

Consolidated Financial Statements
(Expressed in Canadian dollars)

CHATHAM ROCK PHOSPHATE LIMITED

For the year ended March 31, 2018 and 2017

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CANADIAN DECLARATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Chatham Rock Phosphate Limited and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

Chatham Rock Phosphate maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee. ("Committee").

The Committee is appointed by the Board, and the majority of its members are independent non-executive directors. The Committee meets at least four times a year with management, and as required with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the quarterly and the annual reports, the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors. KPMG, the external auditors, were engaged to audit the consolidated financial statements in accordance with Canadian Generally Accepted Auditing Standards and International Standards on Auditing (New Zealand) on behalf of the shareholders. KPMG has full and free access to the Audit Committee.

Chris Castle
Chief Executive Officer

Robyn Hamilton
Chief Financial Officer

June 12, 2018

NEW ZEALAND DECLARATION

DIRECTORS' DECLARATION

In the opinion of the directors of Chatham Rock Phosphate Limited, the consolidated financial statements and notes, on pages 5 to 30:

- materially comply with both International Financial Reporting Standards ("IFRS") and generally accepted accounting practice in New Zealand and give a true and fair view of the financial position of the company and the group as at March 31, 2018 and the results of their operations and cash flows for the year ended on that date, and
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and the group and facilitate compliance of the financial statements with the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013.

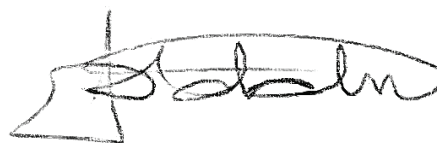
The directors consider that they have taken adequate steps to safeguard the assets of the company and group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The directors are pleased to present the financial statements for Chatham Rock Phosphate Limited for the year ended March 31, 2018.

For and on behalf of the Board of Directors



C Castle
Director
Date: 12 June 2018



J Hatchwell
Director
Date: 12 June 2018



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Chatham Rock Phosphate Limited

We have audited the accompanying consolidated financial statements of Chatham Rock Phosphate Limited, which comprise the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and related notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Chatham Rock Phosphate Limited as at March 31, 2018 and March 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion we draw attention to Note 2(d) in the consolidated financial statements financial statements. The Group has incurred negative cash flow from operations of \$2,418,336 (2017: \$1,300,839), a loss of \$1,228,005 (2017: \$1,636,550) and as at 31 March 2018 has a current year working capital surplus of \$10,130 (2017: \$126,081).

The ability to continue to operate long-term is dependent on raising further funding to pursue the Group's corporate goals. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

12 June 2018
New Zealand

CHATHAM ROCK PHOSPHATE LIMITED

Consolidated Balance Sheet
(Expressed in Canadian dollars)

	Notes	March 31, 2018	March 31, 2017
Assets			
Current assets:			
Cash and cash equivalents		\$ 81,484	\$ 762,672
Accounts receivable and other receivables		12,631	103,541
Current tax assets		9,973	7,573
Other current assets	5	169,271	556,450
		273,359	1,430,236
Non-current assets:			
Property, plant and equipment		106	285
NZX Bond		13,962	13,992
Mineral property interest	6	4,552,204	4,244,497
		4,566,272	4,258,774
Total assets		\$ 4,839,631	\$ 5,689,010
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	7	\$ 263,229	\$ 1,304,155
		263,229	1,304,155
Total liabilities		263,229	1,304,155
Shareholders' equity:			
Share capital	8	33,843,499	32,426,568
Currency translation reserve		99,955	97,334
Deficit		(29,367,052)	(28,139,047)
Total shareholders' equity		4,576,402	4,384,855
Total liabilities and shareholders' equity		\$ 4,839,631	\$ 5,689,010

Going concern (note 1)

Commitments and contingencies (note 19)

The accompanying notes form an integral part of these consolidated financial statements.

CHATHAM ROCK PHOSPHATE LIMITED

Consolidated Statements of Operations and Comprehensive (Loss) Income

(Expressed in Canadian dollars)

For the year ended March 31, 2018 and 2017

	Notes	2018	2017
Revenue		\$ 4,585	\$ -
Finance income		7,650	8,216
Finance expense		(50,469)	(2,809)
Net finance income/(expense)	11	(42,819)	5,407
Expenses			
General and administrative expenses	12	(1,102,537)	(1,488,192)
Depreciation		(176)	(531)
Exploration costs		(10,230)	(2,513)
Marine Consent Application costs		(76,828)	(150,721)
Profit/(loss) before income tax (continuing operations)		(1,228,005)	(1,636,550)
Income tax expense		-	-
Net (loss)/profit for the period from continuing operations		(1,228,005)	(1,636,550)
Total comprehensive (loss)/profit for the period		\$(1,228,005)	\$ (1,636,550)
Basic shareholders' loss per share (Canadian cents)		¢ (7.93)	¢ (0.24)
Diluted shareholders' loss per share (Canadian cents)		¢ (7.93)	¢ (0.24)
Weighted average number of common shares outstanding		15,486,362	753,037,211

The accompanying notes form an integral part of these consolidated financial statements.

