

CHATHAM ROCK PHOSPHATE LIMITED
ANNUAL REPORT
FOR THE YEAR ENDING 31 MARCH 2013

DIRECTORS REVIEW

Financial Result

Chatham Rock Phosphate Ltd (**CRP**) had a loss of \$1.4 million for the year ended 31 March 2013, reflecting the heightened activity of the company as it works towards gaining a mining licence and marine consent. The result compares with a loss of \$741,000 in the comparative period last year.

CRP is developing a seabed rock phosphate resource on the Chatham Rise, about 450 km off the coast of New Zealand.

The past 12 months have been immensely satisfying for the progress achieved towards the company's goal of starting mining operations in 2015.

CRP's ongoing work continues to demonstrate the economic, financial and environmental benefits of the project:

- ❖ It is New Zealand's only major rock phosphate deposit- providing at least 15 years supply
- ❖ Based on the most recent data available it is expected to generate annual earnings pre-tax of NZ62.5 million to NZ100 million
- ❖ It has significant environmental benefits – ultra low cadmium, low carbon footprint, low farm run-off characteristics
- ❖ According to the NZ Institute of Economic Research it will benefit the NZ economy by \$900 million through import substitution, exports and increased economic activity.

Operations highlights

Among the highlights achieved over the past year (including those that have occurred since balance date) were:

- Submission of a draft marine consent application to the Environmental Protection Authority
- Edison investment research increasing CRP's unrisks valuation to \$2 a share from \$1.87
- The Government bringing forward the start date of the EEZ legislation which will

enable CRP to submit a final marine consent application at the end of June

- The early enactment of the Crown Minerals Act on 24 May 2013 to enable CRP's mining licence application to be considered under the new law
- The appointment of three new directors to the board – Boskalis senior executive Ko de Blaeij, marine expert Robert Goodden and CRP principal scientist Robin Falconer
- The appointment of senior GNS scientist Ray Wood to the role of Chief Operating Officer.
- Capital raised totaling \$15.8 million since April 2012, including continuing support by existing shareholders. A total of \$21.9 million has now been raised for the project since the prospecting licence was granted in early 2010
- Strong interest in the project at international conferences where team members are sought-after speakers
- Regular media coverage of announcements and project progress by industry, national and international media
- Preparation of numerous scientific reports by NIWA on a range of topics related to the marine environment, for use in the environmental impact assessment supporting the marine consent application to the EPA
- Preparation of highly sophisticated plume models by world expert Deltares to measure and assist in minimizing the predicted influence of mining activities
- Continued active progress with Royal Boskalis in the design of a mining system
- Filing of our mining licence application in September 2012
- Royal Boskalis investing in a 20% holding
- Applying for five phosphate prospecting licences off the coast of Namibia
- The appointment of Najib Moutia (a former senior executive of world leading phosphate producer OCP) as Vice President Strategy and Marketing.

The most significant achievement, from an investor perspective, was the rerating of the company's share price following several key milestones.

At its 46c peak on 9 October 2012, the company's market value reached nearly \$59 million, compared with \$8.5 million in January 2012 and \$22 million before the issue of

shares on 24 September to Royal Boskalis and Subsea Investments.

Driving the rise in the price was CRP submitting its application for a mining licence and the release of the first Edison Research report assessing the company's unrisks share value at that stage at \$1.87.

The share price has since settled at around the 35c mark with a present total market capitalisation of \$47.5 million

A key part of the company's operations involves building strong relationships with all of our stakeholders – informing them about the project, seeking their input and keeping them advised of our progress; be they non-government organisations, politicians, officials and advisers, iwi and imi, the international scientific and mining and fertiliser industries, the media, and of course our shareholders.

This consultation and communication works in tandem with ensuring we have scientific evidence to support any claims we make.

The primary focus in the 6-7 months ahead will be working through the consenting process needed for the marine consent. All going well, approval will be granted by early 2014, leading the way to completing engineering designs and modifying the ship Royal Boskalis will use for mining and transporting the rock phosphate deposit.

Chris Castle
Chief Executive and Director

CHATHAM ROCK PHOSPHATE LIMITED

**Financial Statements
For the year ended 31 March 2013**

CHATHAM ROCK PHOSPHATE LIMITED

Directors' Report

In the opinion of the directors of Chatham Rock Phosphate Limited, the financial statements and notes, on pages 4 to 31:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 31 March 2013 and the results of their operations and cash flows for the year ended on that date.
- 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 facilitate compliance of the financial statements with the Financial Reporting Act 1993.

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

The directors are pleased to present the financial statements of Chatham Rock Phosphate Limited for the year ended 31 March 2013.

For and on behalf of the Board of Directors:



.....
Chris D Castle
Director
30 May 2013



.....
Linda J Sanders
Director
30 May 2013

CHATHAM ROCK PHOSPHATE LIMITED

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CHATHAM ROCK PHOSPHATE LIMITED
Statement of Financial Position
As at 31 March 2013

	Note	2013 \$	2012 \$
Assets			
Intangible assets	10	17,434,109	11,373,739
NZX Bond		15,000	15,000
Total non-current assets		17,449,109	11,388,739
Cash and cash equivalents		1,151,851	269,735
Trade and other receivables		141,610	195,706
Advance to Aorere Resources Limited		1,039	-
Current tax assets	7	2,979	7,964
Other current assets	9	223,726	4,444
Total current assets		1,521,205	477,849
Total assets		18,970,314	11,866,588
Equity			
Share capital	11	18,588,930	10,520,971
Share option reserve	11	3,756,684	27,978
Accumulated losses		(3,730,599)	(2,303,759)
Total equity attributable to equity holders of the Company		18,615,015	8,245,190
Total equity		18,615,015	8,245,190
Liabilities			
Trade and other payables	14	355,299	3,617,991
Advance from Aorere Resources Limited		-	3,407
Total current liabilities		355,299	3,621,398
Total equity and liabilities		18,970,314	11,866,588

The financial statements have been approved by the Board of Directors on 30 May 2013.



