

# Controlling Shareholders to Acquire All Outstanding Shares of KazaX Minerals in a Going-Private Transaction

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VANCOUVER, Aug 10, 2016 - [Kazax Minerals Inc.](#) ("Kazax") (TSX VENTURE:KZX) announces it has entered into an arrangement agreement (the "Arrangement Agreement") with 1069411 B.C. Ltd. ("Newco") whereby Newco has agreed to acquire all of the outstanding common shares of Kazax that it does not already own, for \$0.01 per share (the "Transaction"); to be completed pursuant to a court approved Plan of Arrangement under the *Business Corporations Act* (British Columbia).

Newco is a newly incorporated private British Columbia company incorporated for the sole purpose of entering into and completing the Transaction with Kazax. Newco is owned by certain significant shareholders and creditors of Kazax, including each of Moshtagh Moshtaghi, Riad Al Sadek, and Safin Element GmbH, (collectively the "Control Group"). The Control Group has been primarily responsible for financing Kazax for several years, by means of debenture and equity financings. The Control Group controls an aggregate of 169,297,415 Kazax shares, and holds an aggregate of US\$60,107,000 of debt owed by Kazax. The Control Group plans to finance Kazax's ongoing operations in Kazakhstan, but feel that Kazax will be able to save considerable funds each year if it was a private, non-reporting issuer.

## Acquisition Terms

Newco intends to acquire the 48,760,556 shares of Kazax that the Control Group do not already own or control, for \$0.01 per share, for aggregate consideration of \$487,606.

All outstanding convertible debentures issued by Kazax are owned by the Control Group. There are no outstanding options to purchase Kazax shares.

## Approvals Required

Completion of the Transaction is subject to the approval of the Kazax shareholders by way of special resolution, being at least two-thirds of the votes cast by the holders of Kazax common shares. In this regard, Kazax has obtained an interim order from the BC Supreme Court pursuant to the *Business Corporations Act* to call and hold an annual general and special meeting of its shareholders on September 8, 2016.

The Transaction will also be subject to the satisfaction of customary closing conditions and deliveries including (i) the final approval of the Supreme Court of British Columbia, (ii) the consent of the TSX Venture Exchange ("TSXV"), and (iii) that there is no material adverse change to Kazax prior to completion of the Transaction.

## Deal Protection Measures

The Arrangement Agreement includes deal-protection provisions in favour of Newco, including a non-solicitation covenant from Kazax (except for certain unsolicited approaches) and a break-fee of C\$150,000 if, following an unsolicited superior proposal, Kazax wishes to terminate the Arrangement Agreement and pursue that proposal. However, if an unsolicited, superior proposal is to be pursued by Kazax, Newco has a customary five-day right to match such a proposal.

The Arrangement Agreement also provides a deal-protection provision in favour of Kazax, in that if Newco terminates the Arrangement Agreement without due cause, then Newco shall complete a \$50,000 private placement for common shares of Kazax at the minimum subscription price allowed by the TSXV.

## Board approvals

The Boards of Directors of both companies have determined that the proposed Transaction is in the best

interests of their respective companies based on a number of factors, and the independent directors of Kazax have approved the proposed Transaction.

### **Related Party Disclosure**

Certain directors and insiders of Kazax are the founders and significant shareholders of Newco, such that the proposed Transaction constitutes a related party transaction pursuant to Multilateral Instrument 61-101 -- *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). Kazax has relied on section 5.5(b) of MI 61-101 for an exemption from the formal valuation requirement of MI 61-101 (being that Kazax is listed only on the TSXV).

A copy of the Arrangement Agreement and Kazax's Information Circular will be posted for review on SEDAR at [www.sedar.com](http://www.sedar.com).

ON BEHALF OF THE BOARD

Mohamad Chafic  
President and CEO

**NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.**

### **Forward-Looking Statements**

*This press release contains forward-looking statements that involve risks and uncertainties. These forward-looking statements relate to, among other things, receipt of approval from the TSXV and the Supreme Court of British Columbia, completion of the acquisition of Kazax and other expectations, intentions and plans contained in this press release that are not historical fact. When used in this press release, the words "plan," "expect," "believe," and similar expressions generally identify forward-looking statements. These statements reflect our current expectations. They are subject to a number of risks and uncertainties, including, but not limited to, changes in market conditions. In light of the many risks and uncertainties the reader should understand that Kazax cannot give any assurance that the forward-looking statements contained in this press release will be realized. Specifically, there is no assurance the privatisation of Kazax will occur as outlined above, or at all.*

### **Contact**

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