CHATHAM ROCK PHOSPHATE LIMITED

Consolidated Statement of Changes in Equity
(Expressed in Canadian dollars, except number of common shares)
For the year ended March 31, 2018 and 2017

	Number of common shares	Number of warrants	Share capital	Foreign Translation reserve	Accumulated deficit	Shareholders' equity
Balance, 1 April, 2016	498,206,514	-	\$ 29,888,605	\$ -	\$ (26,502,497)	\$ 3,377,275
Issue of shares, net of costs	343,673,040	-	1,929,548	-	-	1,929,548
Cancellation of shares	(12,034,492)	-	(44,553)	-	-	(44,553)
Shares surrendered in RTO	(817,572,286)	-	-	-	-	-
Shares issued for acquisition costs	1,355,037	-	589,228	-	-	589,228
Mandatory warrants issued in RTO	-	379,214	63,740	-	-	63,740
Discretionary warrants issued in RTO	-	1,524,618	-	-	-	-
Currency translation gain	-	-	-	106,167	-	106,167
Net income for the period	-	-	-	-	(1,636,550)	(1,636,550)
Balance, March 31, 2017	13,627,813	1,903,832	\$ 32,426,568	\$ 97,334	\$ (28,139,047)	\$ 4,384,855
Issue of shares, net of costs	3,673,333	-	1,416,931	-	-	1,416,931
Issue of discretionary warrants	-	932,074	-	-	-	-
Exercised mandatory warrants	379,214	(379,214)	-	-	-	-
Expired discretionary warrants	-	(1,524,618)	-	-	-	-
Currency translation loss	-	-	-	2,621	-	2,621
Net loss for the period	-	-	-	-	(1,228,005)	(1,228,005)
Balance, March 31, 2018	17,680,360	932,074	\$ 33,843,499	\$ 99,955	\$ (29,367,052)	\$ 4,576,402

The accompanying notes form an integral part of these consolidated financial statements.

CHATHAM ROCK PHOSPHATE LIMITED

Consolidated Statements of Cash flows

(Expressed in Canadian dollars)

For the year ended March 31, 2018 and 2017

	Notes	2018	2017
Cash flows from operating activities:			
Net interest received		\$ 5,250	\$ 1,024
Cash received from customers		4,585	-
Cash paid to suppliers		(1,179,365)	(1,074,746)
Exploration expenditure		(1,198,371)	(233,044)
Interest paid		(50,435)	-
Tax refund received		-	5,927
Net cash (used in) operating activities	18	(2,418,336)	(1300,839)
Cash flows from investing activities:			
Funds withdrawn from Trust account		462,118	-
Funds deposited in Trust account		(4,678)	(273,039)
Net cash (used in) investing activities		457,440	(273,039)
Cash flows from financing activities:			
Proceeds from issue of share capital, net of issue costs		1,296,954	1,925,191
Cash received from reverse acquisition		-	242,005
Net cash from financing activities		1,296,954	2,167,196
Net increase/(decrease) in cash and cash equivalents		(663,942)	593,318
Cash and cash equivalents, beginning of period		762,672	166,461
Effect of foreign exchange rate fluctuations on cash held		(17,246)	2,893
Cash and cash equivalents, end of period		\$ 81,484	\$ 762,672

The accompanying notes form an integral part of these consolidated financial statements.

CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
For the year ended March 31, 2018 and 2017

1. Nature of business and going concern

Chatham Rock Phosphate Limited (the “Group” or “CRP”) is a development-stage Group incorporated under the Business Corporations Act (British Columbia) and listed on the Toronto Stock Exchange’s Venture Exchange (“TSX-V”). The Group is also registered on the overseas company register under the New Zealand Companies Act 1993 and listed on the New Zealand Stock Exchange’s Alternative Market (“NZAX”). The Group is an FMC reporting entity under part 7 of the Financial Markets Conduct Act 2013 (New Zealand)

The Group comprises the parent Group and its wholly owned subsidiaries. The financial statements are presented for the consolidated group.

Chatham Rock Phosphate Limited’s focus is the development and exploitation of the Chatham Rise rock phosphate deposit offshore New Zealand and potential overseas phosphate projects.

The Group’s registered offices are:

- Suite 1750, 1185 West Georgia Street, Vancouver, B.C., Canada V6E 4E6
- Level 1, 93 The Terrace, Wellington 6011, New Zealand

Accordingly, the Group has reporting obligations in both the Canadian and New Zealand jurisdictions.

