

NEWS RELEASE 17-12**May 19, 2017****Chatham says another halted phosphate shipment highlights NZ supply risk**

WELLINGTON New Zealand – Chatham Rock Phosphate Limited (TSXV: “**NZP**” and NZAX: “**CRP**” or the “**Company**”) notes the halting of a second phosphate shipment from the Western Sahara is intensifying the supply risk for New Zealand farmers.

Chatham Chief Executive Chris Castle said today the need for New Zealand to secure its own low cadmium and ethical phosphate resource is highlighted by news Panama authorities have detained Moroccan phosphate shipment from the Western Sahara after the Polisario independence movement claimed the cargo had been transported illegally.

The detention of the vessel carrying phosphate rock cargo from Morocco's OCP for Canada's Agrium is the second tanker stopped this month by a Polisario legal challenge, a new tactic the independence movement has been using in its conflict with Morocco. The first shipment was detained in South Africa.

Western Sahara has been disputed since 1975, when Morocco claimed it as part of the kingdom and the Polisario fought a guerrilla war for the Sahrawi people's independence.

Both New Zealand fertiliser manufacturers source a large part of their phosphate rock supply from that area, so the implications for farmers and the economically important agriculture sector are serious.

Mr Castle said the company's Chatham Rise resource is not only an ethical source but it also has among the lowest known levels of cadmium.

“New Zealand needs to use its own source of ethically-produced, environmentally-friendly phosphate rock rather than importing product from a disputed territory.

“Phosphate is essential for the production of food and we can't afford supply disruptions. This underlines the strategic value of our deposit.

Mr Castle said Chatham's product is also better for the environment as it binds to the soil and dramatically reduces run-off to waterways.

He said the rock from Morocco is used to make New Zealand's predominant fertiliser superphosphate, which results in high levels of run-off with resulting pollution to our waterways and can also be detrimental to soil health over the long term.

“The solution to supply and environmental problems is the use of Chatham rock phosphate as an organic direct application fertiliser not processed with chemicals.

“We can deliver a secure and sustainable local supply of low-cadmium phosphate that will also reduce fertiliser run-off into waterways, produce healthier soils and shrink fertiliser needs over time,” Mr Castle said.

The Chatham Rise resource represents one of New Zealand's more valuable mineral assets and is of huge strategic significance because phosphate is essential to maintain high agricultural productivity.

Chatham proposes to extract up to 1.5 million tonnes a year of phosphate nodules from the top half metre of sand on identified parts of an 820km² area on the Chatham Rise, 450km off the west coast of New Zealand, in waters of 400m.

“Our environmental consenting process has established and independently verified that extraction would have no material impact on fishing yields or profitability, marine mammals or seabirds.”

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About Chatham Rock Phosphate

Chatham Rock Phosphate, a publicly listed company, was granted a mining permit in 2013 to develop New Zealand’s only significant source of environmentally friendly pastoral phosphate fertiliser and is now preparing for a revised environmental consent application.

Local and international investors have contributed more than \$37 million to develop the project’s financial viability, environmental benefits and impacts, technical and logistical requirements, local and international product uses.

In progressing plans to submit a new application we are working with government officials to seek improvement in the permitting process and iwi, academic, industry and central government input to ensure New Zealand can benefit from an environmentally superior phosphate source.

Chatham is listed on NZAX, the Toronto Stock Exchange and in Frankfurt. These multiple listings provide a more useful share-trading platform for overseas shareholders and facilitate the capital raising needed for the consenting process and beyond.

Neither the Exchange, its Regulation Service Provider (as that term is defined under the policies of the Exchange), or New Zealand Exchange Limited has in any way passed upon the merits of the Transaction and associated transactions, and has neither approved nor disapproved of the contents of this press release.