

CHATHAM ROCK PHOSPHATE LIMITED

(TSXV: NZP) (NZAX: CRP)

Price: November 21 **\$0.16**
52-Week Range: **\$0.40-\$0.14**

Shares O/S: **20.89 million**
Market Cap: **\$3.34 million**

Average Share Volume
50-day: **11,150**
200-day: **6,040**

Year-End: **March 31**

Symbol: **TSXV: NZP**
 NZAX: CRP
 FSE: 3GRE

Website:
<http://www.rockphosphate.co.nz/>

Financial Data:

Balance Sheet (C\$000s)	TTM	Year End
	Jun 30/18	Mar 31/18
Cash	\$439,798	\$81,484
Current Assets	\$581,279	\$273,359
Mineral Properties	\$4,407,391	\$4,552,204
Total Assets	\$5,002,185	\$4,839,631
Total Liabilities	\$215,449	\$263,229
Working Capital	\$365,830	\$10,130
Working Capital Ratio	2.70	1.04
Total Equity	\$4,786,736	\$4,576,402
Actual Shares O/S	20,026,131	17,680,360
Wtd Avg Shares O/S	16,003,556	15,486,362
Statement of Loss (C\$000s)	TTM	Year End
	Jun 30/18	Mar 31/18
Net Finance Inc./Exp.	-\$51,045	-\$42,819
Non-disc OpEx ("Burn")	-\$526,514	-\$581,507
Average Monthly Burn	-\$43,876	-\$48,459
Equity Financing	\$1,358,992	\$1,296,954

Source: Company and eResearch

eResearch Analyst (on this report):
Bob Weir, B.Sc., B.Comm., CFA



THE COMPANY

Chatham Rock Phosphate Limited (“Chatham Rock Phosphate” or the “Company”) is a New Zealand-based junior mining exploration and development company. It is focused on developing a marine phosphorite deposit that is located in what is known as the Chatham Rise set in off-shore New Zealand.

The Company recently formed a subsidiary, Pacific Rare Earths Limited, to ascertain the amount, potential value, and degree of recoverability of rare earth elements (“REEs”) that are found in the rock phosphate nodules on the Chatham Rise. The subsidiary also will be responsible for scrutinizing the presence and recovery potential of REEs and other minerals in the sea-bed of the Chatham Rise.

Chatham Rock Phosphate is incorporated in British Columbia, Canada with a listing on the Toronto Venture Exchange, and it is registered in Wellington, New Zealand with a listing on the New Zealand Exchange’s Alternative Market. The Company’s shares are also listed on the Frankfurt Exchange in Germany.

In February 2017, Antipodes Gold Limited, a New Zealand company, completed the take-over of Chatham Rock Phosphate Limited and, at the same time, concluded a 1-for-10 share consolidation and changed its name to Chatham Rock Phosphate Limited, effecting a reverse take-over arrangement. Two days later, the new Chatham Rock Phosphate completed the take-over of its wholly-owned subsidiary, Chatham Rock Phosphate (NZ) Limited.

BREAKING NEWS

COMMENT: *As we went to press, the Company made a significant and company-changing announcement regarding a proposed business transaction with Capital Trust Group of New Zealand. The two companies will investigate business working arrangements that could lead to a merger of the companies or a possible acquisition of CTG. We will follow up this report with a full commentary as soon as the details are released to the public.*

CHATHAM RISE

The following information is taken from third party sources, including Wikipedia and Te Ara Encyclopedia of New Zealand.

From Wikipedia:

The Chatham Rise is an area of ocean floor to the east of New Zealand, forming part of the Zealandia continent (see Figure 1 below). It stretches for about 1,000 kilometres (620 miles) from near New Zealand's South Island in the west, to the Chatham Islands in the east. It is New Zealand's most productive and important fishing ground, as well as important habitat for whales.

Relative to the rest of the Pacific Ocean waters around New Zealand, the Chatham Rise is relatively shallow, no more than 1,000 metres (3,300 feet) deep at any point. This shallowness is made more remarkable by the depth of the ocean immediately to the north and south. To the northeast, the Hikurangi Trench, an extension of the much deeper Kermadec Trench, drops to below 3,000 metres (9,800 feet) close to the New Zealand coast and, further from the coast, the Rise borders on the Hikurangi Plateau. To the south, similar depths are achieved in the Bounty Trough.

Figure 1: Zealandia (showing Chatham Rise)



Source: Wikipedia

From Te Ara Encyclopedia of New Zealand:

The Chatham Rise is a large underwater plateau extending 1,400 kilometres (860 miles) east of Banks Peninsula. Rising from the sea floor at 3,000 metres (9,800 feet) depth, its broad ridge lies some 350-400 metres (1,150-3,000 feet) under the sea's surface.

