

NEWS RELEASE 19-09

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Chatham Rock Phosphate scores huge food safety win

WELLINGTON, New Zealand – Chatham Rock Phosphate Limited (TSXV: “**NZP**” and NZAX: “**CRP**” or the “**Company**”) wishes to advise shareholders that a final decision has been taken by the European Parliament and the European Council to limit the sale of phosphate-based fertilizers containing high levels of heavy metals everywhere in the EU from 2022 and to introduce voluntary green labelling for fertilizers with less than 20 mg Cd/kg P₂O₅, starting this year.

The decision is aimed at improving the safety and sustainability of agriculture in Europe, as well as reducing risks to human health and the environment around the world.

The decision of the European Council is the final step to establishing the cadmium limit in phosphate-based fertilizers across Europe. EU-wide cap on cadmium levels will come into full effect in 3 years.

A number of European countries as early as the 1980s already recognised the importance of this issue and unilaterally introduced strict cadmium limits for fertilizers. Limits are currently in place in 21 EU countries, with the strictest in Switzerland, which limits cadmium to 21 mg/kg P₂O₅ in 1986, Sweden (44 mg / kg P₂O₅), the Netherlands (31 mg/kg P₂O₅), Hungary and Slovakia (20 mg/kg P₂O₅) and Finland (22 mg/kg P₂O₅).

The Implications for Chatham Rock Phosphate

Shareholders will recall that we referred last year to an article by Richard Taylor in International Policy Digest that commented on the effects of the proposed lowering of accepted cadmium levels in phosphate rock imported into EU countries.

In this article it was estimated that a lowering of the limit to 20 gm/kg will effectively bar 95% of phosphate ore from entering the EU market.

CRP cannot confirm that estimate but we do know that the reduced cadmium limits will affect a significant proportion of traded rock phosphate including rock sourced from Egypt, Israel, Boucraa & Youssoufia (Western Sahara/Morocco), Senegal, Togo, Tunisia, Nauru and Christmas Island.

As the EU ban on high cadmium levels has arisen due to food safety concerns, it would be logical to assume that similar restrictions will occur in other regions. There have been voluntary restrictions in place in New Zealand for many years.

According to Chatham Rock Phosphate managing director Chris Castle “the good news for Chatham Rock Phosphate shareholders is that cadmium levels in Chatham Rise rock phosphate are among the lowest in the world.”

Mr Castle said the rock, located on the Chatham Rise seabed east of New Zealand showed an average of 2.2 parts per million (expressed as mg/kg of P) from a range of samples gathered by CRP in 2012 from 11 separate locations. The lowest value was 1.3 parts per million with a high of 5.3 parts per million.

Rock phosphate is already the scarcest of the three fertiliser constituents used to sustain world food and primary sector production. And if world-wide sales restrictions are placed on 95% of that resource the likely effect on the market value of the remaining 5% of traded phosphate rock (and its producers) can only be imagined.

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.

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 Morocco and neighbouring state the Western Sahara.

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 or chris@widespread.co.nz or check out www.rockphosphate.co.nz

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