2. Basis of preparation

(a) Statement of compliance:

These consolidated financial statements have been prepared in accordance with the principles of the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

(b) Approval of the financial statements:

The consolidated financial statements for the year ended March 31, 2018 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 12, 2018.

(c) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis, utilising the accrual method of accounting unless otherwise described in the following notes.

CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
For the year ended March 31, 2018 and 2017

2. Basis of preparation (continued)

(d) Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. This includes the Group's minerals mining commitments, being the minimum work requirements under the Minerals Mining Permit 55549, as set out in Note 19.

The Group incurred a net loss of \$1,228,005 during the year ended 31 March 2018 and, as of that date, the Group's current assets exceed its current liabilities. The Group had cash reserves of \$81,484 and permit work commitments with associated indicative costings as set out in Note 19.

The above mentioned conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have prepared a cash flow forecast through to the period ending March 31, 2019 to support the ongoing operations of the Group that includes the following:

- The Group continues to manage its corporate costs appropriately within existing available funds.
- The Directors will continue to raise further capital as required by one of a combination of the following: placement of shares, pro-rata issue to shareholders, and/or further issue of shares to the public.
- The Directors plan to evolve the company from a single project focus into a more diversified company, principally involving other phosphate assets.

No adjustments have been made relating to the recoverability and reclassification of recorded net asset amounts and classification of liabilities that might be necessary should the exploration permits be ultimately surrendered or cancelled. The Directors determined the carrying value of assets to be appropriate subject to the above conditions being met.

(e) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars (\$) as the Group's primary listing is on the Toronto Stock Exchange's Venture Exchange. The functional currency of the parent company is Canadian Dollars and the functional currency of Chatham Rock Phosphate (NZ) Limited, the subsidiary company, is New Zealand dollars (NZD), the currency of the primary economic environment in which it operates.

(f) Significant accounting judgements, estimates and assumptions:

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
For the year ended March 31, 2018 and 2017

2. Basis of preparation (continued)

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on amounts recognised in the consolidated financial statements:

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted.

Exploration and evaluation costs

Significant judgement is required in determining whether it is likely that future economic benefits will be derived from the capitalised exploration and evaluation expenditure. In the judgement of the Directors, at March 31, 2018 exploration activities in each area of interest where amounts remain capitalised have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. Active and significant operations in relation to each of those areas of interest are planned and nothing has come to the attention of the Directors to indicate future economic benefits will not be achieved.

In the event where ongoing committed activities cannot be funded by existing financial resources, the Group will either need to raise additional capital, or meet its obligations either by farm-out or partial sale of the Group's exploration interests, or subject to negotiation and approval, vary the minimum work requirements. The Directors are continually monitoring those areas of interest and are exploring alternatives for funding the development of those areas of interest when economically recoverable reserves are confirmed. If new information becomes available that suggests the recovery of expenditure is unlikely, the amounts capitalised will need to be reassessed at that time.

(g) New standards and interpretations not yet adopted

At the date of authorisation of these consolidated financial statements, certain new standards and interpretations to existing standards have been published but not yet effective, and have not been adopted early by the Group.

Management anticipates that all pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's consolidated financial statements is provided below. Certain other new standards and interpretations issued but not yet effective, that are not expected to have a material impact on the Group's consolidated financial statements, have not been disclosed.

CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
For the year ended March 31, 2018 and 2017

2. Basis of preparation (continued)

IFRS 9 - Financial Instruments (effective from 1 January 2018)

IFRS 9 will replace the multiple classification and measurement models in IAS 39, Financial Instruments: Recognition and Measurement, with a single model that has only two classification categories: amortized cost and fair value. The new standard also requires a single impairment method to be used, provides additional guidance on the classification and measurement of financial liabilities, and provides a new general hedge accounting standard.

The Company has chosen not to early adopt IFRS 9 Financial Instruments (effective for the year ending March 31, 2019), which was issued during the year. The standard is not expected to have a material impact on the Group's financial statements.

Certain comparative information has been represented to conform with current year's presentation.

3. Significant accounting policies

The accounting policies set out below have been applied consistently for all periods presented in these consolidated financial statements.

(a) Basis of consolidation:

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity.

Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. The Group recognises the fair value of all identifiable assets, liabilities and contingent liabilities of the acquired business.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
For the year ended March 31, 2018 and 2017

3. Significant accounting policies (continued)

Transactions eliminated on consolidation

Intra-group balances are eliminated in preparing the consolidated financial statements.

These consolidated financial statements include the accounts of the Group and its subsidiaries. All inter-Group transactions and balances are eliminated on consolidation.

