Chatham | Rock Phosphate Ltd™

Annual Report

For the year to 31 March 2014

P +64 3 525 9170 PO Box 231, Takaka 7142, New Zealand
www.rockphosphate.co.nz

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Directors Review

Financial result

The results for the year to 31 March 2014 show an audited loss from operations of $1.42 million. The company has experienced another year of significant progress, with 2014 shaping up to be transformational for the company.

Operating Highlights

Over the past 12 months CRP has achieved several significant milestones, and we are confident that these successes will continue. As this annual report was being prepared we submitted our marine environmental consent application to the Environmental Protection Authority. This is the culmination of four years' work and it's where the bulk of the $NZ27 million we have raised has been spent.

At this stage in our development it's worth revisiting the fundamentals of this ambitious plan to dig up phosphate from the seabed more than 250 km from the nearest point of land. We've always believed the critical factors for this project are:

1. Can the resource be defined?
2. Can it be mined?
3. Can the product be sold?
4. Can the project be permitted?

Can the resource be defined? – Since its discovery, scientists have tried to quantify the distribution and concentration of the phosphorite deposit. A key achievement this past year was an independent estimate of the rock phosphate resource using modern techniques developed to evaluate onshore mineral deposits. Completed by RSC Consulting, the study concluded:

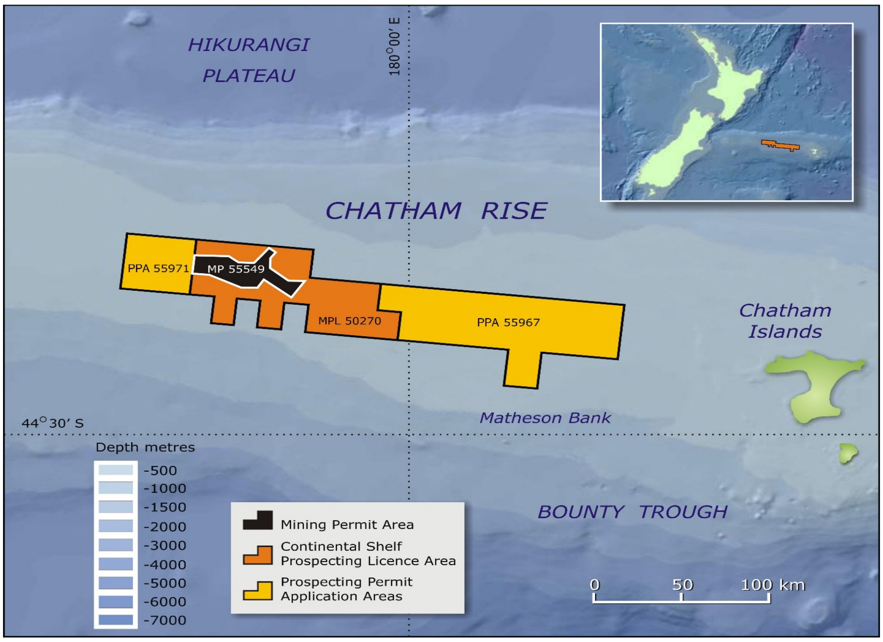
- Inferred resources of 80 million m^3 of phosphorite at an average grade of 290 kg/m^3, an estimated 23.4 Mt of phosphorite
- Average thickness of the mineral resource is 20 cm at the surface of the sea floor
- Additional exploration potential is in the order of 40 million m^3, with an estimate of 8 to 12 Mt of contained phosphorite at grades between 200 and 300 kg/m^3

- The inferred resources are similar to earlier historical estimates undertaken on the Chatham Rise.

The exploration target of 8–12 million tonnes, currently excluded from the 23.4 million tonnes but within the mining permit area, will be tested by further sampling and, if confirmed, may add to the total inferred resource. This means that the existing data indicate sufficient resources are likely to be present to support at least 15 years mining at the proposed extraction rate of 1.5 Mt per year, and there may be another 5-8 years of resources in the less well-sampled areas within our mining permit.

There is additional exploration potential in the areas under application to the east (PPA 55967) and to the west (PPA 55971) of the existing permit areas. CRP applied for prospecting rights over these areas late last year when they were relinquished by Kiwi Phosphate. We believe parts of those areas have good potential and we plan to undertake additional exploration and build them into our longer term development aspirations.

Should we identify further commercial-level quantities of resource in the other areas (marked in yellow in the map below) then, providing the required licences and permits were granted, mining operations would continue at the annual rate of 1.5 million tonnes for a longer period of time.



Can it be mined? - Royal Boskalis Westminster of the Netherlands, our dredging technology partner, continues to progress development of the mining system and plan. Early in our discussions the company developed a mining system concept, based on well-proven technologies and adapted for the deeper waters in which our resource lies. Boskalis continues to refine that system as vessel options change and our knowledge of the project matures, but little has changed in general terms. A core team, including key Boskalis personnel, meets fortnightly by telephone and Boskalis is actively supporting the environmental consent application.

Can the product be sold? - We continually receive enquiries from international phosphate companies, and Najib Moutia, our head of sales and strategy, represents us in a range of forums – both in direct contact with customers and at conferences. Given the particular attractions of our product, our regional location and the medium term political uncertainties regarding international supply, we are in no doubt Chatham rock phosphate will be in high demand.

Can it be permitted? – Gaining a mining permit and an environmental consent has been our primary focus for the past 18 months and we are confident we will be successful. We have undertaken the scientific rigour and listened carefully to stakeholders and believe we have sufficient knowledge of the likely environmental impacts of our project to address concerns and answer questions raised during the consent process.

The Consenting Process

We submitted a draft environmental marine consent application in mid-2013 but decided to withdraw it because of lengthy delays in the consideration of our mining permit. We did not have the resources to undertake both mining and environmental consenting processes simultaneously.

Granting of the mining permit took 14 months because we chose to wait for the new minerals permitting law to come into force, and then it took some time for the team at New Zealand Petroleum and Minerals to adjust to the new consenting regime.

We received the mining permit in December 2013. Since then it has been full speed ahead to complete the environmental application, and a new draft of the Environmental Impact Assessment (EIA) was submitted to the Environmental Protections Agency (EPA) on 31 March 2014 for pre-submission consideration of our marine consent application. The delay in the process added to costs and time frames, but it allowed us to act on feedback from the previous version and the revised application addresses all of the concerns raised by stakeholders.

During the second half of 2013 we undertook considerable additional scientific research and stakeholder consultation. Consultation often led to additional scientific research. For example, when the fishing industry switched from being quiet supporters to vocal opponents of the project, the research deepened our understanding of potential impacts on commercially important fish species. That work identified no significant impacts, and we believe there is a very low risk of impacts on commercial fisheries.

One of the most exciting developments arising from the additional effort is our work with NIWA to develop a spatial planning process that identifies areas of the ocean with high biodiversity or resource potential, and supports development decisions to balance conservation and economic values. This is a new way of looking at how the oceans can be managed, with the best available data used to identify areas to set aside for environmental protection and others that could be made available to harvest their resources. It’s an extension of the work the fishing industry did to establish the more narrowly focused benthic protection areas.

Our delay in submitting our environmental marine consent application meant we became second in line, following Trans Tasman Resources' bid to extract iron sands from waters off the Taranaki Bight. We've been able to closely watch the progress of that application and ensure any issues raised are adequately addressed in our own documentation.

Financing

Our project is novel, even by international assessments. There are a number of subsea mining projects but they are not common. Investors generally regard permitting rather than the technology challenges as the biggest obstacle to success.

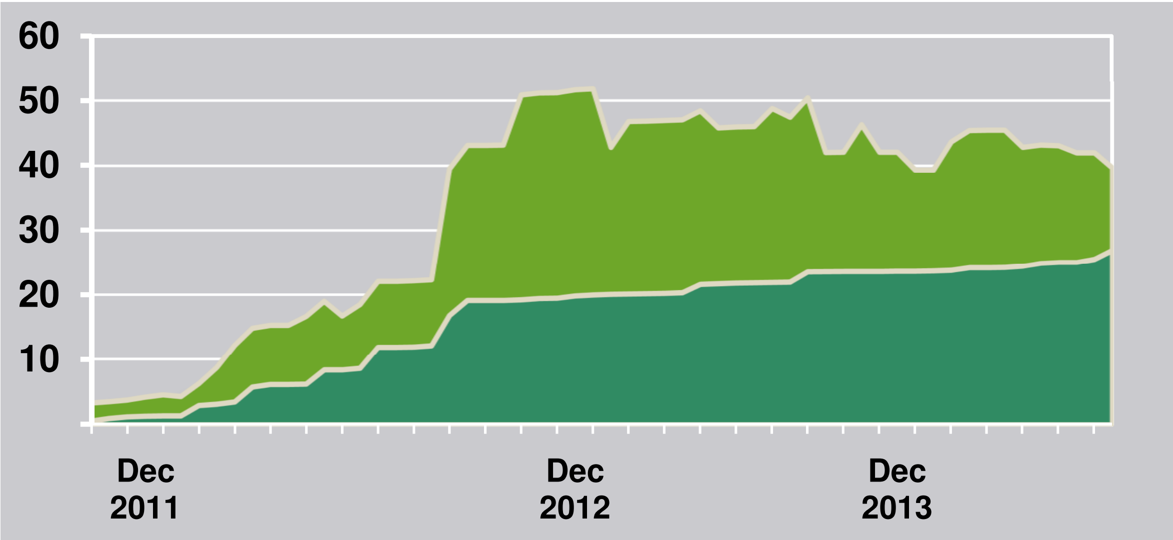
Despite this challenge, we have raised $NZ27 million over four of the most difficult years ever for capital accumulation for mining projects. Our success is due to the quality of the resource, the quality of the team doing the work and the loyal support of our shareholders.

