



Chatham

Rock
Phosphate Ltd

April 2018

Presentation in support of
Private Placement of 4.8m units @ 25 cents

TSX.V: NZP

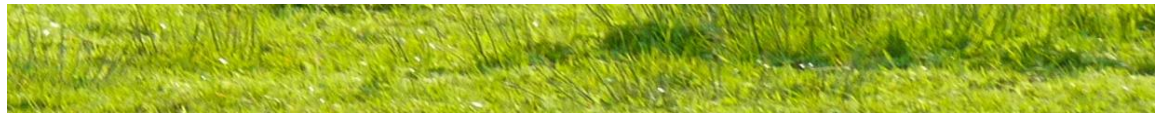
Chatham

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www.rockphosphate.co.nz

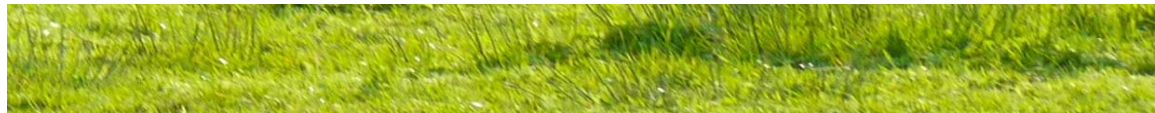
Overview

- **Why the Chatham project is such an attractive investment**
- **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**



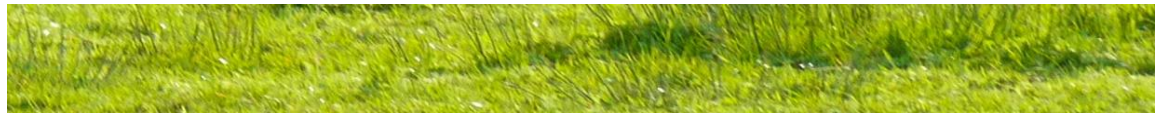
Why Chatham is an attractive investment

- ✓ **Low market capitalisation (only \$C 5.1 million with 17.7m shares out, fully diluted 20.7m)**
- ✓ **Management is the largest shareholder group with 12.2%**
- ✓ **No development capital required**
 - **project will be contract-mined per tonne using a modified dredge**
- ✓ **Project independently valued at \$US200m to \$US300m (\$C250m - \$C375m)**
- ✓ **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 tax - \$C 68 million**
 - **project highly profitable given no incoming freight costs and low mining costs**



Attractive investment (more)

