

Consolidated Financial Statements  
(Expressed in Canadian dollars)

## **CHATHAM ROCK PHOSPHATE LIMITED**

For the year ended March 31, 2022 and 2021

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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 have been prepared by and are the responsibility of management.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and reflect management's best estimate and judgement based on currently available information. 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.

Management is also responsible for a system of internal control which is designed to provide reasonable assurance that assets are safeguarded, liabilities are recognized and that the accounting systems provide timely and accurate financial reports.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities in respect of financial reporting and internal control. The Audit Committee of the Board of Directors meets periodically with management and the Company's independent auditors to discuss auditing matters and financial reporting issues. In addition, the Audit Committee reviews the annual consolidated financial statements before they are presented to the Board of Directors for approval.

The Company's independent auditors, Grant Thornton New Zealand Audit Limited, are appointed by the shareholders to conduct an audit in accordance with generally accepted auditing standards in Canada, and their report follows.

**Chris Castle**  
*Chief Executive Officer*

**Robyn Hamilton**  
*Chief Financial Officer*

July 29, 2022

## NEW ZEALAND DECLARATION

### DIRECTORS' DECLARATION

In the opinion of the directors of Chatham Rock Phosphate Limited, the consolidated financial statements and notes, on pages 8 to 42:

- 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, 2022 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 present the financial statements for Chatham Rock Phosphate Limited for the year ended March 31, 2022.

**For and on behalf of the Board of Directors**

s/ "Chris Castle"

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**C Castle**  
**Director**  
**Date: July 29, 2022**

s/ "Jill Hatchwell"

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**J Hatchwell**  
**Director**  
**Date: July 29, 2022**

# Independent Auditor's Report

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 215 Lambton Quay  
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## To the Shareholders of Chatham Rock Phosphate Limited

### Opinion

We have audited the consolidated financial statements of Chatham Rock Phosphate Limited and its subsidiaries (the "Group") which comprise the consolidated statements of financial position as at March 31, 2022 and March 31, 2021, and the consolidated statements of operations and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Chatham Rock Phosphate Limited as at March 31, 2022 and March 31, 2021 and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the audit matter is significant	How our audit addressed the key audit matter
<p><b>Mineral Property Interest capitalisation and impairment assessment</b>  <i>(Refer to Notes 3(f) and 5 of the consolidated financial statements)</i></p> <p>Mineral Property Interest intangible assets had a carrying value of \$6,645,560 as at March 31, 2022, which includes the acquisition of a new mineral property asset associated with the Avenir Makatea project (\$1,936,395).</p> <p>The recoverability of the carrying amounts of exploration and evaluation assets are dependent on the Group gaining various mining consents and permits.</p>	<p>To determine whether the costs capitalised as mineral property interest are in accordance with IFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>, we performed the following:</p> <ul style="list-style-type: none"> <li>We confirmed that the Group holds valid permits for both projects enabling it to conduct exploration and evaluation activities. We also ensured that for Chatham Rise, the minimum work programmed under the permit has been complied with.</li> <li>We reviewed and assessed the accounting policy of the Group in relation to capitalisation of mineral assets and confirmed it is in line with the requirements of IFRS 6.</li> </ul>

Why the audit matter is significant	How our audit addressed the key audit matter
<p>In respect to the Chatham Rise project, in 2015, the Group was refused Marine Consent and as a result, the Directors impaired the carrying value of the previously capitalised costs.</p> <p>In addition, Avenir Makatea has an outstanding mining concession application to mine/rehabilitate the subject area.</p> <p>Management assesses on an annual basis whether facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount and no additional impairment was recognised as a result of these assessments.</p> <p><i>IFRS 6 Exploration for and Evaluation of Mineral Resources</i> outlines the criteria for capitalisation of costs associated with mineral resources and whether it is likely that future economic benefits will be derived. Accordingly, management determines whether costs incurred are capitalizable or expensed.</p> <p>Both the capitalisation of costs and assessment of impairment require significant management judgement and is a key audit matter.</p>	<ul style="list-style-type: none"> <li>• For a selection of transactions capitalised during the year, we inspected the underlying invoice and confirmed that they met the capitalisation requirements of IFRS 6.</li> </ul> <p>We completed the following procedures to assess the recoverability of the mineral property asset:</p> <ul style="list-style-type: none"> <li>• We reviewed management's assessment of facts or circumstances which may indicate whether or not an impairment assessment is required.</li> <li>• Assessed internally and externally available information surrounding the mineral property asset to ensure consistency of facts and circumstances with management's position.</li> <li>• Engaged our Corporate Finance team as valuation specialists to review management's assessment and consider its appropriateness.</li> </ul>
<p><b>Preparation of the consolidated financial statements on a going concern basis</b></p> <p>The Group currently does not have an ongoing revenue source and is dependent on its ability to raise additional cash through the issuance of further share capital to continue operations. The Group is only expected to generate revenue once mining permits and/or concessions are granted. This is not considered to be imminent.</p> <p>The assessment of whether the Group can continue as a going concern requires an understanding of management's overall plans and forecasts, which involve significant judgements and assumptions. Given the absence of a current revenue stream and the level of judgement required in respect to cash flow forecasts, we considered this to be a key audit matter.</p>	<p>We performed the following to determine whether the preparation of the consolidated financial statements on a going concern basis is appropriate and whether a material uncertainty exists:</p> <ul style="list-style-type: none"> <li>• We reviewed management's assessment of its ability to continue as a going concern by obtaining its cash flow forecast and testing the appropriateness of the estimates and the Group's ability to continue operations for at least 12 months from issuance of the financial statements i.e. July 2023;</li> <li>• We assessed the plausibility of the key assumptions taken by management in its preparation of the cash flow forecasts;</li> <li>• We discussed management's assumptions with Directors to ensure they were reasonable and appropriate and allowed for sufficient variability of outcomes depending on how future cash flow needs evolved;</li> </ul>

Why the audit matter is significant	How our audit addressed the key audit matter
	<ul style="list-style-type: none"> <li>We assessed the disclosures in the consolidated financial statements relating to going concern to ensure that they were sufficient and appropriate.</li> </ul>

### Other information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of management and those charged with governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Brayden Smith.