Figure 2: New Zealand (showing Chatham Rise)



Source: The Encyclopedia of New Zealand

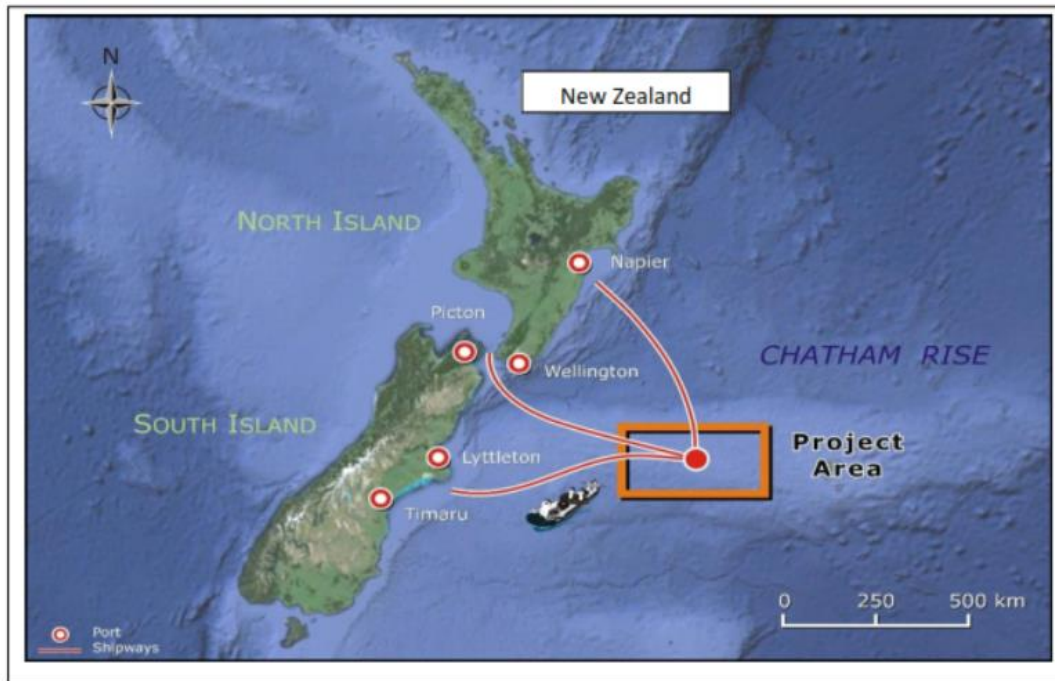
<continued>

CHATHAM RISE PROJECT

LOCATION

The Chatham Rise is part of New Zealand's territory. It lies approximately 450 kilometres to the east of Christchurch, a major city in South Island.

Figure 3: Chatham Rise Project Area Offshore New Zealand



Location of the Chatham Rise Project

PERMITS

The Company is required to obtain two permits: (1) a mining permit; and (2) an environmental permit.

Chatham Rock Phosphate received a 20-year mining permit in December 2013.

The Company's application for an environmental permit was rejected by the Environmental Protection Authority ("EPA") in 2015 for being incomplete and not sufficiently detailed. Chatham Rock Phosphate has been fine-tuning a revised application, which it hopes to be in a position to submit in early 2020 in order to have its Marine Consent Application approved.

Since the Company's initial submission, which was one of the earliest applications to be reviewed by the EPA, and with the benefit of other company application tenders since then for similar ventures, governmental regulations and operating procedures have been refined.

COMMENT: *These EPA applications, by their very nature, are time-consuming to assess, review, and conclude.*

Chatham Rock Phosphate expects that, when approval has been granted, which is anticipated to be in late 2020, it will take about another two years before initial mining is commenced. The Company has earmarked late 2022 (maybe early 2023) for initial production.

The Company estimates that it will require approximately a further \$7 million to pay for the cost of preparing and submitting a second environmental application plus the associated corporate overheads. See Page 11.

THE DEPOSIT

Chatham Rock Phosphate has a JORC (Joint Ore Reserves Committee) compliant Technical Report, dated April 24, 2015, which contains a resource estimate. The Technical Report attained NI 43-101 status on July 6, 2015.

COMMENT: *JORC is akin to a NI 43-101 compliant technical report, and is the standard used in Australia and New Zealand.*

The JORC-compliant resource estimate reported Inferred Resources of 80 million tonnes of phosphorite at an average grade of 290 kg/m³, with a cut-off grade of 100 kg/m³. This translates into an estimated deposit comprising 23.4 million tonnes. With further sampling, this could be expanded by a possible further 12 million tonnes.

At an expected mining rate of 1.5 million tonnes per year, the estimated life-of-mine therefore ranges between 15 and 23 years.

The Chatham Rise phosphorite resource is classified entirely as an Inferred Mineral Resource and, therefore, it does not constitute a mineral reserve and, thus, in terms of a conventional three-dimensional deposit, it does not have demonstrated economic viability.

CONTRACT MINER

Chatham Rock Phosphate will not be doing the mining itself. The Company will out-source the mining process to an internationally-acclaimed, highly-experienced, long-time sea-floor dredging company, Royal Boskalis Westminster N.V. of the Netherlands (“Royal Boskalis”).

COMMENT: *For further information on Royal Boskalis, see Page 14.*

By out-sourcing the drilling/dredging to Royal Boskalis, Chatham Rock Phosphate will not be responsible for any capital expenditures associated with the mining process. The Company, instead, will pay Royal Boskalis on the basis of the per tonne of phosphate delivered on-shore.

COMMENT: *Huge positive: By out-sourcing the mining process, Chatham Rock Phosphate will not incur any capex and, in so doing, it will generate an excellent return on capital.*

COMMENT: *The other major advantage of out-sourcing the mining activities is that the Company does not need many employees. A total head-count of only five personnel is entirely possible, and would include the CEO, an Office Manager, a Contract Manager, a Marketing Manager, and a Technical Manager.*

STRATEGIC CORPORATE ADVANTAGES

The deposit lies loosely on the surface of the sea-bed and does not have to be mined, just dredged. This is a huge cost advantage.