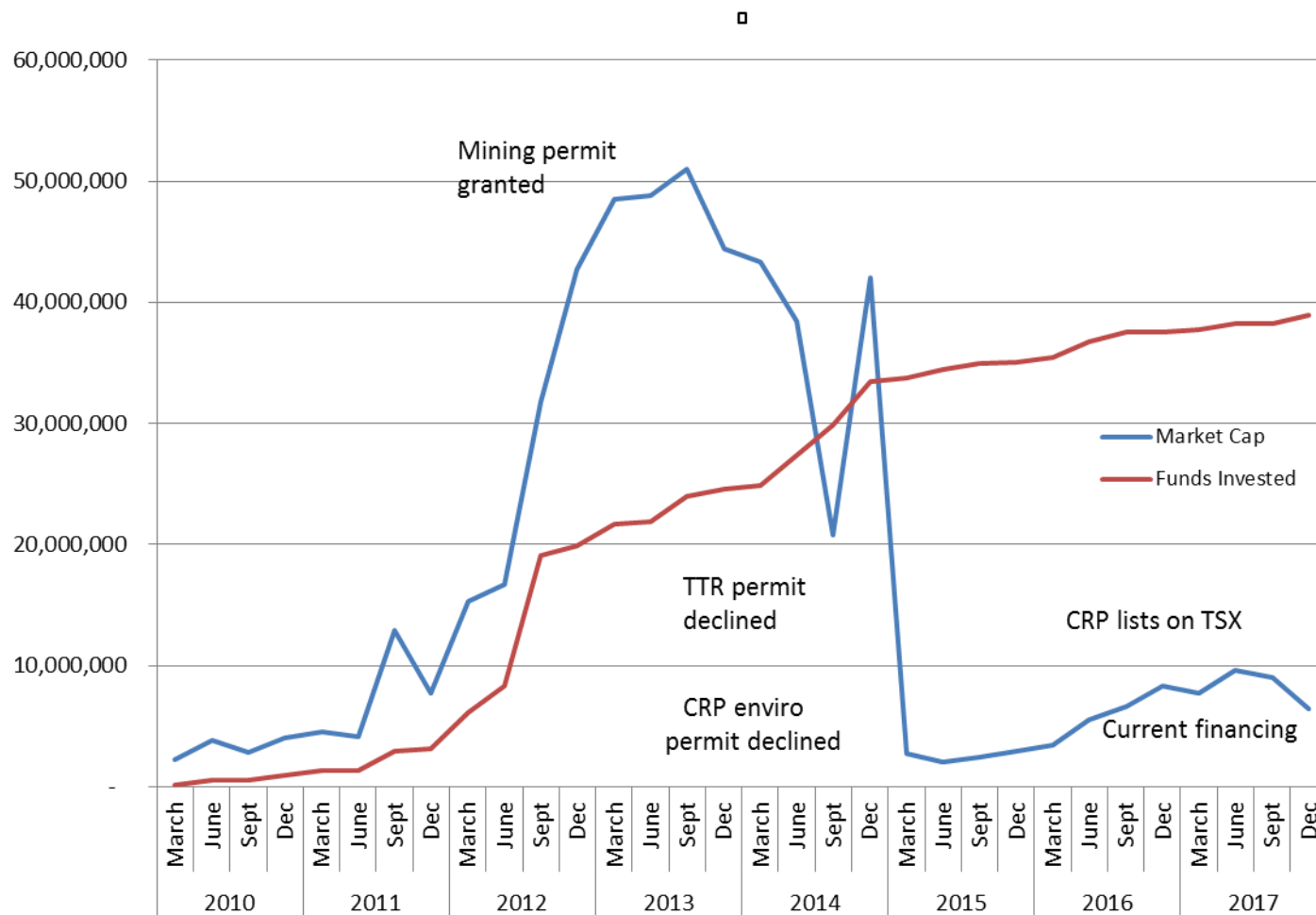
- ✓ Will pay \$C 26.7 million in annual taxes and royalties, plus millions in port charges. **Hence will have central and local government support**
- ✓ Will create many high-value knowledge-based jobs in the port, on the mining ship, undertaking environmental monitoring and broader scientific research, 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**



Chatham – Market Value compared with funds raised

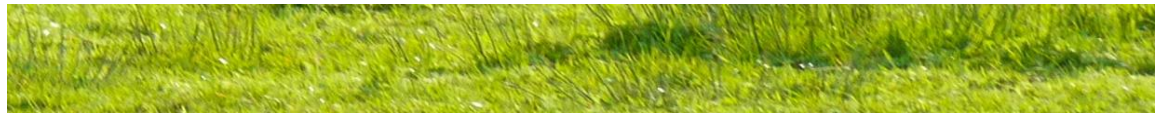
Chatham Rock Phosphate

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



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 > 12X the current market cap
- Chatham is seeking to raise \$C1.2 million in Q1, 2018



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



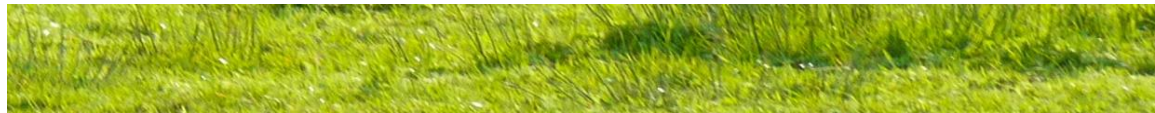
Objectives

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 given its improved soil profile and water quality outcomes