**Grant Thornton New Zealand Audit Limited**



**Wellington, New Zealand**

**29 July 2022**





# CHATHAM ROCK PHOSPHATE LIMITED

Consolidated Statement of Financial Position  
(Expressed in Canadian dollars)

	Notes	As at March 31, 2022	As at March 31, 2021
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		\$ 1,367,472	\$ 378,868
Accounts receivable and other receivables		19,788	3,182
Prepayments		53,359	135,038
		<u>1,440,619</u>	<u>517,088</u>
Non-current assets:			
Other financial assets		18,472	13,225
Property, plant & equipment		21,495	-
Mineral property interest	5	6,645,551	4,691,425
		<u>6,685,518</u>	<u>4,704,650</u>
Total assets		\$ 8,126,137	\$ 5,221,738
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Trade and other payables	6	\$ 167,459	\$ 85,411
Monies received for subscriptions for shares	20	882,069	-
		<u>1,049,528</u>	<u>85,411</u>
Total liabilities		1,049,528	85,411
Shareholders' equity:			
Share capital	7	39,207,687	36,287,979
Warrants reserve		230,186	230,186
Foreign currency translation reserve		(262,584)	(159,150)
Employee share option reserve		371,789	214,381
Accumulated deficit		(32,470,470)	(31,437,069)
Total shareholders' equity		<u>7,076,609</u>	<u>5,136,327</u>
Total liabilities and shareholders' equity		\$ 8,126,137	\$ 5,221,738

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, 2022 and 2021

	Notes	2022	2021
Revenue		\$ 5,328	\$ 5,202
Finance income		484	-
Finance expense		-	(3,438)
Net finance income/(expense)	10	484	(3,438)
<b>Expenses</b>			
General and administrative expenses	11	(878,640)	(574,701)
Depreciation and amortisation	12	(3,165)	-
Share-based payments	8	(157,408)	-
Expenses		(1,039,213)	(574,701)
Loss before income tax (continuing operations)		(1,033,401)	(572,937)
Income tax expense	14	-	-
Net loss for the period from continuing operations		(1,033,401)	(572,937)
<i>Other Comprehensive Income</i>			
Foreign currency translation**		(103,434)	196,811
Total comprehensive (loss)/profit for the period		\$ (1,136,835)	\$ (376,126)
Basic shareholders' loss per share	9	\$ (0.0163)	\$ (0.0166)
Diluted shareholders' loss per share		\$ (0.0163)	\$ (0.0166)
Weighted average number of common shares outstanding		63,326,686	34,590,008

*\*\*Items which can subsequently be reclassified to profit or loss*

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, 2022 and 2021

	Number of common shares	Number of warrants	Share capital	Warrants reserve	Foreign currency translation reserve	Employee share option reserve	Accumulated deficit	Shareholders' equity
Balance, April 1, 2020	26,303,440	5,563,646	35,108,126	230,186	(355,961)	214,381	(30,864,132)	4,332,600
Issue of shares, net of costs, and discretionary warrants	17,395,714	7,395,714	1,179,853	-	-	-	-	1,179,853
<i>Transactions with owners</i>			1,179,853	-	-	-	-	1,179,853
Loss for the year	-	-	-	-	-	-	(572,937)	(572,937)
Other comprehensive Income – Currency Translation Loss	-	-	-	-	196,811	-	-	196,811
Total comprehensive income for the year			-	-	196,811	-	(572,937)	(376,126)
<b>Balance, March 31, 2021</b>	<b>43,699,154</b>	<b>12,959,360</b>	<b>36,287,979</b>	<b>230,186</b>	<b>(159,150)</b>	<b>214,381</b>	<b>(31,437,069)</b>	<b>5,136,327</b>
Issue of shares, net of costs, and discretionary warrants	28,232,173	10,374,435	2,919,708	-	-	-	-	2,531,634
Share-based payments			-	-	-	157,408	-	157,408
<i>Transactions with owners</i>			2,919,708	-	-	157,408	-	2,691,337
Loss for the period	-	-	-	-	-	-	(1,033,401)	(1,033,401)
Currency Translation Loss	-	-	-	-	(103,434)	-	-	(103,434)
Total comprehensive income for the period			-	-	(103,434)	-	(1,033,401)	(1,136,835)
<b>Balance, March 31, 2022</b>	<b>71,931,327</b>	<b>23,333,795</b>	<b>39,207,687</b>	<b>230,186</b>	<b>(262,584)</b>	<b>371,789</b>	<b>(32,470,470)</b>	<b>7,076,609</b>

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, 2022 and 2021

	Notes	2022	2021
Cash flows from operating activities:			
Interest received		\$ -	\$ -
Cash received from customers		5,328	5,202
Cash paid to suppliers		(808,198)	(771,025)
Interest paid		-	(1,724)
Tax refund received		-	-
Net cash (used in) operating activities	18	(802,870)	(767,547)
Cash flows from investing activities:			
Cash acquired on acquisition Avenir Makatea	5	5,012	-
Payments in respect of acquisition costs		(78,584)	-
Payments in respect of exploration and evaluation		(71,751)	(72,826)
Purchase of property, plant & equipment		(13,757)	-
Payments for other financial assets		(5,416)	-
Net cash (used in) investing activities		(164,496)	(72,826)
Cash flows from financing activities:			
Proceeds from issue of share capital, net of issue costs		2,008,965	1,173,074
Net cash from financing activities		2,008,965	1,173,074
Net increase/(decrease) in cash and cash equivalents		1,041,599	332,701
Cash and cash equivalents, beginning of period		378,868	12,352
Effect of foreign exchange rate fluctuations on cash held		(52,995)	33,815
Cash and cash equivalents, end of period		\$ 1,367,472	\$ 378,868

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, 2022 and 2021

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## 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 (“NZX”). 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.