It also underlines a favourable time factor in getting the product to surface.

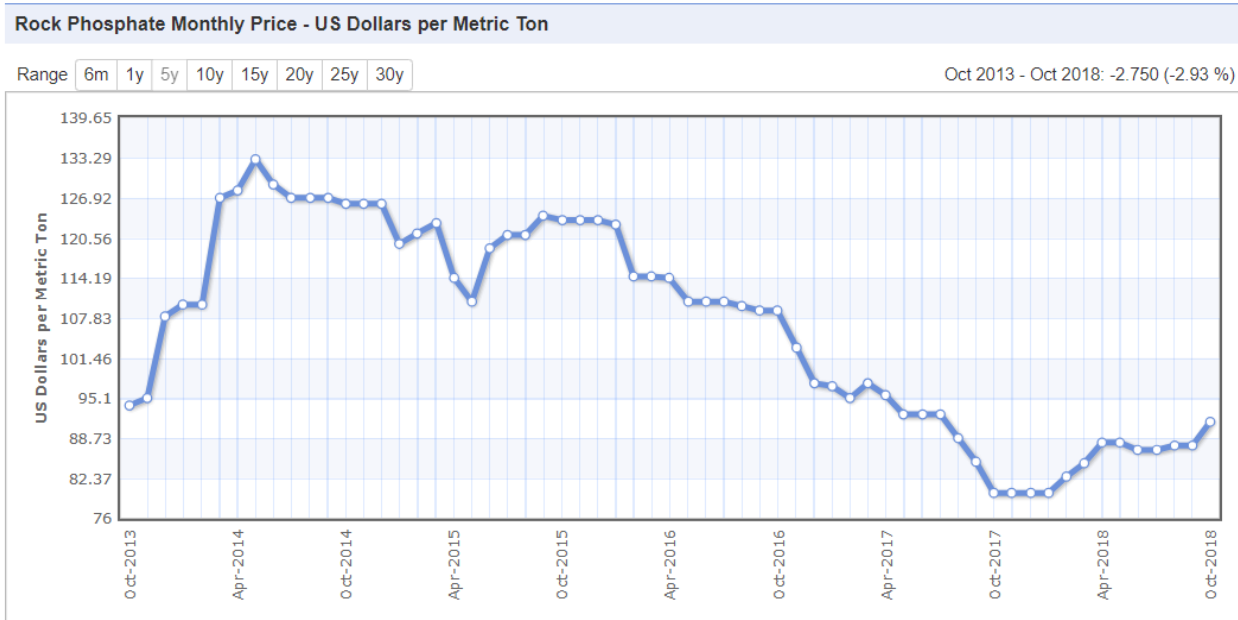
Another major positive factor is that the Company’s deposit has very low cadmium content. This is important because the heavy metal cadmium, in significant doses, can cause cancer in humans.

The low amount of cadmium likely means the Company will be able to price the product at a premium.

PRODUCT PRICING

The October 2018 (current) price of rock phosphate is US\$91.25 per metric tonne, F.O.B. Casablanca, Morocco.

Figure 4: Five-Year Rock Phosphate Monthly Price (USD)



Source: IndexMundi via Fertilizer Week; Fertilizer International; World Bank

COMMENT: *The price of rock phosphate seems to have bottomed in the period October 2017 to January 2018 at US\$80.00 per metric tonne. If the upward trend can continue and a sustained price recovery occurs, then this bodes well for the Company as it will not likely reach the production stage until 2022/2023.*

Chatham Rock Phosphate will pay Royal Boskalis the mining contract price. The difference between it and the weighted average selling price that the Company expects to achieve for its rock phosphate is about \$90 per tonne, which will provide Chatham Rock Phosphate with a very attractive profit margin.

COMMENT: *Of course, by 2022/2023, these numbers could change, for better or for worse.*

MINING PROCESS

The phosphate will not be dug up. It will be vacuumed up because the rock phosphate is on the surface of the sea-bed. The vacuumed product that is brought up to the vessel is strained, with the phosphate retained and the fine tailings returned to the sea floor.

COMMENT: *Scraping the rock phosphate off the surface of the sea-floor helps to minimize the degree of environmental destruction, and is another positive attribute in the Company’s quest for the Marine Consent from the EPA. Further, see the commentary below on the ocean study being conducted.*

<continued>

OCEAN STUDY

In early May 2018, New Zealand's National Institute of Water and Atmospheric Research ("NIWA") announced that it was conducting scientific underwater experiments on the Chatham Rise over a five-year period. Chatham Rock Phosphate participated in the planning for the NIWA project and had a representative on board the research vessel to assist with the study.

NIWA disturbed a small area of the sea-bed and created a sediment plume that was monitored to measure the plume's effects on sea-bed animals. The goal was to investigate how sea-life on the ocean floor might be affected by sediment disturbance caused by mining or sea-bed trawl-fishing.