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**

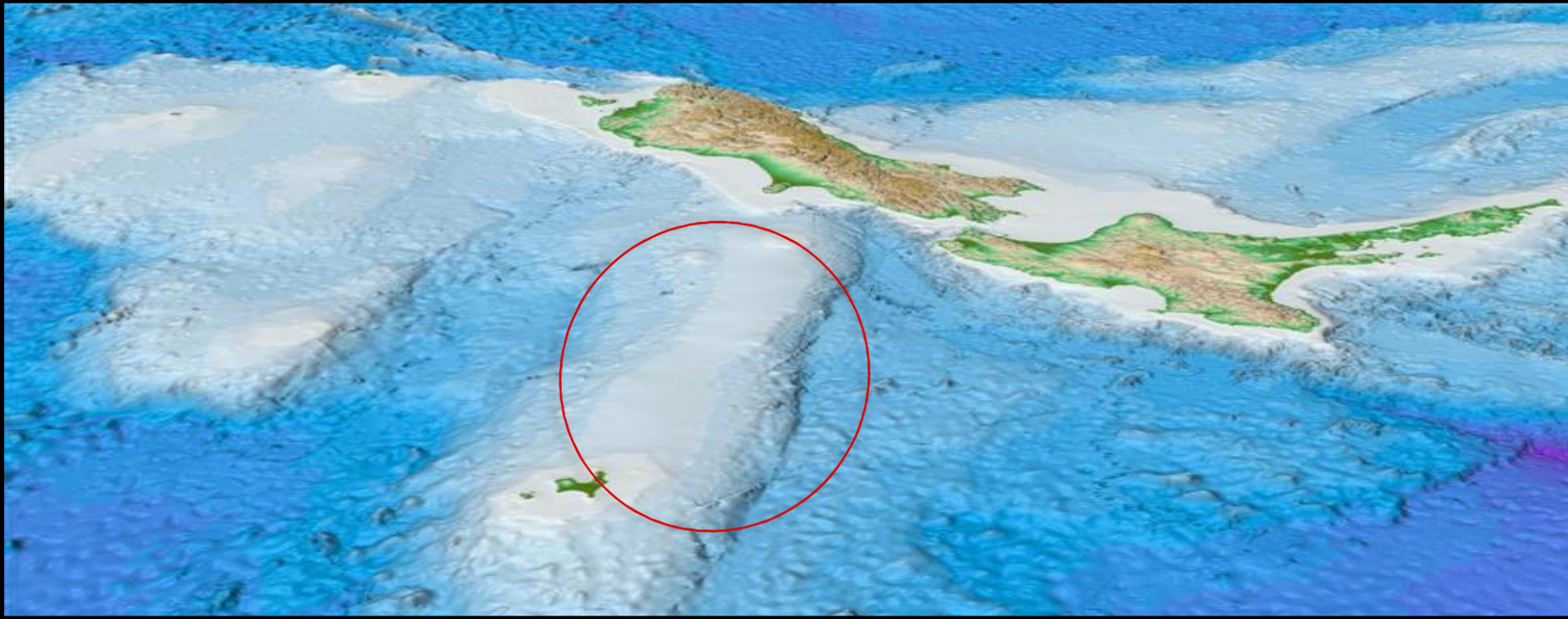


What's so special about direct application rock phosphate?

