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CHATHAM ROCK PHOSPHATE **COMMENTS ON INCREASING PHOSPHATE PRICES**

WELLINGTON New Zealand – Chatham Rock Phosphate Limited (TSXV: “NZP” and NZAX: “CRP” or the “Company”) is observing with interest the recent surge in fertilizer prices, and particularly phosphates.

Last week Bloomberg reported as follows:

Phosphate fertilizer prices in the U.S. corn belt had their biggest quarter in a decade as buyers cope with a supply shock caused by potential import duties against Morocco and Russia.

Midwest prices for diammonium phosphate, or DAP, jumped 29% in the third quarter, the most since 2010, according to a Green Markets index. Prices for a lower concentration phosphate fertilizer also surged the most in a decade, by 34%. The two chemicals make up the primary component for many phosphate-based fertilizers used by American crop farmers.

Prices spiked after U.S. fertilizer firm Mosaic Co. petitioned the U.S. Department of Commerce and U.S. International Trade Commission in June, saying that fertilizer imports from Morocco and Russia were unfairly subsidized. That prompted an investigation and raised the prospect of countervailing duties. The two countries are the largest sources of the commodity for the U.S. in the most recent crop year, through June.

The U.S. imported more than 2 million metric tons of phosphate fertilizers from Morocco last year, valued at \$729.4 million, according to an International Trade Administration report citing U.S. Census Bureau figures. Imports from Russia totaled more than 767,000 metric tons and were worth \$299.4 million.

Russia’s largest producer, PhosAgro PJSC, recently said it stopped shipping products to the U.S. due to the investigation and is rerouting those volumes to Canada, Brazil and Russia.

The value of U.S. purchases from the fertilizer import market fell 57% from the end May to the end of July, according to U.S. Census Bureau data, sending a supply shock through the industry and driving up domestic prices.

“Russian and Moroccan suppliers have slowed imports to the U.S., and that’s tightened up supply and also contributed to rising prices,” Alexis Maxwell, research director at Bloomberg’s Green Markets, said in a phone interview.

The import slowdown means Mosaic now holds more than 90% of the production market for phosphates in the U.S. -- increasing the influence of the Plymouth, Minnesota-based company, she said.

“The fact that they can move the U.S. market so dramatically is because, effectively, they’re pretty much the only one left,” Maxwell said.

The U.S. may cushion the cutback on Moroccan and Russian imports by seeking supply from China, the world largest finished phosphates producer, said Samuel Taylor, North American inputs analyst at Rabobank.

“These countervailing duties scared people on supply,” Taylor said in a phone interview. “If we do get countervailing duties put in place, you’re probably just likely to see a change in global trade flows, but you’re not necessarily going to see any production limitations.”

Interestingly the market price of Triple Super Phosphate (TSP) has also risen, up 8% in two months to \$USD 282/tonne according to World Bank statistics. This is particularly significant for CRP as independent trials have confirmed that natural, untreated rock phosphate sourced from our mining permit area on the Chatham Rise can be used as a direct substitute for TSP. These independent trials conducted by a New Zealand university established that Chatham Rise rock phosphate is 85% as effective as TSP.

CRP is not yet in production but extensive engineering studies undertaken by a major dredging company resulted in indicative recovery and local transport costs of less than USD 80/tonne.

These attractive project economics together with the environmental benefits arising from our project support our determination to reapply for and gain the environmental permit we need to give effect to our granted 20 year mining permit.

Just to recap, these environmental benefits include improved water quality (due to less run off into waterways), improved soil profiles, significantly reduced carbon emissions, and close to nil cadmium levels.

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