The acquisition of Avenir Makatea was the first step in the Group’s strategy to build an international phosphate mining and trading house with a focus on low cadmium, organic phosphate.

The Group’s registered offices are:

- 3200 – 650 West Georgia Street, Vancouver, B.C., Canada V6B 4P7
- 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, 2022 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 29, 2022.

### (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.

### (d) 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, a subsidiary company, is New Zealand dollars (NZD). The functional currency of Avenir Makatea Pty Ltd, a subsidiary company, is Australian dollars (AUD) and SAS Avenir Makatea, is French Polynesian francs (XPF).

These currencies represent the currency of the primary economic environment of the parent and the subsidiary, respectively.



# CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements  
(Expressed in Canadian dollars, unless otherwise stated)  
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## 2. Basis of preparation (continued)

### 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. Avenir Makatea Pty Ltd and SAS Avenir Makatea are 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.

### (e) 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.

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. The Company includes an estimate of forfeitures, share price volatility, expected life of awards, and risk-free interest rates in the calculation of the expense related to certain long-term employee incentive plans. These estimates are based on previous experience and may change throughout the life of an incentive plan. Such changes could impact the share-based payments reserve.



# CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements  
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## 2. Basis of preparation (continued)

### *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 relating to the Chatham Rise project and Avenir Makatea's Exploration research permit. In the judgement of the Directors, at March 31, 2022 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.

The Group cannot commence mining operations without the Marine Consent. The Group filed for the Marine Consent on May 14, 2014 but was declined on February 11, 2015. While the Group considers that it has a good case to receive the Marine Consent on re- application, there is no guarantee that the Marine Consent will be granted. If the Marine Consent is not granted or is granted subject to economically unfeasible conditions, the Group will not be able to proceed with mining operations in respect of the Mining Permit. The outcome of the re-submission is uncertain.

In respect to the Makatea Phosphate Project on Makatea Island in French Polynesia, the Group requires the grant of a Mining Concession. In September 2016 Avenir Makatea applied for a mining concession to mine/rehabilitate previously mined land. The application is being processed under the terms of a new Mining Code for French Polynesia that was promulgated in January 2020. The Project is subject to a Public Enquiry process that leads to recommendations to the Council of Ministers for the grant of the Mining Concession. The outcome of the application is also uncertain.

In the event that the mining permit for Chatham Rise and the mining concession for Avenir Makatea is not granted, the Group will be unable to realize the assets and would require material adjustments to bring the assets at a carrying value other than those recorded in the financial statements.

### *Acquisition of Avenir Makatea Phosphate Project*

Significant judgement was required in determining whether the acquisition meets the definition of a business, and therefore within the scope of IFRS 3 *Business Combinations*, or is instead an asset that do not constitute a business with the transaction being outside the scope of IFRS 3. Differentiating a business from an asset acquisition determines the accounting treatment for acquisitions. To arrive at the conclusion, a detailed analysis of what inputs and processes have been acquired was completed. In order to be a considered a business, an acquired set of activities and assets must include, as a minimum, an input and a substantive process. For projects involved solely on exploration and evaluation, such as Avenir Makatea, the processes in place, while documented, may not qualify under what's defined as "substantive" as there is no proven or probable reserve that it can be applied to, there is no organized workforce. The Directors concluded that the transaction was as an asset acquisition.



# CHATHAM ROCK PHOSPHATE LIMITED

Notes to the Consolidated Financial Statements  
(Expressed in Canadian dollars, unless otherwise stated)  
For the year ended March 31, 2022 and 2021

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## 2. Basis of preparation (continued)

### *Exploration and evaluation costs (continued)*

An asset acquisition, where consideration paid is in the form of equity instruments, falls within the scope of IFRS 2 *Share-based payment*. IFRS 2 has a rebuttable presumption that the fair value of the assets can be measured reliably, and assets acquired will be measured directly using the fair value of the asset. Given the nature of the asset and being at an exploration stage, the Directors rebutted this assumption. As provided in the standard, if the fair value cannot be estimated reliably, the fair value of the asset shall be measured with reference to the fair value of the equity instruments granted. The fair value of the assets acquired would be measured at the point the control is obtained. Accordingly, the transaction was measured with reference to the closing share price of CRP at June 30, 2022, acquisition date.

### *Going concern*

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Group has the ability and intention to continue operations for a period of at least 12 months from the date of the approval of the financial statements.

The Group incurred a net loss of \$1,033,401 during the year ended 31 March 2022 (2021: \$572,937 net loss) and as of that date the Group's current assets exceed its current liabilities by \$391,091 (2021: \$431,677). During the year the Group had operating cash outflows of \$802,870 (2021: \$767,547), investing cash outflows of \$164,496 (2021: \$72,826), and financing cash inflows of \$2,008,965 (2021: \$1,173,074). The cash balance at the end of the year was \$1,367,472 (2021: \$378,868).

Subsequent to year end, the Group has raised \$2,197,753 of additional capital (Note 20). Using the existing funds the Directors forecast they have sufficient cash to continue to fund operations for at least 12 months from the date the financial statements are signed. While management do not currently have committed funding to fund operations beyond this point, it has a history of raising additional funds and therefore expects to continue to meet its obligations for the foreseeable future.

Management's cash flow forecasts include the following assumptions:

- 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.
- Expenditure is scalable such that the Group can continue to operate depending on funding obtained. This includes continuing to operate for a period of 12 months from the date of the approval of the financial statements in the event no further funding is obtained during that period.
- The Directors plan to evolve the company from a single project focus into a more diversified company, principally involving other phosphate assets. The recent completion of the Avenir Makatea acquisition, as disclosed in Note 6 is a step in that direction.

