

Chatham

**RockTM
Phosphate**

Annual Report

for the year ended

31 March 2016

Directory

Directors:	Chris Castle, 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, (Vice President Technical Services), Dr Mike Patrick (Environmental Consultant), Najib Moutia (Vice President Sales and Strategy), Toko Kapea, Tuia Group (iwi and imi consultants), Professor Jim Johnston, Professor Leo Condron, Dr Alex McKay (phosphate advisers)
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Auditors:	KPMG, 10 Customhouse Qy, Wellington
Legal Advisers:	Duncan Cotterill, Tower Building 50 Customhouse Qy, Wellington Simpson Grierson, HSBC Tower, 195 Lambton Qy, Wellington
Bankers:	ANZ Banking Group (New Zealand) Ltd, 215-229 Lambton Qy, Wellington

Directors' Review for the year to 31 March 2016

Financial Result

Your directors submit the audited financial statements of Chatham Rock Phosphate Limited (CRP) for the year to 31 March 2016. The trading result for the period was a significantly reduced loss of \$818,000 (2015 loss of \$27.3 million, after recognising \$18.7 million impairment losses), reflecting in the main cost saving measures introduced after the marine consent application was declined.

Corporate Milestones

As reported in our regular shareholder updates and other announcements made during the year CRP is very actively moving on a number of fronts despite an overall reduction in available management time.

Most pleasingly, we've continued to raise the money we need to remain viable and to maintain our momentum.

Over the past few months there's been a steady stream of support from shareholders and new investors keen to support our plans. In total we have now in the last 14 months raised or secured firm commitments for \$3 million. This is a remarkable achievement given both the major setback in our circumstances in February last year and the very weak resource market conditions prevailing during most of the ensuing period.

Our ability to raise this level of funding against the odds speaks volumes about the fundamental attractiveness of the Chatham Rise project and the perceptiveness of our ever-enlarging shareholder base.

Our directors and other associated interests are now a substantial shareholder in Chatham and recently two new overseas-based cornerstone shareholders have joined us, each holding about 15% of the Company.

Thank you all for your continued support and your faith in the company's prospects.

As announced in April 2015, our funds position will also be aided by tapping into some capital associated with the merger with Antipodes Gold, which we're doing in order to list on the Canadian TSX-V market. Antipodes is also listed in New Zealand so shareholders will enjoy the best of both worlds in terms of increasing liquidity of our shares and having access to a broader investor base.

The Antipodes Gold shareholders have (in November 2015) approved the proposed reverse takeover of Chatham, and for a change of name (of the merged group) to Chatham Rock Phosphate Limited. The merger is expected to proceed as soon as Chatham's recently announced Share Purchase Plan is completed given that we are now in a position where we have secured sufficient funding to operate until 30 September 2017 in accordance with our business plan.

The reverse takeover of Chatham is expected to be completed by 30 September 2016.

As advised previously, the transaction does not signal that Chatham is going into the gold mining or exploration business - we are merely using the Antipodes "shell" to achieve an overseas listing.

Together with the shell we inherit an experienced and well-connected Toronto-based director, 500 resources-sector shareholders resident in a number of countries, and a local Canadian corporate support structure. This merger will strengthen Chatham, and usher in a new chapter for the existing Antipodes shareholders.

Operational Focus

We have been steadily working through the steps required before we resubmit our application for a Marine Consent. These include:

1. Reviewing the previous application to EPA, as part of this we commissioned a 360 degree review from the key players involved in the last application.
2. Working with officials in various government ministries to seek efficiencies in the permitting process – the recently announced Resource Legislation Amendment Bill has the potential to achieve these.
3. Keeping a close watch on the actions of Trans Tasman Resources. Encouragingly TTR has already announced it intends to reapply for a Marine Consent, and it appears likely this application will proceed under existing legislation.
4. Investigating and advancing trading relationships with other participants in the phosphate sector
5. Advancing towards sourcing reactive rock phosphate from several well located on-shore deposits
6. Continuing to build farming sector, academic, industry and central government support for the Chatham Rise project and for the use of Chatham rock phosphate as a sustainable, environmentally friendly phosphorous source.
7. As part of this we've commissioned further pot tests to be followed by field trials
8. Attempting to resolve the fee dispute with EPA (unsuccessful so far)
9. Seeking a refund of overcharged mining permit fees with New Zealand Petroleum & Minerals (looking increasingly likely to succeed)
10. Being actively involved and frequently invited to present at fertiliser, resources sector and environmental conferences.

Chatham Rise Project Still Key

While we did not succeed with our initial consent application, much has been learned by both us as an applicant and by the Environmental Protection Authority. We are confident this experience will valuably be translated into improved and hopefully streamlined application and hearing processes.

Once we're confident with the process, we'll be able to resubmit an even better environmental permit application. Chatham was turned down on limited, unexpected and relatively minor issues. We are confident these issues can be dealt with robustly on resubmission.

We continue to believe the Chatham Rise project remains hugely valuable for all the same reasons:

1. Security of fertiliser supply for the agricultural sector.
2. Environmental benefits such as a much lower run off impact on lakes and rivers, much lower cadmium and much lower carbon footprint.
3. It's an ethical option, given that the current main source of phosphate from North Africa is from a disputed territory.
4. It's highly profitable given its adjacent location (meaning we have no incoming freight costs) and low mining costs.
5. Our estimated mining costs are roughly equivalent to the cost of shipping competing product from the other side of the world. This means the world rock phosphate price has to collapse to near zero before we can't compete.
6. Our annual forecast earnings before royalties and tax are approximately \$90 million (see our previous market announcements on our financial model for the key assumptions underlying this forecast).
7. We'll pay \$34 million in annual taxes and royalties, plus millions in port charges and create many high value and knowledge-based jobs in the port, on the mining ship, undertaking environmental monitoring and broader scientific research, in the agriculture and hospitality sectors and on the Chatham Islands.
8. Our project could enable New Zealand to become a world leader in marine technology and expertise potentially worth billions of dollars.
9. Our work at sea enhances the understanding and knowledge base of our marine environment to help identify marine areas most deserving of conservation.
10. The EPA's decision concluded mining would have no significant impact on fishing yields or fishing industry profitability, marine mammals or seabirds.