Chris D Castle



Linda J Sanders



The notes on pages 8 to 31 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Statement of Comprehensive Income
For the year ended 31 March 2013

	Note	2013 \$	2012 \$
Revenue		-	-
Gross profit		-	-
Finance income	5	2	20,051
Finance expenses	5	(55,003)	-
Net finance income/(expense)		(55,001)	20,051
Administrative expenses	6	1,371,839	761,417
Profit/(loss) before income tax		(1, 426,840)	(741,366)
Income tax expense	7	-	-
Profit/(loss) for the year		(1,426,840)	(741,366)
Other comprehensive income		-	-
Total comprehensive income		(1, 426,840)	(741,366)
Earnings/(loss) per share attributable to the ordinary equity holders			
Basic earnings/(loss) per share (New Zealand cents)	12	(1.3465)	(1.5419)
Diluted earnings/(loss) per share (New Zealand cents)	12	(1.0200)	(1.4052)



The notes on pages 8 to 31 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Statement of Changes in Equity
For the year ended 31 March 2013

	Note	2013 \$	2012 \$
Opening Equity as at 1 April		8,245,190	4,603,186
Total recognised revenues and expenses			
Profit/(loss) for the year		(1,426,840)	(741,366)
Total comprehensive income for the year		<u>(1,426,840)</u>	<u>(741,366)</u>
Transactions with owners in their capacity as owners			
Issue of ordinary shares and options	11	11,962,674	2,820,648
Share options exercised	11	-	1,608,028
Share issue costs	11	(3,894,715)	(49,504)
Share-based payment transactions	13	3,728,706	4,198
Total contributions from owners		<u>11,796,665</u>	<u>4,383,370</u>
Closing Equity as at 31 March		<u>18,615,015</u>	<u>8,245,190</u>



The notes on pages 8 to 31 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Statement of Cash Flows
For the year ended 31 March 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Net interest & dividends received		2	10,465
Cash paid to suppliers		(1,372,224)	(666,074)
Exploration expenditure		(5,236,817)	(3,847,954)
Tax refund received		4,984	2,817
Cash paid to Duncan Cotterill Trust account		(180,000)	-
		<hr/>	<hr/>
Net cash from/(used in) operating activities	16	(6,784,055)	(4,500,746)
Cash flows from investing activities			
Proceeds from sale of investments		-	106,613
Advances to related parties		(4,446)	36,847
		<hr/>	<hr/>
Net cash from/(used in) investing activities		(4,446)	143,460
Cash flows from financing activities			
Proceeds from issue of share capital		7,670,617	4,396,033
		<hr/>	<hr/>
Net cash from/(used in) financing activities		7,670,617	4,396,033
Net (decrease)/increase in cash and cash equivalents		882,116	38,747
Cash and cash equivalents at 1 April		269,735	230,988
		<hr/>	<hr/>
Cash and cash equivalents at 31 March		1,151,851	269,735



The notes on pages 8 to 31 are an integral part of these financial statements.

CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

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CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

1. Reporting entity

Chatham Rock Phosphate Limited (the "Company") is a company domiciled and incorporated in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company is an issuer in terms of the Financial Reporting Act 1993.

Chatham Rock Phosphate Limited's single focus is the development and exploitation of the Chatham Rise rock phosphate deposit offshore New Zealand.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. The financial statements comply with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on 30 May 2013.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Going concern

The financial report has been prepared on a going concern basis, which assumes that the Company 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 Company's minerals prospecting commitments, being the minimum work requirements under minerals prospecting licence 50270, as set out in Note 18.

The Company will rely on taking appropriate steps in order to meet these minerals prospecting commitments and continue to pay its debts as and when they fall due and payable from now until the Company commences mining, including:

- Raising capital by one of a combination of the following: placement of shares, pro-rata issue to shareholders, the exercise of outstanding share warrants, and/or further issue of shares to the public;
- In some circumstances, subject to negotiation and approval, minimum work requirements may be varied or suspended; or
- Other avenues that may be available to the Company.

(d) Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Company's functional currency.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

2. Basis of preparation (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(f) New NZ IFRS standards and interpretations issued but not yet adopted

At the date of authorisation of these 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 Company.

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 company's 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 Company's financial statements, have not been disclosed.

NZ IFRS 9 – Financial Instruments (effective from 1 January 2015)

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety with IFRS 9. The new standard is being issued in phases, with early adoption available as each phase is issued. To date, the chapters dealing with recognition, classification, measurement and de-recognition of financial assets and financial liabilities have been issued. These chapters are effective for annual periods beginning on or after 1 January 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. The Company's management have yet to assess the impact of this new standard on the Company's financial statements. However, management does not expect to implement IFRS 9 until all of the chapters have been published and they can comprehensively assess the impact of all changes.

Annual Improvements 2009-2011 (the Annual Improvements)

The IASB issued the annual omnibus of minor amendments to IFRS standards for annual periods beginning on or after 1 January 2013. Management does not anticipate a material impact on the Company's financial statements from these Amendments.

3. Significant accounting policies

For the purposes of these financial statements the accounting policies set out below have been applied consistently to all periods presented.

(a) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. 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 that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Statement of Comprehensive Income.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

3. Significant accounting policies (continued)

(b) Financial instruments

Receivables

Receivables are stated at their cost less impairment losses.

Trade and other payables

Trade and other payables are stated at cost.

Share capital

Ordinary shares

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

(c) Impairment

The carrying amounts of the Company'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.

(d) Intangible assets

Exploration and evaluation assets

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

Exploration and evaluation assets are only recognised 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.

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 (c)).

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.

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.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

3. Significant accounting policies (continued)

(e) Mining Property and other property, plant and equipment

Mining property and other property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses.

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning obligation, for qualifying assets and borrowing costs. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

(f) Depreciation

Mining properties are generally depreciated on a unit-of-production basis over the proved reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied. Rights and concessions are depleted on the unit-of-production basis over the total proved reserves of the relevant area. The unit of production rate for the amortisation of field development costs takes into account expenditures incurred to date, together with sanctioned future development expenditure.

Other property, plant and equipment are generally depreciated on a straight line basis over their estimated useful lives which is generally 20 years.

(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 on convertible notes 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 expense

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 using the balance sheet method, providing for 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.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

3. Significant accounting policies (continued)

(i) *Earnings per share*

The Company 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 Company 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 options.

(j) *Segment reporting*

A segment is a distinguishable component of the Company that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

4. Segment reporting

For management purposes there is only one operating segment, which is the development of a defined rock phosphate deposit.

The chief operating decision makers only review consolidated financial information. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board.

The Board does not currently review segment Statement of Financial Position and Statement of Comprehensive Income information. The Board manages development activity through review and approval of contracts and other operational information.

The Company operates in the minerals exploration industry within New Zealand.