COMMENT: *The effect on ocean-floor sea-life by sediment plumes has been a major factor in the past for the rejection of applications for sea-bed mining. Although these effects can be accurately modelled, the importance of this NIWA study is that it is expected to provide sufficient evidence to future environmental courts and permitting decision-makers to show that the modelling is, indeed, accurate.*

Chatham Rock Phosphate welcomed this NIWA study as the conclusions reached regarding sea-floor disturbance will be extremely relevant to the Company's project. The study should provide important real data information regarding the behaviour and effect of sediment plumes on sea-life when the sea-bed is disturbed by any means, including dredging, mining, and bottom-trawling.

Chatham Rock Phosphate has already spent considerable time and money modelling how the plumes might behave on disturbance. The Company expects that the real data will provide verification of its modelling efforts.

WATER QUALITY MANDATE

In October 2018, the Government of New Zealand announced its intention to improve the country's water quality within five years, and that new regulations will be in place by 2020. The focus will be on controlling adverse land use practices. For the agricultural sector, the major issue will be regulating fertilizer run-off, particularly nitrogen and phosphate, into public water-ways.

The Company has commented on this issue as follows:

"Chatham Rise rock phosphate, being a direct application fertilizer, offers the solution to run-off into water-ways as scientific studies have shown direct application rock phosphate offers strong environmental benefits."

The Company's own studies have shown that, when applied directly, reactive rock phosphate ("RPR") is not only an effective sustained release fertilizer but also resistant to leaching. RPR is a natural mineral and formed originally on the ocean floor; it is an excellent source of sustained-release phosphorus.

Chatham Rock Phosphate responded by letter to the Government regarding its water quality improvement intentions:

"Using Chatham Rise rock phosphate offers significant water quality benefits as well as improved soil health, reduced carbon emissions, minimal cadmium levels, obtaining a significant proportion of phosphate fertilizer needs from an ethical source, substantial export earnings, regional port development, and significant annual income tax and royalties."

<continued>

ROCK PHOSPHATE

The following comments are extracted and condensed from Wikipedia.

Rock Phosphate

Phosphorite, phosphate rock or rock phosphate is a sedimentary rock that contains high amounts of phosphate minerals. The phosphate content of phosphorite (or grade of phosphate rock) varies greatly, from 4% to 20% phosphorus pentoxide (P₂O₅). Marketed phosphate rock is enriched ("beneficiated") to at least 28%, and often more than 30% P₂O₅. This occurs through washing, screening, de-liming, magnetic separation, or flotation.

Deposits

Phosphorite deposits often occur in extensive layers, which cumulatively cover tens of thousands of square kilometres of the Earth's crust.

Commercial Deposits

Commercially mined phosphorites occur in France, Belgium, Spain, Morocco, Western Sahara, Tunisia, Algeria, Peru, and the United States.

Occurrence

The most common occurrence of phosphorites is related to strong marine up-welling of sediments. Up-welling is caused by deep water currents that are brought up to coastal surfaces where a large deposition of phosphorites may occur.

Phosphorite Deposition

The deposit of phosphorite can be in the form of phosphate nodules, which is the form in the Chatham Rise. These are spherical concentrations that are randomly distributed along the floor of continental shelves. Most phosphorite grains are sand-size although particles greater than 2 mm may be present. These larger grains, referred to as nodules, can range up to several tens of centimeters in size.

Production

Deposits which contain phosphate in quantity and concentration which are economic to mine as ore for their phosphate content are not particularly common. Phosphate rock is mined, beneficiated, and either solubilized to produce wet-process phosphoric acid, or smelted to produce elemental phosphorus.

Uses of Rock Phosphate

Approximately 90% of phosphate rock production is used for fertilizer and animal feed supplements and the balance for industrial chemicals. For general use in the fertilizer industry, phosphate rock or its concentrates preferably have levels of 30% phosphorus pentoxide (P₂O₅), and reasonable amounts of calcium carbonate (5%). In addition to phosphate fertilisers for agriculture, phosphorus from rock phosphate is also used in animal feed supplements, food preservatives, anti-corrosion agents, cosmetics, fungicides, ceramics, water treatment, and metallurgy.¹

WORLD MARKET

Approximately 98% of the world's phosphate reserves are contained in only six countries, with about 85% being in Morocco alone.

As of 2012, total global production reached 195 million tonnes (Mt). China, the United States, and Morocco were the world's largest miners of phosphate rock, with a production of 77.0 Mt, 29.4 Mt, and 26.8 Mt respectively. Other countries with significant production include Brazil, Russia, Jordan, and Tunisia.

CORPORATE INFORMATION LINKS

Chatham Rock Phosphate's website describes the Company's business and corporate objectives in considerable detail. Readers interested in the comprehensive overview of the Company can access it [HERE](#).

A 9 ½ minute video interview, dated September 21, 2017 and courtesy of Commodity-TV from München (Munich), Germany, and featuring Mr. Chris Castle, the Company's President & CEO, is featured [HERE](#)