Spreading the Risk – Our Diversification Strategy

We're confident we will get environmental approval next time, but we want to broaden our investor appeal by becoming a more diversified operation so not all our eggs are in one basket.

We are developing relationships with other players in the phosphate market, maintaining our relationship with Boskalis Offshore Subsea Contracting BV ("Boskalis"), looking at other projects and entering the phosphate trading market.

Farmer Focus

It's important to continue to build support from a range of stakeholders including farmers, as well as others, such as relevant government agencies.

Not surprisingly in the current circumstances, targeting the farmer market for capital has had limited success in dollar terms but we decided, given they're such an important target audience, we need to keep building our stakeholder relationships.

We continue to remind farmers, many of whom are currently under siege financially, our product is both a green option and one that could save them money, bearing in mind Chatham Rise phosphate requires less-frequent application and has high liming characteristics.

We remain puzzled by the view of environmental groups who fail to see the irony of their opposition to our Chatham project. We don't understand how they can condone New Zealand's importation of all our phosphate requirements and we think it's hypocritical to support exporting our environmental footprint to countries mining phosphate where it involves severe social and environmental distress.

Plenty Of Upside

The present share price of 1 cent values Chatham at \$6.8 million; only 16% of our market capitalisation in February 2015, immediately prior to the unexpected decline of our environmental consent.

It's not much higher than our market value in 2010, when we had no management team, no relationship with Boskalis, no 20-year mining permit, no legislation for applying for a marine consent, significantly less knowledge about the deposit, no engineering or design work had been completed, we had no direct involvement or expertise in the phosphate market, and only \$250,000 in the bank.

Even without the environmental consent, or the certainty of gaining it, CRP's market value topped \$40 million for most of the two and a half years to February 2015. We believe Chatham is now in a stronger position than it's ever been due to the knowledge gained during the marine consent application process and judgement.

Looking Forward

The first half of the 2016/17 financial year is expected to see CRP complete the merger with Antipodes Gold and thereby achieve the associated TSX.V Canadian listing. We will also have an increasing involvement in phosphate trading, primarily using Vice President Marketing Najib Moutia to connect third party buyers and sellers.

The key focus of the second half of the year (Q1 & Q2 2017) is likely to be principally the preparation and submission of the next marine consent application.

Annual General Meeting of Shareholders

The 2016 AGM will be held at 5pm on Tuesday 26 July at BDO Wellington. Level 1, Chartered Accountants' House, (previously the Tower building), 50 Customhouse Quay, Wellington.

Chris Castle
Managing Director

Robert Goodden
Chairman

Chatham Rock Phosphate – A Project of National Significance

Environmental benefits	<ul style="list-style-type: none">• CRP product is significantly lower in cadmium and uranium than imported product• Significantly lower carbon footprint than imported product• If applied as a direct application fertiliser CRP has less run off than super-phosphate, reducing waterways pollution• 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 guidelines
Economic benefits	<ul style="list-style-type: none">• Import substitution of up to \$NZ300 million annually• Annual forecast earnings before royalties and tax of approximately \$90 million and annual taxes and royalties of \$34 million• 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

CHATHAM ROCK PHOSPHATE LIMITED

**Financial Statements
For the year ended 31 March 2016**

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 27:

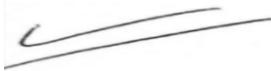
- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 31 March 2016 and the results of its operations and cash flows for the year ended on that date.
- have been prepared using appropriate accounting policies, which 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 2013.

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 2016.

For and on behalf of the Board of Directors:



.....
Chris D Castle
Director
20 May 2016



.....
Linda J Sanders
Director
20 May 2016

CHATHAM ROCK PHOSPHATE LIMITED

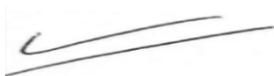
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CHATHAM ROCK PHOSPHATE LIMITED
Statement of Financial Position
As at 31 March 2016

	Note	Group 2016 \$	Group 2015 \$
Assets			
Intangible assets	10	4,193,721	3,949,906
Property, plant & equipment		876	2,770
NZX Bond		15,000	15,000
Total non-current assets		<u>4,209,597</u>	<u>3,967,676</u>
Cash and cash equivalents		185,472	147,859
Accounts receivable		55,938	79,683
Current tax assets	7	1,232	3,327
Other current assets (including restricted cash)	9	301,301	61,287
Total current assets		<u>543,943</u>	<u>292,156</u>
Total assets		<u>4,753,540</u>	<u>4,259,832</u>
Equity			
Share capital	11	33,302,067	31,595,877
Share option reserve	11	-	413,022
Accumulated losses		(29,539,086)	(28,749,166)
Total equity attributable to equity holders of the Company		<u>3,762,981</u>	<u>3,259,733</u>
Total equity		<u>3,762,981</u>	<u>3,259,733</u>
Liabilities			
Trade and other payables	14	990,559	1,000,099
Total current liabilities		<u>990,559</u>	<u>1,000,099</u>
Total equity and liabilities		<u>4,753,540</u>	<u>4,259,832</u>

The financial statements have been approved by the Board of Directors on 20 May 2016.



Chris D Castle



Linda J Sanders

The notes on pages 8 to 27 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Statement of Comprehensive Income
For the year ended 31 March 2016

	Note	Group 2016 \$	Group 2015 \$
Revenue		-	-
Gross profit		-	-
Finance income	5	4,337	3,981
Finance expenses	5	<u>(3,306)</u>	<u>(5,713)</u>
Net finance income/(expense)		1,031	(1,732)
Administrative expenses	6	641,812	2,542,585
Depreciation		910	3,060
Exploration costs		7,993	65,745
Marine Consent Application costs incurred		168,214	6,004,456
Exploration costs impaired and written off	10	-	18,732,829
		<u>(817,898)</u>	<u>(27,350,407)</u>
Profit/(loss) before income tax		(817,898)	(27,350,407)
Income tax expense	7	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u>(817,898)</u>	<u>(27,350,407)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income/(loss)		<u>(817,898)</u>	<u>(27,350,407)</u>
Earnings/(loss) per share attributable to the ordinary equity holders			
Basic earnings/(loss) per share (New Zealand cents)	13	(0.22)	(14.88)
Diluted earnings/(loss) per share (New Zealand cents)		(0.22)	(14.88)