Over the past year shareholders continued to invest in the company's future. In June 2013 we undertook a small Initial Public Offering to New Zealand investors. Unfortunately, uncertainty regarding our permitting and poor support from sharebrokers meant we raised $NZ1.6 million, less than the $4 million target. However, strong contributions from qualifying investors and a $NZ2.1 million shareholder rights issue subsequent to balance date resulted in healthy capital raising.

In December we appointed Wimmer and Co. as our corporate advisers for capital raising in the London market. Although we had long preferred the Toronto market for its breadth of mining and fertiliser stocks, its depressed state convinced us to consider alternatives. We selected London because of its depth of capital with an appetite for risk and comparative buoyancy, and although there are significant costs associated with the listing process we believe it can offer access to capital not available on other markets. Progress with the listing on London's alternative AIM market continues, with listing expected during July in conjunction with $NZ8 million of capital raising.

The chart below demonstrates investors continue to believe in the prospects for the project and that shareholders have been rewarded for their faith so far.

May 2014 - $39.5 million market capitalisation vs $26.5 million in capital raised



The coming year

As noted at the outset, we believe the biggest – and best – events in CRP's history are to come during 2014. The key milestones expected over the rest of this year are the listing and capital-raising in the London market in July and the granting of our marine consent in November. Assuming those two events occur we believe the prospects for your company are extremely bright.

Again we thank you for your ongoing confidence and support.

Chris Castle

Managing Director

Robert Goodden

Chairman

Results for announcement to the market		
Reporting Period	Year ended 31 March 2014	
Previous Reporting Period	Year ended 31 March 2013	
	Amount (000s)	% change
Revenue from ordinary activities	2014: $nil, 2013: $nil	-

Profit (loss) from ordinary activities after tax attributable to security holder	2014: $(1,428), 2013 $(1,427)	-
Net profit (loss) attributable to security holders	2014:$(1,428), 2013: $(1,427)	-
Interim/Final Dividend	Amount per security	Imputed amount per security
It is not proposed to pay a dividend for the reporting period.	N/A	N/A
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
Comments:	Chatham Rock Phosphate has had no income this year and is developing a defined mineral deposit. Chatham Rock Phosphate does not operate any dividend or distribution re investment plan.	

Chatham Rock Phosphate – A Project of National Significance	
Economic benefits	• Import substitution of up to $NZ300 million annually • Exports to Asia-Pacific markets • Reduced commodity risk for fertiliser manufacturers and farmers • Reduced foreign exchange risk for fertiliser manufacturers and farmers • Development of a new industry • Generation of additional income tax, GST and royalty income for the local economy • Security of supply (most rock phosphate is imported from potentially unstable regimes in North Africa and the Middle East) • Additional jobs • 15+ years security of supply • Known extraction costs will allow fixed price contracts over several years which will benefit New Zealand fertiliser companies, farmers and agriculture outputs generally as fertiliser pricing will be more certain
Environmental	• CRP product is significantly lower in cadmium and uranium than imported product

benefits	• Significantly lower carbon footprint than imported product • If applied as a direct application fertiliser CRP has less run off than super-phosphate, reducing waterways polluiton • It is applied once every three years, and is a more effective, slower acting product • Extraction will affect only 1/1000th of the Chatham Rise total area and will be intermittent • Extraction will occur in accordance with International Marine Mining environmental guideline

Directory

Directors:	Chris Castle, Ko De Blaeij (resigned 9 June 2014), Robin Falconer, Robert Goodden, Jill Hatchwell, Linda Sanders
Project Team:	Chris Castle (Managing Director), Ray Wood (Chief Operating Officer), Dr Robin Falconer (Principal Scientist), Linda Sanders (Corporate Affairs Director), Cam McKenzie, (Chief Geologist), Dr Mike Patrick (Environmental Consultant), Najib Moutia (Vice President Sales and Strategy),
Advisers:	Paul Kennedy and Carmen Taylor of Golder Associates (environmental advisers), Toko Kapea and Adrian Wilson of Tuia Group (iwi and imi consultants), Professor Jim Johnston and Dr Ray Kelly (chemical engineering advisers)
Project partner:	Royal Boskalis Westminster NV, The Netherlands
Expert panel:	Hermann Kuddrass, Cees Van Rhee, George Lagers

Contacts:	+643 525 9170 or +6421 558 185 or chris@crpl.co.nz
Website:	www.rockphosphate.co.nz
Headquarters:	Level 1, 93 The Terrace, Wellington, NZ
Postal:	P O Box 231, Takaka 7142 NZ
Registered office:	Level 1, 93 The Terrace, Wellington, NZ

Share registry:	Link Market Services, Level 7 Zurich House, 21 Queen St, Auckland
Auditors:	KPMG, 10 Customhouse Qy, Wellington
Legal Advisers:	Duncan Cotterill, 50 Customhouse Qy, Wellington
	Simpson Grierson, HSBC Tower, 195 Lambton Qy, Wellington
Bankers:	ANZ Banking Group (New Zealand) Ltd, 215-229 Lambton Qy, Wellington

CHATHAM ROCK PHOSPHATE LIMITED

Financial Statements
For the year ended 31 March 2014

CHATHAM ROCK PHOSPHATE LIMITED
Directors' Report

In the opinion of the directors of Chatham Rock Phosphate Limited, the financial statements and notes, on pages 4 to 31:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 31 March 2014 and the results of its operations and cash flows for the year ended on that date.
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements of Chatham Rock Phosphate Limited for the year ended 31 March 2014.

For and on behalf of the Board of Directors:

…………………………………………….	…………………………………………….
Chris D Castle	**Linda J Sanders**
Director	**Director**
21 May 2014	**21 May 2014**

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CHATHAM ROCK PHOSPHATE LIMITED
Statement of Financial Position
As at 31 March 2014

	Note	2014	2013
		$	$
Assets			
Intangible assets	10	22,042,544	17,434,109
Property, plant & equipment		4,237	-
NZX Bond		15,000	15,000
Total non-current assets		22,061,781	17,449,109
Cash and cash equivalents		74,661	1,151,851
Accounts receivable		106,668	141,610
Advance to Aorere Resources Limited		-	1,039
Current tax assets	7	2,229	2,979
Other current assets	9	632,252	223,726
Total current assets		815,810	1,521,205
Total assets		**22,877,591**	**18,970,314**
Equity			
Share capital	11	22,716,739	18,588,930
Share option reserve	11	4,067,489	3,756,684
Accumulated losses		(5,158,844)	(3,730,599)
Total equity attributable to equity holders of the Company		21,625,384	18,615,015
Total equity		**21,625,384**	**18,615,015**
Liabilities			
Trade and other payables	14	1,248,061	355,299
Advance from Aorere Resources Limited		4,146	-
Total current liabilities		1,252,207	355,299
Total equity and liabilities		**22,877,591**	**18,970,314**

The financial statements have been approved by the Board of Directors on 21 May 2014.