On this basis, the Directors believe that the Group has the ability to generate sufficient funding to continue operations for at least the next 12 months from the date of authorising the financial statements. Hence, they consider the use of the going concern basis is appropriate.





# CHATHAM ROCK PHOSPHATE LIMITED

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## 2. Basis of preparation (continued)

New accounting standards

*(i) New IFRS standards and interpretations adopted*

There are no other relevant standards and revisions to standards that have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2021.

*(ii) New IFRS standards and interpretations issued but not yet adopted*

There are no new standards or interpretations that have been issued and early adopted by the Group that are applicable to the Group.

## 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 exists when the Company has power, exposure to variable returns and the ability to use that power to affect its returns from an entity.

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.



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## 3. Significant accounting policies (continued)

### (a) Basis of consolidation (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	
		2022	2021
Chatham Rock Phosphate (NZ) Limited	New Zealand	100	100
Avenir Makatea Pty Ltd	Australia	100	-
SAS Avenir Makatea	French Polynesia	100	-
Manmar Investments One Hundred and Six (Proprietary) Limited	Namibia	100	100
Pacific Rare Earths Limited	New Zealand	100	100

All of the subsidiaries have a March 31 balance date except for Avenir Makatea Pty Ltd and SAS Avenir Makatea which have a June 30, balance date.

Manmar Investments One Hundred and Six (Proprietary) Limited and Pacific Rare Earths Limited did not have any transactions during the years ended March 31, 2022 and 2021.

### (b) 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.

### (c) Share purchase warrants:

The Group issues transferrable share purchase warrants as part of their common share capital offering. The warrants are classified as an equity instrument as it only allows the holder to purchase one common share at a fixed price and is a non-derivative contract.

The consideration received on the sale of share and share purchase warrant is allocated using the residual method. The allocated amounts are presented respectively as share capital and warrants reserve account, within the Statement of Changes in equity.

Any re-measurement adjustment, as a result of a subsequent modification of the terms of warrants, is not recognised within equity.



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## 3. Significant accounting policies (continued)

### (d) Share-based payments:

The Company has a share option plan, under which the fair value of all share-based awards as estimated using the Black-Scholes Option Pricing Model at the grant date and amortized over the vesting periods. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset is credited to share-based payments reserve.

Upon exercise of the share purchase options, consideration paid together with the amount previously recognized in share-based payment reserve is recorded as an increase to share capital. Charges for share purchase options that are forfeited before vesting are reversed from the share-based payments reserves. For those share purchase options that expire or are forfeited after vesting, the amount previously recorded in share-based payments reserve is transferred to accumulated deficit.

### (e) Impairment:

Non-financial assets other than indefinite life intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group conducts an annual internal review of asset values, which is used as a source of information to assess any indicators for impairment. If any impairment exists, an estimate of the asset's recoverable amount is calculated. Refer to factors considered in identifying whether the mineral asset may be impaired in Note (f).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an assets fair value less costs of disposal and value in use. Non-financial assets that have suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

### (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.



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## 3. Significant accounting policies (continued)

### (f) Mineral property interest (continued):

Exploration and evaluation assets are classified as intangible 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 other wise 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 exploitation 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 when facts of circumstances suggest that the carrying amount of the exploration and evaluation assets may exceed its recoverable amount. The below facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment (the list is not exhaustive):

- (a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future and is not expected to be renewed.
- (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
- (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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.



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## 3. Significant accounting policies (continued)

### (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) Financial assets:

Financial asset are measured at:

- (i) Amortized cost;
- (ii) Fair Value in Other Comprehensive Income ("FVOCI") – debt investment;
- (iii) FVOCI – equity investment; and
- (iv) Fair Value Through Profit or Loss ("FVTPL").

The classification depends on the business model in which the financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of IFRS 9, Financial Instruments, are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Group does not have any FVOCI instruments.

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



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## 3. Significant accounting policies (continued)

### (i) Financial assets (continued)

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 asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL                      These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost      These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

#### *Impairment of financial assets*

IFRS 9 requires the use of forward-looking information to recognise any expected credit losses for financial instruments. The Group considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2). Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. Receivables are not significant and no expected credit losses are recognized. 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.



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## 3. Significant accounting policies (continued)

### (i) Financial assets (continued)

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

#### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

#### *Presentation of impairment*

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. Impairment losses related to accounts and other receivables are presented separately in the statement of profit or loss and OCI. Impairment losses on other financial assets are presented under 'finance costs', and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

### (j) Financial liabilities:

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortized cost.

#### *Financial liabilities*

Financial liabilities at amortized cost are initially measured at fair value, net of transaction costs incurred and subsequently measured at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method.

Financial liabilities are classified as current or non-current based on their maturity dates. The Company has classified accounts payable and other liabilities as liabilities at amortized cost.

#### *De-recognition of financial liabilities*

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



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## 3. Significant accounting policies (continued)

### (k) 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.

### (l) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of three months or less that are readily convertible to known cash amounts of cash which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.





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## 4. Segment reporting

During the period the Group has increased its operations to three business segments (three geographical areas) - the development of a defined rock phosphate deposit - in New Zealand, French Polynesia, and Australia.

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.

