Consolidated Financial Statements
(Expressed in Canadian dollars)

CHATHAM ROCK PHOSPHATE LIMITED

For the year ended March 31, 2021 and 2020

CONTENTS

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 28, 2021

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 37:

- 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, 2021 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, 2021.

For and on behalf of the Board of Directors

s/ "Chris Castle"	s/ "Jill Hatchwell"
C Castle	**J Hatchwell**
Director	**Director**
Date: July 28, 2021	**Date: July 28, 2021**

Independent Auditor's Report

Grant Thornton New Zealand Audit Limited
L15, Grant Thornton House
215 Lambton Quay
P O Box 10712
Wellington 6143

T +64 4 474 8500
F +64 4 474 8509
www.grantthornton.co.nz

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, 2021 and March 31, 2020, 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, 2021 and March 31, 2020, and the consolidated results of its operations and its 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.

Material uncertainty related to going concern

We draw attention to Note 2(d) in the consolidated financial statements, which indicates that the Group requires a marine consent in order to undertake its proposed operations. The Group previously applied for a marine consent on February 11, 2015 which was declined at the time, however Directors plan to re-submit its consent application once additional funding has been secured.

In respect to the additional funding, Directors forecast they have sufficient cash to operate for a period of 12 months from the date of the financial statements, but they do not currently have committed funding for operations beyond this point, or to fully fund the marine consent reapplication process.

These events or conditions, along with other matters as set forth in Note 2(d), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section we have determined the matter described below to be the key audit matters to be communicated in our report.

Why the audit matter is significant	How our audit addressed the key audit matter
Mineral Property Interest capitalisation and impairment assessment *(Refer to Notes 3(f) and 5 of the consolidated financial statements)* Mineral Property Interest intangible assets had a carrying value of $4,691,425 as at March 31, 2021, with capitalised cost during the year of $72,825. 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. In 2015, the Group was refused Marine Consent and as a result, the Directors impaired the carrying value of the previously capitalised costs. 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. IFRS 6 *Exploration for and Evaluation of Mineral Resources* 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. Both the capitalisation of costs and assessment of impairment triggers require significant management judgement and is a key audit matter.	To determine whether the costs capitalised as mineral property interest are in accordance with IFRS 6 *Exploration for and Evaluation of Mineral Resources,* we performed the following: • We confirmed that the Group holds a valid permit enabling it to conduct exploration and evaluation activities. We also ensured that the minimum work programmed under the permit has been complied with. • 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. • 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. We completed the following procedures to assess the recoverability of the mineral property asset: • We reviewed management's assessment of facts or circumstances which may indicate whether or not an impairment assessment is required. • Assessed internally and externally available information surrounding the mineral property asset to ensure consistency of facts and circumstances with management's position. • Engaged our Corporate Finance team as valuation specialists to review management's assessment and considered its appropriateness.

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 on behalf of the Group 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

Grant Thornton

Wellington, New Zealand

28 July 2021

CHATHAM ROCK PHOSPHATE LIMITED

Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

	Notes	As at March 31, 2021	As at March 31, 2020
Assets			
Current assets:			
Cash and cash equivalents		$ 378,868	$ 12,352
Accounts receivable and other receivables		3,182	8,218
Prepayments		135,038	50,754
		517,088	71,324
Non-current assets:			
NZX Bond		13,225	12,762
Mineral property interest	5	4,691,425	4,456,736
		4,704,650	4,469,498
Total assets		$ 5,221,738	$ 4,540,822
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	6	$ 85,411	$ 208,222
		85,411	208,222
Total liabilities		85,411	208,222
Shareholders' equity:			
Share capital	7	36,287,979	35,108,126
Warrants reserve		230,186	230,186
Foreign currency translation reserve		(159,150)	(355,961)
Employee share option reserve		214,381	214,381
Accumulated deficit		(31,437,069)	(30,864,132)
Total shareholders' equity		5,136,327	4,332,600
Total liabilities and shareholders' equity		$ 5,221,738	$ 4,540,822

Going concern (note 1)
Commitments and contingencies (note 18)