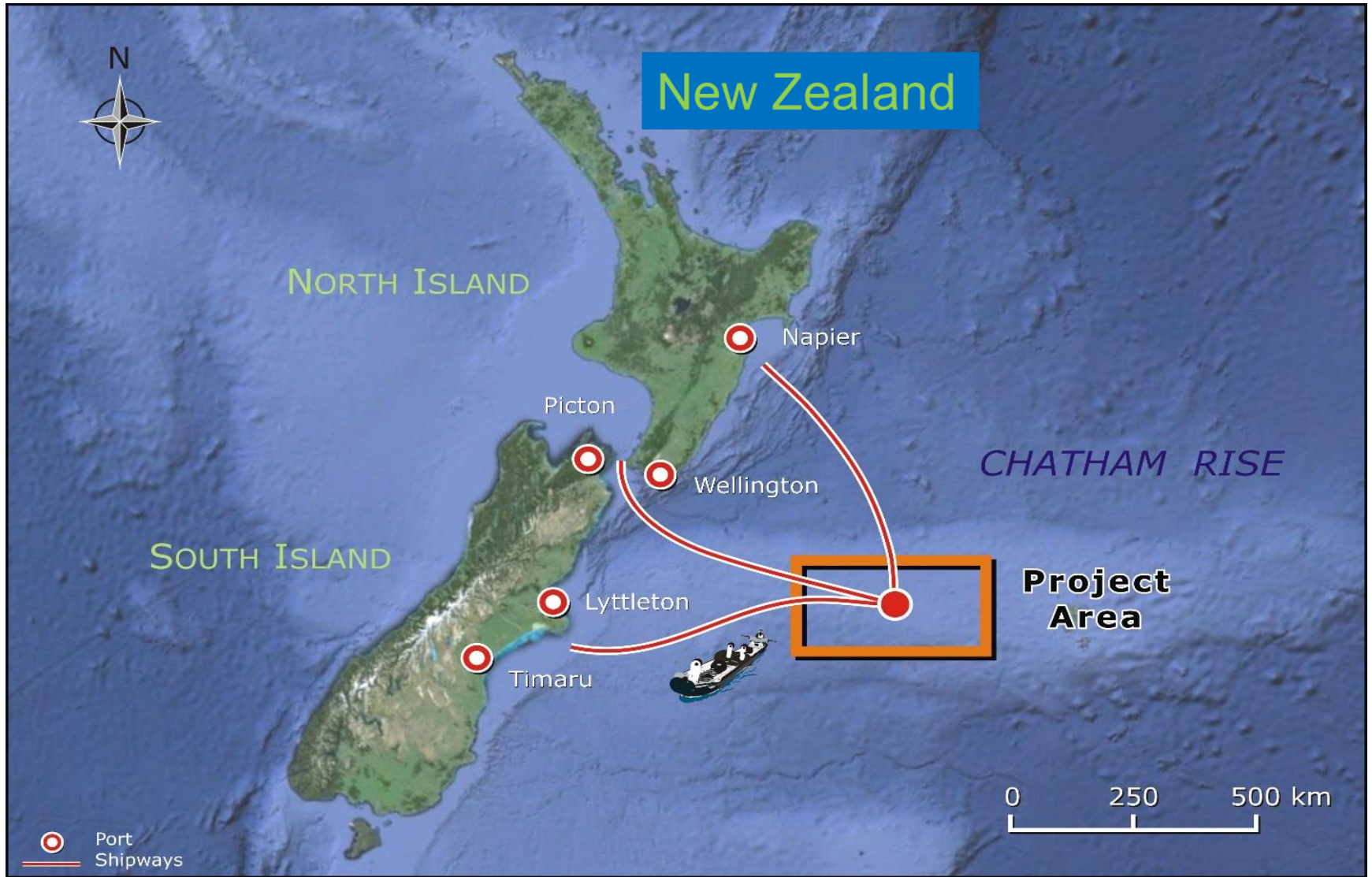
- 1 Unique resource with special characteristics
- 2 Direct application rock phosphate is significantly more environmentally friendly – reducing waterways run off by 80% and improving soil health
- 3 Loss of phosphate nutrient into waterways is also wasting a finite resource
- 4 It can sell at a significant 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