March 31, 2022	New Zealand	French Polynesia	Australia	Total segment	Unallocated	Consolidated
Total sales revenue						
Financial income	484	-	-	484	-	484
Other income	5,328	-	-	5,328	-	5,328
Total revenue and other income	5,812	-	-	5,812	-	5,812
Segment result	(674,288)	(125,428)	(233,685)	(1,033,401)	-	(1,033,401)
<b>Loss/gain before income tax expense</b>	(674,288)	(125,428)	(233,685)	(1,033,401)	-	(1,033,401)
Assets						
Total current assets	1,293,832	127,794	18,993	1,440,619	-	1,440,619
Total non-current assets	4,724,357	1,947,729	13,441	6,685,527	-	6,685,527
<b>Total assets</b>	6,018,189	2,075,523	32,434	8,126,146	-	8,126,146
Liabilities						
Total current liabilities	(961,887)	(19,670)	(67,971)	(1,049,528)	-	(1,049,528)
Total non-current liabilities	-	-	-	-	-	-
<b>Total liabilities</b>	(961,887)	(19,670)	(67,971)	(1,049,528)	-	(1,049,528)

In the previous financial year, the business was a single reportable operating segment, being the development of a defined rock phosphate deposit on the Chatham Rise.



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## 5. Mineral property interest

	March 31, 2022	March 31, 2021
Chatham Rise project	\$ 4,709,165	\$ 4,691,425
Makatea phosphate project	1,936,386	-
<b>Mineral property interests</b>	<b>\$ 6,645,551</b>	<b>\$ 4,691,425</b>

### (a) Exploration and evaluation on Chatham Rise Project

	March 31, 2022	March 31, 2021
Opening balance	\$ 4,691,425	\$ 4,456,736
Exploration costs capitalised	71,751	72,825
Foreign exchange fluctuation	(54,011)	161,864
<b>Net book value</b>	<b>\$ 4,709,165</b>	<b>\$ 4,691,425</b>
Cost	\$ 21,038,667	\$ 21,211,099
Impairment	(16,329,502)	(16,519,674)
<b>Net book value</b>	<b>\$ 4,709,165</b>	<b>\$ 4,691,425</b>

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.

The Group holds Minerals Mining Permit 55549 which was granted on December 6, 2013. The Minerals Mining Permit covers 820 sq km within the MPL 50270 area. The Mining Permit is for twenty-three months (expiry 2033) and subject to the granting of a Marine Consent from the Environmental Protection Authority ("EPA"), will allow the Group to conduct mining operations. The relinquishment of MPL 50270 has no impact on the mining permit and the proposed mining programme.

On February 11, 2015, the Group was refused Marine Consent by an Independent Decision-Making Committee (DMC) convened by 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 August 23, 2021 the Group applied for a change of conditions in the permit to further defer the minimum work programme commitments. All work commitments have been met to date (Note 19).



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## 5. Mineral property interest (continued)

### (a) Exploration and evaluation on Chatham Rise Project (continued)

The Group has considered whether there are any facts or circumstances that would indicate that the mineral property interest should be assessed for impairment, and we noted the following:

- The Group's tenure to the mining permit over the area is current and is not to expire in the near future;
- Substantive expenditure on further exploration for and evaluation of mineral resources is still planned;
- Relevant studies suggest that the phosphate within the area remains commercially viable and once the exploitation begins the carrying amount of the asset is likely to be recovered.

The above factors have been unchanged and concluded that no further impairment is required (2021: no impairment).

(b) In September 2012, the Group applied for five prospecting licences offshore Namibia. The prospecting regime is currently subject to a moratorium. It remains the intention of the Directors to pursue these licences.

### (c) Acquisition of Makatea Phosphate Project

	March 31, 2022
Acquisition cost	\$ 1,853,725
Capitalised acquisition costs	778,584
Foreign exchange fluctuation	4,077
Net book value	\$ 1,936,386

On June 30, 2021, CRP acquired the Makatea Phosphate Project through the acquisition of 100% of the shares of an Australian private company, Avenir Makatea Pty Limited. Avenir Makatea, through its wholly owned French Polynesian subsidiary, SAS Avenir Makatea (SAS) holds the exploration research permit (ERP) to explore for phosphate on the French Polynesian island of Makatea (the "Makatea Phosphate Project").

The Makatea Phosphate Project is a combined rehabilitation and phosphate mining project located on Makatea Island approximately 240km northeast of Tahiti, French Polynesia. It covers an area of 1,035 ha (10.36 km<sup>2</sup>). The island is a well-known source of phosphate and was previously mined from 1908 to 1966.



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## 5. Mineral property interest (continued)

(c) Acquisition of Makatea Phosphate Project (continued)

(i) *Subsidiaries acquired*

	Principal activity	Date of Acquisition	Proportion of shares acquired
Avenir Makatea Pty Ltd	Mining	June 30, 2021	100%
SAS Avenir Makatea	Mining	June 30, 2021	100%

(ii) *Consideration for the acquisition*

The assets were acquired in exchange of 17,857,738 equity shares of Chatham Rock Phosphate Limited at fair value at its fair value at June 30, 2021, acquisition date, for a total consideration of \$1,785,774.

Acquisition related costs amounting to \$78,585 have been capitalized.

(iii) *Assets acquired and liabilities assumed at the date of acquisition*

	Avenir Makatea Pty Ltd \$
<b>Current assets</b>	
Cash and cash equivalents	5,012
Trade and other receivables	5,651
<b>Non-current assets</b>	
Plant and equipment	10,903
Mineral property interest	1,853,725
<b>Current liabilities</b>	
Trade and other payables	(89,517)

## 6. Trade and other payables

	2022	2021
Trade and other payables due to related parties	\$ 7,613	\$ 22,053
Other trade payables	28,562	20,602
Accrued expenses	131,284	42,756
	\$ 167,459	\$ 85,411



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## 7. 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.

### (b) Issued and outstanding:

	Number of shares	Amount
Balance, April, 1, 2020	26,303,440	35,108,126
Issued during the year:		
Shares issued net of costs	17,395,714	1,179,853
Balance, March 31, 2021	43,699,154	36,287,979
Issued during the year:		
Shares issued net of costs	28,232,173	2,919,708
Balance, March 31, 2022	71,931,327	\$ 39,207,687

On June 30, 2021, the Company completed the acquisition of Avenir Makatea Pty Limited. Pursuant to the terms of the Share Purchase Agreement dated April 28, 2021 between the Company and Avenir's shareholders, the Company issued a total of 17,857,738 common shares to the former Avenir shareholders having a fair value of CAD\$0.10 per share, for total consideration of CAD \$1,785,774.