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, 2021 and 2020

	Notes	2021	2020
Revenue		$ 5,202	$ 5,166
Finance income		-	2,120
Finance expense		(3,438)	(395)
Net finance income/(expense)	10	(3,438)	1,725
Expenses			
General and administrative expenses	11	(574,701)	(607,989)
Depreciation		-	(98)
Share-based payments	8	-	(39,100)
Expenses		(574,701)	(647,187)
Loss before income tax (continuing operations)		(572,937)	(640,296)
Income tax expense		-	-
Net loss for the period from continuing operations		(572,937)	(640,296)
Other Comprehensive Income			
Foreign currency translation**		196,811	(332,522)
Total comprehensive (loss)/profit for the period		$(376,126)	$(972,818)
Basic shareholders' loss per share		$ (0.0166)	$ (0.0249)
Diluted shareholders' loss per share		$ (0.0166)	$ (0.0249)
Weighted average number of common shares outstanding		34,590,008	25,746,023

***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, 2021 and 2020

	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, 2019	24,303,754	4,243,402	35,068,781	-	-	230,787	(30,302,781)	4,996,787
Issue of shares, net of costs, and discretionary warrants	1,999,686	1,323,657	246,722	22,809	-	-	-	269,531
Transfer of cost of warrants	-	-	(207,377)	207,377	-	-	-	-
Expiry of discretionary warrants	-	(3,413)	-	-	-	-	-	-
Cancellation of options	-	-	-	-	-	(55,506)	55,506	-
Share-based payments	-	-	-	-	-	39,100	-	39,100
Transactions with owners			39,345	230,186	-	(16,406)	55,506	308,631
Transfer	-	-	-	-	(23,439)	-	23,439	-
Loss for the year	-	-	-	-	-	-	(640,296)	(640,296)
Other comprehensive Income – Currency Translation Loss	-	-	-	-	(332,522)	-	-	(332,522)
Total comprehensive income for the year			-	-	(332,522)	-	(640,296)	(972,818)
Balance, March 31, 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
Transactions with owners			1,179,853	-	-	-	-	1,179,853
Loss for the period	-	-	-	-	-	-	(572,937)	(572,937)
Currency Translation Loss	-	-	-	-	196,811	-	-	196,811
Total comprehensive income for the period			-	-	196,811	-	(572,937)	(376,126)
Balance, March 31, 2021	**43,699,154**	**12,959,360**	**36,287,979**	**230,186**	**(159,150)**	**214,381**	**(31,437,069)**	**5,136,327**

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, 2021 and 2020

	Notes	2021	2020
Cash flows from operating activities:			
Interest received		$ -	$ 1,994
Cash received from customers		5,202	9,471
Cash paid to suppliers		(771,025)	(458,117)
Interest paid		(1,724)	(395)
Tax refund received		-	2,055
Net cash (used in) operating activities	17	(767,547)	(444,992)
Cash flows from investing activities:			
Payments in respect of exploration and evaluation		(72,826)	(87,574)
Net cash (used in) investing activities		(72,826)	(87,574)
Cash flows from financing activities:			
Proceeds from issue of share capital, net of issue costs		1,173,074	320,531
Net cash from financing activities		1,173,074	320,531
Net increase/(decrease) in cash and cash equivalents		332,701	(212,035)
Cash and cash equivalents, beginning of period		12,352	243,615
Effect of foreign exchange rate fluctuations on cash held		33,815	(19,228)
Cash and cash equivalents, end of period		$ 378,868	$ 12,352

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

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.

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

The Group's registered offices are:

- 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.

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 following conditions indicate the existence of a material uncertainty that may cast significant doubt on the validity of this assumption.

Marine consent re-application

The Group requires a marine consent in order to undertake its proposed operations. 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. The Directors plan is to re-submit its Marine Consent application with the EPA once additional funding (see below) has been secured. Management has conducted an independent review of the marine consent application and the EPA judgement and has identified the areas where their application was deficient. These deficiencies are to be addressed and communicated as part of the re-submission. The outcome of the re-submission is uncertain.

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, which could have a material adverse effect on the financial condition, operations, and prospects of the Group.

Additional funding

The Group incurred a net loss of $572,937 during the year ended 31 March 2021 (2020: $640,298 net loss) and as of that date the Group's current assets exceed its current liabilities by $431,677 (2020: current liabilities exceed its current assets by $136,898). During the year the Group had operating cash outflows of $767,547 (2020: $444,992) and had a cash balance of $378,868 (2020: $12,352).

