

NEWS RELEASE 21-17

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CHATHAM ROCK PHOSPHATE SIGNS TERM SHEET TO ACQUIRE KORELLA PHOSPHATE MINE IN AUSTRALIA

WELLINGTON New Zealand – Chatham Rock Phosphate Limited ([TSXV: “NZP”](#) and [NZX: “CRP”](#) or the “Company”) wishes to advise with great pleasure we have signed a Term Sheet to acquire the Korella phosphate mine in Australia. Final negotiation of the arm’s length Sale and Purchase Agreement with vendor Australia Venus Resources Pty Ltd. and its shareholders will now proceed with the acquisition subject to certain conditions.

The Korella Mine is located in North-West Queensland approximately 150km southeast of Mt. Isa and adjoins the Phosphate Hill Mine owned and operated by Incitec Pivot.

The mine is on mining lease ML90209, in force until 2033 and which covers approximately 1,602 ha of grazing land on Chatsworth Station in the Shire of Cloncurry.

While export options through the Port of Townsville have been considered, the Korella Mine will predominantly service the growing domestic demand for competitively priced fertilizers.

The Korella mine is connected by sealed road to Cloncurry and from there by road to all the major agricultural regions in Queensland, Northern Territory and the far north of Western Australia. Further, the Phosphate Hill to Townsville rail line is only 3km north of the Korella mine.

Exploration at Korella started in 2007 and resulted in the discovery of a shallow phosphate ore body.

A trial mining operation at Korella in 2015 recovered and stockpiled over 10,000 tonnes of direct shipping phosphate from a shallow open cut. The stockpiled phosphate remains on site and will provide early cash flow with sales directly from the mine.

Korella phosphate is low cadmium, direct application phosphate, with a low carbon footprint, suitable for the organic and regenerative farming sector. And at these times of rising fertilizer prices and restricted supply, Korella phosphate is also being considered as a lower cost source of P for general agriculture.

The Korella mine is planned to operate on a campaign mining basis, contract operated, delivering selectively mined phosphate to the mine storage areas. Another contractor will, over the course of the year, crush on demand to meet market requirements.

Production at Korella is expected to commence after the transfer of the lease to Chatham’s wholly-owned Australian subsidiary, Avenir Makatea Pty Ltd, trading as Korella Fertilizers.

As the phosphate ore will be contract-mined and crushed, our capital costs are expected to be low. However, a detailed overall capital budget for the recommencement of the mine operation is presently being finalized.

The acquisition of the Korella Mine, along with cash flow from early sales of stockpiled phosphate, is a further game changer for the expanding Chatham group transforming the company from developer to producer.

In addition to the significant low cadmium phosphate resource at Korella, exploration within the mining lease identified a rare earth element (REE) resource.

Other valuable heavy rare earth elements (HREE) such as dysprosium (Dy) and neodymium (Nd) were also identified as being associated with the identified yttrium resource.

Monetisation of the REE resource is part of the Company's overall plan for the Korella Mine. REE recovery options will be the subject of ongoing investigations.

The acquisition of Korella is the next step in our strategy to building an international phosphate mining and trading house with a focus on low cadmium, organic phosphate,

This C\$11.2m (A\$12.3m) acquisition, subject to certain conditions including TSX.V approval, will be funded by a cash payment of \$C280,000 (\$A300,000), an issue of CRP shares to the value of \$C1.8m (\$A2m) and \$C9.1m (\$A10m) in royalties payable in respect of the first 1 million tonnes of rock phosphate sold.

Further announcements with respect to the acquisition of Korella will be made upon completion of negotiations with the Australia Venus Resources Pty Ltd. and its shareholders.

For further information please contact:

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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.