Chris D Castle

Linda J Sanders

The notes on pages 8 to 31 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Statement of Comprehensive Income
For the year ended 31 March 2014

	Note	2014 $	2013 $
Revenue		-	-
Gross profit		-	-
Finance income	5	16,146	2
Finance expenses	5	-	(55,003)
Net finance income/(expense)		16,146	(55,001)
Administrative expenses	6	1,441,547	1,371,839
Exploration costs		2,844	-
Profit/(loss) before income tax		(1,428,245)	(1, 426,840)
Income tax expense	7	-	-
Profit/(loss) for the year		**(1,428,245)**	**(1,426,840)**
Other comprehensive income		-	-
Total comprehensive income		**(1,428,245)**	**(1, 426,840)**
Earnings/(loss) per share attributable to the ordinary equity holders			
Basic earnings/(loss) per share (New Zealand cents)	13	(1.02)	(1.35)
Diluted earnings/(loss) per share (New Zealand cents)	13	(0. 80)	(1.02)

The notes on pages 8 to 31 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Statement of Changes in Equity
For the year ended 31 March 2014

	Share capital $	Share option reserve $	Retained earnings $	Total $
Balance at 1 April 2013	18,588,930	3,756,684	(3,730,599)	18,615,015
Total recognised income and expense	-	-	(1,428,245)	(1,428,245)
Issue of shares	4,566,181	-	-	4,566,181
Share issue costs	(438,372)	-	-	(438,372)
Share-based payments related to equity raising	-	310,805	-	310,805
Balance at 31 March 2014	**22,716,739**	**4,067,489**	**(5,158,844)**	**21,625,384**
Balance at 1 April 2012	10,520,971	27,978	(2,303,759)	8,245,190
Total recognised income and expense	-	-	(1,426,840)	(1,426,840)
Issue of shares	11,962,674	-	-	11,962,674
Share issue costs	(3,894,715)	-	-	(3,894,715)
Share-based payments related to equity raising	-	3,728,706	-	3,728,706
Balance at 31 March 2013	**18,588,930**	**3,756,684**	**(3,730,599)**	**18,615,015**

The notes on pages 8 to 31 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Statement of Cash Flows
For the year ended 31 March 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Net interest & dividends received		5,927	2
Cash paid to suppliers		(1,509,559)	(1,372,224)
Exploration expenditure		(2,730,727)	(5,236,817)
Tax refund received		3,032	4,984
Cash paid to Duncan Cotterill Trust account		-	(180,000)
Net cash from/(used in) operating activities	16	(4,231,327)	(6,784,055)
Cash flows from investing activities			
Advances from/(to) related parties	17	165,185	(4,446)
Purchase property, plant &equipment		(10,771)	-
Net cash from/(used in) investing activities		154,414	(4,446)
Cash flows from financing activities			
Proceeds from issue of share capital		2,999,723	7,670,617
Net cash from/(used in) financing activities		2,999,723	7,670,617
Net (decrease)/increase in cash and cash equivalents		(1,077,190)	882,116
Cash and cash equivalents at 1 April		1,151,851	269,735
Cash and cash equivalents at 31 March		**74,661**	**1,151,851**

The notes on pages 8 to 31 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2014

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2014

1. Reporting entity

Chatham Rock Phosphate Limited (the "Company") is a company domiciled and incorporated in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company is an issuer in terms of the Financial Reporting Act 1993.

Chatham Rock Phosphate Limited's single focus is the development and exploitation of the Chatham Rise rock phosphate deposit offshore New Zealand.

2. Basis of preparation

(a) *Statement of compliance*
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on 21 May 2014.

(b) *Basis of measurement*
The financial statements have been prepared on the historical cost basis.

(c) *Going concern*
The financial report has been prepared on a going concern basis, which assumes that the Company will obtain Marine Consent under the Exclusive Economic Zone (Environmental Effects) Act 2012 and that the Company will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. This includes the Company's minerals mining commitments, being the minimum work requirements under the Minerals Mining Permit 55549, as set out in Note 18.

At 31 March 2014, the Company had cash reserves of $74,661 and permit work commitments with associated indicative costings as set out in Note 18. In order to meet these commitments, and continue to pay its debts as and when they fall due and payable beyond May 2014, the Company has since balance sheet date completed a Rights Issue and is completing due diligence for further capital raising and a secondary listing on London's AIM market, as set out in Note 20.

The Company will rely on taking appropriate steps in order to meet these minerals mining commitments and continue to pays it debts as and when they fall due and payable from now until the Company commences production, including:

- Meeting its additional obligations by either farmout or partial sale of the Company's interests;
- Raising capital by one of a combination of the following: placement of shares, pro-rata issue to shareholders, the exercise of outstanding share warrants, and/or further issue of shares to the public;
- In some circumstances, subject to negotiation and approval, minimum work requirements may be varied or suspended; or
- Other avenues that may be available to the Company.

The above mentioned conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

2. Basis of preparation (continued)

(d) *Functional and presentation currency*

These financial statements are presented in New Zealand dollars ($), which is the Company's functional currency.

(e) *Significant accounting judgements, estimates and assumption*

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on amounts recognised in the financial statements.

Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is determined using a binomial option pricing model, and using the assumptions detailed in Note 12.

Exploration and evaluation costs

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. In the judgement of the Directors, at 31 March 2014 exploration activities in each area of interest where amounts remain capitalised have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Active and significant operations in relation to each of those areas of interest are planned and nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved.

In the event where ongoing committed activities cannot be funded by existing financial resources, the Company will either need to raise additional capital, or meet its obligations either by farm-out or partial sale of the company's exploration interests, or subject to negotiation and approval, vary the minimum work requirements. The Directors are continually monitoring those areas of interest and are exploring alternatives for funding the development of those areas of interest when economically recoverable reserves are confirmed. If new information becomes available that suggests the recovery of expenditure is unlikely, the amounts capitalised will need to be reassessed at that time.

2. Basis of preparation (continued)

(f) *New NZ IFRS standards and interpretations issued but not yet adopted*
At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but not yet effective, and have not been adopted early by the Company.

Management anticipates that all pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations issued but not yet effective, that are not expected to have a material impact on the Company's financial statements, have not been disclosed.

NZ IFRS 9 – Financial Instruments (effective from 1 January 2018)
The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9. The new standard is being issued in phases, with early adoption available as each phase is issued. To date, the chapters dealing with recognition, classification, measurement and de-recognition of financial assets and financial liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. The Company's management have yet to assess the impact of this new standard on the Company's financial statements. However, management does not expect to implement IFRS 9 until all of the chapters have been published and they can comprehensively assess the impact of all changes.

Annual Improvements 2009-2011(the Annual Improvements)
The IASB issued the annual omnibus of minor amendments to IFRS standards for annual periods beginning on or after 1 January 2013. Management does not anticipate a material impact on the Company's financial statements from these Amendments.

3. Significant accounting policies

For the purposes of these financial statements the accounting policies set out below have been applied consistently to all periods presented.

(a) *Foreign currency*
Foreign currency transactions
Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in the Statement of Comprehensive Income.

3. Significant accounting policies (continued)

(b) *Financial instruments*
Receivables
Receivables are stated at their cost less impairment losses.

Trade and other payables
Trade and other payables are stated at cost.

(c) *Share capital*
Ordinary shares
Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

(d) *Impairment*
The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

(e) *Intangible assets*
Exploration and evaluation assets
Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as intangible assets on an area of interest basis. Costs incurred before the Company has obtained the legal rights to explore an area are recognised in the Statement of Comprehensive Income.

Exploration and evaluation assets are classified as finite lived tangible assets and are measured at cost less any accumulated amortisation and impairment losses. Amortisation will commence once the Company has commenced mining operations and will be recognised on a unit of production basis.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:
(i) The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
(ii) Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:
(i) Sufficient data exists to determine technical feasibility and commercial viability, and
(ii) Facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (d)).
For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

3. Significant accounting policies (continued)

(f) *Mining Property and other property, plant and equipment*
Mining property and other property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, for qualifying assets and borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

(g) *Amortisation and Depreciation*
Mining properties are generally depreciated on a unit-of-production basis over the proved reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved reserves of the relevant area. The unit of production rate for the amortisation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment are generally depreciated on a straight line basis over their estimated useful lives which is generally 10 years.

(h) *Finance income and expenses*
Finance income comprises interest income on bank deposits and foreign currency gains that are recognised in the Statement of Comprehensive Income. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on convertible notes and foreign currency losses, are recognised in the Statement of Comprehensive Income. All borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method.

(i) *Income tax expense*
Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant accounting policies (continued)

(j) *Earnings per share*
The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options.

4. Segment reporting

For management purposes there is only one operating segment, which is the development of a defined rock phosphate deposit.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board.

The Board manages development activity through review and approval of contracts and other operational information.

The Company operates in the minerals exploration industry within New Zealand.