5. Finance income and expense

	2013 \$	2012 \$
Interest income on bank deposits	2	12,500
Net foreign exchange gains	-	938
Net gain on disposal of held-to-maturity investments	-	6,613
Finance income	2	20,051
Interest on Convertible Note	35,786	-
Net foreign exchange losses	19,217	-
Finance expense	55,003	-
Net finance income/(expense)	(55,001)	20,051



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

6. Administrative expenses

The following items of expenditure are included in administrative expenses:

	2013	2012
	\$	\$
Auditor's remuneration to WHK New Zealand Audit Partnership comprises:		
audit of financial statements	35,000	29,500
tax consulting	-	4,100
other audit-related services	2,750	6,784
Total auditor's remuneration	<u>37,750</u>	<u>40,384</u>
Accountancy	24,215	14,020
Bank charges	1,103	613
Consultancy fees	498,126	32,014
Directors fees	49,000	70,000
General expenses	41,269	41,815
Insurance	4,803	4,575
IPO expenses	102,210	185,870
Legal fees	104,579	87,247
Listing fees	15,536	5,048
Management fees	180,000	134,812
Office expenses	52,733	-
Registry fees	5,070	6,191
Rent	26,385	15,000
Travel expenses	229,060	123,828
Total Administration expenses	<u>1,371,839</u>	<u>761,417</u>

Other audit-related services include engagement to provide assurance over financial information other than Annual Reports, including prospectus reviews and other assurance required for local regulatory purposes.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

7. Income tax expense in the Statement of Comprehensive Income

Reconciliation of effective tax rate

	2013 \$	2012 \$
Profit/(loss) for the year	(1,426,840)	(741,366)
Total income tax expense	-	-
Profit/(loss) excluding income tax	(1,426,840)	(741,366)
Income tax using the Company's domestic tax rate 28%	(399,515)	(207,582)
<i>Tax effect of:</i>		
Non-deductible expenses	107,461	86,472
Current year losses for which no deferred tax is recognised	292,023	121,110
Recognition of previously unrealised tax losses	32	-
Income tax expense	-	-
<i>The current tax asset consists of:</i>		
Current income tax charge	-	-
Resident withholding tax paid	2,979	7,964
Current tax asset	2,979	7,964
Imputation credit account		
Imputation credits at 1 April	7,964	7,781
Resident Withholding tax deducted	-	3,000
New Zealand tax payments, net of refunds	(4,985)	(2,817)
Imputation credits at 31 March	2,979	7,964

The closing balance represents imputation credits available to be attached to any future distributions from the Company's reserves, subject to certain shareholder continuity provisions.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

8. Deferred tax assets and liabilities

Unrecognised deferred tax assets

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

	2013 \$	2012 \$
Deductible temporary differences	-	-
Tax losses	(640,517)	(348,494)
	<u>(640,517)</u>	<u>(348,494)</u>

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2013 \$	2012 \$
Property, plant & equipment	(344)	-
Intangible assets	4,881,551	3,191,166
Trade and other payables	(35,737)	(24,545)
Tax losses	(4,845,470)	(3,166,621)
	<u>-</u>	<u>-</u>

9. Other current assets

	2013 \$	2012 \$
Prepayments	43,726	4,444
Duncan Cotterill Lawyers Trust Account	180,000	-
	<u>223,726</u>	<u>4,444</u>

Duncan Cotterill Lawyers Trust Account

The Company entered into a services agreement with Mr Ray Wood on 18 March 2013. Included within the terms of that agreement, was that on the Commencement Date the Principal will deposit into the trust account of the Principal's lawyer's, Duncan Cotterill Lawyers, the sum of \$180,000 to hold on resulting trust for the Principal and the Contractor pursuant to the terms of a Termination Payment Security.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

10. Intangible assets

Exploration and evaluation

	Chatham Rise JV
	\$
Balance at 1 April 2011	4,282,740
Exploration costs capitalised	7,090,999
Balance at 31 March 2012	<u>11,373,739</u>
Balance at 1 April 2012	11,373,739
Exploration costs capitalised	6,060,370
Balance at 31 March 2013	<u>17,434,109</u>

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the Company gaining a Marine Consent and Mining License for the project to be commercially successful.

Commitments and tenure of the permit is included in Note 18.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

11. Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital \$	Share option reserve \$	Retained earnings \$	Total \$
Balance at 1 April 2011	6,141,799	23,780	(1,562,393)	4,603,186
Total recognised income and expense	-	-	(741,366)	(741,366)
Issue of ordinary shares	2,820,648	-	-	2,820,648
Exercise of share options	1,608,028	-	-	1,608,028
Share issue costs	(49,504)	-	-	(49,504)
Share-based payments	-	4,198	-	4,198
Balance at 31 March 2012	10,520,971	27,978	(2,303,759)	8,245,190
Balance at 1 April 2012	10,520,971	27,978	(2,303,759)	8,245,190
Total recognised income and expense	-	-	(1,426,840)	(1,426,840)
Issue of shares	11,962,674	-	-	11,962,674
Share issue costs	(3,894,715)	-	-	(3,894,715)
Share-based payments related to equity raising	-	3,728,706	-	3,728,706
Balance at 31 March 2013	18,588,930	3,756,684	(3,730,599)	18,615,015

Share capital

	Ordinary shares 2013	2012
On issue at 1 April	64,710,179	34,526,660
Issued for cash	16,108,040	13,267,133
Issued in lieu of payment	35,918,982	836,110
Exercise of share options	-	16,080,276
On issue at 31 March	<u>116,737,201</u>	<u>64,710,179</u>

The holders of ordinary shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Issue of Ordinary Shares

All issued shares are fully paid and have no par value.

In April 2012 a general meeting of shareholders decided on the issuance of 1,853,429 ordinary shares at an issue price of \$0.20 per share to Subsea Investments II, LLC. This was part of an Investment Agreement that included a \$4.6 million convertible loan arrangement, which resulted in 23,241,187 ordinary shares being issued at \$0.20 cents each. The convertible loan arrangement was extinguished in September 2012.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

11. Capital and reserves (continued)

In June 2012 the Company issued to Odyssey Marine Exploration, Inc. 9,320,348 ordinary shares at an issue price of \$0.23 cents in satisfaction of payment for services under a charter agreement.

In July 2012 the Company issued 14,759,628 ordinary shares at \$0.22 cents each to Royal Boskalis Westminster N.V. ("Boskalis") and in September 2012 after a general meeting of shareholders a further 10,595,638 ordinary shares were issued to Boskalis also at \$0.22 cents. These shares were issued under a contract for services and an investment agreement. Of these, at balanced date, 7,323,590 shares had vested to Boskalis on completion of services; refer to Note 13 for further details.

In December 2012 the Company issued a share purchase plan which resulted in the issue of 3,896,793 ordinary shares at \$0.33 cents each.

Additionally during the year, 5,692,072 ordinary shares were issued to qualified investors, at issue prices ranging from \$0.23 to \$0.33 cents each.