Significant subsidiaries of the Group are as follows:

Name	Country of incorporation	Effective interest
Chatham Rock Phosphate (NZ) Limited	New Zealand	100
Manmar Investments One Hundred and Six (Proprietary) Limited	Namibia	100
Glass Earth (New Zealand) Limited	New Zealand	100
HPD New Zealand Limited	New Zealand	100
Glass Earth Geothermal Limited	New Zealand	100
Glass Earth Mining Limited	New Zealand	100
Goldmines New Zealand Limited	New Zealand	100

(b) Currency translation:

Transactions in currencies other than the functional currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities are translated at the exchange rate in place on the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Foreign currency translation differences are recognised in profit or loss.

For consolidation purposes, Chatham Rock Phosphate (NZ) Limited is translated into the Group's presentation currency of Canadian dollars. Assets and liabilities are translated using the exchange rate prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rate for the relevant period. Translation differences are recognised in other comprehensive income (loss) and are accumulated within equity in the currency translation reserve.

(c) Financial instruments:

Receivables

Receivables are stated at their cost less impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
For the year ended March 31, 2018 and 2017

3. Significant accounting policies (continued)

(d) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

(e) Impairment:

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Statement of Comprehensive Income.

(f) Mineral property interest:

Exploration and evaluation costs, including the costs of applying and acquiring licences, are capitalised as intangible assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the Statement of Comprehensive Income.

Exploration and evaluation assets are classified as finite lived tangible assets and are measured at cost less any accumulated amortisation and impairment losses. Amortisation will commence once the Group has commenced mining operations and will be recognised on a unit of production basis.

Exploration and evaluation assets are recognised and carried forward if the rights of the area of interest are current and either:

- (i) The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Ultimate recoupment of costs is dependent on successful development and commercial exploration or alternatively sale of respective areas. Costs are written off as soon as an area has been abandoned or considered to be non-commercial.

Exploration and evaluation assets are assessed for impairment if:

- (i) Sufficient data exists to determine technical feasibility and commercial viability, and
- (ii) Facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (e)). For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
For the year ended March 31, 2018 and 2017

3. Significant accounting policies (continued)

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

(g) Finance income and expenses:

Finance income comprises interest income on bank deposits and foreign currency gains that are recognised in the Statement of Comprehensive Income. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense and foreign currency losses, are recognised in the Statement of Comprehensive Income. All borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method.

(h) Income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Earnings per share:

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share warrants and options.

CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
For the year ended March 31, 2018 and 2017

4. Segment reporting

The Group conducts its business as a single reportable operating segment, being the development of a defined rock phosphate deposit.

The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board. The Board manages development activity through review and approval of contracts and other operational information.

The Group operates in the minerals exploration industry within New Zealand and has commenced due diligence activities on phosphate assets overseas.

5. Other current assets

	2018	2017
Prepayments	\$ 164,593	\$ 86,370
Duncan Cotterill Trust Account	-	470,080
Salley Bowes Harwardt Trust Account	4,678	-
	\$ 169,271	\$ 556,450

Following a High Court ruling, funds in the Duncan Cotterill Trust account were used to settle disputed EPA expenses during the current financial year.

6. Mineral property interest

Exploration and evaluation on Chatham Rise Project

	2018	2017
Opening balance	\$ 4,244,497	\$ 3,763,865
Exploration costs capitalised	316,808	331,917
Foreign exchange fluctuation	(9,101)	148,715
Net book value	\$ 4,552,204	\$ 4,244,497

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the Group gaining a Marine Consent for the project to be commercially successful. Commitments and tenure of the permit is included in Note 19.

CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements
(Expressed in Canadian dollars, unless otherwise stated)
For the year ended March 31, 2018 and 2017

6. Mineral property interest (continued)

The Group was granted a Minerals Prospecting Licence ("MPL") 50270 under the Continental Shelf Act 1964 on February 25, 2010 for a period of four years. The licence covers 2887km² of the Chatham Rise and is located approximately 450 kilometres east of Christchurch.

On February 11, 2015 the Group was refused Marine Consent from the Environmental Protection Authority (EPA), New Zealand's environmental regulator on grounds which the Group disputes. Subsequently, the Directors impaired the carrying value of the capitalised costs to represent their best estimate of the recoverability as the Group reconsiders the re-submission of the Marine Consent with the EPA.

On April 27, 2017 and December 8, 2017 the Group was granted a change of conditions in the permit to further defer the minimum work programme commitments. All work commitments have been met to date.

In September 2012, the Group applied for 5 prospecting licences offshore Namibia. It remains the intention of the Directors to pursue these licences.

7. Trade other payables

	2018	2017
Trade and other payables due to related parties	\$ 50,286	\$ 212,247
Other trade payables	161,584	179,383
Environmental Protection Agency	-	741,865
Accrued expenses	51,359	170,660
	\$ 263,229	\$ 1,304,155

The EPA outstanding \$851,865 was settled during the year including interest costs of NZD\$55,000 and legal fee reimbursements of NZD\$110,000.