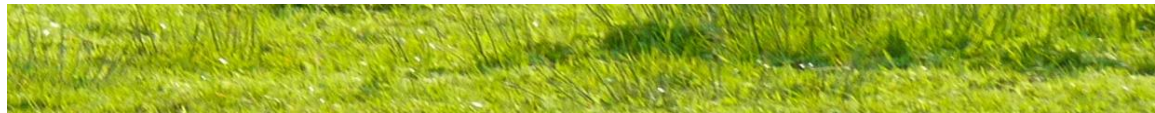
Regional Port Access



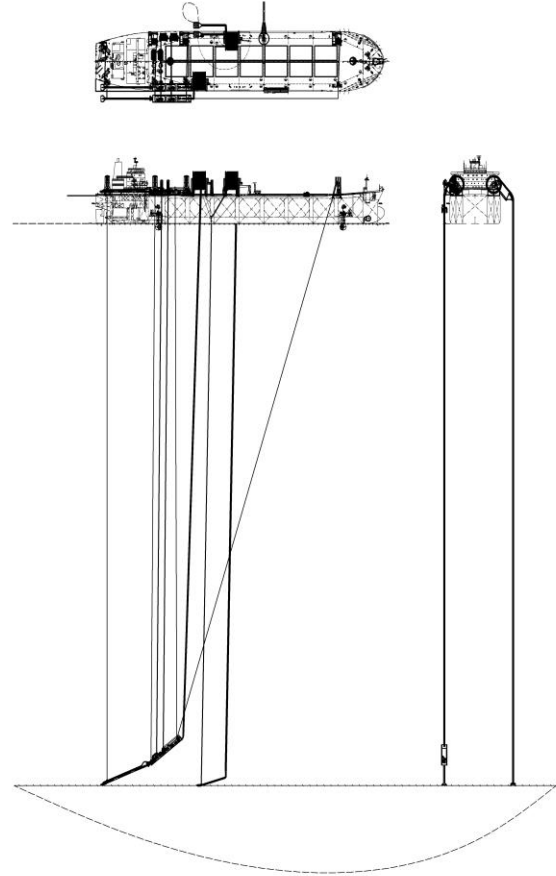
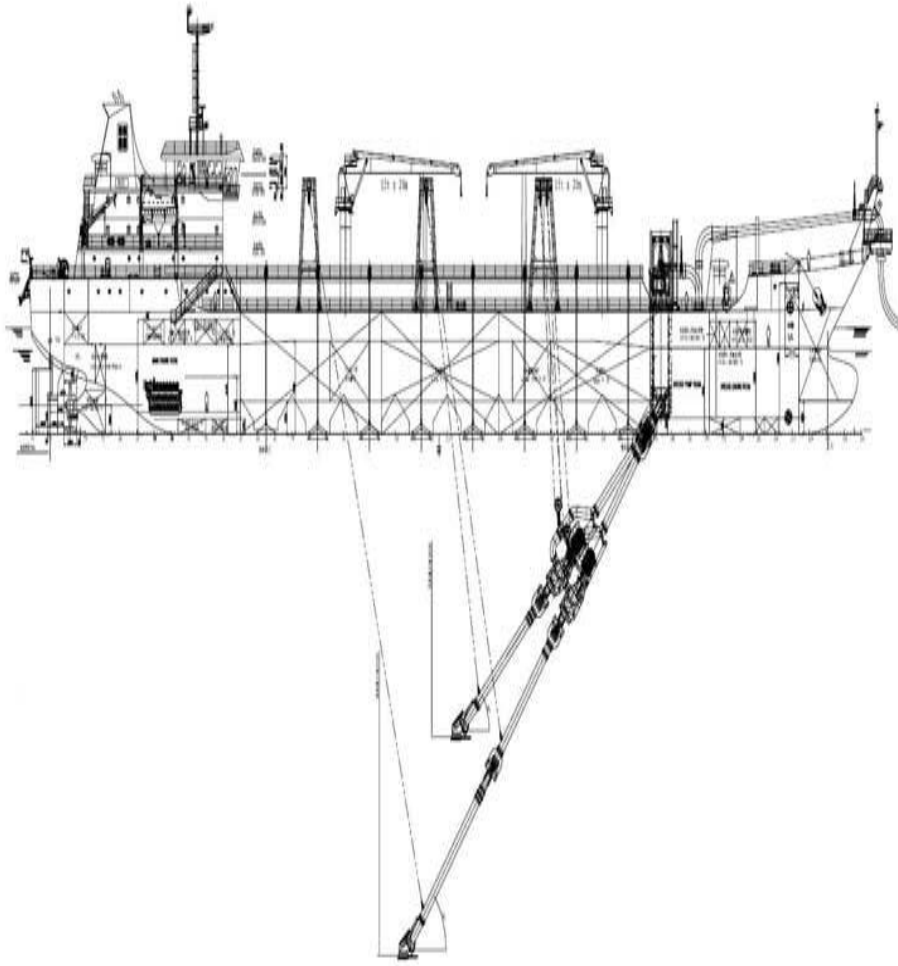
Boskalis Dredging Vessel