INVESTMENT CONSIDERATIONS

A. Strengths

- The objective of Chatham Rock Phosphate is to become the ultimate supplier of organic rock phosphate as a primary slow-release fertilizer product to New Zealand, foremost, but also to the global agricultural sector.
- The Company is focused on extracting rock phosphate from the Chatham Rise, an area of the ocean floor in the territorial waters of New Zealand, about 450 kilometres east of Christchurch in South Island. There are five key ports on the eastern side of New Zealand that could accommodate a large mining vessel and also have the necessary dry bulk material handling facilities.
- Rock phosphate is quite rare. Six countries control 98% of the world's reserves, with Morocco's share alone being 85%. Based on 2012 statistics, China, the United States, and Morocco were the three largest producers. The product from most of these sources is generally high in toxic cadmium. Chatham Rock Phosphate's product features low cadmium content, giving the Company a distinct advantage, particularly as the European Union is mandating that, over the next 12 years, cadmium levels in fertilizers drop to only 20 mg/kilogram.
- Chatham Rock Phosphate's mined product will have a distinct advantage on the world stage. Its slow-release properties results in reduced run-off and more soil retention, all combined with substantially lower cadmium levels. This significantly improves water quality.
- Chatham Rock Phosphate will not conduct its own ocean-floor mining; this will be out-sourced to a highly experienced dredging company. Thus, the Company will not incur any direct capital expenditures for the mining activities. This absolves the Company for the need for any on-going related financing.
- The Company will pay the dredger a mining contract fee, which includes transportation costs to shore. Other costs the Company will incur include incoming port charges, and handling and storage costs on shore. Once the rock phosphate is on shore, there are no further transportation costs attributable to the Company as the product is sold F.O.B. Thus, the Company should enjoy generous profit margins once production is underway. Profitability is also augmented because of minimal corporate staff and corresponding modest office needs.
- The Company has set up a wholly-owned subsidiary to investigate the economic feasibility of recovering rare earth elements (REEs) and any other possible valuable minerals that could be contained in the rock phosphate nodules already mined from the Chatham Rise.

B. Challenges

- Both before and after production begins, the Company will need to source potential customers, both in New Zealand and throughout the world. Given that it is often difficult to break existing supplier-customer ties, it may take time to convince customers of the positive attributes of the Company's product.
- Chatham Rock Phosphate has frequently raised new financing, which is often a challenge for junior mining companies. Over the past eight years, it has successfully raised about C\$36.0 million and, in the past two years, about C\$2.0 million. However, to fund the cost of the environmental Marine Consent reapplication and the EPA hearings in 2019, the Company may require up to a further C\$6.9 million.
- The Company's market cap is only about C\$3.34 million with about 21 million shares outstanding. The small market cap and limited number of shares outstanding makes it difficult for the Company to obtain institutional ownership; in addition, there is about 30% of the stock held in "friendly" hands, which further limits the possibility of large shareholdings. Further, to emphasize the lack of share-trading liquidity, the average share-trading on the Toronto Venture Exchange over the last 50 days was only 11,150 shares and, over the last 200 days, it was 6,040 shares.
- The Company's shares are very thinly traded on the Toronto Venture Exchange. The bulk of public shareholder trading is executed on the New Zealand Alternative Market Exchange.

FINANCIAL STATEMENTS

TABLE 1: SELECTED FINANCIAL INFORMATION – Chatham Rock Phosphate Limited

(C\$)	-----> Annuals <----->			-----> Quarterlies <----->				
	Actual TTM	Actual Year End	Actual Year End	Actual Q1 3 Months	Actual Q4 3 Months	Actual Q3 3 Months	Actual Q2 3 Months	Actual Q1 3 Months
	Jun 30/2018	Mar 31/2018	Mar 31/2017	Jun 30/2018	Mar 31/2018	Dec 31/2017	Sep 30/2017	Jun 30/2017
Statement of Income (Loss)								
Revenue	5,948	4,585	0	1,363	4,585	0	0	0
Finance Income	798	7,650	8,216	0	-1,230	2,028	0	6,852
Finance (Expense)	-51,843	-50,469	-2,809	-1,374	24,915	-53,968	-21,416	0
Net Finance Income/(Expense)	-51,045	-42,819	5,407	-1,374	23,685	-51,940	-21,416	6,852
General & Administrative ("Burn")	-526,514	-581,507	-671,889	-95,158	-29,566	-162,149	-239,642	-150,150
Operating (Expenses)/Income	-70,607	-87,058	-153,234	4,434	-55,519	-11,901	-7,621	-12,017
Non-Operating (Expenses)/Income	-439,072	-521,207	-816,835	-80,898	-163,269	-42,590	-152,316	-163,032
Extraordinary Items	-104,522	0	0	-104,522	0	0	0	0
Net Profit/(Loss)	-1,185,812	-1,228,005	-1,636,550	-276,154	-220,084	-268,580	-420,994	-318,347
Total Shares Outstanding	20,026,131	17,680,360	13,627,813	20,026,131	17,680,360	16,707,623	14,988,205	14,988,205
Weighted Average Shares O/S	16,003,556	15,486,362	753,037,211	18,118,581	15,169,791	15,737,646	14,988,205	13,822,606
Net Profit/(Loss) Per Share	(\$0.07)	(\$0.08)	(\$0.00)	(\$0.02)	(\$0.01)	(\$0.02)	(\$0.03)	(\$0.02)
Cash Flow Statement								
Cash Items	-898,549	-1,219,965	-1,067,795	-193,286	-263,731	-170,594	-270,938	-514,702
Capital Expenditures (Capex: Props.)	-1,198,371	-1,198,371	-233,044	0	-59,048	-1,020,329	-118,994	0
Other Investing Items	451,799	457,440	-273,039	-7,480	12,902	453,791	-7,414	-1,839
Free Cash Flow	-1,645,121	-1,960,896	-1,573,878	-200,766	-309,877	-737,132	-397,346	-516,541
Equity Financing	1,358,992	1,296,954	2,167,196	571,443	321,769	469,486	-3,706	509,405
Debt Financing	0	0	0	0	0	0	0	0
Change in Cash	-286,129	-663,942	593,318	370,677	11,892	-267,646	-401,052	-7,136
Foreign Exchange Effects	-53,115	-17,246	2,893	-12,363	6,547	9,282	-56,581	23,506
Net Change in Cash	-339,244	-681,188	596,211	358,314	18,439	-258,364	-457,633	16,370
Cash, Beginning of the Period	779,042	762,672	166,461	81,484	63,045	321,409	779,042	762,672
Cash, End of the Period	439,798	81,484	762,672	439,798	81,484	63,045	321,409	779,042
Balance Sheet								
(C\$)	As at:	End of Q1/19	End of FY18	End of FY17				
		Jun 30/2018	Mar 31/2018	Mar 31/2017				
Cash and Equivalents		439,798	81,484	762,672				
Other Current Assets		141,481	191,875	667,564				
Mineral Properties		4,407,391	4,552,204	4,244,497				
Other Assets		13,515	14,068	14,277				
Total Assets		5,002,185	4,839,631	5,689,010				
Accounts Payable		215,449	263,229	1,304,155				
Other Current Liabilities		0	0	0				
Long-Term Liabilities		0	0	0				
Shareholders' Equity		4,786,736	4,576,402	4,384,855				
Total Liabilities & Equity		5,002,185	4,839,631	5,689,010				
Book Value (S.E.) Per Share		\$0.24	\$0.26	\$0.32				
Cash Per Share		\$0.02	\$0.00	\$0.06				
Working Capital		365,830	10,130	126,081				
Working Capital Ratio		2.70	1.04	1.10				