8. Share capital

(a) Authorised:

The Group's share capital consists of an unlimited number of common shares without par value.

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Group, to the extent to which they have been paid up. All shares rank equally with regard to the Group's residual assets.

CHATHAM ROCK PHOSPHATE LIMITED

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8. Share capital (continued)

(b) Issued and outstanding:

	Number of shares	Amount
Balance, April 1, 2016	498,206,514	\$ 29,888,605
Issued during the year:		
Shares issued net of costs	343,673,040	1,929,548
Cancellation of shares	(12,034,492)	(44,553)
Shares surrendered in RTO	(817,572,286)	-
Mandatory warrants issued in RTO	-	63,740
Shares issued for acquisition cost	1,355,037	589,228
Balance, March 31, 2017	13,627,813	32,426,568
Issued during the year:		
Warrants exercised	379,214	-
Shares issued net of costs	3,673,333	1,416,931
Balance, March 31, 2018	17,680,360	\$ 33,843,499

- (c) On April 19, 2017 the Company closed a non-brokered private placement of 89,764 common shares for gross proceeds of CAD\$33,213, at a price of CAD\$0.37 per common share, under terms that were agreed in October 2017.
- (d) On June 28, 2017 the Company closed a non-brokered private placement of 884,587 units at a price of CAD\$0.50 per Unit for gross proceeds of CAD\$442,293.50. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of CAD\$1.00 per share any time prior to the date that is two years from the date of issuance. A finder's fee of 6,827 Units was payable to an arm's length party in connection with this placement.
- (e) On October 12, 2017 pursuant to debt settlement agreements with certain of its directors, officers and consultants, a total of C\$167,370 of unpaid wages and consulting fees to such directors, officers and consultants was settled by the issuance of 347,321 common shares at deemed prices of between C\$0.43 to C\$0.576 per share.
- (f) On December 1, 2017 the Company issued 1,372,097 common shares pursuant to the rights Issue. The issue price of the Shares is NZ\$0.40 for gross proceeds of NZ\$548,838 (C\$483,636)
- (g) On January 24, 2018 the Company closed a non-brokered private placement of 972,737 units at a price of CAD\$0.30 per Unit for gross proceeds of CAD\$291,821. Each Unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles the holder thereof to acquire one common share at a price of CAD\$0.45 per share at any time prior to the date that is two years from the date of issuance.

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- (h) **Mandatory Warrants** - In February 2017 the Company issued 379,214 Mandatory Warrants as a result of the reverse takeover by Chatham Rock Phosphate (NZ) Limited (formerly Chatham Rock Phosphate Limited). Each mandatory warrant requires the holders to acquire one common share of the Company at a price of NZD\$0.394 per share on or before April 17, 2018. All of these Mandatory Warrants were exercised in June 2017.

On June 28, 2017 as part of a non-brokered private placement the Company issued 442,293 non-transferable share purchase warrants. Each warrant entitles the holder to purchase one common share at a price of CAD\$1.00 per share any time prior to the date that is two years from the date of issuance. A finder's fee of 3,413 warrants were issued as part of a finder's fee payable to an arm's length party in connection with this placement.

On January 24, 2018 as part of a non-brokered private placement the Company issued 486,368 non-transferable share purchase warrants. Each warrant entitles the holder thereof to acquire one common share at a price of CAD\$0.45 per share at any time prior to the date that is two years from the date of issuance.

- (i) **Discretionary Warrants** - In February 2017 the Company issued 1,524,618 Discretionary Warrants as a result of the reverse takeover by Chatham Rock Phosphate (NZ) Limited (formerly Chatham Rock Phosphate Limited). Each discretionary warrant requires the holder to acquire one common share of the Company at a price of NZD\$0.394 per share on or before March 17, 2018. These discretionary warrants were not exercised before March 17, 2017 and have now expired.

In February 2017 the Company acquired Antipodes Gold Limited via a reverse acquisition. Each shareholder was offered 1 AXG share for 65.59 shares held in the Company.

9. Share based payments

- (a) **Recognised share-based payment expenses**

The purpose of the share-based payments is to reward key consultants and cornerstone investors in a manner that aligns remuneration with the creation of shareholder wealth.

As the Company's activities have been predominantly developing an already defined mineral deposit, shareholder wealth is dependent, for the foreseeable future, on development success rather than an improvement in the Company's earnings.