The notes on pages 8 to 27 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Statement of Changes in Equity
For the year ended 31 March 2016

	Share capital	Share option reserve	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 April 2015	31,595,877	413,022	(28,749,166)	3,259,733
Total recognised income and expense	-	-	(817,898)	(817,898)
Issue of shares	1,368,950	-	-	1,368,950
Share issue costs	(47,804)	-	-	(47,804)
Transfer to share capital for cancelled options	385,044	(385,044)	-	-
Transfer to accumulated losses for cancelled options	-	(27,978)	27,978	-
Balance at 31 March 2016	33,302,067	-	(29,539,086)	3,762,981
Balance at 1 April 2014	22,716,739	4,067,489	(5,158,844)	21,625,384
Total recognised income and expense	-	-	(27,350,407)	(27,350,407)
Issue of shares	9,108,881	-	-	9,108,881
Share issue costs	(229,743)	-	-	(229,743)
Share-based payments related to equity raising	-	105,618	-	105,618
Transfer to accumulated losses for lapsed options	-	(3,760,085)	3,760,085	-
Balance at 31 March 2015	31,595,877	413,022	(28,749,166)	3,259,733

The notes on pages 8 to 27 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Statement of Cash Flows
For the year ended 31 March 2016

	Note	Group 2016 \$	Group 2015 \$
Cash flows from operating activities			
Net interest & dividends received		6,379	2,651
Cash paid to suppliers		(986,168)	(5,880,647)
Exploration expenditure		(183,334)	(2,055,990)
Tax refund received		-	-
		<hr/>	<hr/>
Net cash (used in) operating activities	16	<u>(1,163,123)</u>	<u>(7,933,986)</u>
Cash flows from investing activities			
Advances from/(to) related parties	17	-	(164,146)
Purchase property, plant & equipment		-	(2,823)
		<hr/>	<hr/>
Net cash (used in)/from investing activities		<u>-</u>	<u>(166,969)</u>
Cash flows from financing activities			
Proceeds from issue of share capital		1,200,736	8,174,153
		<hr/>	<hr/>
Net cash from financing activities		<u>1,200,736</u>	<u>8,174,153</u>
Net increase/(decrease) in cash and cash equivalents		37,613	73,198
Cash and cash equivalents at 1 April		147,859	74,661
		<hr/>	<hr/>
Cash and cash equivalents at 31 March		<u>185,472</u>	<u>147,859</u>

The notes on pages 8 to 27 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

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CHATHAM ROCK PHOSPHATE LIMITED

Notes to Financial Statements

For the year ended 31 March 2016

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 2013 and Financial Markets Conduct Act 2013.

The Group comprises a wholly owned subsidiary Manmar Investments One Hundred and Six (Proprietary) Limited (refer Note 19). The financial statements are presented for the consolidated group.

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

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 also comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on 20 May 2016.

(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 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.

The Company incurred a net loss of \$817,898 during the year ended 31 March 2016 and, as of that date, the company's current liabilities exceeded its current assets by \$446,616. The Company had cash reserves of \$185,472 and cash held on deposit of \$211,236 and permit work commitments with associated indicative costings as set out in Note 18.

The Directors have prepared a cash flow forecast through to the period ending 30 June 2017 to support the ongoing operations of the Company that includes the following:

- The Company continues to manage its corporate costs appropriately within existing available funds.
- The Directors will continue to raise further capital as required by one of a combination of the following: placement of shares, pro-rata issue to shareholders, and/or further issue of shares to the public.
- The Company applied for and was granted on 27 April 2016 a change of conditions in relation to the Minerals Mining Permit to defer the minimum work programme commitments.
- The Directors plan to evolve the company from a single project focus into a more diversified company, principally involving other phosphate assets. Accordingly due diligence is being undertaken in respect of a number of phosphate assets based both on and offshore in Australasia, North Africa, Southern Africa, Canada, USA and South East Asia. They range from greenfield exploration projects, to those in development and near-to-production.
- The Directors are waiting upon the outcome of Summary Judgement hearing held in March, initiated by the Environmental Protection Authority (EPA) for costs relating to the marine consent hearing process. The EPA is seeking payment of approximately \$795,000 of invoiced but unpaid costs which have been challenged by the Directors. The balance has been fully recognised as a trade payable in the financial statements as at 31 March 2016.
- The Company disputes and intends to counter claim a total of \$884,549 against the EPA.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

2. Basis of preparation (continued)

(c) *Going concern (continued)*

- The Ombudsman has agreed to investigate the EPA's handling of the Company's application for a marine consent. The requested scope of the investigation is first to examine the EPA's cost recovery practices for its marine consent process – including the withholding of information from the Company, which was relevant to whether some of the charges were authorised by law.

The Directors are in an ongoing dialogue with a Parliamentary Select Committee concerning a 90% refund of the \$475,000 Annual Mining Permit fee, which was paid in full, in respect of the period to 30 June 2014. No receivable has been recognised in the financial statements as at 31 March 2016 for any potential refund. Parliament's Regulations Review Select Committee have told the Ministry of Business, Innovation and Employment (MBIE)'s Building, Resources and Markets group that it erred in not retrospectively lowering fees for offshore mining permits and suggested it consult further with Chatham Rock Phosphate about a complaint the company made over two years ago.

Furthermore the Directors have announced their support for a share based takeover bid by Antipodes Gold to acquire the Company's core assets. The proposed reverse takeover will provide the Company with a listing on the Toronto Venture Stock exchange (refer Note 21) and further cash reserves presently estimated at \$500,000.

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.

No adjustments have been made relating to the recoverability and reclassification of recorded net asset amounts and classification of liabilities that might be necessary should the exploration permits be ultimately surrendered or cancelled. The Directors determined the carrying value of assets to be appropriate subject to the above conditions being met.

(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 2016 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.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

2. Basis of preparation (continued)

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

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.