Share Options Granted Listed

	Share Options	
	2013	2012
On issue at 1 April	-	16,080,276
Less share options exercised	-	(16,080,276)
On issue at 31 March	-	-

Each option entitled the holder to subscribe for one ordinary share. The exercise price of the options is 10 cents. The options expired on 30 June 2011.

Share Options Granted Unlisted

	Share Options	
	2013	2012
On issue at 1 April	12,192,641	750,000
Options issued	24,920,537	11,442,641
On issue at 31 March	37,113,178	12,192,641

The outstanding balance as at 31 March 2013 is represented by:

On 30 September 2010, 500,000 options, expiring on 30 September 2014, with progressive vesting and exercisable at a price of 50 cents were granted to Robin Falconer & Associates Ltd.

On 28 February 2011, 250,000 options, expiring on 28 February 2015, and exercisable at a price of 50 cents were granted to Kenex Limited.

On 14 March 2012, 11,442,641 options, expiring on 14 March 2015, and exercisable at a price of 30 cents were granted to Subsea Investments II, LLC as part of a Shareholder Agreement.

On 20 April 2012, 12,362,500 options, expiring on 20 April 2015, and exercisable at a price of 30 cents were granted to Subsea Investments II, LLC as part of a Shareholder Agreement.

On 11 May 2012, 8,557,302 options, expiring on 11 May 2015, and exercisable at a price of 30 cents were granted to Subsea Investments II, LLC as part of a Shareholder Agreement.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

11. Capital and reserves (continued)

On 22 August 2012, 4,000,735 options, expiring on 22 August 2015, and exercisable at a price of 30 cents were granted to Subsea Investments II, LLC as part of a Shareholder Agreement.

Each option entitles the holder to subscribe for one ordinary share.

Share option reserve

With the introduction of NZIFRS and in particular NZ IFRS 2 "Share-based payments", it is necessary for the Company to account for options granted in return for services received. In accordance with NZ IFRS 2 the fair value of the options are expensed over the vesting period.

12. Earnings/(loss) per share

Basic earnings/(loss) per share

The calculation of basic earnings per share at 31 March 2013 was based on the profit/(loss) attributable to ordinary shareholders of \$(1,426,840) (2012: \$(741,366)) and a weighted average number of ordinary shares outstanding of 105,963,364 (2012: 48,081,527), calculated as follows:

	2013 \$	2012 \$
Basic earnings/(loss) per share (New Zealand cents)	(1.3465)	(1.5419)
Profit/(loss) attributable to ordinary shareholders:		
Net profit/(loss) for the year	<u>(1,426,840)</u>	<u>(741,366)</u>
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 April	64,710,179	34,526,660
Effect of share options exercised in April 2011	-	1,264,902
Effect of share options exercised in May 2011	-	2,713,402
Effect of share options exercised in June 2011	-	7,455,164
Effect of share options exercised in July 2011	-	1,252,347
Effect of shares issued in February 2012	-	335,241
Effect of shares issued in March 2012	-	533,811
Effect of shares issued in April 2012	2,011,677	-
Effect of shares issued in June 2012	9,179,194	-
Effect of shares issued in July 2012	13,476,923	-
Effect of shares issued in August 2012	606,090	-
Effect of shares issued in September 2012	14,207,607	-
Effect of shares issued in October 2012	1,028,330	-
Effect of shares issued in December 2012	106,600	-
Effect of shares issued in January 2013	129,135	-
Effect of shares issued in February 2013	494,096	-
Effect of shares issued in March 2013	13,533	-
Weighted average number of ordinary shares at 31 March	<u>105,963,364</u>	<u>48,081,527</u>



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

12. Earnings/(loss) per share (continued)

Diluted earnings/(loss) per share

The calculation of diluted earnings per share at 31 March 2013 was based on profit/(loss) attributable to ordinary shareholders of \$(1,426,840) (2012: \$(741,366)) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 139,899,857 (2012: 52,757,477), calculated as follows:

	2013 \$	2012 \$
Diluted earnings/(loss) per share (New Zealand cents)	(1.0200)	(1.4052)
Profit/(loss) attributable to ordinary shareholders (diluted):		
Net profit/(loss) attributable to ordinary shareholders (basic)	<u>(1,426,840)</u>	<u>(741,366)</u>
Weighted average number of ordinary shares (diluted):		
Weighted average number of ordinary shares (basic)	105,963,364	48,081,527
Effect of share options on issue 1 April	12,192,641	16,830,276
Effect of share options exercised in April 2011	-	(1,264,902)
Effect of share options exercised in May 2011	-	(2,713,402)
Effect of share options exercised in June 2011	-	(7,455,164)
Effect of share options exercised in July 2011	-	(1,252,347)
Effect of share options issued in March 2012	-	531,489
Effect of share options issued in April 2012	11,722,480	-
Effect of share options issued in May 2012	7,601,309	-
Effect of share options issued in August 2012	2,420,063	-
Weighted average number of ordinary shares (diluted) at 31 March	<u>139,899,857</u>	<u>52,757,477</u>

13. Share-based payments

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.

Share-based payments of \$nil (2012: \$4,198) have been capitalised in exploration expenditure during the year.

Equity-settled transactions

Share-based payments of \$4,064,510 (2012: \$167,222) settled by the issue of 17,887,306 (2012: 836,110) ordinary shares in the Company, have been capitalised in exploration expenditure and included in management expenses and directors fees during the year (2012: capitalised in exploration expenditure and included in travel expenses). The share-based payment also includes the shares vested with Boskalis.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

13. Share-based payments (continued)

Royal Boskalis Westminster NV

The Company entered into a contract for services with Boskalis to undertake a range of services in three phases:

- The pre-contract services have already been provided and consisted of initial design work on a rock phosphate extraction and recovery system and providing support to the Company on the survey cruises undertaken earlier this year with Odyssey Marine Exploration.
- The second phase of work includes the provision of geotechnical reports, the conceptual design of recovery and separation systems, environmental impact assessments and transportation options for rock phosphate recovery. The cost of these services to the Company will be approximately €630,000, of which €551,538 has been paid. This phase is being completed at year end.
- The final phase will occur in the first half of 2013 and will consist of the final detailed design of the rock phosphate recovery and separation system. The cost of this phase is estimated to be €4 million with the parties splitting these costs equally.

The contract for services provides that payment for the above work will be met under the terms of an investment agreement between the parties. The investment agreement was approved by a meeting of shareholders and Boskalis was issued with 25,355,266 fully paid ordinary shares in the Company (representing a 19.99% shareholding) at an issue price of \$0.22 per share. Costs incurred for the pre-contract services were applied against the issue price due for the shares.

