

7 June 2016

NZX Limited
Level 1, NZX Centre
11 Cable Street
Wellington 6011

Notice of Offer of Same Class Financial Products for Issue

1. Chatham Rock Phosphate Limited (**CRP**) intends to undertake a share purchase plan offer of ordinary shares (**New Shares**) to its eligible shareholders (being those holders on the share register on the record date of 5pm, 3 June 2016) (**Offer**).
2. Pursuant to clause 20 of Schedule 8 of the Financial Markets Conduct Regulations 2014 (**Regulations**) and clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**), CRP advises that:
 - 2.1 The Offer is being made in reliance upon the exclusion in clause 19 of Schedule 1 of the FMCA. CRP is giving this notice (**Cleansing Notice**) under clause 20(1)(a) of the Regulations.
 - 2.2 As at the date of this Cleansing Notice, CRP is in compliance with:
 - 2.2.1 the continuous disclosure obligations that apply to it in relation to CRP's quoted financial products; and
 - 2.2.2 its "financial reporting obligations" (within the meaning set out in clause 20(5) of Schedule 8 of the Regulations).
 - 2.3 As at the date of this Cleansing Notice, there is no information that is "excluded information" within the meaning set out in clause 20(5) of Schedule 8 of the Regulations.
 - 2.4 The potential effects that the Offer and the issue of New Shares will have on the "control" (within the meaning of clause 48 of Schedule 1 of the FMCA) of CRP and the consequences of those effects are as follows:
 - 2.4.1 The Offer is limited to 100 million shares (**Offer Size**) which represents 14.6% of all shares on issue in CRP prior to the Offer being made. The Offer Size is not considered by CRP to constitute a material parcel of New Shares (in control terms), particularly given that CRP has a broad shareholding spread of more than 1,000 shareholders and that the vast majority of them are eligible shareholders who may participate in the Offer.
 - 2.4.2 In some cases, shareholders with registered addresses outside of New Zealand may not be eligible to participate in the Offer (and their percentage shareholding will be diluted as a result of the issue of New Shares), due to the legal requirements of the relevant jurisdiction being unduly onerous for CRP to make the Offer in that jurisdiction. However CRP does not consider that any overseas shareholders currently have any material control of CRP and therefore that any potential dilution will not materially effect control.
 - 2.4.3 The Offer is not a pro rata offer and eligible shareholders have no minimum entitlement to New Shares. Eligible shareholders may apply for up to \$15,000 of Shares and may also apply for New

Shares in an oversubscription facility. However applications will be scaled back if all applications received in the Offer exceed the Offer Size. Accordingly if the Offer is oversubscribed eligible shareholders may be unable to maintain their existing proportionate shareholding in CRP through participation in the Offer.

2.4.4 Any scaling of applications under the Offer will be made on a pro rata basis across the number of shares applied for, not pro rata by reference to the existing shareholdings of applicants. Accordingly scaling may limit the ability of eligible shareholders to obtain New Shares under the Offer and maintain their proportionate interest in CRP. This is considered unlikely to materially effect control given the Offer Size.

2.4.5 Four eligible shareholders are severally underwriting the Offer. The table below sets out their proportionate underwriting commitments and their respective percentage control of CRP shares in a scenario where no shares are taken up by other eligible shareholders under the Offer:

Underwriter Name	Underwriting Percentage	Underwritten Shares	Existing Shareholding	Total Shares	Maximum Shareholding Percentage
George and Happy Wong	33.34%	33,340,000	100,000,000	133,340,000	16.8%
Christopher Castle	33.33%	33,330,000	15,227,472	48,557,472	6.1%
Ernst Schonbachler	22.22%	22,220,000	66,666,666	88,886,666	11.2%
General Research GMBH	11.11%	11,110,000	45,833,333	56,943,333	7.2%

2.4.6 The control outcomes set out in the table above are not expected to occur with at least some participation by other eligible shareholders expected. However even if this scenario did arise the effect on control of CRP is not considered material given no underwriter would individually hold or control 20% or more of CRP's shares and based on the information CRP holds it does not consider the four underwriters to be associated (within the meaning of the Takeovers Code) with each other.

On behalf of the Board,

Chris Castle
Chief Executive Officer
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