(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 Company has chosen not to early adopt NZ IFRS 9 Financial Instruments (effective for the year ending 31 March 2019), which was issued during the year. The standard may have a material effect on the financial statements in future years. The impact of adopting the standard has not yet been assessed.

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.

(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.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

3. Significant accounting policies (continued)

(e) *Intangible assets*

Exploration and evaluation assets

Exploration and evaluation costs, including the costs of applying and 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 recognised and carried forward 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.

Ultimate recoupment of costs is dependent on successful development and commercial exploration or alternatively sale of respective areas. Costs are written off as soon as an area has been abandoned or considered to be non-commercial.

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.

(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.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

3. Significant accounting policies (continued)

(h) *Finance income and expenses (continued)*

Finance expenses comprise interest expense 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.

(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 and has commenced due diligence activities on phosphate assets overseas.

5. Finance income and expense

	2016	2015
	\$	\$
Interest income on bank deposits	4,337	3,981
Net foreign exchange gains	-	-
Finance income	4,337	3,981
Net foreign exchange losses	3,306	5,713
Finance expense	3,306	5,713
Net finance income/(expense)	1,031	(1,732)

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

6. Administrative expenses

The following items of expenditure are included in administrative expenses:

	2016	2015
	\$	\$
Auditor's remuneration to KPMG comprises:		
Audit of financial statements	25,000	31,500
Audit of Register of Security Holders	-	1,450
	<hr/>	<hr/>
Total auditor's remuneration	25,000	32,950
	<hr/>	<hr/>
Accountancy	25,616	32,770
Consultancy fees	185,256	425,492
Directors fees	-	-
Insurance	5,431	5,456
AIM Listing expenses	-	1,145,156
Legal fees	157,694	130,662
Listing fees	13,462	24,200
Management fees	60,000	330,000
Registry fees	21,340	46,131
Rent	17,500	25,167
Travel expenses	81,058	234,384

The Board has agreed to forfeit directors fees for the year ended 31 March 2016 (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

	2016	2015
	\$	\$
Reconciliation of effective tax rate		
Profit/(loss) for the year	(817,898)	(27,350,407)
Income tax using the Company's domestic tax rate 28%	(229,011)	(7,658,114)
<i>Tax effect of:</i>		
Non-deductible expenses	45,670	403,622
Current year losses for which no deferred tax is recognised	257,280	2,085,835
Change in unrecognised temporary differences	(73,938)	5,168,657
	<hr/>	<hr/>
Income tax expense	-	-
<i>Comprising:</i>		
Current tax expense	-	-
Deferred tax expense		
Origination and reversal of temporary differences	(73,938)	5,168,657
Change in unrecognised temporary differences	73,938	(5,168,657)
	<hr/>	<hr/>
Total income tax expense in income statement	-	-

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

7. Income tax expense in the Statement of Comprehensive Income (continued)

	2016	2015
	\$	\$
<i>The current tax assets consists of:</i>		
Resident withholding tax paid	1,232	1,098
Current tax asset	1,232	3,327
Imputation credits at 31 March	1,232	3,327

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:

	2016	2015
	\$	\$
Deductible temporary differences	-	-
Tax losses	(8,403,041)	(8,219,699)
	(8,403,041)	(8,219,699)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2016	2015
	\$	\$
Property, plant & equipment	(43)	(86)
Intangible assets	1,174,242	1,105,974
Trade and other payables	(21,472)	(27,099)
Tax losses	(1,152,727)	(1,078,789)
	-	-

9. Other current assets

	2016	2015
	\$	\$
Prepayments	90,065	46,055
Duncan Cotterill Lawyers Trust Account	211,236	15,232
	301,301	61,287

Monies are held with Duncan Cotterill in a trust account representing approximately 25% of the unpaid amount claimed by the EPA and in dispute by the Company. The funds are held in trust and in agreement with the EPA until the dispute is settled.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

10. Intangible assets

Exploration and evaluation on Chatham Rise Project

	\$
Balance at 1 April 2014	22,042,544
Exploration costs capitalised	643,524
Write down Exploration costs	(18,736,162)
	3,949,906
Balance at 31 March 2015	3,949,906
Balance at 1 April 2015	3,949,906
Exploration costs capitalised	243,815
	4,193,721
Balance at 31 March 2016	4,193,721

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.

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 2887km² of the Chatham Rise and is located approximately 450 kilometres east of Christchurch.

On 13 November 2013 the Company submitted a notice to renew the Licence for a further four years. All work commitments have been met to date.

On 6 December 2013 the Company was granted a Mineral Mining Permit 55549 to extract phosphates (refer Note 18), expiring 5 December 2033.

On 11 February 2015 the Company was refused Marine Consent from the Environmental Protection Authority (EPA), New Zealand's environmental regulator on grounds which the Company disputes. Subsequently, the Directors impaired the carrying value of the capitalised costs to represent their best estimate of the recoverability as the Company reconsiders the re-submission of the Marine Consent with the EPA. On 27 April 2016 the Company was granted a change of conditions in the permit to defer the minimum work programme commitments.

In June 2012, the Company applied for 5 prospecting licences offshore Namibia. It remains the intention of the Directors to pursue these licences and the Company is currently sharing its experience of New Zealand's environmental consenting regime to assist Namibia in designing an environmental assessment process for its seabed phosphate resources. The applications will be considered by the Ministry of Mines and Energy when Namibia's regional Environmental Impact Assessment is completed and the moratorium on exploration is lifted.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

11. Issued capital and reserves

Share capital	Ordinary shares	
	2016	2015
On issue at 1 April	230,014,877	144,405,299
Issued for cash	249,756,810	81,436,840
Issued in lieu of payment	10,717,524	4,172,738
Options exchanged	7,717,303	-
On issue at 31 March	498,206,514	230,014,877
Shares issued for services to be performed (Note 12)	(10,650,833)	(10,650,833)
Shares issued on an unpaid basis	(41,666,667)	-
	445,889,014	219,364,044

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company, to the extent to which they have been paid up. All shares rank equally with regard to the Company's residual assets.

Issue of Ordinary Shares

All issued shares are fully paid, except as disclosed and have no par value.