Boskalis may provide the balance of the issue price for the shares to the Company either in cash or in satisfaction of the costs payable by the Company for the services provided under the second and third phases of the contract for services and if the issue price is not paid in full within 12 months, then all shares that have not been paid for will be transferred back to the Company for cancellation.

Options granted as compensation

Details on options issued in the Company that were granted as compensation to each consultant in prior years are as follows:

<i>Consultant</i>	Number of non transferable options granted	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date
Robin Falconer Associates Ltd	250,000	30 September 2010	0.0312	0.50	30 September 2014
Robin Falconer Associates Ltd	250,000	30 September 2010 (vesting 30 Sept 2011)	0.0335	0.50	30 September 2014
Kenex Limited	250,000	28 February 2011	0.0472	0.50	28 February 2015

No options have been granted since the end of the financial year. The options were provided at no cost to the recipients.

Each option entitles the recipient, on exercise, to 1 share. Accordingly the number of new shares that may be issued through the exercise of these options is 750,000. The final exercise dates are 30 September 2014 and 28 February 2015, and after that the options lapse.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

13. Share-based payments (continued)

The fair value of services received in return for the options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes valuation method. The contractual life of the option is used as an input into this model. No expectations of early exercise have been incorporated into the Black-Scholes valuation method.

Fair value of share options and assumptions:

	Falconer options September 2010	Kenex options February 2011
Fair value at grant date		
Share price	\$0.12	\$0.15
Exercise price	\$0.50	\$0.50
Expected volatility (weighted average volatility)	75%	75%
Option life (expected weighted average life)	4 years	4 years
Expected dividends	\$0.00	\$0.00
Risk-free interest rate (based on government bonds)	4.55%	4.49%

Options granted in equity raising

Details on options issued in the Company that were granted within a Shareholder Agreement with Subsea Investments, a cornerstone investor during the year are as follows:

Shareholder	Number of non transferable options granted	Grant date	Fair value per option at grant date (\$)	Exercise price per option (\$)	Expiry date
Subsea Investments II, LLC	11,442,641	14 March 2012	0.0943	0.30	14 March 2015
Subsea Investments II, LLC	12,362,500	20 April 2012	0.1078	0.30	20 April 2015
Subsea Investments II, LLC	8,557,302	11 May 2012	0.1070	0.30	11 May 2015
Subsea Investments II, LLC	4,000,735	22 August 2012	0.1002	0.30	22 August 2015

No further options have been granted since the end of the financial year. The options were provided at no cost to the recipient.

Each option entitles the recipient, on exercise, to 1 share. Accordingly the number of new shares that may be issued through the exercise of these options is 36,363,178. The final exercise dates are 14 March 2015, 20 April 2015, 11 May 2015 and 22 August 2015, and after that the options lapse.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

13. Share-based payments (continued)

The fair value of services received in return for the options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes valuation method. The contractual life of the option is used as an input into this model. No expectations of early exercise have been incorporated into the Black-Scholes valuation method.

As the shares are not heavily traded, expected volatility was based on average volatility from a basket of similarly traded companies.

Fair value of Subsea share options and assumptions:

	March 2012	April 2012	May 2012	August 2012
Fair value at grant date				
Share price	\$0.23	\$0.25	\$0.25	\$0.24
Exercise price	\$0.30	\$0.30	\$0.30	\$0.30
Expected volatility (weighted average volatility)	70%	70%	70%	70%
Option life (expected weighted average life)	3 years	3 years	3 years	3 years
Expected dividends	\$0.00	\$0.00	\$0.00	\$0.00
Risk-free interest rate (based on government bonds)	3.30%	3.11%	2.70%	2.79%

The number and weighted average exercise prices of share options are as follows:

	Weighted average exercise price 2013	Weighted average exercise price 2012	Number of options 2013	Number of options 2012
Outstanding at 1 April	0.31	0.50	12,192,641	750,000
Granted during year	0.30	0.30	24,920,537	11,442,641
Outstanding at 31 March	0.30	0.31	37,113,178	12,192,641
Exercisable at 31 March			37,113,178	12,192,641

14. Trade and other payables

	2013 \$	2012 \$
Trade and other payables due to related parties	28,300	54,381
Other trade payables	172,666	3,417,000
Accrued expenses	154,333	146,610
	355,299	3,617,991

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 15.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

15. Financial instruments

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

Credit risk

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

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs, except for those carried at fair value through profit or loss, which are measured at fair value.

Recognition and de-recognition of financial assets and liabilities

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Company 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

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets held by the Company 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.

Foreign currency risk

The Company was exposed to foreign currency risk on purchases that are denominated in a currency other than the Company's functional currency, New Zealand dollars (\$), which is the presentation currency of the Company. The currency, in which some transactions were denominated in, was United States dollars (USD). It is the Company's policy not to hedge foreign currency risks.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

15. Financial instruments (continued)

	USD
2013	
Foreign currency risk	
Trade Payables	\$nil
2012	
Foreign currency risk	
Trade Payables	\$2,500,000

Market risk

The Company has invested in an opportunity to develop an already well defined mineral deposit. This will require environmental consents to become commercially successful. Even with early results being extremely encouraging, if gaining the consents and permits is not achieved then the Company could lose its entire investment.

There is also a risk that whilst the underlying performance of the Company and this project may be quite successful, this may not be reflected in the share price of the Company, meaning that the returns experienced by an individual shareholder may differ from the underlying performance of the Company.

Equity Price risk

These risks are actively minimised by the following strategies:

- Investment will be financed solely from equity sources (the Company will have no borrowings);

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company'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 Company'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 Company's short, medium and longer term funding and liquidity management requirements. The Company 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. Refer to Note 2(c).

The only financial liabilities are trade and other payables. At 31 March 2013, the Company had \$355,299 (2012: \$3,617,991) in trade and other payables. Trade payables are non-interest bearing and have a contractual maturity of less than 30 days.

Capital management

The Company's capital includes share capital, reserves, and accumulated losses.

The Company is not subject to any externally imposed capital requirements.

The allocation of capital between its specific business segments operations and activities is, to a large extent, driven by optimisation of the return achieved on the capital allocated. The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Company's management of capital during the year.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

15. Financial instruments (continued)

Sensitivity analysis

In managing currency risks the Company aims to reduce the impact of short-term fluctuations on the Company'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 Company's profit before income tax by approximately \$nil for the year ended 31 March 2013 (2012: \$nil).

Classification of financial instruments

The fair value of all financial instruments is deemed to be their carrying value.