1. Nature of business and going concern (continued)

Subsequent to year end, the Group has raised $349,078 of additional capital (Note 19). 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, or to fully fund the marine consent re-application in its entirety, it has a history of raising additional funds and therefore expects to continue to meet its obligations for the foreseeable future, and to raise funding to complete the marine consent re-application.

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 19 is a step in that direction.

The Group has obligations under the Minimum Work Programme for its existing mining permit as disclosed in Note 18. The work programme commitments have been met to date. The intention is for the Group to apply for a further change in conditions from the New Zealand Petroleum and Minerals (NZPAM) before the next minimum work programme commitment is due in December 2021, similar to what the Group has done in the past. However, no assurance can be given that the Group's revised timing of satisfaction of the conditions will be accepted by NZPAM, when completed and presented. Any failing could result in the termination or modification of the Mining Permit, which could have a material adverse effect on the financial condition, operations and prospects of the Group.

In preparing these consolidated financial statements, the Directors have considered the above material uncertainties. They believe that the plans they have implemented to address the uncertainties are feasible. In reaching this assessment, the Directors have considered:

- the independent review of its marine consent application including the identified areas of deficiency and its assessment of further study of how these deficiencies can be addressed;
- the Group's past success in managing costs to meet available funding; and
- the Group's previous ability to raise equity funding.

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.

1. Nature of business and going concern (continued)

These financial statements do not include any adjustments that may be made to reflect that situation should the Group be unable to continue as a going concern, which means it may not be able to realise its assets or settle its liabilities in the normal course of business. Such adjustments may include realising assets at amounts other than those recorded in the financial statements, in particular the Mineral property interest of $4,691,425. In addition, the Group may have to:

- provide for further liabilities that may arise; and
- reclassify certain non-current assets and liabilities as current.

COVID-19

- The current outbreak of COVID-19 and the subsequent quarantine measures imposed by the New Zealand government as well as the travel restrictions imposed by New Zealand and other countries since early 2020 have caused disruption to businesses and economic activity. These restrictions have continued during the financial year ended 31 March 2021.
- The Group has considered the nature of the event and concluded that given the operations of the Group is limited; the impact on the Group is minimal.

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, 2021 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 28, 2021.

(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, the subsidiary company, is New Zealand dollars (NZD). These currencies represent the currency of the primary economic environment of the parent and the subsidiary, respectively.

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. 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.

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. In the judgement of the Directors, at March 31, 2021 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, which could have a material adverse effect on the financial condition, operations, and prospects of the Group.

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

(f) 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 2020.

(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.

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

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.

Transactions eliminated on consolidation

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

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

Significant subsidiaries of the Group are as follows:

Name	Country of incorporation	Effective interest
Chatham Rock Phosphate (NZ) Limited	New Zealand	100
Manmar Investments One Hundred and Six (Proprietary) Limited	Namibia	100
Pacific Rare Earths Limited	New Zealand	100

All of the subsidiaries have a March, 31 balance date.

Manmar Investments One Hundred and Six (Proprietary) Limited and Pacific Rare Earths Limited both did not have any transactions during the years ended March 31, 2021 and 2020.

(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.

3. Significant accounting policies (continued)

(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.

(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.

3. Significant accounting policies (continued)

(f) Mineral property interest:

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

Exploration and evaluation assets are classified as 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.

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.

3. Significant accounting policies (continued)

(i) Financial assets (continued)

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.

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

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.

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.

3. Significant accounting policies (continued)

(i) Financial assets (continued)

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.

(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.

(Expressed in Canadian dollars, unless otherwise stated)

4. Segment reporting

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

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

The Group operates in the minerals exploration industry within New Zealand and has commenced due diligence activities on phosphate assets overseas. However, as the overseas activities have not been significant to date, the Chief Operating Decision Maker, which is the CEO, does not analyze the overseas activities separately. The overseas license are subject to a moratorium therefore limiting the Group's activities.

5. Mineral property interest

Exploration and evaluation on Chatham Rise Project

	2021	2020
Opening balance	$ 4,456,736	$ 4,680,435
Exploration costs capitalised	72,825	87,574
Foreign exchange fluctuation	161,864	(311,273)
Net book value	$ 4,691,425	$ 4,456,736
Cost	$ 21,211,099	$ 20,397,463
Impairment	(16,519,674)	(15,940,727)
Net book value	$ 4,691,425	$ 4,456,736

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 18.