On July 19, 2021, the Company closed a non-brokered private placement of 3,173,435 units at a price of CAD \$0.11 per Unit (NZ\$0.12) for gross proceeds of CAD \$349,078 (NZD \$380,812). Each Unit consists of one common share in the capital of the Company and one transferable share purchase warrant. Each Warrant will entitle 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 five (5) years from the date of issuance.

On September 9, 2021, the Company closed a non-brokered private placement of 7,201,000 units at a price of CAD \$0.11 per Unit (NZ\$0.125) for gross proceeds of CAD \$792,110 (NZD \$880,781). Each Unit consists of one common share in the capital of the Company and one transferable share purchase warrant. Each Warrant will entitle 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 five (5) years from the date of issuance.



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## 7. Share capital (continued)

(c) Warrants:

Original Grant Date	Modified Grant Date	Original Expiry Date	Modified Expiry Date
December 27, 2017	February 18, 2019	December 27, 2019	December 27, 2022
January 24, 2018	February 18, 2019	January 24, 2020	January 24, 2023
December 13, 2018	February 18, 2019	December 13, 2020	December 13, 2023
August 25, 2018	February 18, 2019	August 25, 2020	August 25, 2023

Expiry Date	Exercise prices	Balance March 31, 2021	Issued	Exercised	Expired/ cancelled/ forfeited	Balance March 31, 2022
Dec 27, 2022	\$0.45	442,293	-	-	-	442,293
Jan 24, 2023	\$0.45	486,368	-	-	-	486,368
Dec 13, 2023	\$0.45	1,172,885	-	-	-	1,172,885
Aug 25, 2023	\$0.45	381,780	-	-	-	381,780
Mar 26, 2024	\$0.45	1,756,663	-	-	-	1,756,663
Apr 23, 2024	\$0.45	676,026	-	-	-	676,026
Dec 23, 2024	\$0.45	647,631	-	-	-	647,631
May 05, 2025	\$0.45	5,029,820	-	-	-	5,029,820
Sep 23, 2025	\$0.45	2,365,894	-	-	-	2,365,894
Jul 19, 2026	\$0.45	-	3,173,435	-	-	3,173,435
Sep 09, 2026	\$0.45	-	7,201,000	-	-	7,201,000
		12,959,360	10,374,435	-	-	23,333,795
Weighted average exercise price		\$0.45	-	-	-	\$0.45
Weighted average remaining life (years)		3.60	-	-	-	3.40

On July 19, 2021 as part of a non-brokered private placement, the Company issued 3,173,435 non-transferable share purchase warrants. Each warrant entitles the holder to purchase one common share at a price of CAD\$0.45 per share any time prior to July 19, 2026.

On September 9, 2021 as part of a non-brokered private placement, the Company issued 7,201,000 non-transferable share purchase warrants. Each warrant entitles the holder to purchase one common share at a price of CAD\$0.45 per share any time prior to September 9, 2026.



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## 7. Share capital (continued)

In the event that the common shares of the Company trade on the TSX Venture Exchange at a closing price of greater than CAD \$0.60 (NZ\$0.71) per common share for a period of 20 consecutive trading days at any time after four months and one day after the closing date of the private placement, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof by way of a news release and in such case the Warrants will expire on the 30th day after the date of dissemination of the news release.

Using the residual approach, the warrants issued in July and September 2021 were valued at \$nil. These are deemed Level 3 fair values as the warrants' value made using a valuation technique that require inputs i.e. fair value of shares, which is significant to the overall fair value measurement.

- (d) On February 18, 2019 the Company announced that all issued 2017 warrants would be reduced in price from CAD \$1.00 per common share to CAD \$0.45 per share and that it was going to extend the expiry date from two years to five years from the date of issuance. None of the 2017 warrants have to date be exercised.

It also announced that the June 2018 and August 2018 options were both to be extended to five years from the date of issuance. None of the June 2018 or August 2018 warrant have to date been exercised.

The warrant terms were changed in order to ensure that they can be exercised after the achievement of key future milestones including the grant of the environmental permit and the commencement of the dredging operations.

## 8. 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.

The Company grants share purchase options pursuant to the policies of the TSX-Venture Exchange with respect to eligible persons, exercise price, maximum term, vesting, maximum options per person and termination of eligible person status. These are treated as equity-settled share-based payments.

- (b) Stock options

The Company has a stock option plan under which options to purchase shares in the company may be granted to officers, directors, employees and consultants. The Board of Directors has approved a policy of reserving up to 10% of the outstanding common shares for issuance to eligible participants. All stock options have a maximum term of ten years and the vesting period for each grant is determined at the discretion of the Board of Directors.



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## 8. Share based payments (continued)

On October 20, 2021 the Company granted 2,400,000 share options under the share option plan of May 8, 2018. The options which expire on October 20, 2026 are exercisable at \$0.13 per share. The options fully vested on October 20, 2021.

The share-based payment expense of \$159,703 was estimated using the Black-Scholes Option Pricing model assuming a risk-free rate of 1.29%, a volatility of 65%, an expected dividend rate of nil and an expected life of 5 years. The shares in the Company traded at CAD\$0.122 on the grant date.

No further options were granted during the year ended March 31, 2022 (2021: nil).