- (b) **Equity-settled transactions**

Share-based payments of C\$167,370 (March, 31 2017: C\$84,897, prior to the reverse takeover) settled by the issue of 347,231 (March, 31 2017: 11,318,795) ordinary shares in the Company

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10. Earnings per share

The earnings and weighted average number of outstanding shares used in the calculation of basic and diluted earnings per share are as follows:

	2018	2017
Loss used in the calculation of basic EPS	(1,228,005)	(1,636,550)
Weighted average number of outstanding shares for the purpose of basic EPS	15,486,362	693,708,728
Effect of dilution, weighted number of mandatory warrants	-	36,363
Weighted average number of outstanding shares used in the calculation of diluted EPS	15,486,362	693,745,091
Basic loss per share (Canadian cents)	(7.93)	(0.24)
Diluted loss per share (Canadian cents)	(7.93)	(0.24)

No dilution effect on diluted EPS as the company was operating at a net loss for the period

11. Finance income and expenses

	2018	2017
Interest income on bank deposits	7,650	8,216
Finance income	7,650	8,216
Interest expense	50,435	-
Net foreign exchange losses	34	2,809
Finance expense	50,469	2,809
Net finance income and expenses	(42,819)	5,407

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12. General and administrative expenses

The following items of expenditure are included in administrative expenses:

	2018	2017
Auditor's remuneration to KPMG comprises:		
Audit of annual financial statements	32,375	26,996
Professional fees charged in respect of RTO	-	21,881
Total auditors' remuneration	32,375	48,877
Accountancy fees	43,254	21,411
Consultancy fees	222,158	223,615
Directors fees	-	-
Insurance	16,545	6,502
Legal fees	163,593	303,290
Listing fees	16,110	39,223
Management fees	190,919	107,904
Registry fees	22,801	55,241
Rent	20,175	18,618
Reverse acquisition costs	-	335,517
Travel	173,842	53,071

The Board has agreed to forfeit directors fees for the year ended March 31, 2018 (beyond the amount charged) as they are remunerated for their services through consultancy fees.

Refer to Note 17 for discussion on consultancy fees, which are charged by related parties.

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13. Income tax expense in the Statement of Comprehensive Income

Reconciliation of effective tax rate

	2018	2017
Profit/(loss) for the year	\$ (1,228,005)	\$ (1,636,550)
Income tax using the Company's domestic tax rate 27% (2017: 26%)	(331,562)	(426,503)
Tax effect of:		
Non-deductible expenditure	77,908	185,512
Current year losses for which no deferred tax is recognised	327,854	379,201
Change in unrecognized temporary differences	(61,921)	(106,479)
Foreign tax rate differentials	(12,279)	(32,731)
Income tax expense	-	-
Comprising:		
Current tax expense	-	-
Deferred tax expense		
Origination and reversal of temporary differences	(59,709)	(98,873)
Change in unrecognized temporary differences	59,709	98,873
Total income tax expense in income statement	-	-
<i>The current tax assets consists of:</i>		
Resident withholding tax paid	2,126	7,573
Current tax assets	\$ 2,126	\$ 7,573

14. Deferred tax assets and liabilities

Unrecognised deferred tax assets

Deferred tax assets have not been recognized in respect of the following:

	2018	2017
Deductible temporary differences	\$ -	\$ -
Tax losses	(9,572,075)	(9,244,220)
	\$ (9,572,075)	\$ (9,244,220)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2018	2017
Property, plant and equipment	\$ -	\$ 43
Intangible assets	1,084,877	1,014,914
Trade and other payables	6,616	6,051
Tax losses	(1,091,493)	(1,021,008)
	\$ -	\$ -

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15. Financial instruments

Exposure to credit, market, foreign currency, equity prices and liquidity risks arise in the normal course of the Group's business.

Financial instruments are comprised of accounts receivable and other receivables, cash and cash equivalents, other financial assets, trade creditors and other payables, borrowings, and other financial liabilities.

Recognition and de-recognition of financial assets and liabilities

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets and financial liabilities are recognised initially at fair value plus transaction costs

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Group transfers the financial asset to another party without retaining control or substantial all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

All financial assets held by the Group in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

All financial assets are subject to review for impairment at least once each reporting date. Accounts receivable are reviewed for impairment when accounts are past due or when other objective evidence is received that a specific counterparty will default.

Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

Sensitivity analysis

In managing currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange will have an impact on profit.

It is estimated that a general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have decreased the Group's profit before income tax by approximately \$nil for the period ended March 31, 2018 (2017: \$nil). As a purchaser of foreign currency, the Group's risk is that the NZD depreciates.

Credit risk:

The Group incurs credit risk from financial instruments when a counter party fails to meet its contractual obligations. Credit risk arises on cash and other receivables. The Group does not have a significant concentration of credit risk with any single party.

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15. Financial instruments (continued)

Market risk:

Market risk is that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) *Foreign currency risk:*

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the Group's functional currency, New Zealand dollars (NZD). It is the Group's policy not to hedge foreign currency risks.

