

NEWS RELEASE 20 -11

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**CHATHAM ROCK PHOSPHATE PROVIDES BRIEFING  
NOTES TO KEY INCOMING GOVERNMENT MINISTER**

**WELLINGTON New Zealand** – Chatham Rock Phosphate Limited (TSXV: “NZP” and NZAX: “CRP” or the “Company”) is pleased to announce that it recently provided briefing notes to a key incoming Minister following the recent General Election in New Zealand which returned the Labour Party with a clear majority government for the first time in recent parliamentary history.

This key incoming Minister, Hon David Parker, takes up a new role as Minister for Oceans and Fisheries, in addition to his existing roles as Minister for the Environment, Attorney-General, Minister of Revenue and Associate Minister of Finance.

Chatham has previously briefed Minister Parker about our project and we have requested an opportunity to repeat this, given the particular relevance of this new Ministerial portfolio to our project.

It is particularly pleasing the new Government is focusing more closely on the ocean as New Zealand’s vast offshore Exclusive Economic Zone contains significant mineral assets (as well as substantial fish stocks).

The notes below provided to the Minister include a succinct summary of our project and particularly its net environmental benefits and is included in this release to further reiterate these messages to shareholders and stakeholders.

**Briefing for Incoming Minister**

Honourable David Parker  
Minister for Oceans and Fisheries  
Minister for the Environment  
Attorney-General  
Minister of Revenue  
Associate Minister of Finance

**Summary**

The Chatham rock phosphate project offers comprehensive benefits for New Zealand’s economy and environment and we urge you to consider how it can be progressed so it can contribute to the COVID-19 recovery.

## **Introduction**

Chatham Rock Phosphate Limited (CRP) is a Wellington based company that proposes to dredge rock phosphate from a small part of the central Chatham Rise, about 450km offshore Christchurch.

Although it has cornerstone investors overseas and is stock exchange listed in both Canada and Frankfurt (as well as New Zealand) more than 50% of CRP is owned by over 900 New Zealanders.

## **Benefits for the Environment**

Rock phosphate from the Chatham Rise has exceptional environmental benefits relating to its properties as a reactive rock phosphate and its exceptionally low cadmium levels.

The directly beneficial environmental effects of using Chatham rock phosphate are low soil run off, improved soil profile, minimal heavy metals being applied to soils and much lower carbon emissions through using a New Zealand-based resource rather than transporting it from the other side of the world.

## **Ethical, Secure Supply**

By recovering rock phosphate from the Chatham Rise New Zealand will have its own supply without depending on imports from other countries, particularly Morocco, which is mining rock from a disputed territory. Onshore phosphate mining also impacts on local communities causing well-documented health issues and social and environmental distress.

## **Project will pay taxes, create jobs and knowledge**

Based on our current financial projections, CRP will pay \$35m a year in tax and royalties, plus ~ \$9m a year in port charges.

It 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.

It will build New Zealand's leadership in marine technology potentially worth billions as marine mining becomes commonplace overseas and other countries seek this expertise.

By operating in the marine environment we will gain (and share) the knowledge to implement conservation priorities.

## **Project History**

The deposit, formed 7 to 12 million years ago, was discovered by New Zealand scientists in 1952 and extensively explored during the 1960s, 1970s and 1980s by a range of private and public sector scientists (including DSIR, NZ Oceanographic Survey).

An estimated \$70 million in current dollar terms was spent on at least seven voyages, each involving several weeks. The data collected means the deposit is now very well defined. CRP was granted a 20-year mining permit in December 2013.

The current Exclusive Economic Zone environmental consenting regime came into force in June 2013 and CRP's initial application was among the first considered by the Environmental Protection Authority. It was declined in 2015 and CRP is currently planning to resubmit in 2021.

The mining permit area is 450 km east of Christchurch, at a depth of around 400 metres on the seafloor of the Chatham Rise and in New Zealand territory. Estimated reserves are 23.4 million tonnes.

We are planning for an operational start two years after receipt of a Marine Consent and completing a mining contract (to include arrangements for a vessel to undertake the mining).

CRP's mining permit assumes an initial mine life of 15 years. We anticipate further sampling during this initial mining phase will quantify the extent of additional mineable reserves within the mining permit area.

### **How the phosphate will be recovered**



A modified version of the trailing suction hopper dredger pictured above will suck up a 30cm thick seafloor layer of phosphate nodules, together with the surrounding sand, separate the nodules from the sand on board the vessel, return the sand to the seafloor and take the nodules to the operation's home port. From there an estimated 29% of the nodules will be processed and used in New Zealand and the balance exported to neighbouring countries.

### **First Environmental Protection Authority Decision Recap**

#### **Main public concerns submitted**

- Removal of seabed and associated biota (e.g. corals)
- Impacts of the sediment plume on the adjacent environment and deep-water fisheries
- Interactions with marine mammals and seabirds
- Trophic impacts
- Mining inside a Benthic Protection Area (fishing bottom-trawling prohibited)

**But in the hearing independent/opposing experts agreed that:**

- Marine mammals unlikely to be affected
- Sea birds unlikely to be affected
- Major fish stocks unlikely to be affected
- Primary food chain productivity unlikely to be affected
- Toxicology effects in water column will be very low
- Uranium not an issue

**2015 Decision-making Committee's summary**

- Damage to the benthic environment
- Modest economic benefits compared to environmental effects
- Significant effect on Benthic Protection Area
- Proposed adaptive management wouldn't address fundamental concerns

**The Facts**

- Damage to the benthic environment is a one off event, the effects are not permanent and the affected area is limited to one tenth of 1% of the Chatham Rise
- In contrast a much higher proportion of the Chatham Rise is bottom-trawled every year and fishing yields remain strong
- The economic benefits were required to be established before the mining permit was granted by NZ Petroleum and Minerals in 2013. As well as being highly profitable the project creates jobs in ports, agriculture, environmental monitoring, and scientific research
- Environmental benefits include reduced carbon emissions, 85% lower run-off into waterways and significantly lower levels of cadmium. These benefits were ignored by the DMC
- Only 5% of the Central Chatham Rise Benthic Protection Area would be affected
- The DMC failed to grasp how the proposed adaptive management regime would operate

**Further Information**

More detailed information can be supplied to back up this summary document upon request.

All of this information is already in the public arena due to CRP's continuous disclosure obligations as a reporting issuer in New Zealand and other markets.

CRP executives would also welcome the opportunity to brief the Minister in person to explain how this project can support the Government's COVID-19 recovery efforts.

**Chris Castle, Chief Executive**

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