5. Finance income and expense

	2014	**2013**
	$	$
Interest income on bank deposits	8,156	2
Net foreign exchange gains	7,990	-
Finance income	16,146	2
Interest on Convertible Note	-	35,786
Net foreign exchange losses	-	19,217
Finance expense	-	55,003
Net finance income/(expense)	**16,146**	**(55,001)**

6. Administrative expenses

The following items of expenditure are included in administrative expenses:

	2014	2013
	$	$
Auditor's remuneration to KPMG comprises:		
audit of financial statements	37,500	-
Total auditor's remuneration	37,500	-
Auditor's remuneration to WHK New Zealand Audit Partnership comprises:		
audit of financial statements	-	35,000
other audit-related services	-	2,750
Total auditor's remuneration	-	37,750
Accountancy	30,430	24,215
Advertising & marketing	73,689	-
Bank charges	1,151	1,103
Consultancy fees	539,339	498,126
Directors fees	2,310	49,000
General expenses	59,186	41,269
Insurance	5,125	4,803
IPO expenses	-	102,210
Legal fees	140,196	104,579
Listing fees	19,747	15,536
Management fees	240,000	180,000
Office expenses	54,861	52,733
Registry fees	8,297	5,070
Rent	27,000	26,385
Travel expenses	202,716	229,060
Total Administration expenses	**1,441,547**	**1,371,839**

Other audit-related services in 2013 include engagement to provide assurance over financial information other than Annual Reports, including prospectus reviews and other assurance required for local regulatory purposes.

The Board has agreed to forfeit directors fees for the year ended 31 March 2014 (beyond the amount charged) as they are remunerated for their services through consulting fees,

Refer to Note 17 for discussion on consultancy fees, which are charged by related parties.

7. Income tax expense in the Statement of Comprehensive Income

Reconciliation of effective tax rate

	2014 $	2013 $
Profit/(loss) for the year	(1,428,245)	(1,426,840)
Total income tax expense	-	-
Profit/(loss) excluding income tax	(1,428,245)	(1,426,840)
Income tax using the Company's domestic tax rate 28%	(399,909)	(399,515)
Tax effect of:		
Non-deductible expenses	75,220	107,461
Current year losses for which no deferred tax is recognised	324,689	292,023
Recognition of previously unrealised tax losses	-	32
Income tax expense	-	-
The current tax asset consists of:		
Current income tax charge	-	-
Resident withholding tax paid	2,229	2,979
Current tax asset	2,229	2,979
Imputation credits at 31 March	2,229	2,979

The closing balance represents imputation credits available to be attached to any future distributions from the Company's reserves, subject to certain shareholder continuity provisions.

8. Deferred tax assets and liabilities

Unrecognised deferred tax assets
Deferred tax assets have not been recognised in respect of the following:

	2014 $	2013 $
Deductible temporary differences	-	-
Tax losses	(965,206)	(640,517)
	(965,206)	(640,517)

Recognised deferred tax assets and liabilities
Deferred tax assets and liabilities are attributable to the following:

	2014 $	2013 $
Property, plant & equipment	(172)	(344)
Intangible assets	6,287,518	4,881,551
Trade and other payables	(39,900)	(35,737)
Tax losses	(6,247,446)	(4,845,470)
	-	-

9. Other current assets

	2014 $	2013 $
Prepayments	39,375	43,726
Duncan Cotterill Lawyers Trust Account	180,000	180,000
New Zealand Petroleum and Minerals	412,877	-
	632,252	**223,726**

Duncan Cotterill Lawyers Trust Account
The Company entered into a services agreement with Mr Ray Wood on 18 March 2013. Included within the terms of that agreement, was that on the Commencement Date the Principal would deposit into the trust account of the Principal's lawyer's, Duncan Cotterill Lawyers, the sum of $180,000 to hold on resulting trust for the Principal and the Contractor pursuant to the terms of a Termination Payment Security.

New Zealand Petroleum and Minerals
Chatham Rock has been invoiced for $475,000 (inclusive GST) by New Zealand Petroleum and Minerals (NZPAM) for its annual Mining Permit fee. $65,000 of this fee has been paid and the balance is due for payment mid-April. An unintended consequence of the legislation is that the formula used to calculate this fee has been determined on a permit area basis without reference to the value of the actual resource. As Chatham Rock's Mining Permit relates to a large off-shore area it has resulted in a significantly higher mining fee being charged to Chatham Rock than would be expected, by at least 10 times. The Company has had discussions with NZPAM and a review is currently being undertaken. A likely result is that the annual fee will be significantly reduced and a more appropriate fee, having regard to the Chatham Rock's resource, will be implemented. While a possibility, there is no guarantee that the Company will receive a partial refund of the annual mining fee it is currently liable to pay.

10. Intangible assets

Exploration and evaluation on Chatham Rise Project

	$
Balance at 1 April 2012	11,373,739
Exploration costs capitalised	6,060,370
Balance at 31 March 2013	**17,434,109**
Balance at 1 April 2013	17,434,109
Exploration costs capitalised	4,608,435
Balance at 31 March 2014	**22,042,544**

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the Company gaining a Marine Consent for the project to be commercially successful. Commitments and tenure of the permit is included in Note 18.

10. Intangible assets (continued)

The Company was granted a Minerals Prospecting Licence (“MPL”) 50270 under the Continental Shelf Act 1964 on 25 February 2010 for a period of four years. The licence covers 4726 square kilometres of the Chatham Rise and is located approximately 450 kilometres east of Christchurch.

Exploration activities in the last two years have focussed on the collection of further exploration data to allow a mining licence application to be lodged and collection of sufficient environmental data to allow an Environmental Monitoring Plan (EMP) to be submitted to the Minister, and then for preparation of an environmental impact assessment to be submitted to the Environmental Protection Authority.

On 6 December 2013 the Company was granted Mineral Mining Permit 55549 to extract phosphates.

On 31 March 2014 the Company submitted a draft Marine Consent application to the Environmental Protection Authority. The EPA, New Zealand’s environmental regulator, is expected to decide on the Company’s application in November after a full public process.

An application for renewal of MPL 50270 has been lodged.

11.Issued capital and reserves

Share capital

	Ordinary shares 2014	Ordinary shares 2013
On issue at 1 April	116,738,180	64,710,179
Issued for cash	9,255,157	16,108,040
Issued in lieu of payment	6,733,977	35,919,961
On issue at 31 March	132,727,314	116,738,180

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

Issue of Ordinary Shares
All issued shares are fully paid and have no par value.

In May 2013 the Company issued to Aorere Resources Ltd (formally Widespread Portfolios Ltd) & Robin Falconer & Associates 95,069 ordinary shares at an issue price of $0.36 in satisfaction of payment for services under their consultancy agreements.

In August 2013 the Company issued to Robin Falconer & Associates and Ray Wood 88,236 ordinary shares at an issue price of $0.34 in satisfaction of payment for services under their consultancy agreements.

In October 2013 the Company issued to Robin Falconer & Associates and Ray Wood 102,740 ordinary shares at an issue price of $0.29 in satisfaction of payment for services under their consultancy agreements.

In January 2014 the Company issued to Robin Falconer & Associates and Ray Wood 95,238 ordinary shares at an issue price of $0.32 in satisfaction of payment for services under their consultancy agreements.

11. Issued capital and reserves (continued)

In July and September 2012 the Company issued a total of 25,355,266 ordinary shares at $0.22 each to Boskalis Offshore Subsea Contracting BV ("Boskalis"). These shares were issued under a contract for services and an investment agreement. Of these, at balanced date, 13,677,264 (2013: 7,324,569) shares had vested to Boskalis on completion of services; refer to Note 13 for further details.

In July 2013 the Company undertook an Initial Public Offering which resulted in the issue of 4,502,817 ordinary shares at $0.35 each including an option to purchase a share for every three shares issued.

Further in August and September 2013 the Company initiated an investment agreement to qualified investors whereby 1,461,713 ordinary shares were issued at $0.30 each "the first tranche" and after the Mining Licence permit was granted in December 2013 1,461,713 ordinary shares were issued "the second tranche" at $0.35 each. The shares included an option to purchase a share for every two shares issued.

Additionally during the year, 1,828,915 ordinary shares were issued to qualified investors, at issue prices ranging from $0.28 to $0.35 each.

Share Options Granted Listed

	Share Options	
	2014	**2013**
On issue at 1 April	-	-
Options issued	3,348,762	-
On issue at 31 March	3,348,762	-

Each option entitles the holder to subscribe for one ordinary share. The exercise price of the options is 68.8 cents (2013: 70 cents) each.

Share Options Granted Unlisted

	Share Options	
	2014	**2013**
On issue at 1 April	37,113,178	12,192,641
Options issued	-	24,920,537
On issue at 31 March	37,113,178	37,113,178

The outstanding balance as at 31 March 2014 is represented by:

On 30 September 2010, 500,000 options, expiring on 30 September 2014, with progressive vesting and exercisable at a price of 48.8 cents (2013: 50 cents) were granted to Robin Falconer & Associates Ltd.