The continuity of outstanding share based options for the year ended March 31, 2022, is as follows:

Expiry Date	Exercise prices	Balance March 31 2021	Issued	Exercised	Expired/ cancelled/ forfeited	Balance March 31, 2022
May 8, 2023	\$0.29	1,310,000	-	-	-	1,310,000
October 8, 2029	\$0.11	500,000	-	-	-	500,000
October 20, 2026	\$0.13	-	2,400,000	-	-	2,400,000
		1,810,000	2,400,000	-	-	4,210,000
Weighted average exercise price		\$0.24	-	-	-	\$0.18
Weighted average remaining life (years)		3.88	-	-	-	3.84

### (c) Equity-settled transactions

The acquisition of Avenir Makatea Phosphate project during the year is considered an equity-settled transaction and accounted for accordingly (2021: C\$nil). Refer to Notes 2 and 5 (c) for details.





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## 9. 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:

	2022	2021
Loss used in the calculation of basic EPS	(1,033,401)	(572,937)
Weighted average number of outstanding shares for the purpose of basic EPS	63,326,686	34,590,008
Effect of dilution, weighted number of mandatory warrants	-	-
Weighted average number of outstanding shares used in the calculation of diluted EPS	63,326,686	34,590,008
Basic loss per share	(0.0163)	(0.0166)
Diluted loss per share	(0.0163)	(0.0166)

The outstanding warrants and share options were not considered to have any dilutive effect on the EPS as the Company was operating at a net loss for the period and these warrants are currently out of the money and are not expected to be exercised.

## 10. Finance income and expenses

	2022	2021
Interest income on bank deposits	-	-
Net foreign exchange gains	484	-
Finance income	484	-
Interest expense	-	1,724
Net foreign exchange losses	-	1,714
Finance expense	-	3,438
Net finance income and expenses	\$ 484	\$ (3,438)



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## 11. General and administrative expenses

The following items of expenditure are included in administrative expenses:

	2022	2021
Auditor's remuneration to Grant Thornton New Zealand Audit Limited comprises:		
Audit of annual financial statements	59,004	29,877
Auditor's remuneration to KPMG comprises:		
Annual audit of financial statements – SAS Avenir Makatea	2,435	-
Total auditors' remuneration	61,439	29,877
Accountancy fees	18,207	13,371
Consultancy fees	151,149	30,331
Directors' fees	-	-
Employee benefits	29,890	-
Insurance	23,080	20,417
Legal fees	147,780	133,356
Listing fees	16,177	14,587
Management fees	104,379	63,756
Marketing	133,884	192,808
Registry fees	24,629	24,372
Rent	41,988	19,075
Travel	30,679	6,293

The Board has agreed to forfeit directors fees for the year ended March 31, 2022 (beyond the amount charged). Some directors are remunerated for their services through consultancy fees.

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

## 12. Depreciation and amortisation

Depreciation and amortisation included in the profit and loss is as follows:

	2022	2021
Depreciation plant and equipment	\$ 3,165	\$ -
	\$ 3,165	\$ -



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## 13. Income tax expense in the Statement of Comprehensive Income

Reconciliation of effective tax rate

	2022	2021
Profit/(loss) for the year	\$ (1,033,401)	\$ (572,937)
Income tax using the Company's domestic tax rate 27%	(279,018)	(154,693)
Tax effect of:		
Non-deductible expenditure	138,025	105,243
Current year losses for which no deferred tax is recognised	690,513	125,409
Change in unrecognized temporary differences	(539,187)	(70,230)
Foreign tax rate differentials	(10,333)	(5,729)
Income tax expense	-	-
<i>Comprising:</i>		
<b>Current tax expense</b>	-	-
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(519,930)	(67,722)
Change in unrecognized temporary differences	519,930	67,722
<b>Total income tax expense in income statement</b>	-	-
<i>The current tax assets consists of:</i>		
Resident withholding tax paid	-	-
<b>Current tax assets</b>	\$ -	\$ -

## 14. Deferred tax assets and liabilities

*Unrecognised deferred tax assets*

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

	2022	2021
Deductible Temporary differences	\$ -	\$ -
Tax losses	(10,587,228)	(9,896,714)
	\$ (10,587,228)	\$ (9,896,714)



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## 14. Deferred tax assets and liabilities (continued)

### *Recognised deferred tax assets and liabilities*

Deferred tax assets and liabilities are attributable to the following:

	2022	2021
Mineral property interest	\$ 1,266,685	\$ 1,203,319
Trade and other payables	15,541	7,856
Tax losses	(1,282,226)	(1,211,175)
	\$ -	\$ -

## 15. Financial instruments

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

### *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.

### *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.

### *Foreign currency risk:*

The Group has transactional currency exposure arising from corporate costs which are denominated in New Zealand dollars (NZD) and Australian dollars (AUD) and investing costs which are denominated in French Polynesian Francs (XPF). The Group does not undertake any hedging activities.

The Group owns a fixed life intangible asset in French Polynesia and is exposed to foreign currency risk arising from various currency exposures to the Canadian dollar.

The Board approved the policy of holding certain funds in Canadian dollars to manage foreign exchange risk. The Group's exposure to foreign exchange risk at the reporting date was as follows:



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## 15. Financial instruments (continued)

		31 March 2022		
	NZD	AUD		XPF
<i>Financial assets:</i>				
Cash and cash equivalents	\$ 967,156	\$ 5,927		\$ 124,260
Accounts receivable and other receivables	3,402	13,065		3,319
<i>Financial liabilities:</i>				
Trade and other payables	\$ 11,105	\$ 67,971		\$ 19,670
Monies received for subscriptions for shares	844,969	-		-

At the reporting date, if the currencies set out in the table above, strengthened or weakened against the Canadian dollar by the percentage shown, with all other variables held constant, net profit for the year would increase/(decrease) and net assets would increase/(decrease) by:

		31 March 2022		
	NZD	AUD		XPF
<i>Impact on post tax profit</i>				
Exchange rate +10%	\$ 11,448	\$ (4,898)		\$ 10,791
Exchange rate -10%	(11,448)	4,898		(10,791)
<i>Impact on Equity</i>				
Exchange rate +10%	\$ 11,448	\$ (4,898)		\$ 10,791
Exchange rate -10%	(11,448)	4,898		(10,791)

Management believes the risk exposures as at the reporting date are representative of the risk exposure inherent in the financial instruments. A movement of +/- 10% is selected because a review of recent exchange rate movements and economic data suggests this range is reasonable.