	Loans and receivables \$	Liabilities at amortised cost \$	Total carrying amount \$
2013			
Assets			
NZX Bond	15,000	-	15,000
Total non-current assets	15,000	-	15,000
Trade and other receivables	141,610	-	141,610
Advance to Aorere Resources Limited	1,039	-	1,039
Cash and cash equivalents	1,151,851	-	1,151,851
Total current assets	1,294,500	-	1,294,500
Total assets	1,309,500	-	1,309,500
Liabilities			
Trade and other payables	-	355,299	355,299
Total current liabilities	-	355,299	355,299
Total liabilities	-	355,299	355,299



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

15. Financial instruments (continued)

	Loans and receivables \$	Liabilities at amortised cost \$	Total carrying amount \$
2012			
Assets			
NZX Bond	15,000	-	15,000
Total non-current assets	15,000	-	15,000
Trade and other receivables	195,706	-	195,706
Cash and cash equivalents	269,735	-	269,735
Total current assets	465,441	-	465,441
Total assets	480,441	-	480,441
Liabilities			
Trade and other payables	-	3,617,991	3,617,991
Advance from Aorere Resources Limited	-	3,407	3,407
Total current liabilities	-	3,621,398	3,621,398
Total liabilities	-	3,621,398	3,621,398

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

	2013 \$	2012 \$
Profit/(loss) for the year	(1,426,840)	(741,366)
Adjustments for:		
(Gains)/losses on sale of assets held-to-maturity investments	-	(6,613)
Foreign exchange losses	20,863	-
Director Fees (non-cash)	28,000	-
Management Fees (non-cash)	86,250	-
IPO expenses (non-cash)	122,950	50,000
Change in trade and other receivables	54,096	(88,289)
Change in other current assets	(219,282)	11,035
Change in current tax assets	4,985	(183)
Change in trade and other payables	(3,192,550)	3,361,471
Change in exploration expenditure	(2,262,527)	(7,086,801)
Net cash from operating activities	(6,784,055)	(4,500,746)



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

17. Related parties

Transactions with key management personnel

Key management of the Company are also members of the board of directors. Key management personnel remuneration includes the following:

	2013 \$	2012 \$
<i>Short-term benefits:</i>		
Consultancy fees	59,400	63,700
Total remuneration	59,400	63,700

Other transactions and balances with key management personnel and their related parties

During the year, the Company paid consultancy fees of \$98,550 (2012: \$53,600) to Nevay Holdings Ltd, a Company in which Ms L Sanders, Mr C Castle & Ms J Hatchwell are also Directors. The fees were provided under normal commercial terms and conditions. The outstanding balance at balance date was \$18,300 (2012: \$20,240) which is included in trade payables.

During the period 1 February 2013 to 31 March 2013, the Company paid consultancy fees of \$30,000 to Robin Falconer Associates Ltd, a Company in which Mr R Falconer is also a Director. The fees were provided under normal commercial terms and conditions. The outstanding balance at balance date was \$10,000 which is included in trade payables.

During the period 1 February 2013 to 31 March 2013, the Company paid consultancy fees of \$8,727 to Robert Goodden Consulting Ltd, a Company in which Mr R Goodden is also a Director. The fees were provided under normal commercial terms and conditions. The outstanding balance at balance date was \$nil.

During the year, the Company entered into an Investment Agreement with Royal Boskalis Westminster NV, refer Note 13. Mr J de Blaeij was appointed director of Chatham Rock Phosphate Ltd on 1 February 2013 and is also a Director of Boskalis International.

During the year, the Company paid management fees to Aorere Resources Ltd (formerly Widespread Portfolios Ltd) under a management agreement. The 2012 management agreement has an initial term of two years. Under the Agreement, Aorere Resources Ltd is engaged by the Company as an independent contractor and will procure that Chris Castle personally provide fundamental services to the Company at a cost of \$300,000 per annum (2012: \$369,984). The Agreement is payable in both cash (3/4) and shares (1/4). No amounts were outstanding at balance date (2012: \$34,141). Previously, the Company paid \$1,500 per day for services from Aorere Resources Ltd.

Some of the Directors of Chatham Rock Phosphate Ltd are commonly Directors in Aorere Resources Ltd, which in its own name & through its subsidiary; Mineral Investments Ltd has a combined 10.36% (2012: 21.30%) shareholding in Chatham Rock Phosphate Ltd.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

17. Related Parties (continued)

The aggregate value of transactions and outstanding balances over which they have control or significant influence were as follows:

Directors	Transactions	Transaction value Year ended 31 March		Balance outstanding as at 31 March	
		2013	2012	2013	2012
		\$	\$	\$	\$
<i>Widespread Limited</i>					
C Castle, J Hatchwell, & L Sanders	Loans	(4,446)	(36,847)	(1,039)	3,407

Ms L Sanders, Mr C Castle & Ms J Hatchwell are Directors of Chatham Rock Phosphate Ltd and are also commonly Directors in Widespread Ltd. The loan was interest free and repayable on demand.

18. Commitments

Licence work commitments

Indicative expenditure commitments at balance date (being minimum work requirements under the Company's 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(c).

<i>In thousands of dollars</i>	Group	
	2013	2012
Within one year	-	-
After one year but not more than five years	-	-
	-	-

The committed work program for the second term of the minerals prospecting licence 50270, Chatham Rise Project has been completed. Included in the work programme were mine feasibility studies and conceptual mine planning and preparation of an environmental monitoring plan or programme. All licence commitments have been met to date. The work programme has culminated in the preparation of the Mining License Application and the Marine Consent Application.

The licence's second term commencement date was 25 February 2012. The second term of the licence covers Years 3 and 4. The Company anticipates that it will renew the permit when it expires 24 February 2014.

19. Investments in controlled entities

Manmar Investments One Hundred and Six (Proprietary) Limited, is a non-operating subsidiary, which is 100% owned by the Company and incorporated in Namibia. As the subsidiary is non-operating and has neither assets nor liabilities these financial statements have been prepared for the parent Company only.



CHATHAM ROCK PHOSPHATE LIMITED
Notes to Financial Statements
For the year ended 31 March 2013

20. Subsequent events

On 30 April 2013 the Company submitted a draft Environmental Impact Assessment to the Environmental Protection Authority. The EPA is a national-level independent environmental regulation, which has the ability to grant or decline marine consent applications. The draft is being submitted to the EPA in anticipation of presenting a complete marine consent application in the next month. This will be in advance of when the new Exclusive Economic Zone environmental consenting regime comes into force. At this stage the EPA is working with CRP in pre-lodgement. The official process doesn't start until the Act comes into force in June, when the regulations are promulgated. The Company expects to be the first minerals company to have a marine consent application considered under the Exclusive Economic Zone and Continental Shelf (Environmental Effects) legislation.