In May 2015 the Company issued 2,812,500 ordinary shares in aggregate to Robin Falconer & Associates Ltd, CRP-OCS Consulting Ltd and LJ Sanders Consulting Ltd at an issue price of \$0.016 in satisfaction of payment for services under their consultancy agreements.

In September 2015 the Company issued 7,905,024 ordinary shares in aggregate to CRP-OCS Consulting Ltd, LJ Sanders Consulting Ltd and Kenex Knowledge Systems Ltd at an issue price of \$0.0095 in satisfaction of payment for services under their consultancy agreements.

In August 2015 the Company completed a Rights Issue which resulted in the issue of 156,883,361 ordinary shares at \$0.006. The Company also completed an exchange for listed options on a 7 options for 1 share basis, resulting in the issue of 7,567,303 ordinary shares. Further, the Company also exchanged unlisted options on a 5 options to 1 shares basis resulting in the issue of 150,000 ordinary shares.

In March 2016 the Company issued 58,333,333 ordinary shares to a substantial holder at an issue price of \$0.006 each. 16,666,666 shares have been subscribed for and fully paid. The remaining shares are to be paid at a rate of \$50,000 per month, (8,333,333 shares) commencing on or before 2 May 2016.

Additionally during the year, 34,540,116 ordinary shares were issued to qualified investors, at an issue price of \$0.006 each.

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 balance date, 14,704,416 (2015: 13,677,264) shares had vested to Boskalis on completion of services; refer to Note 12 for further details.

Share Options Granted Listed

	Share Options	
	2016	2015
On issue at 1 April	52,972,305	3,348,762
Options issued	-	49,623,543
Options cancelled	(52,972,305)	-
On issue at 31 March	-	52,972,305

At 31 March 2016 and at the date of this report there were no listed options outstanding.

These options were cancelled in an exchange for shares on a 7 options for 1 share basis in August 2015.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

11. Issued capital and reserves (continued)

Share Options Granted Unlisted

	Share Options	
	2016	2015
On issue at 1 April	750,000	37,113,178
Options issued	-	540,000
Options lapsed	-	(36,903,178)
Options cancelled	(750,000)	-
On issue at 31 March	-	750,000

At 31 March 2016 and at the date of this report there were no unlisted options outstanding.

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 20 June 2014, these options were extended under the Deed to 31 March 2017. These options were cancelled in an exchange for shares on a 5 options for 1 share basis in August 2015.

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 20 June 2014, these options were extended under the Deed to 31 March 2017. These options were cancelled in an exchange for shares on a 5 options for 1 share basis in August 2015.

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 \$120,414 (2015: \$810,454) settled by the issue of 10,717,524 (2015: 5,199,890) ordinary shares in the Company, have been initially capitalised in exploration expenditure or included in consultants fees during the year (2015: capitalised in exploration expenditure or included in management fees or AIM Listing costs, 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 Offshore Subsea Contracting BV ("Boskalis") in July 2012 to undertake a range of services including the provision of geotechnical reports, the conceptual design of recovery and separation systems, environmental impact assessments and transportation options for rock phosphate recovery.

The contract for services provided that payment for the above work would 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.

In June 2014 the Company and Boskalis, agreed to a "Variation Agreement" to the July 2012 services agreement.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

12. Share-based payments (continued)

Under the Variation Agreement, Boskalis assisted the Company with the Marine Consent application; including providing technical advice and making available personnel with relevant technical expertise to attend the application hearings. Consideration for the services under the Variation Agreement was satisfied by shares vested to Boskalis from those issued in 2012, which was a prepayment for services to be provided.

At balance date 14,704,416 (2015: 14,704,416) shares had vested to Boskalis on completion of services and 10,650,833 (2015: 10,650,833) issued shares are yet to be applied under the contract for services.

In March 2016 it was agreed that the 10,650,833 shares held by Boskalis that remain unpaid will be transferred back to the Company to be cancelled in accordance with the Agreements and all obligations by either party will be deemed to have been fulfilled (Note 21).

Boskalis will continue to provide services to the Company on an informal basis as agreed from time to time. Where it is agreed for services to be provided, Boskalis will charge the Company at the relevant personnel's usual charge out rates and invoice the Company at 31 March each year. The Company will then satisfy such invoices by issuing new shares to Boskalis at a price that is equal to the average 20 day volume weighted average market price of the Company shares at the end of each calendar year quarter during the preceding year in which the services were provided.

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:

<i>Consultant</i>	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	0.488	31 March 2017 (extended from 30 September 2014)
Robin Falconer Associates Ltd	250,000	30 September 2010 (vesting 30 Sept 2011)	0.0335	0.488	31 March 2017 (extended from 30 September 2014)
Kenex Limited	250,000	28 February 2011	0.0472	0.488	31 March 2017 (extended from 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.

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 was reduced by \$0.012 per option. \$0.50 options were re-priced as \$0.488 options. At 31 March 2016 and at the date of this report there were no options outstanding.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

12. Share-based payments (continued)

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

	Weighted average exercise price 2016	Weighted average exercise price 2015	Number of options 2016	Number of options 2015
Outstanding at 1 April	0.49	0.29	750,000	37,113,178
Options issued	-	0.29	-	540,000
Options lapsed	-	(0.29)	-	(36,903,178)
Options cancelled	(0.49)	-	(750,000)	-
Outstanding at 31 March	-	0.49	-	750,000
Exercisable at 31 March			-	750,000

13. Earnings/(loss) per share

Basic earnings/(loss) per share

The calculation of basic earnings per share at 31 March 2016 was based on the profit/(loss) attributable to ordinary shareholders of \$(817,898) (2015: \$(27,350,407)) and a weighted average number of ordinary shares outstanding of 378,290,487 (2015: 183,768,702), calculated as follows:

	2016	2015
	\$	\$
Basic earnings/(loss) per share (New Zealand cents)	(0.22)	(14.88)
Profit/(loss) attributable to ordinary shareholders:		
Net profit/(loss) for the year	<u>(817,898)</u>	<u>(27,350,407)</u>

Weighted average number of ordinary shares:

Issued ordinary shares at 1 April	230,014,877	144,405,317
Effect of shares issued in April 2014	-	13,482,829
Effect of shares issued in May 2014	-	1,141,124
Effect of shares issued in July 2014	-	98,889
Effect of shares issued in August 2014	-	6,102,009
Effect of shares issued in September 2014	-	5,869,726
Effect of shares issued in October 2014	-	5,494,362
Effect of shares issued in November 2014	-	6,097,872
Effect of shares issued in January 2015	-	48,924
Effect of shares issued in February 2015	-	26,596
Effect of shares issued in March 2015	-	1,001,054
Effect of shares issued in May 2015	92,679,516	-
Effect of shares issued in July 2015	6,175,472	-
Effect of shares issued in August 2015	33,879,132	-
Effect of shares issued in September 2015	5,399,835	-
Effect of shares issued in December 2015	5,787,535	-
Effect of shares issued in February 2016	1,595,086	-
Effect of shares issued in March 2016	<u>2,759,016</u>	<u>-</u>
Weighted average number of ordinary shares at 31 March	<u>378,290,487</u>	<u>183,768,702</u>

Share options have not been included in the diluted earnings per share calculation as they are antidilutive for the periods presented.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

14. Trade and other payables

	2016	2015
	\$	\$
Trade and other payables due to related parties	26,150	25,000
Other trade payables	95,541	101,879
Environmental Protection Agency	795,310	834,626
Accrued expenses	73,558	38,594
	990,559	1,000,099

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.

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 2016 (2015: \$nil). As a purchaser of foreign currency, the Company's risk is that the NZD depreciates.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
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15. Financial instruments (continued)

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

Market risk is that changes in market prices, such as foreign exchange rates, interest rates and commodity prices will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group has no material exposure to market risk.

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.

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 2016, the Company had \$990,559 (2015: \$1,000,099) 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.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

15. Financial instruments (continued)

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 \$
2016			
Assets			
NZX Bond	15,000	-	15,000
Total non-current assets	15,000	-	15,000
Other current assets			
Trade and other receivables	211,236	-	211,236
Cash and cash equivalents	55,938	-	55,938
Total current assets	185,472	-	185,472
Total current assets	452,646	-	452,646
Total assets	467,646	-	467,646
Liabilities			
Trade and other payables	-	990,559	990,559
Total current liabilities	-	990,559	990,559
Total liabilities	-	990,559	990,559
	Loans and receivables \$	Liabilities at amortised cost \$	Total carrying amount \$
2015			
Assets			
NZX Bond	15,000	-	15,000
Total non-current assets	15,000	-	15,000
Other current assets			
Trade and other receivables	15,232	-	15,232
Cash and cash equivalents	62,125	-	62,125
Total current assets	147,859	-	147,859
Total current assets	225,216	-	225,216
Total assets	240,216	-	240,216
Liabilities			
Trade and other payables	-	1,000,099	1,000,099
Total current liabilities	-	1,000,099	1,000,099
Total liabilities	-	1,000,099	1,000,099

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

	2016	2015
	\$	\$
Profit/(loss) for the year	(817,898)	(27,350,407)
Adjustments for:		
Depreciation	910	4,290
Writedown in Exploration (non-cash)	-	18,736,162
Expenses (non-cash)	28,500	387,066
Change in trade and other receivables	23,799	44,413
Change in other current assets	(220,015)	158,320
Change in current tax assets	2,042	(1,098)
Change in trade and other payables	15,459	(105,471)
Change in exploration expenditure	(195,920)	192,739
	(1,163,123)	(7,933,986)

17. Related parties

Transactions with key management personnel

Key management personnel remuneration includes the following:

	2016	2015
	\$	\$
<i>Short-term benefits:</i>		
Consultancy fees paid for key management personnel services	242,037	731,832
Contractor services fee paid for key management personnel	-	366,667
	242,037	1,098,499

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 management fees of \$60,000 (2015: \$nil) to Chris Castle. The outstanding balance at balance date was \$nil (2015: \$nil).

During the year, the Company paid consultancy fees of \$37,087 (2015: \$50,300) to Nevay Holdings Ltd, a company in which Mr C Castle & Ms J Hatchwell are also Directors. The outstanding balance at balance date was \$nil (2015: \$nil) which is included in trade payables.

During the year, the Company paid consultancy fees of \$nil (2015: \$140,000) to LJ Sanders Consulting Ltd, a company in which Ms L Sanders is also a Director. The outstanding balance at balance date was \$nil (2015: \$5,000).

During the year, the Company paid consultancy fees of \$41,950 (2015: \$37,250) to Onekaka Links Ltd, a company in which Ms L Sanders & Mr C Castle are also Directors. The outstanding balance at balance date was \$13,950 (2015: \$nil).

During the year, the Company paid consultancy fees of \$nil (2015: \$200,000) to Robin Falconer Associates Ltd, a company in which Mr R Falconer is also a Director. The outstanding balance at balance date was \$nil (2015: \$5,000).

During the year, the Company paid consultancy fees of \$103,000 (2015: \$240,000) to CRP-OCS Consulting Ltd, a company in which Mr R Wood is also a Director. The outstanding balance at balance date was \$34,400 (2015: \$15,000) of which \$22,200 (\$15,000) is included in trade payables.

During the year, the Company paid consultancy fees of \$nil (2015: \$64,282) to Robert Goodden Consulting Ltd, a company in which Mr R Goodden is also a Director. The outstanding balance at balance date was \$nil (2015: \$nil).

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

17. Related parties (continued)

During the previous year, the Company paid management fees of \$366,667 to Aorere Resources Ltd under a management agreement. Management fees of \$36,667 were capitalised to intangible assets as they were directly attributable to the Chatham Rise project. The Agreement ceased on 28 February 2016.

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 8.3% (2015: 7.9%) 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:

Directors	Transactions	Transaction value Year ended 31 March		Balance outstanding as at 31 March	
		2016	2015	2016	2015
		\$	\$	\$	\$
<i>Widespread Limited</i>					
C Castle, J Hatchwell, and L Sanders	Loans	-	(4,146)	-	-

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 and contingencies

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	
	2016	2015
Within one year	-	-
After one year but not more than five years	6,000,000	10,000,000
	<u>6,000,000</u>	<u>10,000,000</u>

Minerals Mining Permit 55549

The Minerals Mining Permit was granted on 6 December 2013. On 27 April 2016 the Company was granted a change of conditions in the permit to defer the minimum work programme commitments. The minimum work programme includes:

Within 36 months of the commencement date of the permit, the permit holder shall:

- Complete an updated resource optimisation study for the permit area.