### *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.



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## 15. Financial instruments (continued)

### *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 terms funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate cash balances through monitoring of future rolling cash flow forecasts of its operations and equity raising, which reflect management's expectations of the settlement of financial assets and liabilities.

The only financial liabilities are trade and other payables. At March 31, 2022, the Group had \$167,459 (2021: \$85,411) in trade and other payables including accrued liabilities. 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, 2022, the carrying and fair values of our financial instruments by category are as follows:

	Amortised cost \$	Fair value through profit and loss \$	Total carrying amount \$	Less than 1 year \$	1 to 3 years \$
<b><u>Financial assets</u></b>					
Cash and cash equivalent	1,367,472	-	1,367,472	1,367,472	-
Other financial assets	18,472	-	18,472	18,472	-
<b>Total financial assets</b>	<b>1,385,944</b>	<b>-</b>	<b>1,385,944</b>	<b>1,385,944</b>	<b>-</b>
<b><u>Financial liabilities</u></b>					
Trade and other payables	167,459	-	167,459	167,459	-
Monies received for subscriptions for shares	882,069	-	882,069	882,069	-
<b>Total financial liabilities</b>	<b>1,049,528</b>	<b>-</b>	<b>1,049,528</b>	<b>1,049,528</b>	<b>-</b>



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## 15. Financial instruments (continued)

### (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.

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.



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## 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:

	2022		2021	
Due to directors	\$	7,613	\$	22,053
	\$	7,613	\$	22,053

### (b) Key management personnel:

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

	2022		2021	
Consultancy fees	\$	5,017	\$	9,829
Management fees		104,379		63,756
Share-based payments		125,926		-
	\$	235,322	\$	73,585

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 \$nil (2021: \$nil) to Chris Castle. The outstanding balance at balance date was \$nil (2021: \$nil).

During the year, the Company paid management fees of \$41,490 (2021: \$nil) to Colin Randall. The outstanding balance at balance date was \$4,693 (2021: \$nil).

During the year, the Company paid consultancy fees for stakeholder management of \$4,062 (2021: \$4,184) to Ms L Sanders. The outstanding balance at balance date was \$1,965 (2021: \$9,588).

During the year, the Company paid consultancy fees of \$955 (2021: \$5,645) to Nevay Holdings Ltd, a company in which Mr C Castle & Ms J Hatchwell are also Directors. The outstanding balance at balance date was \$955 (2021: \$12,465).





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## 17. Related party transactions (continued)

(b) Key management personnel (continued):

Ms L Sanders, Mr C Castle and Ms J Hatchwell, 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 1.8% (2021: 1.8%) shareholding in Chatham Rock Phosphate Ltd.

During the year, the Company paid management fees of \$62,889 (2021: \$63,756) to Aorere Resources Limited. The outstanding balance at balance date was \$nil (2021: \$nil).

## 18. Reconciliation of the loss for the year with the net cash from operating activities

	2022	2021
(Loss) for the period	\$ (1,033,401)	\$ (572,937)
Adjustments for:		
Depreciation	3,165	-
Share-based payments	157,408	-
Change in trade and other receivables	(10,955)	5,036
Change in other current assets	81,335	(83,184)
Change in trade and other payables	(421)	(116,462)
<b>Net cash from operating activities</b>	<b>\$ (802,870)</b>	<b>\$ (767,547)</b>

## 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 1.

	2022 NZD	2021 NZD
Within one year	\$ -	\$ -
After one year but not more than five years	\$ 6,000,000	\$ 6,000,000
	<b>\$ 6,000,000</b>	<b>\$ 6,000,000</b>



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## 19. Commitments and contingencies (continued)

### Minerals Mining Permit 55549

The Minerals Mining Permit was granted on December 6, 2013. On November 7, 2019 the Company was granted a change of conditions in the permit to defer the minimum work programme commitments. During the year the Company applied for a further deferral of the minimum work program to align the hurdles with an expected realistic timeline for preparation of a new marine consent application. To date all minimum work commitments have been completed.

The minimum work programme includes:

Within 96 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 120 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.

In addition to those disclosed above, there are other specific work programme commitments under the permit which applies only once the Group enters the production stage.

As the Group has not yet obtained a marine consent, the Group has been unable to carry out certain aspects of their minimum work programme. Similar to previous years, management's intention is to apply for a change in conditions from New Zealand Petroleum and Minerals which would generally result in the due date of the conditions being deferred.



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## 20. Subsequent events

On April 8, 2022 the Company announced that it has closed its non-brokered private placement of 12,927,960 units (the “Units”) at a price of CAD\$0.17 (NZ\$0.195) per Unit for gross proceeds of CAD\$2,197,753 (NZ\$2,520,952). The private placement was intended to be limited to 10,000,000 units but given significant interest from investors in New Zealand, Germany, USA and Canada, CRP requested (and was granted) approval by the TSXV to enlarge the issue to accommodate the demand. Each unit consists of one common share and one 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 three years from the date of issuance. In the event that the common shares of the Company trade on the TSX Venture Exchange at a closing price of greater than CAD\$0.60 (NZ\$0.69) per common share for a period of 20 consecutive trading days at any time after four months and one day after the closing date of the private placement, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof by way of a news release and in such case the Warrants will expire on the 30th day after the date of dissemination of the news release. All securities issued pursuant to the private placement are subject to a hold period and may not be traded until August 9, 2022.

As at March 31, 2022, the Group holds \$882,069 of cash received for subscription of shares as per the offering above. The amount presented as a liability at year end was settled upon issuance of shares on closing of the private placement.

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