

NEWS RELEASE 19-07

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Ngāti Mutunga and Chatham Rock Phosphate sign agreement

WELLINGTON, New Zealand – Chatham Rock Phosphate Limited (TSXV: “NZZ” and NZAX: “CRP” or the “Company”) advises with great pleasure that today we executed an Information Sharing and Collaboration agreement with Ngāti Mutunga o Wharekauri AHC (**Ngāti Mutunga**).

CRP holds a mining permit to extract rock phosphate from an offshore area located on the Chatham Rise (the **Project**). In order to pursue the Project CRP needs to obtain a marine consent under the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 (**Marine Consent**).

Ngāti Mutunga is a wholly owned subsidiary of Ngāti Mutunga o Wharekauri Iwi Trust, based on the Chatham Islands and has a significant interest in protecting the Chatham Islands marine environment and securing the economic, social and cultural well-being of the Chathams community.

Following discussions between the Parties they now wish to formally collaborate on the Project with a view to:

- Developing a CRP Marine Consent application that meets the environmental, economic, social and cultural objectives of both Parties individually and together;
- In the event that the content of such an application is mutually agreed, to formally support the lodging of the CRP Marine Consent application for approval;
- In the event that the CRP Marine Consent application is successful, ensuring that all operations implemented under that consent are carried out in a manner that best mitigates environmental effects and respects indigenous rights, beliefs and customs to protect the interests of the Chatham Islands community; and
- Ensuring that the Chatham Islands community realises tangible benefits from the Project.

The first objective of the Parties is to arrange close engagement with the Chathams community to ensure that the Project proceeds in a form that satisfactorily addresses both the reasonable concerns and aspirations of that community. The agreement will be a success if it results in formal community support for the Project. If mutually agreed ways of addressing reasonable community concerns and aspirations cannot be found then the terms of the agreement will no longer apply.

Ngāti Mutunga o Wharekauri Asset Holding Company director Tom McClurg said “we consider this Project to be one that can potentially work for the benefit of our people, our economy and the environment. We look forward to working closely with the Chatham Rock Phosphate team to ensure that commercial, social and cultural benefits are realized by this Project and that these benefits are not at the expense of the marine environment that is so important to us all. We applaud the willingness of CRP to share information and respond to community perspectives that is evidenced by this

innovative agreement”.

Chatham CEO Chris Castle noted “the communities of the Chatham Islands, represented by and including Ngāti Mutunga o Wharekauri, Moriori, and the Chatham Islands Enterprise Trust (CIET), are the stakeholders most directly affected by the operations of our proposed rock phosphate recovery operation. Significantly these stakeholders also have major fishing industry investments in the waters surrounding the Chatham Islands.

It’s very exciting that we have reached a point where we can begin working together to ensure that this project can proceed in a manner that protects and benefits all concerned. The signing of this collaboration agreement is a very, very significant milestone for Chatham Rock Phosphate as it signals important support for our project (if it is appropriately managed) from such directly affected stakeholders.

We are also gratified that Ngāti Mutunga o Wharekauri is proposing to make a significant future investment in Chatham Rock Phosphate if the agreement proceeds and the Marine Consent is obtained. In those circumstances Ngāti Mutunga o Wharekauri and possibly Moriori and the CIET would receive options that are in total equal to 15% of the number of shares on issue at the time a Marine Consent that has their support is granted (being 5% per party). The exercise price of these options will reflect and recognise the accumulated investment made to that date by our shareholders.

About Ngāti Mutunga o Wharekauri

Ngāti Mutunga o Wharekauri is a Maori iwi (tribe) of New Zealand, whose original rohe (tribal lands) were in north Taranaki. They migrated from Taranaki, first to Wellington, and then to the Chatham Islands in 1835. The *rohe* of the iwi includes all of Chatham Island (Wharekauri), Te Whānga Lagoon and all of the outlying islands of the Chathams Group.

About Chatham Rock Phosphate

Chatham Rock Phosphate is the custodian of New Zealand’s only material resource of ultra-low cadmium, environmentally friendly pastoral phosphate fertiliser. Our key role is connecting the resource with those who need it.

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

New Zealand’s current access to phosphate is vulnerable to economic and political events in the six countries controlling 98% of the world’s phosphate reserves, with 85% of the total in the Western Saharan state of Morocco.

Chatham takes very seriously the responsibility vested in it through its granted mining permit to use the world’s best knowledge and technology to safely extract this resource to help sustainably feed the world.

Our initial environmental consenting process independently established extraction would have no significant impact on fishing yields or profitability, marine mammals or seabirds.

Our project ticks all the boxes: environmental, health, ethical, security of supply, economic, regional development, rare earths and other green minerals

- ✓ Our rock is a proven reactive phosphate rock. Using it results in much less run-off into waterways and an improved soil profile compared with the effects of manufactured fertilisers.
- ✓ It's an organic fertiliser with no additives and with the only processing being grinding and possible pelletisation
- ✓ It contains ultra-low levels of cadmium, a cancer-causing heavy metal with much greater concentrations in other rock phosphate deposits
- ✓ Being locally sourced and needing to be applied less frequently results in much lower carbon emissions (in effect increasing the present NZ electric vehicle fleet from 10,000 to 29,000 vehicles)
- ✓ It is New Zealand's only significant source of phosphate and seabed extraction involves a far smaller environmental impact than that imposed on local overseas communities which mine phosphate
- ✓ The rock is located within one day's sailing distance and supply is far more secure (and more ethical) than phosphate rock imported from unstable regions on the other side of the world
- ✓ The project economics are attractive and Chatham will pay significant royalties and income taxes
- ✓ The project will generate new jobs in environmental monitoring, on the mining ship, in the home port and in the science and agricultural sectors
- ✓ Chatham rock phosphate has been independently shown to be as effective as other phosphate fertilisers used in New Zealand. We could provide the two fertiliser co-ops supplying most of New Zealand's fertiliser with a green fertiliser alternative to naturally complement their other products.

For more information contact Chris Castle on 021 558 185

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