Within 48 months of the commencement date of the permit, the permit holder shall:

- Complete and submit a sufficiently detailed engineering study and feasibility study, which (without limitation) is at the level of detail to reach a decision-to-mine milestone; and
- Submit a detailed timeline for the construction/refit of a selected vessel including (without limitation) the detail timing of the commissioning and mobilisation to the Chatham Rise; and
- 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 the Chief Executive to carry out the work programme obligations set out for the following 24 months and to commence production within 60 months of the commencement date of the permit or surrender the permit.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

18. Commitments and contingencies (continued)

Within 72 months of the commencement date of the permit, the permit holder must spend on average \$2 million per annum completing appropriate sampling, geophysical and geotechnical surveys and data analysis (without limitation) in respect of the mining blocks identified for the first five years of production. For the remainder of the term the Company must spend \$2 million per annum on carrying out further specified work programme commitments.

Legal claim contingency

Following balance date an overseas broker has threatened action against the Company in respect of an unpaid invoice 2014. The estimated cost is \$60,000 should the action be successful.

The Company gave Notice of Termination to the broker in October 2014 for various material breaches of the terms of their Agreement. Accordingly, no provision for any liability has been made in these financial statements.

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. Proposed restructure

The Company is still working to obtain a marine consent from the Environmental Protection Authority (EPA) after consent was declined in early 2015 by the EPA's decision making committee. The Board has determined that the Company's business will evolve from a single project focus into a more diversified business, principally involving other phosphate projects, both onshore and offshore. In addition, the Board is working towards reapplying for a marine consent.

The Board has determined that diversification of its business strategy will be significantly easier if the Company was listed on a more recognised and liquid overseas stock market for mining companies. A listing on the TSX Venture Exchange (TSX.V) was identified as logical as the TSX.V is a leading exchange for mining stocks and also has a major fertiliser component. The Company is seeking to achieve this through a reverse takeover offer of the Company by Antipodes Gold Limited (AXG) (Takeover Offer).

Under TSX listing rules, the Takeover Offer requires the merged entity to hold 12 months' working capital following the successful Takeover Offer. The current baseline level of working capital assessed as required by the Company to 31 May 2017 is NZ\$1.5 million (Working Capital Requirement). This amount has already been secured.

Takeover Offer – Steps to Completion

Upon raising the Working Capital Requirement, AXG will seek to receive, from the Company's shareholders holding 55% of CRP shares, executed pre-bid lock up agreements under which the Company's shareholders agree to accept the Takeover Offer once received. Following these lock up commitments being received, AXG will launch the Takeover Offer, which will be conditional upon 90% acceptances and other conditions customary in a full takeover offer. If the conditions described above are not satisfied, there is a risk the Takeover Offer will not be completed or successful (as the case may be).

Once the Takeover Offer is launched, subject to the conditions being satisfied or waived, the Company expects the Takeover Offer to be completed within two to three months. If the Takeover is not successful, the Board will consider alternative capital raising options.

21. Subsequent events

On 27 April 2016 the Company was granted a change of conditions in the permit to defer the minimum work programme commitments.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2016

21. Subsequent events (continued)

The Company entered a services agreement with Boskalis Subsea Contracting B.V. ("Boskalis") in 2012 (as amended in 2014) ("Agreement"). Boskalis is the Company's technical partner for its Chatham Rise project, providing assistance on the design and engineering aspects of the proposed mining vessel and system. The Company pre-paid for the services to be provided by Boskalis under the Agreement by issuing 25,355,266 shares to Boskalis at an issue price of \$0.22 per share. To the extent these shares were not paid by services they were to be transferred back for cancellation by the Company.

Boskalis has fulfilled all of the service requirements under the Agreement but a number of the pre-paid shares remain unpaid. On 2 May 2016 10,650,833 shares were transferred back to the Company and cancelled.

On 10 May 2016 the Company announced that it has issued a further 185,900,906 ordinary shares in CRP to qualified investors at an issue price of \$0.006 per share, raising \$1,115,405 in new capital.

On 10 May 2016 the Company also announced that it would be undertaking a share purchase plan (SPP) offer of ordinary shares (SPP Shares) to existing shareholders. CRP intends to limit the SPP to raise no more than NZ\$600,000. Each shareholder of the Company may, on that basis, subject to availability or scaling, apply for up to NZ\$15,000 of SPP Shares, at \$0.006 per share. A timetable will be announced shortly. The Company is currently in discussions with potential underwriters of the SPP and considers that the SPP will likely be partially or fully underwritten.



Independent auditor's report

To the shareholders of Chatham Rock Phosphate Limited

We have audited the accompanying financial statements of Chatham Rock Phosphate Limited ("the company") on pages 4 to 27. The financial statements comprise the statement of financial position as at 31 March 2016, 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.

This report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's shareholders as a body, for our audit work, this report or any of the opinions we have formed.

Directors' responsibility for the financial statements

The directors are responsible on behalf of the company for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards, 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 and fair presentation of the financial statements 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 27 comply with generally accepted accounting practice in New Zealand and present fairly, in all material respects, the financial position of Chatham Rock Phosphate Limited as at 31 March 2016 and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

Emphasis of matter

We draw attention to Note 2(c) to the financial statements which indicates that the company incurred a net loss of \$817,898 during the year ended 31 March 2016 and, as of that date, the company's current liabilities exceeded its current assets by \$446,616. These conditions, along with other matters as set out in Note 2(c), Note 20 and Note 21, indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern. Information in Note 2(c), Note 20 and Note 21 explain the assumptions made by the directors in support of the ability for the company to be able to continue as a going concern in the foreseeable future. The consolidated 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.

A handwritten signature of the KPMG firm, written in blue ink, appearing as 'KPMG' in a stylized, cursive font.