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 years (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.

(Expressed in Canadian dollars, unless otherwise stated)

5. Mineral property interest (continued)

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 November 7, 2019 the Group was granted a change of conditions in the permit to further defer the minimum work programme commitments. All work commitments have been met to date.

The intention is for the Group to apply for a further change in conditions from New Zealand Petroleum and Minerals prior to the next due date (Note 18).

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 (2020: no impairment).

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.

6. Trade other payables

	2021	2020
Trade and other payables due to related parties	$ 22,053	$ 5,232
Other trade payables	20,602	157,707
Accrued expenses	42,756	45,283
	$ 85,411	$ 208,222

(Expressed in Canadian dollars, unless otherwise stated)

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, 2019	24,303,754	35,068,781
Transfers of share capital costs during the year	-	(207,377)
Issued during the year:		
Shares issued net of costs	1,999,686	246,722
Balance, March 31, 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

(c) On May 5, 2020 the Company closed a non-brokered private placement of 5,029,820 units at a price of CAD$0.08 per Unit for gross proceeds of CAD$402,386. 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 five years from the date of issuance.

On June 23, 2020 the Company closed a non-brokered private placement of 2,365,894 units at a price of CAD$0.08 per Unit for gross proceeds of CAD$189,272. 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 five years from the date of issuance.

On January 19, 2021 the Company closed a non-brokered private placement of 10,000,000 common shares at a price of CAD$0.06 per Unit for gross proceeds of CAD$600,000.

(Expressed in Canadian dollars, unless otherwise stated)

7. Share capital (continued)

(d) 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
March 26, 2019	-	March 26, 2024	-
April 23, 2019	-	April 23, 2024	-
December 23, 2019	-	December 23, 2024	-

Expiry Date	Exercise prices	Balance March 31, 2020	Issued	Exercised	Expired/ cancelled/ forfeited	Balance December 31, 2020
December 27, 2022	$0.45	442,293	-	-	-	442,293
January 24, 2023	$0.45	486,368	-	-	-	486,368
December 13, 2023	$0.45	1,172,885	-	-	-	1,172,885
August 25, 2023	$0.45	381,780	-	-	-	381,780
March 26, 2024	$0.45	1,756,663	-	-	-	1,756,663
April 23, 2024	$0.45	676,026	-	-	-	676,026
Dec 23, 2024	$0.45	647,631	-	-	-	647,631
May 5, 2025	$0.45	-	5,029,820	-	-	5,029,820
June 23, 2025	$0.45	-	2,365,894	-	-	2,365,894
		5,563,646	7,395,714	-	-	12,959,360
Weighted average exercise price		$0.45	$0.45	-	-	$0.45
Weighted average remaining life (years)		3.60	4.19	-	-	3.51

On May 5, 2020 as part of a non-brokered private placement, the Company issued 5,029,820 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 May 5, 2025.

On June 23, 2020 as part of a non-brokered private placement, the Company issued 2,365,894 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 June 23, 2025.

7. Share capital (continued)

Using the residual approach, the warrants issued in May and June 2020 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.

(e) On February 18, 2020 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.

The Company granted 1,690,000 share options under the share option plan of May 8, 2018. The options expire on May 8, 2023 are exercisable at $0.29 per share. 1,580,000 options fully vested on May 8, 2018 and 110,000 options will vest upon a performance hurdle being achieved. The performance hurdle is gaining the Marine Consent.

The Company granted a further 500,000 share options under the share option plan of May 8, 2018 on October 8, 2019. The options expire on October 8, 2029 and are exercisable at $0.11 per share. They fully vested on grant date.

No further options were granted during the year ended 31 March 2021 (2020: nil).

The share-based payment expense of $nil (2020: $39,100) is estimated using the Black-Scholes Option Pricing model. In the year ended 31 March 2020, the model assumed a risk free rate of 1%, a volatility of 65%, an expected dividend rate of nil and an expected life of 10 years. The shares in the Company traded at CAD $0.11 on the grant date.