At March 31, 2018, the Group is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars:

	2018	2017
Cash and cash equivalents	51,574	-
Other current assets	4,678	-
Accounts payable	(17,519)	(14,065)
	38,733	(14,065)

(ii) *Interest rate risk:*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's cash and cash equivalents attract interest at floating rates and have maturities of 90 days or less. The interest is typical of New Zealand banking rates, which are at present historically low; however, the Group's conservative investment strategy mitigates the risk of deterioration to capital invested. A change of 100 basis points in the interest rate would not be material to the consolidated financial statements.

Liquidity risk:

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk framework for the management of the Group's short, medium and longer term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities through monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities.

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15. Financial instruments (continued)

The only financial liabilities are trade and other payables. At March 31, 2018, the Group had \$263,299 (2017: \$1,304,155) in trade and other payables. Trade payables are non-interest bearing and have a contractual maturity of less than 30 days.

(a) Financial assets and liabilities:

As at March 31, 2018, the carrying and fair values of our financial instruments by category are as follows:

	Loans and receivables \$	Financial liabilities \$	Carrying value \$	Fair value \$	Less than 1 year \$	1 to 3 years \$
<u>Financial assets</u>						
Cash and cash equivalent	81,484	-	81,484	81,484	81,484	-
Trade and other receivables	12,631	-	12,631	12,631	12,631	-
Other current assets	4,678	-	4,678	4,678	4,678	-
NZX Bond	13,962	-	13,962	13,962	13,962	-
Total financial assets	112,755	-	112,755	112,755	112,755	-
<u>Financial liabilities</u>						
Trade and other payables	-	263,299	263,299	263,299	263,299	-
Total financial liabilities	-	263,299	263,299	263,299	263,299	-

(b) Fair value:

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 - Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.
- Level 2 - Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full contractual term of the asset or liability.
- Level 3 - Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

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15. Financial instruments (continued)

The carrying values of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments. The carrying value of the bank term loan approximates its fair value due to the existence of floating market-based interest rates.

The Group has no financial assets or liabilities included in Level 1, 2 or 3 of the fair value hierarchy.

16. Capital management

The Group defines the capital that it manages as its shareholder equity.

The Group's objectives with respect to managing capital are to safeguard the Group's ability to continue as a going concern so that it can provide future returns to shareholders and benefits for other stakeholders.

The Group's capital structure reflects a Group focused on mineral exploration and financing both internal and external growth opportunities. The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not adequately mitigate.

In order to maintain or adjust its capital structure, the Group may issue new shares or sell assets to fund ongoing operations.

The Group manages its capital structure by performing the following:

- Preparing budgets and cash-flow forecasts which are reviewed and approved by the Board of Directors;
- Regular internal reporting and Board of Directors meetings to review actual versus budgeted spending and cash-flows; and
- Detailed project analysis to assess and determine new funding requirements.

There were no changes in the Group's approach to capital management during the period. The Group is not subject to externally imposed capital requirements.

17. Related party transactions

(a) Balances receivable and payable:

The amounts due to related parties and included in accounts payable, are non-interest bearing, unsecured and due on demand, and comprise the following:

	2018	2017
Due to directors	\$ 40,140	\$ 181,965
Due to executive officers	10,146	30,282
	<u>\$ 50,286</u>	<u>\$ 212,247</u>

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17. Related party transactions (continued)

(b) Key management personnel:

Key management personnel includes the consulting and management fees paid and/or accrued to the Group's senior officers and directors as follows:

	2018	2017
Consultancy fees	\$ 155,457	\$ 373,363
Management fees	190,919	-
	\$ 346,376	\$ 373,363

Depending on the nature of services and costs, certain amounts have been capitalized to intangible assets as they are directly attributable to the Chatham Rise project.

Transactions and balances with key management personnel and their related parties

During the year, the Company paid management fees of \$3,851 (2017: \$52,050) to Chris Castle. The outstanding balance at balance date was \$nil (2017: \$52,050).

During the year, the Company paid consultancy fees of \$38,695 (2017: \$53,952) to Robert Goodden Consulting Ltd, a company in which Mr R Goodden is also a Director. The outstanding balance at balance date was \$29,879 (2017: \$26,025).

During the year, the Company paid consultancy fees for stakeholder management of \$35,901 (2017: \$nil) to Ms L Sanders. The outstanding balance at balance date was \$7,609 (2017: \$nil). During the year, the Company paid consultancy fees for stakeholder management of \$nil (2017: \$74,286) to LJ Sanders Consulting Ltd, a company in which Ms L Sanders is also a Director. The outstanding balance at balance date was \$nil (2017: \$49,881) of which \$nil (2017: \$24,556) is included in trade payables.

During the year, the Company paid consultancy fees of \$1,926 (2017: \$81,879) to Robin Falconer Associates Ltd, a company in which Mr R Falconer is also a Director. The outstanding balance at balance date was \$1,954 (2017: \$54,009) of which \$nil (2017: \$27,984) is included in trade payables.