On 28 February 2011, 250,000 options, expiring on 28 February 2015, and exercisable at a price of 48.8 cents (2013: 50 cents) were granted to Kenex Limited.

On 14 March 2012, 11,442,641 options, expiring on 31 March 2015, and exercisable at a price of 28.8 (2013: 30 cents) were granted to Subsea Investments II, LLC as part of a Shareholder Agreement.

On 20 April 2012, 12,362,500 options, expiring on 31 March 2015, and exercisable at a price of 28.8 (2013: 30 cents) were granted to Subsea Investments II, LLC as part of a Shareholder Agreement.

11. Issued capital and reserves (continued)

On 11 May 2012, 8,557,302 options, expiring on 31 March 2015, and exercisable at a price of 28.8 (2013: 30 cents) were granted to Subsea Investments II, LLC as part of a Shareholder Agreement.

On 22 August 2012, 4,000,735 options, expiring on 31 March 2015, and exercisable at a price of 28.8 (2013: 30 cents) were granted to Subsea Investments II, LLC as part of a Shareholder Agreement.

Each option entitles the holder to subscribe for one ordinary share.

Refer to Note 12 for further information on share options granted.

Share option reserve
The Company measures share options granted in return for services received, directly, at the fair value of the equity instruments granted. The fair value of the options are expensed over the vesting period as services are rendered by the counterparty.

12. Share-based payments

Recognised share-based payment expenses
The purpose of the share-based payments is to reward key consultants and cornerstone investors in a manner that aligns remuneration with the creation of shareholder wealth.

As the Company's activities have been predominantly developing an already defined mineral deposit, shareholder wealth is dependent, for the foreseeable future, on development success rather than an improvement in the Company's earnings.

Equity-settled transactions
Share-based payments of $1,521,343 (2013: $4,064,510) settled by the issue of 6,733,977 (2013: 17,887,306) ordinary shares in the Company, have been capitalised in exploration expenditure or included in management expenses and directors fees during the year (2013: capitalised in exploration expenditure or included in management expenses and directors fees based on the nature of services provided). The share-based payment also includes the shares vested with Boskalis.

Boskalis Offshore Subsea Contracting BV
The Company entered into a contract for services with Boskalis to undertake a range of services in three phases:

- The second phase of work includes the provision of geotechnical reports, the conceptual design of recovery and separation systems, environmental impact assessments and transportation options for rock phosphate recovery. The cost of these services to the Company will be approximately €630,000, of which €293,377 has been paid and €258,161 has been accrued at year end. This phase is being completed at balance date.
- The final phase will consist of the final detailed design of the rock phosphate recovery and separation system. The cost of this phase is estimated to be €4 million with the parties splitting these costs equally.

The contract for services provides that payment for the above work will be met under the terms of an investment agreement between the parties. The investment agreement was approved by a meeting of shareholders and Boskalis was issued with 25,355,266 fully paid ordinary shares in the Company (representing a 19.99% shareholding) at an issue price of $0.22 per share. Costs incurred for the pre-contract services were applied against the issue price due for the shares.

12. Share-based payments (continued)

Boskalis may provide the balance of the issue price for the shares to the Company either in cash or in satisfaction of the costs payable by the Company for the services provided under the second and third phases of the contract for services and if the issue price is not paid in full, then all shares that have not been paid for will be transferred back to the Company for cancellation.

The contract for services was extended to 31 December 2013. Following this date, the Company has the option to cancel the shares. The Directors intend to continue the contract for services and have elected not to cancel the remaining unvested shares as these are expected to vest as further services are received from Boskalis.

Options granted as compensation
Details on options issued in the Company that were granted as compensation to each consultant in prior years are as follows:

Consultant	**Number of non transferable options granted**	**Grant date**	**Fair value per option at grant date ($)**	**Exercise price per option ($)**	**Expiry date**
Robin Falconer Associates Ltd	250,000	30 September 2010	0.0312	0.50	30 September 2014
Robin Falconer Associates Ltd	250,000	30 September 2010 (vesting 30 Sept 2011)	0.0335	0.50	30 September 2014
Kenex Limited	250,000	28 February 2011	0.0472	0.50	28 February 2015

No options have been granted since the end of the financial year. The options were provided as compensation for services and at no cost to the recipients.

Each option entitles the recipient, on exercise, to 1 share. Accordingly, the number of new shares that may be issued through the exercise of these options is 750,000. The final exercise dates are 30 September 2014 and 28 February 2015, and after that the options lapse.

Under the terms of issue of the options where a rights issue is made by the Company, the exercise price of the options is to be adjusted by applying a formula as set out in NZAX Listing Rule 8.1.5(b). Accordingly the exercise price for the options is now reduced by $0.012 per option. $0.50 options are now repriced as $0.488 options.

The fair value of share options granted in return for the services received is measured by reference to the fair value of the services received. The estimate of the fair value of the services received is measured based on the Black-Scholes valuation method. The contractual life of the option is used as an input into this model. No expectations of early exercise have been incorporated into the Black-Scholes valuation method.

12. Share-based payments (continued)

Fair value of share options and assumptions:

	Falconer options September 2010	Kenex options February 2011
Fair value at grant date		
Share price	$0.12	$0.15
Exercise price	$0.488	$0.488
Expected volatility (weighted average volatility)	75%	75%
Option life (expected weighted average life)	4 years	4 years
Expected dividends	$0.00	$0.00
Risk-free interest rate (based on government bonds)	4.55%	4.49%

Options granted in equity raising
Details on options issued in the Company that were granted within a Shareholder Agreement with Subsea Investments, a cornerstone investor are as follows:

Shareholder	**Number of non transferable options granted**	**Grant date**	**Fair value per option at grant date ($)**	**Exercise price per option ($)**	**Expiry date**
Subsea Investments II, LLC	11,442,641	14 March 2012	0.0943	0.30	31 March 2015
Subsea Investments II, LLC	12,362,500	20 April 2012	0.1078	0.30	31 March 2015
Subsea Investments II, LLC	8,557,302	11 May 2012	0.1070	0.30	31 March 2015
Subsea Investments II, LLC	4,000,735	22 August 2012	0.1002	0.30	31 March 2015

No further options have been granted since the end of 2013 financial year. The options were provided as compensation for services and at no cost to the recipient.

Each option entitles the recipient, on exercise, to 1 share. Accordingly the number of new shares that may be issued through the exercise of these options is 36,363,178. The final exercise date is 31 March 2015 and after that the options lapse.

Under the terms of issue of the options where a rights issue is made by the Company, the exercise price of the options is to be adjusted by applying a formula as set out in NZAX Listing Rule 8.1.5(b). Accordingly the exercise price for the options is now reduced by $0.012 per option. $0.30 options are now repriced as $0.288 options.

12. Share-based payments (continued)

The fair value of share options granted in return for the services received is measured by reference to the fair value of the services received. The estimate of the fair value of the services received is measured based on the Black-Scholes valuation method. The contractual life of the option is used as an input into this model. No expectations of early exercise have been incorporated into the Black-Scholes valuation method.

As the shares are not heavily traded, expected volatility was based on average volatility from a basket of similarly traded companies.

Fair value of Subsea share options and assumptions:

	March 2012	April 2012	May 2012	August 2012
Fair value at grant date				
Share price	$0.23	$0.25	$0.25	$0.24
Exercise price	$0.288	$0.288	$0.288	$0.288
Expected volatility (weighted average volatility)	70%	70%	70%	70%
Option life (expected weighted average life)	3 years	3 years	3 years	3 years
Expected dividends	$0.00	$0.00	$0.00	$0.00
Risk-free interest rate (based on government bonds)	3.30%	3.11%	2.70%	2.79%

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2014	Weighted average exercise price 2013	Number of options 2014	Number of options 2013
Outstanding at 1 April	0.30	0.31	37,113,178	12,192,641
Granted during year	-	0.30	-	24,920,537
Outstanding at 31 March	0.30	0.30	37,113,178	37,113,178
Exercisable at 31 March			37,113,178	37,113,178

13. Earnings/(loss) per share

Basic earnings/(loss) per share
The calculation of basic earnings per share at 31 March 2014 was based on the profit/(loss) attributable to ordinary shareholders of $(1,428,245) (2013: $(1,426,840)) and a weighted average number of ordinary shares outstanding of 140,194,992 (2013: 105,963,364), calculated as follows:

	2014 $	**2013** $
Basic earnings/(loss) per share (New Zealand cents)	(1.02)	(1.35)
Profit/(loss) attributable to ordinary shareholders:		
Net profit/(loss) for the year	(1,428,245)	(1,426,840)

13. Earnings/(loss) per share (continued)

Weighted average number of ordinary shares:

Issued ordinary shares at 1 April	134,768,877	64,710,179
Effect of shares issued in April 2012	-	2,011,677
Effect of shares issued in June 2012	-	9,179,194
Effect of shares issued in July 2012	-	13,476,923
Effect of shares issued in August 2012	-	606,090
Effect of shares issued in September 2012	-	14,207,607
Effect of shares issued in October 2012	-	1,028,330
Effect of shares issued in December 2012	-	106,600
Effect of shares issued in January 2013	-	129,135
Effect of shares issued in February 2013	-	494,096
Effect of shares issued in March 2013	-	13,533
Effect of shares issued in May 2013	715,275	-
Effect of shares issued in July 2013	3,158,140	-
Effect of shares issued in August 2013	122,746	-
Effect of shares issued in September 2013	758,613	-
Effect of shares issued in October 2013	87,469	-
Effect of shares issued in December 2013	383,292	-
Effect of shares issued in January 2014	185,786	-
Effect of shares issued in February 2014	14,794	-
Effect of shares issued in March 2014	-	-
Weighted average number of ordinary shares at 31 March	140,194,992	105,963,364

Diluted earnings/(loss) per share

The calculation of diluted earnings per share at 31 March 2014 was based on profit/(loss) attributable to ordinary shareholders of $(1,428,245) (2013: $(1,426,840)) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 178,973,568 (2013: 139,899,857), calculated as follows:

	2014 $	**2013** $
Diluted earnings/(loss) per share (New Zealand cents)	(0. 80)	(1.02)
Profit/(loss) attributable to ordinary shareholders (diluted):		
Net profit/(loss) attributable to ordinary shareholders (basic)	(1,428,245)	(1,426,840)

13. Earnings/(loss) per share (continued)

Weighted average number of ordinary shares (diluted):

Weighted average number of ordinary shares (basic)	140,194,992	105,963,364
Effect of share options on issue 1 April	37,113,178	12,192,641
Effect of share options issued in April 2012	-	11,722,480
Effect of share options issued in May 2012	-	7,601,309
Effect of share options issued in August 2012	-	2,420,063
Effect of share options issued in July 2013	1,052,710	-
Effect of share options issued in September 2013	379,306	-
Effect of share options issued in December 2013	56,804	-
Effect of share options issued in January 2014	126,852	-
Effect of share options issued in February 2014	49,726	-
Weighted average number of ordinary shares (diluted) at 31 March	178,973,568	139,899,857

14. Trade and other payables

	2014 $	2013 $
Trade and other payables due to related parties	209,344	28,300
Other trade payables	888,521	172,666
Accrued expenses	150,196	154,333
	1,248,061	**355,299**

The Company’s exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 15.

15. Financial instruments

Exposure to credit, market, foreign currency, equity prices and liquidity risks arise in the normal course of the Company’s business.

Financial instruments are comprised of accounts receivable and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, other financial liabilities.

Recognition and de-recognition of financial assets and liabilities
Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are recognised initially at fair value plus transaction costs

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Company transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

15. Financial instruments (continued)

Subsequent measurement of financial assets
All financial assets held by the Company in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default.

Subsequent measurement of financial liabilities
Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

Foreign currency risk
The Company is exposed to foreign currency risk on purchases that are denominated in a currency other than the Company's functional currency, New Zealand dollars ($), which is the presentation currency of the Company. It is the Company's policy not to hedge foreign currency risks.

Sensitivity analysis
In managing currency risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in foreign exchange will have an impact on profit.

It is estimated that a general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have decreased the Company's profit before income tax by approximately $nil for the year ended 31 March 2014 (2013: $nil). As a purchaser of foreign currency, the Company's risk is that the NZD depreciates.

Credit risk
The Company incurs credit risk from financial instruments when a counter party fails to meet its contractual obligations. Credit risk arises on cash and other receivables. The Company does not have a significant concentration of credit risk with any single party.

Market risk
The Company has invested in an opportunity to develop an already well defined mineral deposit. The Company requires a Marine Consent under the Exclusive Economic Zone (Environmental Effects) Act 2012 for this opportunity to become commercially successful. Even with early results being extremely encouraging, if gaining Marine Consent is not achieved then the Company could lose its entire investment. A decision on the Company's Marine Consent application is expected from the Environmental Protection Agency in November 2014.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

15. Financial instruments (continued)

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk framework for the management of the Company's short, medium and longer term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate banking facilities through monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities. Refer to Note 2(c) for management's strategies for managing liquidity risk.

The only financial liabilities are trade and other payables. At 31 March 2014, the Company had $1,248,061(2013: $355,299) in trade and other payables. Trade payables are non-interest bearing and have a contractual maturity of less than 30 days.

Capital management
The Company's capital includes share capital, reserves, and accumulated losses.

The Company is not subject to any externally imposed capital requirements.

There have been no material changes in the Company's management of capital during the year.

Classification of financial instruments
The fair value of all financial instruments is deemed to be their carrying value due to their short term nature.

	Loans and receivables	Liabilities at amortised cost	Total carrying amount
	$	$	$
2014			
Assets			
NZX Bond	15,000	-	15,000
Total non-current assets	15,000	-	15,000
Trade and other receivables	106,668	-	106,668
Cash and cash equivalents	74,661	-	74,661
Total current assets	181,329	-	181,329
Total assets	**196,329**	**-**	**196,329**
Liabilities			
Trade and other payables	-	1,248,061	1,248,061
Advance from Aorere Resources Limited	-	4,146	4,146
Total current liabilities	-	1,252,207	1,252,207
Total liabilities	**-**	**1,252,207**	**1,252,207**

15. Financial instruments (continued)

	Loans and receivables $	Liabilities at amortised cost $	Total carrying amount $
2013			
Assets			
NZX Bond	15,000	-	15,000
Total non-current assets	15,000	-	15,000
Trade and other receivables	141,610	-	141,610
Advance to Aorere Resources Limited	1,039	-	1,039
Cash and cash equivalents	1,151,851	-	1,151,851
Total current assets	1,294,500	-	1,294,500
Total assets	**1,309,500**	**-**	**1,309,500**
Liabilities			
Trade and other payables	-	355,299	355,299
Total current liabilities	-	355,299	355,299
Total liabilities	**-**	**355,299**	**355,299**

16. Reconciliation of the profit/(loss) for the year with the net cash from operating activities:

	2014 $	2013 $
Profit/(loss) for the year	(1,428,245)	(1,426,840)
Adjustments for:		
Depreciation	6,534	-
Foreign exchange (gains)/losses	(50,309)	20,863
Director Fees (non-cash)	-	28,000
Management Fees (non-cash)	-	86,250
IPO expenses (non-cash)	-	122,950
Change in trade and other receivables	34,888	54,096
Change in other current assets	4,350	(219,282)
Change in current tax assets	803	4,985
Change in trade and other payables	719,156	(3,192,550)
Change in exploration expenditure	(3,518,504)	(2,262,527)
Net cash from operating activities	**(4,231,327)**	**(6,784,055)**

17. Related parties

Transactions with key management personnel
Key management personnel remuneration includes the following:

	2014	2013
	$	$
Short-term benefits:		
Consultancy fees paid for key management personnel services	804,295	137,277
Contractor services fee paid for key management personnel	400,000	300,000
Total remuneration	**1,204,295**	**437,277**

Depending on the nature of services and costs, certain amounts have been capitalised to intangible assets as they are directly attributable to the Chatham Rise Project.

Transactions and balances with key management personnel and their related parties
During the year, the Company paid consultancy fees of $159,023 (2013: $98,550) to Nevay Holdings Ltd, a company in which Ms L Sanders, Mr C Castle & Ms J Hatchwell are also Directors. The fees were provided under normal commercial terms and conditions. The outstanding balance at balance date was $17,250 (2013: $18,300) which is included in trade payables.

During the year, the Company paid consultancy fees of $81,000 (2013: $nil) to Onekaka Links Ltd, a company in which Ms L Sanders & Mr C Castle are also Directors. The fees were provided under normal commercial terms and conditions. The outstanding balance at balance date was $nil (2013: $nil).

During the year, the Company paid consultancy fees of $240,000 (2013: $30,000) to Robin Falconer Associates Ltd, a company in which Mr R Falconer is also a Director. The fees were provided under normal commercial terms and conditions. The outstanding balance at balance date was $10,000 (2013: $10,000) which is included in trade payables.

During the year, the Company paid consultancy fees of $240,000 (2013: $nil) to CRP-OCS Consulting Ltd, a company in which Mr R Wood is also a Director. The fees were provided under normal commercial terms and conditions. The outstanding balance at balance date was $15,000 (2013: $nil) which is included in trade payables.