There is now a clear process in place so all interested parties can review the work the Company has done and satisfy themselves the project will meet the purposes of the Act. The certainty of the earlier approval process will also enable mining contract partner Boskalis, to be able to commit earlier to the significant capital investment required to develop the necessary equipment and fit out the mining ship.



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Chatham Rock Phosphate Limited

Report on the Financial Statements

We have audited the financial statements of Chatham Rock Phosphate Limited on pages 4 to 31, which comprise the statement of financial position as at 31 March 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

Director's Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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, as well as evaluating the presentation of the financial statements.

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

Other than in our capacity as auditor we have no relationship with, or interests in, the company.

Opinion

In our opinion, the financial statements on pages 4 to 31:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Chatham Rock Phosphate Limited as at 31 March 2013 and the results of its operations and cash flows for the year ended on that date.

Emphasis of Matter

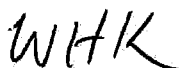
We draw attention to Note 2(a) to the financial statements which indicates that in order for the company to meet its on going commitments and continue to pay its debts as and when they fall due, the company is reliant, in the immediate period following signing of these financial statements, upon raising further funding or alternatively negotiating a reduction in those committed activities, and associated financial obligations. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993 require us to comment on whether we have obtained all the information and explanations that we have required from Chatham Rock Phosphate Limited and whether we consider that proper accounting records have been kept by Chatham Rock Phosphate Limited.

We have obtained all the information and explanations that we have required.

In our opinion proper accounting records have been kept by Chatham Rock Phosphate Limited as far as appears from our examination of those records.



WHK New Zealand Audit Partnership
CHARTERED ACCOUNTANTS

30 May 2013

CHATHAM ROCK PHOSPHATE LIMITED

Shareholder Information

Stock exchange listing

The Company's ordinary shares are listed on the NZAX market operated by NZX Limited.

1. Distributions of security holders and security holdings as at 29 May 2013

Size of holding	Number of security holders	Number of securities
1- 1,000	9	7,500
1,001 – 5,000	78	249,693
5,001 – 10,000	71	560,806
10,001 – 50,000	141	3,608,944
50,001 – 100,000	66	4,970,028
100,001 +	91	126,175,438
Geographic distribution		
New Zealand	425	57,329,882
United States	12	49,607,689
Netherlands	1	25,355,266
Australia	8	1,359,457
Rest of world	10	1,920,115

2. 20 Largest registered holders of quoted equity securities as at 29 May 2013

	Ordinary	%
Subsea Investments II LLC	36,582,711	26.98
Boskalis Offshore B.V.	25,355,266	18.70
Odyssey Marine Exploration Inc	9,320,348	6.87
Mineral Investments Limited	8,674,518	6.40
Aorere Resources Limited	5,345,962	3.94
International Mining & Financing Corporation	3,292,005	2.43
Tasman Portfolio Limited	3,101,986	2.29
Tattersfield Securities Limited	2,000,000	1.48
Talisman No.1 Trust	1,915,797	1.41
New Zealand Central Securities Depository Ltd	1,691,851	1.25
Beggs No.2 Trust	1,661,823	1.23
Golden Horseshoe Investments Limited	1,467,576	1.08
MD Sew Hoy	1,450,000	1.07
The Common Family Trust	1,180,872	0.87
CD Castle	1,147,857	0.85
GJ Main	968,769	0.71
PW Hall	900,000	0.66
JC Quinn & YA Quinn Superannuation A/c	847,546	0.63
TJN Beyer	765,454	0.56
McCarrison Family Trust	660,887	0.49

CHATHAM ROCK PHOSPHATE LIMITED

Shareholder Information

3. Substantial Security Holders as at 29 May 2013

The following persons are substantial security holders in accordance with section 21 of the Securities Market Act 1988:

	Ordinary shares	
	Number	%
Subsea Investments II, LLC	36,582,711	26.98
Boskalis Offshore B.V.	25,355,266	18.70
Aorere Resources Limited	14,020,480	10.34
Odyssey Marine Exploration Inc	9,320,348	6.87
Total Ordinary Shares on issue	135,572,409	

4. Directors' Security Holdings as at 29 May 2013

	Ordinary shares held	
	2013 Number	2012 Number
C Castle	1,353,607	1,308,153
L Sanders	769,518	693,897
J Hatchwell	197,147	166,980
K Hindle (Resigned 30 June 2012)	288,199	258,032
R Falconer (Appointed 1 February 2013)	542,747	401,225
R Goodden (Appointed 1 February 2013)	370,454	325,000
J de Blaeij (Appointed 1 February 2013)	-	-

C Castle, L Sanders and J Hatchwell are also Directors of Aorere Resources Limited (formerly Widespread Portfolios Limited) which has a relevant interest in 14,020,480 shares as at 29 May 2013.

CHATHAM ROCK PHOSPHATE LIMITED
Statutory Information
For the year ended 31 March 2013

1. Directors and remuneration

Details of the nature and the amount of each major element of emoluments of each director of the Company are:

<i>In New Zealand dollars</i>	Directors Fees	Consultancy Fees	Total
	\$	\$	\$
L Sanders	14,000	176,250	190,250
J Hatchwell	14,000	-	14,000
K Hindle (Resigned 30 June 2012)	7,000	-	7,000
C Castle	14,000	-	14,000
R Falconer (Appointed 1 February 2013)	-	40,000	40,000
R Goodden (Appointed 1 February 2013)	-	8,757	8,757
J de Blaeij (Appointed 1 February 2013)	-	-	-

2. Entries recorded in the interests register

The following entries were recorded in the interest register of the Company during the year:

(a) Directors' interests in transactions

Mr C Castle, Ms L Sanders and Ms J Hatchwell are also directors of Aorere Resources Limited, Mineral Investments Limited & Widespread Limited.

(b) Share dealings of directors

On 24 September 2012, Mr C Castle was issued 30,167 ordinary shares in satisfaction of Directors fees for the half year ending 30 September 2012 of \$7,000 which pursuant to his management contract with Aorere Resources Limited were transferred to the account of Widespread Portfolios Limited; Ms L Sanders was issued 30,167 ordinary shares in satisfaction of Directors fees for the half year ending 30 September 2012 of \$7,000; Ms J Hatchwell was issued 30,167 ordinary shares in satisfaction of Directors fees for the half year ending 30 September 2012 of \$7,000; and Mr K Hindle was issued 30,167 ordinary shares in satisfaction of Directors fees for the half year ending 30 September 2012 of \$7,000.