235m Conventional Trailing Suction Hopper Dredge



Project Conceptual Designs



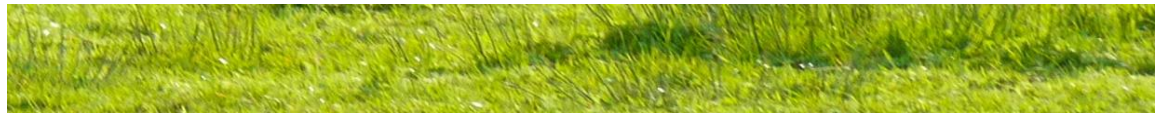
Milestones already achieved

- ✓ **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**



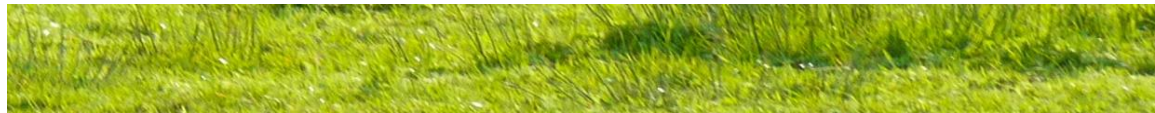
Marine Consent Application - next steps

1. **Appoint project leader (completed)**
2. **Raise finance to complete application and EPA hearing process (over time, \$C 5.3m including field studies)**
3. **Plan resubmission process:**
 - ◆ **Consult stakeholders**
 - ◆ **Gather further data including field studies**
 - ◆ **Reformat information from previous application**
 - ◆ **Complete application and related management plans**
4. **Re-submit time frame: 15 months after raising funds**



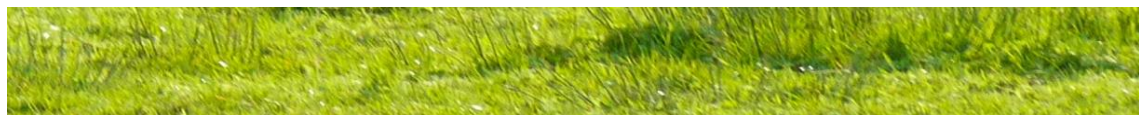
Why we believe we will be granted the marine consent next time

- 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 (either in NZ or overseas)



Use of Funds - 5 year budget

Chatham Rock Phosphate 5 Year Budget (\$CA,000)					
	12 month periods				
	2018	2019	2020	2021	2022
Opening Cash	\$161	\$232	\$128	\$226	\$474
Preparation of Consent re-application	\$792	\$1,848	\$0		
Hearing Costs		\$1,760	\$880		
Pastoral field studies			\$220		
Mining and exploration permit work programme		\$440	\$414	\$1,100	\$880
Corporate Costs	\$852	\$852	\$852	\$852	\$852
Existing options exercised	\$528	\$396			
Funds to be raised	\$1,187	\$4,400	\$2,464	\$2,200	\$1,540
Year end cash position	\$232	\$128	\$226	\$474	\$282
Cumulative funds raised	\$1,715	\$6,511	\$8,975	\$11,175	\$12,715



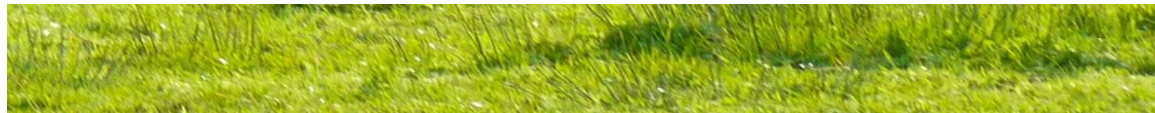
Phosphate rock Market facts (\$US)

- 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 Cd 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