During the year, the Company paid consultancy fees of $84,272 (2013: $8,727) to Robert Goodden Consulting Ltd, a company in which Mr R Goodden is also a Director. The fees were provided under normal commercial terms and conditions. The outstanding balance at balance date was $22,094 (2013: $nil) which is included in trade payables.

During the year, Mr C Castle & Ms L Sanders advanced a short term loan of $160,000 (2013: $nil) to the Company. The loan is unsecured, interest free and repayable on demand. The outstanding balance at balance date was $160,000 (2013: $nil) which is included in trade and other payables.

During 2013, the Company entered into an Investment Agreement with Boskalis Offshore Subsea Contracting BV, refer Note 12. Mr J de Blaeij was appointed director of Chatham Rock Phosphate Ltd on 1 February 2013 and is also a Director of Boskalis International. Services of $1,397,593 (2013: $1,611,405) have been provided by Boskalis during the year and these costs have been capitalised to intangible assets as they are directly attributable to the Chatham Rise project. These services have been settled by the vesting of shares, refer Note 12.

17. Related parties (continued)

During the year, the Company paid management fees to Aorere Resources Ltd under a management agreement. Under the Agreement, Aorere Resources Ltd is engaged by the Company as an independent contractor and will procure that Chris Castle personally provide fundamental services to the Company at a cost of $400,000 per annum (2013: $300,000). Management fees of $160,000 (2013: $120,000) have been capitalised to intangible assets as they are directly attributable to the Chatham Rise project. The Agreement is payable in cash. No amounts were outstanding at balance date (2013: $nil).

Some of the Directors of Chatham Rock Phosphate Ltd are commonly Directors in Aorere Resources Ltd, which in its own name and through its subsidiary; Mineral Investments Ltd has a combined 9.70% (2013: 10.36%) shareholding in Chatham Rock Phosphate Ltd.

The aggregate value of transactions and outstanding balances over which they have control or significant influence were as follows:

		Transaction value Year ended 31 March		Balance outstanding as at 31 March	
		2014	**2013**	**2014**	**2013**
Directors	**Transactions**	$	$	$	$
Widespread Limited					
C Castle, J Hatchwell, and L Sanders	Loans	5,185	(4,446)	4,146	(1,039)

Ms L Sanders, Mr C Castle and Ms J Hatchwell are Directors of Chatham Rock Phosphate Ltd and are also commonly Directors in Widespread Ltd. The loan was interest free and repayable on demand.

18. Commitments

Licence work commitments
The Company has the following indicative expenditure commitments at balance date (being minimum work requirements under the Company's minerals mining permit and minerals prospecting licence). The Company is dependent on certain factors to be able to meet these minimum work requirements. They are set out in Note 2(c).

	Group	
In thousands of dollars	**2014**	**2013**
Within one year	2,000,000	-
After one year but not more than five years	8,000,000	-
	10,000,000	-

Minerals Mining Permit 55549
The Minerals Mining Permit was granted on 6 December 2013 and the minimum work program includes within 24 months of the commencement date of the permit, the permit holder shall:

- Completion a sufficiently detailed engineering study and feasibility study to reach a decision-to-mine milestone; and
- Submit a detailed timeline for the construction/refit of a selected vessel including the detail timing of the commissioning and mobilisation to the Chatham Rise; and

18. Commitments (continued)

- Complete and submit a marine operations risk review report that includes (without limitation) a HAZID Risk Assessment Matrix, risk review of on-board processing and risk review of planned and unplanned maintenance in various weather scenarios; and
- Either commit by notice in writing to carry out the work programme commitments set out for the following 24 months and commence production within 48 months of the commencement date of the permit or surrender the permit.

Minerals Prospecting Licence 50270
The Licence expired on 24 February 2014 and an application has been lodged to renew the permit. All work commitments have been met to date.

19. Investments in controlled entities

Manmar Investments One Hundred and Six (Proprietary) Limited, is a non-operating subsidiary, which is 100% owned by the Company and incorporated in Namibia. As the subsidiary is non-operating and has neither an asset nor a liability these financial statements have been prepared for the parent Company only as there would be no difference if consolidated financial statements were prepared.

20. Subsequent events

On 23 April 2014, the Company announced the completion of a fully underwritten Rights Issue. Eligible shareholders could participate in the new shares pursuant to a 1 for 10 renounceable rights offer at $0.15 cents per share. The Rights Issue has resulted in the issue of 10,751,839 ordinary shares and has raised $1,612,800 before costs and expenses.

On 29 April 2014, the Company announced that it had issued the Rights issue shortfall of 3,670,690 ordinary shares to the underwriter and its sub-underwriters at the offer price of $0.15 cents per share.

As previously advised, the Company intends to undertake a capital raising and secondary listing on London's AIM market. The Company intends to raise approximately NZ$8 million through this capital raising. The Company is working through due diligence requirements associated with the capital raising and AIM listing and it is intended that the offering will commence in June 2014.

On 15 May 2014, the Company announced that it had filed its formal marine consent application to the Environmental Protection Authority. Should it be accepted as complete, the six-month formal process is expected to lead to a decision in November.

Independent auditor's report

To the shareholders of Chatham Rock Phosphate Limited

Report on the financial statements

We have audited the accompanying financial statements of Chatham Rock Phosphate Limited ("the company") on pages 4 to 31. The financial statements comprise the statement of financial position as at 31 March 2014, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the company.

Opinion

In our opinion the financial statements on pages 4 to 31:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the company as at 31 March 2014 and of its financial performance and cash flows for the year then ended.

Emphasis of matter

We draw attention to Note 2.c) to the financial statements which indicates that the company's ability to undertake operations is reliant on the approval of the required Marine Consent and the ability to raise further capital to meet the costs associated with the Marine Consent application process and future operational mining and overhead costs.

These conditions, along with other matters as set out in Note 2.c), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

The financial statements do not reflect adjustments that would be necessary to the presentation and carrying amounts of assets and liabilities should the company be unable to continue as a going concern. Our opinion is not qualified in respect of this matter

Other matter

The financial statements of Chatham Rock Phosphate Limited, for the year ended 31 March 2013, were audited by another auditor who expressed an unmodified opinion on those statements on 30 May 2013.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by Chatham Rock Phosphate Limited as far as appears from our examination of those records.

KPMG

21 May 2014
Wellington

CHATHAM ROCK PHOSPHATE LIMITED
Shareholder Information

Stock exchange listing
The Company's ordinary shares are listed on the NZAX market operated by NZX Limited.

1. Distributions of security holders and security holdings as at 27 May 2014

Size of holding	Number of security holders	Number of securities
1- 1,000	13	10,785
1,001 – 5,000	124	381,315
5,001 – 10,000	109	820,257
10,001 – 50,000	256	5,975,804
50,001 – 100,000	75	5,511,381
100,001 +	137	146,128,286
Geographic distribution		
New Zealand	671	72,221,605
United States	21	57,933,731
Netherlands	1	25,355,266
Singapore	2	1,042,541
Australia	9	860,619
Rest of world	9	1,414,066

Distributions of quoted option holders and option holdings as at 27 May 2014:

Size of holding	Number of option holders	Number of options
1 - 1,000	26	19,064
1,000 - 5,000	80	263,636
5,001 - 10,000	31	264,633
10,001 - 50,000	33	862,255
50,001 - 100,000	11	919,502
100,000 +	4	1,019,672
Geographic distribution		
New Zealand	176	2,101,713
United States	7	1,143,923
Rest of world	2	103,126

CHATHAM ROCK PHOSPHATE LIMITED
Shareholder Information

2. 20 Largest registered holders of quoted equity securities as at 27 May 2014

	Ordinary	%
Subsea Investments II LLC	36,582,711	23.03
Boskalis Offshore B.V.	25,355,266	15.96
Odyssey Marine Exploration Inc	9,320,348	5.87
Mineral Investments Limited	8,674,518	5.46
Aorere Resources Limited	5,345,962	3.37
International Mining & Financing Corporation	3,621,205	2.28
Trinity Portfolio Limited	3,100,000	1.95
Tmj & Associates Llc	2,990,691	1.88
New Zealand Central Securities Depository Ltd	2,550,847	1.61
Tattersfield Securities Limited	2,100,000	1.32
Talisman No.1 Trust	1,789,862	1.13
O Uziel	1,670,690	1.05
M D S Hoy	1,500,000	0.94
Golden Horseshoe Investments Limited	1,467,576	0.92
Beggs No.2 Trust	1,464,428	0.92
Ghc Trustees Limited	1,300,000	0.82
C D Castle	1,275,842	0.80
G J Main	1,065,645	0.67
J P McLaughlin	1,015,584	0.64
P W Hall	1,000,000	0.63
T J N Beyer	1,000,000	0.63

