Chatham Rock Phosphate Ltd

1 October 2017

TSX.V: NZP

www.rockphosphate.co.nz
Overview

- Investment highlights
- History and forward strategy
- Objectives
- Significance of direct application rock
- What Chatham has achieved already
- Excellent circumstances favour the grant of the environmental permit
- Funding programme – the investment opportunity
- Why we think the Chatham project is such an attractive investment
Investment Highlights

- Chatham holds a 20 mining permit over a phosphate deposit with an in situ value of over $US 3.5 billion (=~ 3 million ounces of gold)
- The deposit will be contract mined by a dredging company so there is no development capital required
- Chatham phosphate rock is low in heavy metals such as cadmium and ultra-environmentally friendly being an authentic reactive phosphate rock.
- As such (although this is not assumed in our forecasts) the rock will, over time, trade at a premium due to environmental and food safety pressure
- Annual forecast pre-tax earnings are > 10X the current market cap
- Chatham is seeking to raise $C6.5 million in Q4, 2017
History and Forward Strategy

- Formed 2004. Now listed on the TSX.V, NZAX and Frankfurt Stock Exchange
- Mineral asset - inferred JORC code 23.4Mt phosphate resource offshore NZ
- Granted 20 year mining permit Dec 2013
- Core business - sourcing and marketing reactive rock phosphate in NZ and international markets
- Working toward grant of environmental permit
- Plan to dredge deposit using contractor Royal Boskalis; targeted start 2022
- Chatham actively seeking to acquire other phosphate sources to reduce portfolio risk
Objectives

Chatham aims to be premier supplier of low cadmium, direct application phosphate to NZ and global agricultural sector

We’re passionate about the benefit of direct application fertiliser to sustainable farming

Our objectives remain to:

○ Achieve consent of the Chatham Rise project and develop the asset

○ Diversify our product mix from other reactive rock phosphate sources
What’s so special about direct application rock phosphate?

1. Unique resource with special characteristics

2. Direct application rock phosphate is significantly more environmentally friendly – reducing waterways run off and improving soil health

3. Loss of phosphate nutrient into waterways is also wasting a finite resource

4. It sells at a significant premium, despite lower production costs, because it is both “organic” and is almost (85% according to recent greenhouse tests) as effective a fertiliser as triple superphosphate (TSP)
Chatham Rise Rock Phosphate – location
Regional Port Access
Boskalis Dredging Vessel

235m Conventional Trailing Suction Hopper Dredge
Project Conceptual Designs
Milestones already achieved

- Increasingly valuable and strategically located mineral deposit
- Well-defined and well-studied deposit with knowledge gained by spending $US66m since 1966
- A 20 year mining permit
- Feasibility studies by our technical partner Boskalis that will contract mine for us
- A market for our product and a strong competitive position – location, product characteristics, security of supply
- A great management team
- Supportive cornerstone shareholders
Marine Consent Application - next steps

1. Appoint project leader (completed)

2. Re-affirm government support for project (already confirmed)

3. Raise finance to complete application and EPA hearing process ($US 4.2m including field studies)

4. Plan resubmission process:
   ◆ Consult stakeholders
   ◆ Gather further data including field studies
   ◆ Reformat information from previous application
   ◆ Complete application and related management plans

5. Re-submit time frame: 15 months after raising funds
Why we believe we will be granted the marine consent next time

- We will fill the information gaps and communicate the science more clearly
- We have learned a lot from observing the TTR hearing and from reading the judgement (particularly the dissenting views)
- We will demonstrate wide support from key stakeholders (farming, key government agencies, local authorities, water catchment boards, other Govt agencies)
- Will seek to deal better with concerns of iwi and fishing industry
- The EPA will continue to improve its processes
- Changes to the EEZ Act have created a more level playing field
- We are no longer the pioneer
## Use of Funds - 5 year budget

### Chatham Rock Phosphate 5 Year Budget ($US,000)

<table>
<thead>
<tr>
<th></th>
<th>12 month periods</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Opening Cash</td>
<td>$855</td>
</tr>
<tr>
<td>Preparation of Consent re-application</td>
<td>$840</td>
</tr>
<tr>
<td>Hearing Costs</td>
<td></td>
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<tr>
<td>Pastoral field studies</td>
<td></td>
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<tr>
<td>Mining and exploration permit work programme</td>
<td>$175</td>
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<tr>
<td>Corporate Costs</td>
<td>$775</td>
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<td>Existing options exercised</td>
<td>$4,200</td>
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<tr>
<td>Funds to be raised</td>
<td>$3,440</td>
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<td>Year end cash position</td>
<td>$4,200</td>
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<tr>
<td>Cumulative funds raised</td>
<td>$4,200</td>
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</table>
Phosphate rock Market facts ($US)

