighted Average Exercise Price			0.14	0.00	0.00	0.00	0.07	0.07	

31 December 2018

Grant Date	Expiry Date	Exercise Price	Balance at beginning of Year	During the Year: Granted	During the Year: exercised	During the Year: Lapsed	End of Year: Outstanding	End of Year: Exercisable	Weighted Average Share Price at date of exercise
07/01/15	07/01/18	$1.000	17,000,000	-	-	17,000,000	-	-	-
07/01/15	07/01/18	$1.500	17,000,000	-	-	17,000,000	-	-	-
02/06/16	02/06/19	$0.200	39,000,000	-	-	-	39,000,000	39,000,000	-
20/04/17	20/04/20	$0.055	52,424,400	-	-	-	52,424,400	52,424,400	-
20/04/17	20/04/20	$0.055	40,000,000	-	-	-	40,000,000	40,000,000	-
05/06/17	05/06/20	$0.100	60,000,000	-	-	-	60,000,000	60,000,000	-
			225,424,400	-	-	34,000,000	191,424,400	191,424,400	-
Weighted Average Exercise Price			0.27	0.00	0.00	0.00	0.14	0.14	

The weighted average share price during the financial year was $0.07 (2018: $0.14).
The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.37 years (2018: 1.04 years).

Directors' Declaration

For the year ended 31 December 2019

In accordance with a resolution of the directors of Kazakhstan Potash Corporation Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 31 to 83 are in accordance with the *Corporations Act 2001* and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

   (b) give a true and fair view of the consolidated financial position as at 31 December 2019 and of the performance for the year ended on that date of the consolidated entity;

2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer.

On behalf of the directors

Terence Wong
Managing Director and Chief Executive Officer

11 August 2020

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Kazakhstan Potash Corporation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kazakhstan Potash Corporation Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Exploration and evaluation assets	***How the matter was addressed in our audit***
The Group has capitalised exploration & evaluation assets of $41,826,374 as at 31 December 2019. In accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources, exploration and evaluation assets must meet specified criteria to be carried forward. The Group has received correspondence from the Ministry of Industry and Infrastructure Development (the "MIID") making enquiries about the Group's progress in their areas of interest. Given the correspondence from the MIID, the subjectivity involved in determining whether the Group's rights to tenure exists and the existence of impairment indicators requiring an assessment of whether the carried forward expenditures can be recovered through successful development or sale, we determined this to be a key audit matter.	Our procedures to address this matter included: ▪ Obtaining relevant audit evidence to support management's position that the Group continues to have tenure to the areas of interest. This includes reviewing internal and external advice provided by management in respect to the process for retaining the rights to tenure under Subsoil Use Contracts in the Republic of Kazakhstan, as well as confirming those contracts continue to be recorded on the government's database as registered to the Group; ▪ Reviewing management's basis and supporting evidence in determining the loss of right to tenure of its Zhilyanskoye project which resulted in an impairment loss of $42,147,941; ▪ Evaluating management's assessment of the carrying value of the exploration and evaluation assets against the requirements of AASB 6 specifically in identifying indicators of impairment and management's assessment that indicators of impairment existed due to limited exploration and need for fund raising prior to any future substantive expenditure; ▪ Enquiring with management about their funding plans and reviewing budgets to understand whether substantive expenditures were planned for further exploration to validate the existence of mineral resources or to develop those resources in the Group's areas of interest;

Exploration and evaluation assets	*How the matter was addressed in our audit*
Refer Note 13 of the accompanying financial report.	▪ Reviewing the independent external valuation reports as commissioned by management on each of the areas of interest in Kazakhstan. Our review included critically evaluating the valuation methodology and assumptions applied with assistance from BDO Corporate Finance, our internal valuation experts; ▪ Evaluating the technical competency and appropriate accreditations of management's external valuation expert; ▪ Engaging BDO Kazakhstan as our component auditor to assist with the audit of the subsidiaries (Batys Kali LLP and Satbor LLP) where the exploration and evaluation assets were capitalised in relation to the areas of interest in Kazakhstan; and ▪ Assessing the adequacy of related disclosures in the financial report in compliance with AASB 6 and Australian Accounting Standard AASB 136 Impairment of Assets.

Audit strategy for overseas operations	*How the matter was addressed in our audit*
The Group's structure comprises significant overseas operations in Kazakhstan. The existence of such operations heightens the importance of engaging with the component auditors to mitigate the risk associated with delivering an audit in a location and regulatory environment other than Australia.	Our procedures to address this matter included, amongst others: ▪ Planning and scoping our audit using a risk based approach across all key components to determine the extent of audit work to be undertaken. ▪ Evaluating the professional competency and appropriate accreditations of our component auditors; ▪ Communicating with component auditors of significant subsidiaries in Kazakhstan through Group Audit Engagement Instructions, constant communication via email and phone discussions over significant areas and findings. Component auditors were required to formally report back to us as group auditors via an inter-office audit opinion; and ▪ Performing analytical review procedures on financial information of all components, including a review of actual and prior year results as applicable.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

BDO

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 27 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Kazakhstan Potash Corporation Limited, for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

James Mooney
Director

Melbourne, 11 August 2020

Shareholder Information

For the year ended 31 December 2019

The shareholder information set out below was applicable as at 31 July 2020

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	165
1,001 to 5,000	348
5,001 to 10,000	187
10,001 to 100,000	200
100,001 and over	87
	987
Holding less than a marketable parcel	802

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total share issued
CWSI Group Limited	325,000,000	16.30
Hua Lin Investments Holding Pty Limited	200,000,000	10.03
Hillot Limited	195,660,576	9.81
Citicorp Nominees Pty Limited	126,461,234	6.40
Sly & Russell Legal Nominees Pty Limited	120,000,000	6.02
Goldquest Services Inc.	110,000,000	5.52
Maohuai Cong	82,000,000	4.11
Daling Zhang	80,000,000	4.01
J P Morgan Nominees Australia Pty Limited	54,601,217	2.68
Glory Success Enterprise Inc	53,000,000	2.66
Mr Haibing Mu	50,000,000	2.51
Wise Concept Enterprises Inc	48,400,000	2.43
Maxi Honour Co Ltd	44,000,000	2.21
BNP Paribas Nominees Pty Limited	43,985,122	2.21
Gold Image Holdings Limited	40,380,000	2.02
Mainstar Investments Ltd	40,000,000	2.01
Asia Gain Holdings Limited	38,850,000	1.95
Global Win Limited	38,300,000	1.92
Star Dynamic Limited	38,300,000	1.92
Charming Merit Holdings Inc	30,000,000	1.50
	1,758,938,149	88.20

Shareholder Information

For the year ended 31 December 2019

Equity security holders (Continued)

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	-	-

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total share issued
CWSI Group Limited	325,000,000	16.30
Hua Lin Investments Holding Pty Limited	200,000,000	10.03
Hillot Limited	195,660,576	9.81
Citicorp Nominees Pty Limited	126,461,234	6.40
Sly & Russell Legal Nominees Pty Limited	120,000,000	6.02
Goldquest Services Inc.	110,000,000	5.52

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Class	Expiry Date	Number of Shares
Ordinary Shares	24 months from the date of official quotation of the Shares of the Company	-
		-

Securities subject to voluntary escrow

Class	Expiry Date	Number of Shares
Ordinary Shares	Upon confirmation of the potash resources at the Chelkar project to JORC standards	120,000,000
		120,000,000