Source: Company and eResearch

COMMENT: Annual "burn" is running between \$500,000 and \$700,000. The cash position, as at July 31, was \$440,000. In August, a Private Placement added \$190,000. This is likely just enough total cash to cover the "burn" for about a year but does not allow for other expenditures. Thus, we expect the Company will soon be back in the market for additional financing. In the meantime, the Company has always shown positive "book value" which, at July 31, amounted to \$0.24 per share. This is well above the current share price of C\$0.16.

FINANCING

Table 2 below shows the Company's five-year budget, 2018-2022, which covers the time from the present until initial mining production is achieved. This table was sourced from the Company's Investor Presentation dated October 17, 2018.

TABLE 2: Five Year Budget (2018-2022)

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

Source: Company

As the table above shows, Chatham Rock Phosphate has budgeted C\$2.64 million in 2018-2019 to cover the cost of preparing and submitting a second application for a Mining Consent license.

The Company is estimating that an identical C\$2.64 million will be incurred in 2019-2020 for the Environmental Protection Authority hearings.

To cover these costs, the Company anticipates raising C\$1.187 million in 2018, C\$4.400 million in 2019, and C\$2.464 million in 2020.

Since the beginning of 2017, the Company has frequented the Private Placement market to raise about C\$2.08 million.

To prepare for its re-application to the New Zealand government for the Marine Consent permit for the Chatham Rise Project as well as paying the costs for the Environmental Protection Authority hearings in 2019/2020 and covering corporate overhead, the Company estimates that it will require a further C\$6.9 million.

Thus, the C\$2.08 million already raised and the additional C\$6.9 million that is needed to be raised verify the C\$8.985 million "Cumulative funds raised" shown in the table.

WARRANTS & OPTIONS

The non-brokered Private Placements typically involved issuing common shares with accompanying share purchase warrants (usually ½ warrant per common share).

The following table lists these warrant issuances as well as options granted from time to time.

Table 3: Warrants and Options as at June 30/18 (Pro Forma Nov. 16/18)

WARRANTS

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Status</u>	<u>Potential Equity</u>
442,293	\$1.00	27-Jun-2019	Out-of-the-Money	\$442,293
3,413 *	\$1.00	27-Jun-2019	Out-of-the-Money	\$3,413
1,172,885	\$0.45	13-Jun-2020	Out-of-the-Money	\$527,798
381,780	\$0.45	20-Jun-2020	Out-of-the-Money	\$171,801
486,368	\$0.45	24-Jun-2020	Out-of-the-Money	\$218,866
2,486,739				\$1,364,171

* Denotes finder's/broker's warrants

Current Price: \$0.16

OPTIONS

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>	<u>Status</u>	<u>Potential Equity</u>
75,000	\$0.50	10-Aug-2020	Out-of-the-Money	\$37,500
1,690,000	\$0.29	8-May-2023	Out-of-the-Money	\$490,100

Source: Company and eResearch

CORPORATE INFORMATION

Head Office:

Level 1,
93 The Terrace
Wellington 6011, New Zealand

Registered Office:

Suite 1750
1185 West Georgia Street
Vancouver, B.C., Canada

Email: chris@crpl.co.nz

Tel: 64 3 525 9170

Website: <https://rockphosphate.squarespace.com/>

Chatham | Rock TM
Phosphate

MANAGEMENT and DIRECTORS

The following information on the Company's management and directors was taken from the Company's website. <https://rockphosphate.squarespace.com/board-and-management/>

1. MANAGEMENT

Chris Castle (BCA, ACA, CMInstD, CFIP): President & Chief Executive Officer

Chris Castle is a chartered accountant with more than 37 years' experience in investment and corporate finance. Mr. Castle was a founding director of Spectrum Resources and Premier Mining Securities and has held directorships in ten NZX-listed companies. His mining and mineral exploration background includes projects with Amoil NZ, Kanieri Gold Dredging, and Australian Anglo-American. His investment sector experience includes Brierley Investments and the Regina Confections/Charter Corporation Group. He established the Aorere business in 1989 as a mining and mineral sector focused on the investor and share trader. He is also a non-executive director of TSX-V listed Asian Mineral Resources.