(Expressed in Canadian dollars, unless otherwise stated)

8. Share based payments (continued)

The continuity of outstanding share based options for the year ended March 31, 2021, is as follows:

Expiry Date	Exercise prices	Balance March 31 2020	Issued	Exercised	Expired/ cancelled/ forfeited	Balance March 31, 2021
May 8, 2023,	$0.29	1,310,000	-	-	-	1,310,000
October 8, 2029	$0.11	500,000	-	-	-	500,000
		1,810,000	-	-	-	1,810,000
Weighted average exercise price		$0.24	-	-	-	$0.24
Weighted average remaining life (years)		4.86	-	-	-	3.86

(b) Equity-settled transactions

Share-based payments of C$nil (March, 31 2020: C$nil) settled by the issue of nil (March, 31 2020: nil) ordinary shares in the Company.

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:

	2021	2020
Loss used in the calculation of basic EPS	(572,937)	(640,298)
Weighted average number of outstanding shares for the purpose of basic EPS	34,590,008	25,746,023
Effect of dilution, weighted number of mandatory warrants	-	-
Weighted average number of outstanding shares used in the calculation of diluted EPS	34,590,008	25,746,023
Basic loss per share	(0.0166)	(0.0249)
Diluted loss per share	(0.0166)	(0.0249)

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.

(Expressed in Canadian dollars, unless otherwise stated)

10. Finance income and expenses

	2021	2020
Interest income on bank deposits	-	1,994
Net foreign exchange gains	-	126
Finance income	-	2,120
Interest expense	1,724	395
Net foreign exchange losses	1,714	-
Finance expense	3,438	395
Net finance income and expenses	$ (3,438)	$ 1,725

11. General and administrative expenses

The following items of expenditure are included in administrative expenses:

	2021	2020
Auditor's remuneration to Grant Thornton New Zealand Audit Limited comprises:		
Audit of annual financial statements	29,877	40,000
Total auditors' remuneration	29,877	40,000
Accountancy fees	13,371	12,846
Consultancy fees	30,331	84,711
Directors fees	-	-
Insurance	20,417	15,586
Legal fees	133,356	96,105
Listing fees	14,587	6,397
Management fees	63,756	123,984
Marketing	192,808	92,870
Registry fees	24,372	26,476
Rent	19,075	18,942
Travel	6,293	35,042

The Board has agreed to forfeit directors fees for the year ended March 31, 2021 (beyond the amount charged). Some directors are remunerated for their services through consultancy fees.

Refer to Note 16 for discussion on consultancy fees, which are charged by related parties.

(Expressed in Canadian dollars, unless otherwise stated)

12. Income tax expense in the Statement of Comprehensive Income

Reconciliation of effective tax rate

	2021	2020
Profit/(loss) for the year	$ (572,937)	$ (640,296)
Income tax using the Company's domestic tax rate 27%	(154,693)	(172,880)
Tax effect of:		
Non-deductible expenditure	105,243	81,191
Current year losses for which no deferred tax is recognised	125,409	34,328
Change in unrecognized temporary differences	(70,230)	63,764
Foreign tax rate differentials	(5,729)	(6,403)
Income tax expense	-	-
Comprising:		
Current tax expense	-	-
Deferred tax expense		
Origination and reversal of temporary differences	(67,722)	61,484
Change in unrecognized temporary differences	67,722	(61,484)
Total income tax expense in income statement	-	-
The current tax assets consists of:		
Resident withholding tax paid	-	-
Current tax assets	$ -	$ -

13. Deferred tax assets and liabilities

Unrecognised deferred tax assets

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

	2021	2020
Deductible Temporary differences	$ -	$ -
Tax losses	(9,896,714)	(9,771,305)
	$ (9,896,714)	$ (9,771,305)

13. Deferred tax assets and liabilities (continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2021	2020
Property, plant & equipment	$ -	$ -
Intangible assets	1,203,319	1,263,717
Trade and other payables	7,856	12,213
Tax losses	(1,211,175)	(1,275,930)
	$ -	$ -

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

At March 31, 2021, the Group is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars:

	2021	2020
Cash and cash equivalents	174,864	3,808
Other current assets	-	816
Accounts payable	(8,269)	(111,949)
	166,595	(107,325)

14. Financial instruments (continued)

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

It is estimated that a general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have decreased the Group's profit before income tax by an immaterial amount for the period ended March 31, 2021 (2020: an immaterial amount). As a purchaser of foreign currency, the Group's risk is that the NZD depreciates.