During the year, the Company paid consultancy fees of \$61,439 (2017: \$49,058) to CRP-OCS Consulting Ltd, a company in which Mr R Wood is also a Director. The outstanding balance at balance date was \$10,146 (2017: \$30,282) of which \$10,146 (2017: \$27,671) is included in trade payables.

During the year, the Company paid consultancy fees of \$17,496 (2017: \$6,284) to Nevay Holdings Ltd, a company in which Mr C Castle & Ms J Hatchwell are also Directors. The outstanding balance at balance date was \$698 (2017: \$nil).

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17. Related party transactions (continued)

Some of the Directors of Chatham Rock Phosphate Ltd are commonly Directors in Aorere Resources Limited, which in its own name and through its subsidiary; Mineral Investments Ltd has a combined 3.5% (2017: 4.58%) shareholding in Chatham Rock Phosphate Ltd.

Ms L Sanders, Mr C Castle and Ms J Hatchwell are Directors of Chatham Rock Phosphate Ltd and are also commonly Directors in Widespread Limited.

During the year, the Company paid management fees of \$187,068 (2017: \$55,854) to Aorere Resources Limited. The outstanding balance at balance date was \$nil (2017: \$nil).

18. Reconciliation of the profit/(loss) for the year with the net cash from operating activities

	2018	2017
Profit/(loss) for the period	\$(1,228,005)	\$ (1,636,550)
Adjustments for:		
Depreciation	176	532
Reverse acquisition cost (non-cash)	-	335,517
Expenses (non-cash)	-	30,810
Change in trade and other receivables	21,387	20,224
Change in other current assets	(77,465)	(7,663)
Change in current tax assets	-	(1,281)
Change in trade and other payables	(822,319)	257,063
Change in exploration expenditure	(312,110)	(289,490)
Net cash from operating activities	(2,418,336)	\$ (1,300,839)

19. Commitments and contingencies

Licence work commitments

The Group has the following indicative expenditure commitments at balance date (being minimum work requirements under its minerals mining permit and minerals prospecting licence). The Company is dependent on certain factors to be able to meet these minimum work requirements. They are set out in Note 2(e).

	2018 NZD	2017 NZD
Within one year	\$ -	\$ -
After one year but not more than five years	\$ 6,000,000	\$ 6,000,000
	\$ 6,000,000	\$ 6,000,000

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19. Commitments and contingencies (continued)

Minerals Mining Permit 55549

The Minerals Mining Permit was granted on December 6, 2013. On December 7, 2017 the Company was granted a change of conditions in the permit to defer the minimum work programme commitments. To date all minimum work commitments have been completed. The minimum work programme includes:

Within 60 months of the commencement date of the permit, the permit holder shall:

- Complete an updated resource optimisation study for the permit area; and
- Prepare a technical report detailing all work completed during this stage of the work programme to be submitted to the chief executive in accordance with the regulations.

Within 72 months of the commencement date of the permit, the permit holder shall:

- Complete and submit a sufficiently detailed engineering study and feasibility study, which (without limitation) is at the level of detail to reach a decision-to-mine milestone; and
- Submit a detailed timeline for the construction/refit of a selected vessel including (without limitation) the detail timing of the commissioning and mobilisation to the Chatham Rise; and
- Complete and submit a marine operations risk review report that includes (without limitation) a HAZID Risk Assessment Matrix, risk review of on-board processing and risk review of planned and unplanned maintenance in various weather scenarios; and
- Either commit by notice in writing to the Chief Executive to carry out the work programme obligations set out for the following 24 months and to commence production within 60 months of the commencement date of the permit or surrender the permit.

Within 96 months of the commencement date of the permit, the permit holder must spend on average \$2 million per annum completing appropriate sampling, geophysical and geotechnical surveys and data analysis (without limitation) in respect of the mining blocks identified for the first five years of production. For the remainder of the term the Company must spend \$2 million per annum on carrying out further specified work programme commitments.

Glass Earth Gold

In March 2014 Glass Earth (New Zealand) Limited (Group's wholly owned subsidiary) received a notice of claim of \$300,000 from the owner of a property, at which the subsidiary undertook mining activity over the years 2010-12, in relation to a land access agreement. Whilst it is the intention of the subsidiary to defend this claim, a \$37,000 provision has been recognized in these financial statements (no changes from the prior year) to reflect the Group's best estimate of any potential legal and other costs associated with defending this claim.

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20. Subsequent events

Subsequent to year end the Company has received \$312,000 towards a non-brokered private placement of up to 4,800,000 units at a price of CAD\$0.25 per Unit. Each unit consists of one common share and one-half of one non-transferable share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of CAD\$0.45 per share any time prior to the date that is two years from the date of issuance.

There were no other material subsequent events up to the date of the Audit report.