



Chatham

Rock
Phosphate Ltd

Update

17 August 2015

We're pleased to be getting traction on a number of fronts and so we thought we'd update you on progress with our game plan.

Mostly pleasingly, we've continued to raise the money we need for the coming year and have announced further placements in the last couple of weeks totalling more than \$300,000.

Over the past few months there's been a steady stream of support from shareholders keen to support our plans for the coming year and we're now very well advanced in raising the funds we need to operate for the next 12 months.

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

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.

As an aside, the annual shareholder meeting approved the conversion of "out of the money" options to shares. This conversion, which has now taken place tidies up the register, was a good outcome for option holders and will result in lower listing fees both on NZAX and the TSX.V

Plenty of upside

The present share price of 0.8 cents values Chatham at \$3.2 million or an enterprise value of \$2.5 million net of cash. That's \$1 million less than our market capitalisation in 2010, when we had no management team, no contracts with Boskalis, no 20-year mining permit, no legislation for applying for a marine consent, significantly less knowledge about the deposit, 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.

It's our view that buying at current levels represents great value; the shares are already priced near an all-time low on the assumption Chatham will either not get the environmental permit or will go broke.

Due to recent substantial investment, our directors and other associated interests are now Chatham's biggest shareholder group. Together with hundreds of others, including farmers, New Zealanders own more than half the company.

So what's the game plan?

To recap, it involves these key planks:

1. Focusing on the areas of the consenting process that need fixing, before we make a final decision to resubmit, while
2. Diversifying both our portfolio of interests and our access to capital markets.

Chatham Rise project still key

While we did not succeed with our initial consent application, much has been learned by both Chatham as an applicant and by the Environmental Protection Authority. We are confident that 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 that 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 in New Zealand.
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 presently estimated at approximately \$90 million.
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. The economics are also hugely favourable when compared to fish bottom trawling. The revenue earned by extracting phosphate would be \$9,700,000 per km² (we'll be covering 30km² a year) compared with only \$9,000 per km² annually from trawling.
9. Our project could enable New Zealand to become a world leader in marine technology and expertise potentially worth billions of dollars.
10. Our work at sea enhances the understanding and knowledge base of our marine environment to help identify marine areas most deserving of conservation.
11. 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

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.

As well as the five marine applications in Namibia, we are developing relationships with other players in the market, maintaining our relationship with 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. And, of course, though environmental groups conveniently ignore it, trawling affects 50,000 km²a year, and yet requires no environmental approvals.

Updated presentation

We've updated our investor presentation and it's on the front page of the website. [Go here](#)

Regards

Chris Castle, Managing Director
chris@crpl.co.nz or +64 21 55 81 82