- Current World Bank reported price of P2O5 ex Morocco is $86 (does not reflect actual contract prices which are confidential).
- Freight to NZ/Asia $30 to $70, assume $50, so landed cost is $136.
- If sold to make superphosphate, value of CRP rock is presently ~ $110.
- If sold as reactive phosphate rock (RPR), retail value in NZ is $234.
- If sold internationally as RPR the estimated price will be similar.
- If sold in NZ as a substitute for triple super phosphate the market price should be $442.
- If sold internationally as a substitute for TSP the market price should be $238.
- The weighted average selling price is $154.67 (see following table).
- Then discounted 20% to gain market share, $123.73.
- BUT: The demand for RPR will continue to grow in parallel with the demand for organic products. CRP rock is also ultra-low in cadmium (< 10 mg/Kg P2O5).
- The EU will set a 60mg/Kg P2O5 Ca limit in 2019, reducing to 20 mg/Kg in 2030.
- This will eliminate all rock sourced from Egypt, Israel, Boucraa & Youssoufia (Morocco),Senegal, Togo, Tunisia, Nauru & Christmas Island.
- Analysts consider that this will result in increasing price premiums over time.
- Chatham won’t be in production until 2022.
# Sales Forecasts ($US)

<table>
<thead>
<tr>
<th>Product Use</th>
<th>Tonnes</th>
<th>Price</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rock sold in NZ for SSP manufacture</td>
<td>200,000</td>
<td>110</td>
<td>22,000,000</td>
</tr>
<tr>
<td>Rock sold O/seas for SSP manufacture</td>
<td>850,000</td>
<td>110</td>
<td>93,500,000</td>
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<tr>
<td>Rock for TSP use overseas</td>
<td>200,000</td>
<td>238</td>
<td>47,600,000</td>
</tr>
<tr>
<td>Rock for TSP use NZ</td>
<td>50,000</td>
<td>442</td>
<td>22,100,000</td>
</tr>
<tr>
<td>Rock sold as &quot;organic&quot; RPR NZ</td>
<td>100,000</td>
<td>234</td>
<td>23,400,000</td>
</tr>
<tr>
<td>Rock sold as &quot;organic&quot; RPR overseas</td>
<td>100,000</td>
<td>234</td>
<td>23,400,000</td>
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<tr>
<td></td>
<td>1,500,000</td>
<td></td>
<td>232,000,000</td>
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<tr>
<td>Average revenue per tonne</td>
<td></td>
<td></td>
<td>154.67</td>
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<tr>
<td>Discount by 20% to gain market share</td>
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<td></td>
<td>123.73</td>
</tr>
<tr>
<td>Total domestic sales in NZ</td>
<td>350,000</td>
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<tr>
<td>Total overseas sales</td>
<td>1,150,000</td>
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Historic Phosphate Rock Sales Prices compared to anticipated production costs

US dollars per tonne

For SSP Use
For RPR Use
Overseas TSP (adj)
Local TSP (adj)
Est Ave. Price
Mining Cost
Chatham Rock Phosphate

*Market value vs. funds raised 2010 to 2017 (NZD)*

- Mining permit application lodged
- Mining permit granted
- TTR consent declined
- Chatham consent declined
- CRP regroups, lists on TSX.V
Environmental + ethical + financial + economic benefits = Good for NZ

(for more detail see http://www.rockphosphate.co.nz/projectinfographic/)

Benefits for Environment:
- Low run off to rivers and lakes
- Very low cadmium
- Much reduced carbon footprint
- Improved soil health

Taxes, jobs and knowledge:
- $35m a year in tax and royalties
- High value knowledge based jobs
- NZ leadership in marine technology potentially worth billions
- Marine environment knowledge identifies conservation priorities

Ethical, secure supply:
- NZ can have own supply without depending on other countries
- NZ wouldn’t export environmental footprint to countries where mining phosphate involves social and environmental distress

Strongly profitable:
- Annual earnings of $99m before royalties and tax
- Capital repaid in less than a year
Why project is such an attractive investment

✓ No development capital required
  ▪ project will be contract-mined per tonne using a modified dredge

✓ Strategic location
  ▪ mining costs almost equal cost of shipping from other side of the world. World price has to collapse to near zero before Chatham can’t compete

✓ Annual forecast earnings before royalties and tax - $US62 million
  ▪ project highly profitable given no incoming freight costs and low mining costs

✓ Project independently valued at $US200m to $US300m ($C250m - $C375m)
  ▪ present issued capital is 15,466,00, fully diluted 17,436,000
  ▪ present market cap is ~$US4.8m or $C5.9m (at Cdn 38 cents)
  ▪ warrants out are 1.524m 39.35c Feb 2018, 223,000 $1.00 June 2019
Attractive investment (2)

✓ Will pay $US22m in annual taxes and royalties, plus millions in port charges. Hence will have central and local government support.

✓ Will create many high-value 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. Hence broad-based community support and social licence.

✓ Security of fertiliser supply for NZ agriculture – Hence farmer support.

✓ Environmental benefits – much lower run off impact on lakes and rivers, much lower cadmium and much lower carbon footprint. Hence likely to have support from environmental and local water catchment authorities.

✓ Current main phosphate source in NZ is from a disputed territory in North Africa subject to UN sanctions. Ethical supply option.
Conclusion

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