Ray Wood, Chief Operating Officer:

Ray Wood is a geophysicist with more than 30 years' experience interpreting data from the New Zealand region. Mr. Wood has published numerous articles on the geology, tectonics, and resources of New Zealand's marine territory. He has had extensive experience using geographic information systems to interpret and model geological and other data, including analysis of the impact of trawling on the sea floor.

Robyn Hamilton, Chief Financial Officer

Robyn Hamilton has been the Chief Financial Officer since its formation in 2004. Ms. Hamilton is a Chartered Accountant with 20 years of commercial experience, including working in New Zealand and Australia. She brings a range of expertise in the areas of due diligence, internal control, corporate governance, international financial reporting, and statutory compliance. She is a member of Chartered Accountants Australia and New Zealand and Governance Institute of Australia. Ms. Wood has an extensive background in oil and gas and mining listed companies, having worked for listed companies, Bass Strait Oil Company Ltd., Aorere Resources Ltd., and Asian Mineral Resources Ltd.

Campbell McKenzie - Vice President Technical Services

Campbell McKenzie is an exploration geologist who has worked in the minerals industry for twenty years. Mr. McKenzie has held upper management roles with mineral sector consultancies, government, and industry. He is currently the CEO of business development consultancy, Kenex Ltd., and provides support across Chatham Rock Phosphate's businesses, including exploration planning, stakeholder and environmental management, and corporate affairs.

Robin Falconer (PhD, BSc-Hons, BSc) – Principal Scientist

Robin Falconer is the principal of Robin Falconer Associates Ltd., with more than 40 years' experience in geosphere, atmosphere, and ocean science surveys and research as a university lecturer, government scientist, consultant, industry employee, and research group manager, in New Zealand and internationally. Mr. Falconer's work has included marine mineral and oil exploration, sea-bed surveys, weather analyses, oceanography, environmental studies, geographic information systems, and computer mapping. He has worked at sea off New Zealand, Australia, South Pacific, New Caledonia, China, Antarctica, and the Arctic for New Zealand, American, Canadian, Australian, SE Asian, German, and UK companies and research institutes. For the Company, Mr. Falconer provides input on the practical and management aspects of marine operations, including general sea-bed, oceanographic and environmental mapping, and technical input on all aspects of the project.

2. DIRECTORS**Robert Goodden (ACSM 1st Class Mining Engineering & Geology), Chairman of the Board**

Robert Goodden is a member of the Company's technical advisory team. Mr. Goodden chairs Subsea Minerals Ltd., developing business opportunities in marine mining and, before that, as Chief Executive on a surf zone marine mining project off the coast of Namibia. He was previously on the advisory board for Nautilus Minerals advising on core drilling and sample recovery. Mr. Goodden founded Seacore Limited, an offshore drilling and construction contractor in 1976, and ran the company for 30 years until it was sold to the Fugro Group in 2006. He has also served as a commissioned officer in the Royal Engineers.

Linda Sanders (Dip Journalism), Director

Linda Sanders provides investor and stakeholder relations, marketing, and communications expertise to the Company. Ms. Sanders has more than 36 years of experience as a communications executive and journalist and has significant board experience with New Zealand-listed companies and community organisations. She has been a director of the Aorere business since 1989 and retired as its chairman in 2012. Ms. Sanders worked as a communications manager for Telecom New Zealand, the New Zealand government's Department of Building and Housing, and has held a range of consultancy positions in the private and public sectors. She was also a financial columnist for national current affairs magazine The Listener. Ms. Sanders has been a director of the Company since 2008.

Jill Hatchwell (BCA, ACA, CMInstD): Director

Jill Hatchwell was appointed to the Board in 2008. Ms. Hatchwell is a director of Aorere and an executive director of Nevay Holdings, a financial advisory consultancy established in 1988 that advises a range of clients in the private and public sector. She has an extensive background in financial and corporate management, including roles as company secretary and executive director of Charter Corporation and group accountant at Brierley Investments. She has been a Member of the Chartered Accountants Australia New Zealand since 1982. Her other directorships include ServiceIQ, the Industry Training Organisation (ITO) for the Aviation, Tourism, Travel, Museums, Hospitality, Retail and Wholesale sectors of New Zealand's service industry.

Ernst Schönbächler: Director

Ernst Schönbächler has more than 40 years of experience in the banking industry and is presently Managing Director of SwissGold Exploration AG, a wholly owned subsidiary of TSX-V listed NV Gold Corporation of Vancouver. Since 2004, he has been an independent financial consultant working with various public and private companies. He has been a board member for several public and private companies in Canada, the United States, Luxemburg, and Switzerland and also has a strong background in capital markets and venture capital, especially in Asia.