20 May 2016
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 2016

Size of holding	Number of security holders	Number of securities
1 – 10,000	265	1,296,867
10,001 – 50,000	288	7,404,872
50,001 – 100,000	129	9,800,696
100,001 – 500,000	203	48,990,615
500,001 – 1,000,000	51	38,722,954
1,000,001 +	72	577,175,720
Geographic distribution		
New Zealand	945	343,237,340
United States	24	84,050,798
United Kingdom	13	4,792,976
Australia	9	3,225,173
Germany	4	48,629,456
Singapore	3	101,259,002
Rest of world	10	98,196,979

2. 20 Largest registered holders of quoted equity securities as at 27 May 2016

	Ordinary	%
George W K Pau & Happy Sim	100,000,000	14.63
Ernst Schonbachler	66,666,666	9.75
General Research GMBH	45,833,333	6.70
Subsea Investments II LLC	36,582,711	5.35
Aorere Resources Limited	23,847,162	3.48
Wouter Van Woudenberg	21,098,900	3.08
Neil C Armstrong	18,863,089	2.76
Kwee H Mok	17,500,000	2.56
Mineral Investments Limited	17,349,036	2.53
Boskalis Offshore B.V.	17,282,364	2.52
Infiniti Investments Limited	11,088,070	1.62
New Zealand Central Securities Depository Ltd	10,257,496	1.50
LLB Fund Services AG	10,000,000	1.46
Odyssey Marine Exploration Inc	9,320,348	1.36
Frank C T Owen	8,848,000	1.29
CRP-OCS Consulting Limited	8,519,850	1.24
John W Guinness	8,012,054	1.17
Christopher D Castle	8,000,000	1.17
Linda J Sanders	6,363,502	0.93
Peter D Milne	6,130,890	0.89

CHATHAM ROCK PHOSPHATE LIMITED

Shareholder Information

3. Substantial Product Holders as at 31 March 2016

The following persons are substantial product holders in accordance with section 274 of the Financial Markets Conduct Act 2013:

	Ordinary shares	
	Number	%
George Wong and Happy Sim	58,333,333	11.71
Aorere Resources Limited ¹	41,19,198	8.27
Subsea Investments II, LLC	36,582,711	7.34
Boskalis Offshore B.V.	25,355,266	5.09
 Total Ordinary Shares on issue	 498,206,515	

4. Directors' Relevant Interests² as at 31 March 2016

	Ordinary shares held		Listed options held	
	2016	2015	2016	2015
	Number	Number	Number	Number
C Castle	9,488,970 ³	3,214,376 ³	-	848,158
L Sanders	5,792,438 ⁴	1,076,868 ⁴	-	-
J Hatchwell	130,921	130,921	-	-
R Falconer	3,408,824	1,178,388	-	101,836
R Goodden	1,348,149	662,701	-	159,231

Notes:

- 1 Denotes aggregate holding with Mineral Investments Limited
- 2 C Castle, L Sanders and J Hatchwell are also Directors of Aorere Resources Limited which has a relevant interest in (in conjunction with its wholly owned subsidiary, Mineral Investments Limited) in 23,847,162 ordinary shares as at 31 March 2016.
- 3 Includes shares held jointly with Linda Sanders and shares held by LJ Sanders Consulting Limited (50% holding).
- 4 Includes shares held jointly with Chris Castle and shares held by LJ Sanders Consulting Limited (50% holding).

CHATHAM ROCK PHOSPHATE LIMITED
Statutory Information
For the year ended 31 March 2016

1. Directors and remuneration

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

<i>In New Zealand dollars</i>	Directors Fees	Consultancy Fees	Total
	\$	\$	\$
L Sanders	-	41,950	41,950
J Hatchwell	-	37,087	37,087
C Castle	-	60,000	60,000
R Falconer	-	-	-
R Goodden	-	-	-

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 9 June 2015 Mr C Castle purchased 79,894 ordinary shares in an off-market transfer for \$479.36. In June & July 2015 Mr C Castle acquired 311,961 ordinary shares for \$1,871.77.

On 24 July 2015 Mr C Castle participated in the shortfall under the Entitlements Issue and was issued 688,039 ordinary shares at \$0.006 cents.

On 10 August 2015 all listed options were cancelled and option holders received 1 share for every 7 options held, Mr C Castle received 121,165 ordinary shares, Mr R Falconer received 14,548 ordinary shares and Mr R Goodden received 22,747 ordinary shares.

On 12 August 2015 Mr R Falconer received 100,000 ordinary shares on a 1 for 5 basis when his unlisted options were cancelled.

On 11 September 2015, Ms L Sanders was issued with 2,800,022 ordinary shares in satisfaction of \$28,500 for consultancy fees pursuant to her contract for the five months ended 31 August 2015. On 11 September 2015 Mr C Castle participated in a share issue as a qualified investor and was issued with 878,835 ordinary shares at \$0.006 cents.

On 2 May 2016, Ms L Sanders was issued with 2,060,034 ordinary shares in satisfaction of \$13,950 for consultancy fees pursuant to her contract for the seven months ended 31 March 2016. On 2 May 2016 Ms L Sanders had 625,000 ordinary shares cancelled for \$10,000 of consultancy services overpaid for the quarter ended 31 March 2015 and Mr R Falconer also had 625,000 ordinary shares cancelled for \$10,000 of consultancy services overpaid for the quarter ended 31 March 2015.

On 10 May 2016 Mr R Falconer was re-issued with 625,000 ordinary shares in satisfaction of \$10,000 for consultancy fees pursuant to his contract.

CHATHAM ROCK PHOSPHATE LIMITED
Statutory Information
For the year ended 31 March 2016

(b) Loans to directors

No loans were granted to Directors and nil is outstanding at 31 March 2016.

(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 in the 12 months prior to the publication date of this annual report.

CHATHAM ROCK PHOSPHATE LIMITED

Corporate Governance

For the year ended 31 March 2016

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 six 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. Linda Sanders and Jill Hatchwell are on the Audit Committee and Robert Goodden and Linda Sanders 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.

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.

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 receives 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.

CHATHAM ROCK PHOSPHATE LIMITED
Corporate Governance
For the year ended 31 March 2016

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.