On 20 February 2013, Mr C Castle purchased 45,454 ordinary shares in the Company for \$15,000.00 under a share purchase plan; Ms L Sanders purchased 45,454 ordinary shares in the Company for \$15,000.00 under a share purchase plan and Mr R Goodden purchased 45,454 ordinary shares in the Company for \$15,000.00 under a share purchase plan.

On 12 October 2012, Dr R Falconer was issued with 57,252 ordinary shares in satisfaction of \$15,000 for consultancy fees pursuant to his contract for the quarter ended 30 September 2012 and on 7 January 2013, Dr R Falconer was issued with 42,017 ordinary shares in satisfaction of \$15,000 for consultancy fees pursuant to his contract for the quarter ended 31 December 2012 and on 2 May 2013 Dr R Falconer was issued with 42,253 ordinary shares in satisfaction of \$15,000 for consultancy fees pursuant to his contract for the quarter ended 31 March 2013.

CHATHAM ROCK PHOSPHATE LIMITED
Statutory Information
For the year ended 31 March 2013

Mr C Castle, Ms L Sanders and Ms J Hatchwell are also directors of Aorere Resources Limited (formerly Widespread Portfolios Limited). On 22 August 2012 the Company was issued with 75,000 ordinary shares in satisfaction of \$18,750 for consultancy fees for the quarter ended 30 June 2012. On 24 September 2012 the Company was issued with 30,167 ordinary shares in satisfaction of Directors fees for the half year ending 30 September 2012 of \$7,000. On 12 October 2012 the Company was issued with 71,565 ordinary shares in satisfaction of \$18,750 for consultancy fees for the quarter ended 30 September 2012. Between 16 October 2012 and 19 October 2012 Widespread Portfolios sold 100,000 ordinary shares for proceeds of \$43,554. consultancy fees for the quarter ended 31 December 2012 and on 2 May 2013 the Company On 7 January 2013 the Company was issued with 52,521 ordinary shares in satisfaction of \$18,750 for was issued with 52,816 ordinary shares in satisfaction of \$18,750 for consultancy fees for the quarter ended 31 March 2013.

(c) Loans to directors

No loans were granted to Directors and nil is outstanding at 29 May 2013.

(d) Directors' indemnity and insurance

The Company has insured all its directors and the directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as directors. The insurance does not cover liabilities arising from criminal actions.

3. NZX Waivers

NZX Limited has not granted the Company any waivers between 9 June 2012 and 29 May 2013.

CHATHAM ROCK PHOSPHATE LIMITED
Corporate Governance
For the year ended 31 March 2013

ETHICAL STANDARDS

Chatham Rock Phosphate Limited (the "Company") expects its directors and employees to act legally, ethically and with integrity in a manner consistent with the Company's policies, guiding principles and values. The Company has put measures in place to assist with achieving this expectation. These measures are available on the Company's web site.

ROLE OF THE BOARD

The Board of Directors of the Company is elected by the shareholders to supervise the management of the Company. The Board establishes the Company's objectives, overall policy framework within which the business of the Company is conducted and confirms strategies for achieving these objectives, monitors management's performance and ensures that procedures are in place to provide effective internal financial control.

The Board is responsible for guiding the corporate strategy and direction of the Company and has overall responsibility for decision making. The Board delegates to the Managing Director responsibility for implementing the Board's strategy and for managing the operations of the Company.

BOARD COMPOSITION AND PERFORMANCE

The Board currently comprises of four directors including the Chairman and the Managing Director.

The Board meets once every six weeks on a formal scheduled basis, and more frequently in order to prioritise and respond to issues as they arise. Board meetings are frequently held by conference call to reduce travel costs.

The Chairman of the Board is Linda Sanders. The Chairman's role includes managing the Board; ensuring the Board is well informed and effective; acting as the link between the Board and Chris Castle, the Managing Director; and ensuring effective communication with shareholders.

The Company does not at present have a formal Director training programme.

BOARD COMMITTEES

The Board has two sub-committees: an Audit Committee and a Remuneration Committee. Linda Sanders and Jill Hatchwell are on the Audit Committee and Jill Hatchwell is on the Remuneration Committee. The Board has delegated certain of its responsibilities to these Committees. The decisions of these Committees are reported back to the Board in order to allow the other members of the Board to question committee members.

Given the nature of business of the Company and the internal financial controls that the Company has in place, it is not considered necessary to have an internal auditor in addition to an Audit Committee.

The Company has determined that it is not appropriate, nor in the best interests of its security holders to establish a Nomination Committee at this time. The Company considers it appropriate to deal with potential nominations at the full Board level and then leave the ultimate decision on Board composition to shareholders through any Board appointee being subject to re-election at the Company's next annual meeting.

CHATHAM ROCK PHOSPHATE LIMITED
Corporate Governance
For the year ended 31 March 2013

REPORTING AND DISCLOSURE

Management accounts are prepared prior to each Board meeting and reviewed by the Board throughout the year to monitor performance against budget targets and objectives.

The Board must ensure that the Company makes all disclosures required at law in its Annual Report.

DIRECTOR REMUNERATION

Each Board member receives remuneration from a collective fee pool that is fixed by ordinary shareholder resolution from time to time and allocated between the directors by the Board as it sees fit.

The Company does not have a remuneration policy however the remuneration of all directors is disclosed each year in the Company's Annual Report. The level of fees payable to directors is to be of an amount approved from time to time by shareholders. Subject to shareholder approval and the relevant NZX Listing Rule requirements, the directors may be remunerated other than in cash by way of an issue of equity securities.

RISK MANAGEMENT

The Board reviews management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Board regularly reports the risks associated with its investments on its website.

Under its constitution, the Company may obtain directors' and officers' liability insurance to cover directors acting on behalf of the Company.

SHAREHOLDER RELATIONS

The Company aims to ensure that shareholders are informed of all major developments affecting the Company affairs. Information is communicated to shareholders in the Annual Report, Interim Report, and regular NZX announcements. The Company maintains an email addresses register which any shareholder or stakeholder may request to be included on. All NZX announcements (other than those of an administrative nature) are sent to all recipients on the email register. The Company also maintains its website to provide comprehensive information about its operations, activities and investments.

STAKEHOLDER INTERESTS

The Company does not currently have any employees or material creditors. The Company's stakeholders are accordingly limited at present but will develop over time as the Company's investments develop.

The Board will remain cognisant of stakeholder interests as they develop and consider policies to deal with different stakeholders accordingly. The Company will maintain public information as described in these policies to give stakeholders access to relevant information.