Ryan Wong: Director

Ryan Wong holds a board and senior executive management role with the Caldecott Group of companies based in Malaysia. Caldecott is primarily involved in property development and construction but has diverse investments in hospitality, recreation, and mining. He has been with the Caldecott Group for more than 15 years. Mr. Wong is a member of the Institute of Directors NZ, the Association of Petroleum and Explosives Administration UK, and the Association of International Petroleum Negotiators. He has a Master's degree in civil and structural engineering.

SHAREHOLDINGS

Officers and Directors own or control, directly or indirectly, approximately 12.3% of the issued and outstanding common shares of the Corporation. Other important shareholders reside in Singapore, Germany, and Switzerland and own another approximate 17.8% of the shares. Together, they own, collectively, 30.13% of the Company's common stock. The balance of the stock is held by approximately 1,800 shareholders in nine countries.

ROYAL BOSKALIS WESTMINSTER N.V.

Royal Boskalis Westminster N.V. is a Dutch dredging and heavy-lift company that provides services relating to the construction and maintenance of maritime infra-structure internationally.

Boskalis is a leading global dredging contractor and marine services provider. The company's services are made available to the offshore energy sector, ports, and coastal and delta regions of the world.

Headquartered in the Netherlands, Boskalis has over 100 years' experience in hydraulic engineering, coastal protection, and land reclamation. The company operates in 90 countries and on six continents, with a versatile fleet of more than 900 vessels and floating equipment.

Dredging has traditionally been Boskalis' core activity. Its services include the construction and maintenance of ports and waterways, land reclamation, coastal defense, and riverbank protection.

The company also offers a wide variety of maritime services and contracting to the offshore energy sector. These include the development, construction, transport, installation, inspection, repair & maintenance, and decommissioning of oil and LNG import/export facilities, offshore platforms, pipelines and cables, and offshore wind farms.

Boskalis also provides towage services, emergency response, and salvage activities.

The company's main clients are governments, port and terminal operators, oil, gas and wind energy companies, mining companies and related EPC contractors and subcontractors, shipping companies, insurance companies, and international project developers.

COMMENT: *Royal Boskalis has a very minor share ownership interest in Chatham Rock Phosphate, but the two companies collaborate closely.*

Website: <https://boskalis.com/>

eRESEARCH CORPORATION

eResearch was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, our Subscribers (*subscription is free!!!*) benefit by having written research on a variety of small- and mid-cap, under-covered companies. We also provide unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis. We complement our corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals. We provide our professional investment research and analysis directly to our extensive subscriber network of discerning investors, and electronically through our website: www.eresearch.ca.

NOTE: eResearch reports on Chatham Rock Phosphate Limited and other companies are available FREE on our website at www.eresearch.ca. You must REGISTER to access these reports.

eResearch Intellectual Property: No representations, express or implied, are made by eResearch as to the accuracy, completeness or correctness of the comments made in this Company Perspective. This report is not an offer to sell or a solicitation to buy any security of the Company. Neither eResearch nor any person employed by eResearch accepts any liability whatsoever for any direct or indirect loss resulting from any use of its report or the information it contains. This report may not be reproduced, distributed, or published without the express permission of eResearch.

ANALYST ACCREDITATION

eResearch Analyst on this Report: Bob Weir, B.Sc., B.Comm., CFA

Analyst Affirmation: I, Bob Weir, hereby state that, at the time of issuance of this research report, I do not own shares of Chatham Rock Phosphate Limited.

eRESEARCH DISCLOSURE STATEMENT

eResearch is engaged solely in the provision of equity research to the investment community. eResearch provides published research and analysis to its Subscribers on its website (www.eresearch.ca), and to the general investing public through its extensive electronic distribution network and through newswire agencies. With regards to distribution of its research material, eResearch makes all reasonable efforts to provide its publications, via e-mail, simultaneously to all of its Subscribers.

eResearch does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.

eResearch accepts fees from the companies it researches (the "Covered Companies"), and from financial institutions or other third parties. The purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little or no research coverage.

Frontier Flex Marketing paid eResearch a fee to have it conduct research and publish reports on the Company.

To ensure complete independence and editorial control over its research, eResearch follows certain business practices and compliance procedures. For instance, fees from Covered Companies are due and payable prior to the commencement of research. Management of the Covered Companies are sent copies, in draft form without a Recommendation or a Target Price, of the Initiating Report and the Update Report prior to publication to ensure our facts are correct, that we have not misrepresented anything, and have not included any non-public, confidential information. At no time is management entitled to comment on issues of judgment, including Analyst opinions, viewpoints, or recommendations. All research reports must be approved, prior to publication, by eResearch's Director of Research, who is a Chartered Financial Analyst (CFA).

All Analysts are required to sign a contract with eResearch prior to engagement, and agree to adhere at all times to the CFA Institute Code of Ethics and Standards of Professional Conduct. eResearch Analysts are compensated on a per-report, per-company basis and not on the basis of his/her recommendations. Analysts are not allowed to accept any fees or other consideration from the companies they cover for eResearch. Analysts are allowed to trade in the shares, warrants, convertible securities or options of companies they cover for eResearch only under strict, specified conditions, which are no less onerous than the guidelines postulated by IIROC. Similarly, eResearch, its officers and directors, are allowed to trade in shares, warrants, convertible securities or options of any of the Covered Companies under identical restrictions.