Interest rate risk:

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

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

Liquidity risk:

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk framework for the management of the Group's short, medium and longer term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate 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, 2021, the Group had $85,411 (2020: $208,222) in trade and other payables including accrued liabilities. Trade payables are non-interest bearing and have a contractual maturity of less than 30 days.

(Expressed in Canadian dollars, unless otherwise stated)

14. Financial instruments (continued)

(a) Financial assets and liabilities:

As at March 31, 2021, 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 $
Financial assets					
Cash and cash equivalent	378,868	-	378,868	378,868	-
NZX Bond	13,225	-	13,225	13,225	-
Total financial assets	392,093	-	392,093	392,093	-
Financial liabilities					
Trade and other payables	-	85,411	85,411	85,411	-
Total financial liabilities	-	85,411	85,411	85,411	-

(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.

(Expressed in Canadian dollars, unless otherwise stated)

15. 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.

16. 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:

	2021	2020
Due to directors	$ 22,053	$ 11,837
	$ 22,053	$ 11,837

(b) Key management personnel:

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

	2021	2020
Consultancy fees	$ 9,829	$ 14,529
Management fees	63,756	123,984
	$ 73,585	$ 138,513

(Expressed in Canadian dollars, unless otherwise stated)

16. Related party transactions (continued)

(b) Key management personnel (continued):

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 (2020: $nil) to Chris Castle. The outstanding balance at balance date was $nil (2020: $nil).

During the year, the Company paid consultancy fees for stakeholder management of $4,184 (2020: $8,718) to Ms L Sanders. The outstanding balance at balance date was $9,588 (2020: $5,232).

During the year, the Company paid consultancy fees of $5,645 (2020: $5,812) to Nevay Holdings Ltd, a company in which Mr C Castle & Ms J Hatchwell are also Directors. The outstanding balance at balance date was $12,465 (2020: $6,604).

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% (2020: 1.8%) shareholding in Chatham Rock Phosphate Ltd.

During the year, the Company paid management fees of $63,756 (2020: 123,984) to Aorere Resources Limited. The outstanding balance at balance date was $nil (2020: $nil).

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

	2021	2020
(Loss) for the period	$ (572,937)	$ (640,296)
Adjustments for:		
Depreciation	-	98
Share-based payments	-	39,100
Change in trade and other receivables	5,036	(1,337)
Change in other current assets	(83,184)	(15,340)
Change in current tax assets	-	2,055
Change in trade and other payables	(116,462)	170,728
Net cash from operating activities	$ (767,547)	$ (444,992)

(Expressed in Canadian dollars, unless otherwise stated)

18. 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.

	2021 NZD	2020 NZD
Within one year	$ -	$ -
After one year but not more than five years	$ 6,000,000	$ 6,000,000
	$ 6,000,000	$ 6,000,000

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. 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.

19. Subsequent events

In June 2021, the Company completed the acquisition of Avenir Makatea Pty Limited ("Avenir"). Pursuant to the terms of the Share Purchase Agreement dated April 28, 2021 between the Company and Avenir's shareholders, the Company has issued a total of 17,857,738 common shares to the former Avenir shareholders (the "Consideration Shares"). The Consideration Shares are subject to a statutory hold period expiring October 31, 2021.

A total of 10,722,858 of the Consideration Shares were issued to Mr. Colin Randall, the Executive Chairman of Avenir, and a trust in which members of Mr. Randall's family hold an interest. In addition, pursuant to the terms of the Share Purchase Agreement, Mr. Randall has been appointed to the Company's Board of Directors. Upon gaining control over these common shares, Mr. Randall and his family trust now hold approximately 17.4% of the Company's issued and outstanding common shares.

Avenir, through its wholly-owned French Polynesian subsidiary, SAS Avenir Makatea, holds an exploration research permit to explore for phosphate on the French Polynesian island of Makatea. The Makatea project covers an area of 1,035 ha (10.36 km2). The island is a well-known source of phosphate and was previously mined until 1966. Avenir has filed an application for a mining concession over the project area which remains in progress.

On 19 July 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 $394,884). 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 (NZ$0.51) per share at any time prior to the date that is five (5) years from the date of issuance.

All securities issued pursuant to the private placement are subject to a hold period and may not be traded until November 20, 2021.

The Company proposes to use the funds to provide updated socio-economic and environmental reports to facilitate the grant of the Avenir Makatea mining concession and for general working capital.

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