20 Largest registered holders of quoted options as at 27 May 2014:

	Ordinary	%
Green River Asset Management	438,169	13.09
LB Holdings IV Inc	292,113	8.72
Green River Intrinsic Value Fund	146,057	4.36
J P McLaughlin	143,333	4.28
Cloud Investments Ltd	100,000	2.99
Sil Long Term Holdings Ltd	100,000	2.99
M Malouf	97,372	2.91
W Mincey	97,093	2.90
Z J Meyers	95,238	2.84
Custodial Services Limited	82,333	2.46
A S Y Keat	78,126	2.33
Norseman Pacific Limited	74,627	2.23
J S Hoy	66,667	1.99
A M Busby & B R Busby & A M Spencer	66,379	1.98
J S Lee	61,667	1.84
Aft Trading Limited	50,000	1.49
G Thompson	50,000	1.49
M D Prebble	50,000	1.49
Auburn Trustee Services Limited	47,617	1.42
S M Pollard	40,323	1.20

CHATHAM ROCK PHOSPHATE LIMITED
Shareholder Information

3. Substantial Security Holders as at 27 May 2014
   The following persons are substantial security holders in accordance with section 21 of the Securities Market Act 1988:

	Ordinary shares	
	Number	**%**
Subsea Investments II, LLC	36,582,711	23.03
Boskalis Offshore B.V.	25,355,266	15.96
Aorere Resources Limited	14,020,480	8.83
Odyssey Marine Exploration Inc	9,320,348	5.87
Total Ordinary Shares on issue	158,827,828	

4. Directors' Security Holdings as at 31 March 2014

	Ordinary shares held		Listed options held	
	2014	**2013**	**2014**	**2013**
	Number	**Number**	**Number**	**Number**
C Castle	1,365,607	1,353,607	4,000	-
L Sanders	769,518	769,518	-	-
J Hatchwell	201,457	197,147	-	-
R Falconer	685,854	542,747	-	-
R Goodden	370,454	370,454	-	-
J de Blaeij	-	-	-	-

C Castle, L Sanders and J Hatchwell are also Directors of Aorere Resources Limited which has a relevant interest in 14,020,480 shares as at 27 May 2014.

CHATHAM ROCK PHOSPHATE LIMITED
Statutory Information
For the year ended 31 March 2014

1. Directors and remuneration

Details of the nature and the amount of each major element of emoluments of each director of the Company are:

In New Zealand dollars	**Directors Fees**	**Consultancy Fees**	**Total**
	$	$	$
L Sanders	-	221,573	221,573
J Hatchwell	-	18,450	18,450
C Castle	-	-	-
R Falconer	-	240,000	240,000
R Goodden	-	84,272	84,272
J de Blaeij	-	-	-

2. Employees and remuneration

The Company does not have any employees and therefore has no employee remuneration to disclose.

3. Entries recorded in the interests register

The following entries were recorded in the interest register of the Company during the year:

(a) Directors' interests in transactions

Mr C Castle, Ms L Sanders and Ms J Hatchwell are also directors of Aorere Resources Limited, Mineral Investments Limited & Widespread Limited.

(b) Share dealings of directors

On 10 July 2013, Ms J Hatchwell purchased 4,310 ordinary shares in the Company for $1,422.00 in an on market transaction.

On 18 July 2013, Mr C Castle purchased 12,000 shares and 4,000 options for $4,200.00 in the initial public share offer of shares and options.

On 13 August 2013, Mr R Falconer was issued with 44,118 ordinary shares in satisfaction of $15,000.00 for consulting fees pursuant to his contract for the quarter ended 30 June 2013.

On 2 October 2013, Mr R Falconer was issued with 51,370 ordinary shares in satisfaction of $15,000.00 for consultancy fees pursuant to his contract for the quarter ended 30 September 2013 and on 7 January 2014 Mr R Falconer was issued with 47,619 ordinary shares in satisfaction of $15,000.00 for consultancy fees pursuant to his contract for the quarter ended 31 December 2013.

(c) Loans to directors

No loans were granted to Directors and nil is outstanding at 31 March 2014.

(d) Directors' indemnity and insurance

The Company has insured all its directors and the directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as directors. The insurance does not cover liabilities arising from criminal actions.

4. Donations

No donations were made by the Company during the accounting period.

5. NZX Waivers

NZX Limited has not granted the Company any waivers between 30 May 2013 and 27 May 2014.

CHATHAM ROCK PHOSPHATE LIMITED
Corporate Governance
For the year ended 31 March 2014

ETHICAL STANDARDS
Chatham Rock Phosphate Limited (the "Company") expects its directors and employees to act legally, ethically and with integrity in a manner consistent with the Company's policies, guiding principles and values. The Company has put measures in place to assist with achieving this expectation. These measures are available on the Company's web site.

ROLE OF THE BOARD
The Board of Directors of the Company is elected by the shareholders to supervise the management of the Company. The Board establishes the Company's objectives, overall policy framework within which the business of the Company is conducted and confirms strategies for achieving these objectives, monitors management's performance and ensures that procedures are in place to provide effective internal financial control.

The Board is responsible for guiding the corporate strategy and direction of the Company and has overall responsibility for decision making. The Board delegates to the Managing Director responsibility for implementing the Board's strategy and for managing the operations of the Company.

BOARD COMPOSITION AND PERFORMANCE
The Board currently comprises of five directors including the Chairman and the Managing Director.

The Board meets once every six weeks on a formal scheduled basis, and more frequently in order to prioritise and respond to issues as they arise. Board meetings are frequently held by conference call to reduce travel costs.

The Chairman of the Board is Robert Goodden. The Chairman's role includes managing the Board; ensuring the Board is well informed and effective; acting as the link between the Board and Chris Castle, the Managing Director; and ensuring effective communication with shareholders.

The Company does not at present have a formal Director training programme.

BOARD COMMITTEES
The Board has two sub-committees: an Audit Committee and a Remuneration Committee. Robert Goodden, Linda Sanders and Jill Hatchwell (Chairman) are on the Audit Committee. Robbert Goodden, Linda Sanders and Jill Hatchwell (Chairman) are on the Remuneration Committee. The Board has delegated certain of its responsibilities to these Committees. The decisions of these Committees are reported back to the Board in order to allow the other members of the Board to question committee members.[1]

Given the nature of business of the Company and the internal financial controls that the Company has in place, it is not considered necessary to have an internal auditor in addition to an Audit Committee.

The Company has determined that it is not appropriate, nor in the best interests of its security holders to establish a Nomination Committee at this time. The Company considers it appropriate to deal with potential nominations at the full Board level and then leave the ultimate decision on Board composition to shareholders through any Board appointee being subject to re-election at the Company's next annual meeting.

[1] Subject to the Company completing its proposed AIM listing, an AIM Rules Compliance Committee will also be established.

CHATHAM ROCK PHOSPHATE LIMITED
Corporate Governance
For the year ended 31 March 2014

REPORTING AND DISCLOSURE

Management accounts are prepared prior to each Board meeting and reviewed by the Board throughout the year to monitor performance against budget targets and objectives.

The Board must ensure that the Company makes all disclosures required at law in its Annual Report.

DIRECTOR REMUNERATION

Each Board member may receive remuneration from a collective fee pool that is fixed by ordinary shareholder resolution from time to time and allocated between the directors by the Board as it sees fit.

The Company does not have a remuneration policy however the remuneration of all directors is disclosed each year in the Company's Annual Report. The level of fees payable to directors is to be of an amount approved from time to time by shareholders. Subject to shareholder approval and the relevant NZX Listing Rule requirements, the directors may be remunerated other than in cash by way of an issue of equity securities.

RISK MANAGEMENT

The Board reviews management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Board regularly reports the risks associated with its investments on its website.

Under its constitution, the Company may obtain directors' and officers' liability insurance to cover directors acting on behalf of the Company.

SHAREHOLDER RELATIONS

The Company aims to ensure that shareholders are informed of all major developments affecting the Company affairs. Information is communicated to shareholders in the Annual Report, Interim Report, and regular NZX announcements. The Company maintains an email addresses register which any shareholder or stakeholder may request to be included on. All NZX announcements (other than those of an administrative nature) are sent to all recipients on the email register. The Company also maintains its website to provide comprehensive information about its operations, activities and investments.

STAKEHOLDER INTERESTS

The Company does not currently have any employees or material creditors. The Company's stakeholders are accordingly limited at present but will develop over time as the Company's investments develop.

The Board will remain cognisant of stakeholder interests as they develop and consider policies to deal with different stakeholders accordingly. The Company will maintain public information as described in these policies to give stakeholders access to relevant information.