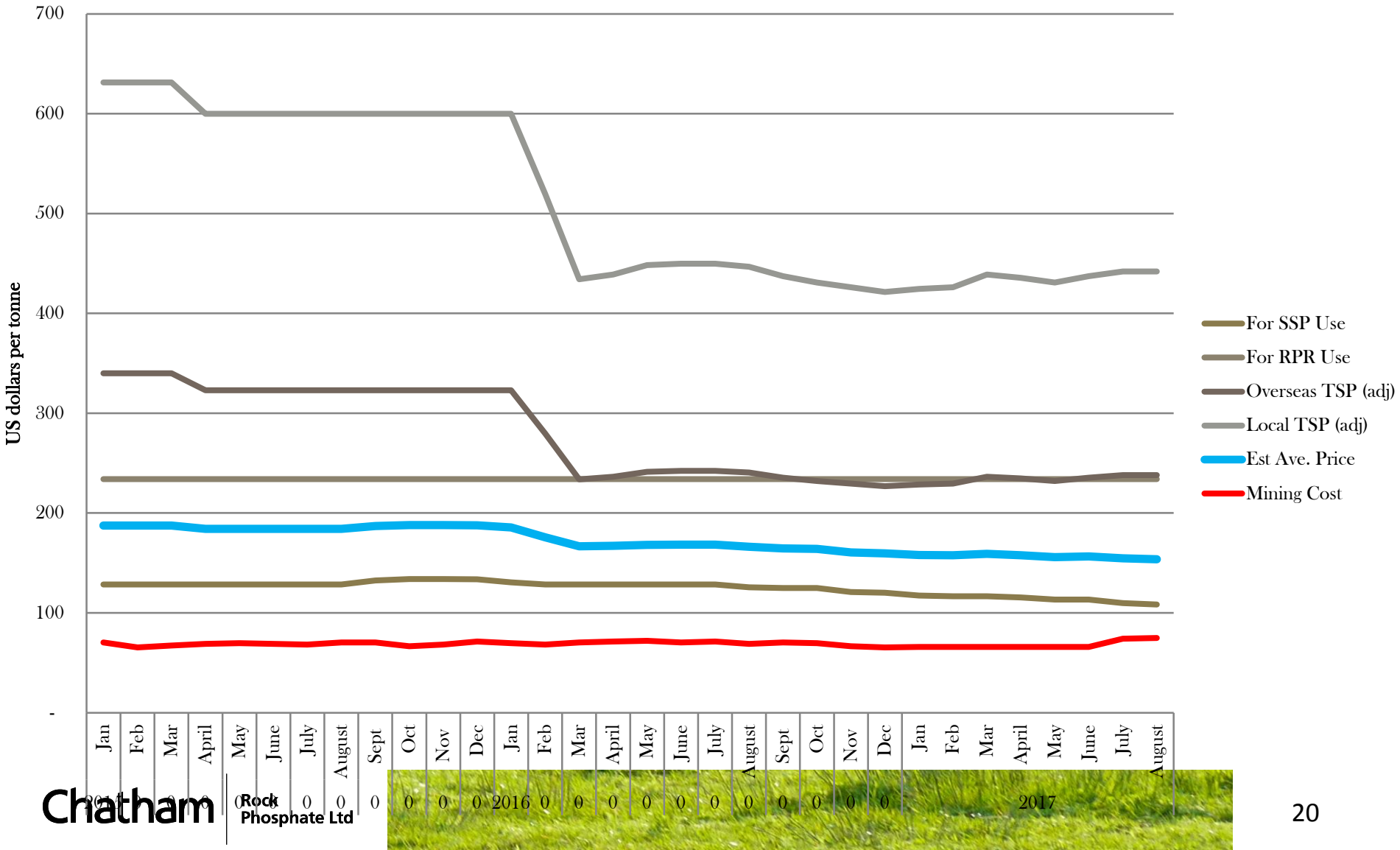


Sales Forecasts (\$US)

Product Use	Tonnes	Price	Revenue
Rock sold in NZ for SSP manufacture	200,000	110	22,000,000
Rock sold O/seas for SSP manufacture	850,000	110	93,500,000
Rock for TSP use overseas	200,000	238	47,600,000
Rock for TSP use NZ	50,000	442	22,100,000
Rock sold as "organic" RPR NZ	100,000	234	23,400,000
Rock sold as "organic" RPR overseas	<u>100,000</u>	<u>234</u>	<u>23,400,000</u>
	1,500,000		232,000,000
Average revenue per tonne			154.67
Discount by 20% to gain market share			123.73
Total domestic sales in NZ	350,000		
Total overseas sales	1,150,000		



Historic Phosphate Rock Sales Prices compared to anticipated production costs



Environmental + ethical + financial + economic benefits = Good for NZ

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

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

Benefits for Environment

Taxes, jobs and knowledge

- \$30m 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

- 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

Ethical, secure supply

Strongly profitable

- Annual earnings of \$77m before royalties and tax
- Capital repaid in less than a year

Namibia Project

- **Huge unexploited marine phosphate deposits**
- **Marine diamond mining along Namibian coast for over 20 years**
- **Mining Licences for phosphate awarded over substantial resources**
- **An improved environmental permitting process about to be established**
- **Namibia potentially the next big player in the marine mining sector**
- **Chatham applied for 5 prospecting permits in 2012**
- **JV with local partner established in 2017 to advance Chatham's presence. This JV has applied for seven new permits, two of which have just been granted.**
- **JV will have a very strong, strategic tenement position which will attract external investors**
- **Namibia has an established marine services network and supportive business environment**

