CHATHAM ROCK PHOSPHATE LIMITED ("CRP")

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED MARCH 31, 2023

(All amounts stated in Canadian dollars, unless otherwise indicated)

Attention is called to a caution in respect of Forward-Looking Statements - included at page 26

CRP is Stock Exchange listed in Canada, New Zealand and Germany.

As a result, Chatham is positioned on the world stage to more effectively raise funds from international investors. These funds are required to reapply for the Marine Consent required to give effect to our granted mining permit on the Chatham Rise and to build an international phosphate mining and trading house with a focus on low cadmium, organic phosphate.

The TSX.V listing in Canada was achieved by means of a merger with dual listed Antipodes Gold Limited ("Antipodes Gold"), which, having sold its Coromandel based gold assets to Newmont New Zealand, was a cashed-up shell. Antipodes Gold consolidated its shares 1 for 10 and then made a one Antipodes share for 65.59 Chatham shares offer. That process was complex, highly regulated and took over a year to complete.

In parallel with that CRP undertook multiple investor roadshows in Europe and Canada and continued to steadily raise working capital from investors there, as well as in New Zealand and Asia. CRP has now raised more than $10.9 million since the Marine Consent was declined in February 2015. During this period, the market capitalisation has recovered from $2.4 million to a peak of $32 million and is presently around $17.1 million on the TSX.V and $13.8 million on the NZX.

The cornerstone investors are based in Australia, Singapore, Germany and Switzerland and together with the CRP management team hold, directly and indirectly, approximately 22.2% of the company. The rest of the shares are held by more than 3,000 shareholders in nine countries.

CRP is expecting to raise the funds required to complete the Marine Consent reapplication and to cover the costs of the Environmental Protection Authority hearing, either from further share subscriptions or operating cash flows from the Korella or Avenir Makatea projects

Once the required level of funding has been raised, it is then expected to take 15 months to complete the work required to submit the re-application with a possible submission date in Q2, 2025. This would lead to an expected grant date of Q1, 2026 and eventual production in 2027.

As part of our strategy to build an international diversified phosphate business, on April 28, 2021 CRP announced that it had entered into a formal agreement with the shareholders of Avenir Makatea Pty Limited ("Avenir"), an Australian incorporated company to purchase all of the issued and outstanding shares of Avenir (the "Acquisition"). 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. The acquisition transaction was completed on June 30, 2021.

Contents

Management commentary
(no financial statements)

INTRODUCTION

This discussion and analysis of the operating results and financial condition of Chatham Rock Phosphate Limited ("Chatham Rock", or the "Company") for the year ended March 31, 2023, as prepared on July 31, 2023 should be read in conjunction with the audited consolidated financial statements and related notes for the same period and is intended to provide the reader with a review of the factors that affected the Company's performance during that year and the factors reasonably expected to impact future operations and results.

The unaudited consolidated financial statements and related notes of Chatham Rock have been prepared in accordance with accounting principles that comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements and all amounts in this report are expressed in Canadian dollars, except where otherwise indicated.

CORPORATE HISTORY AND NATURE OF THE BUSINESS

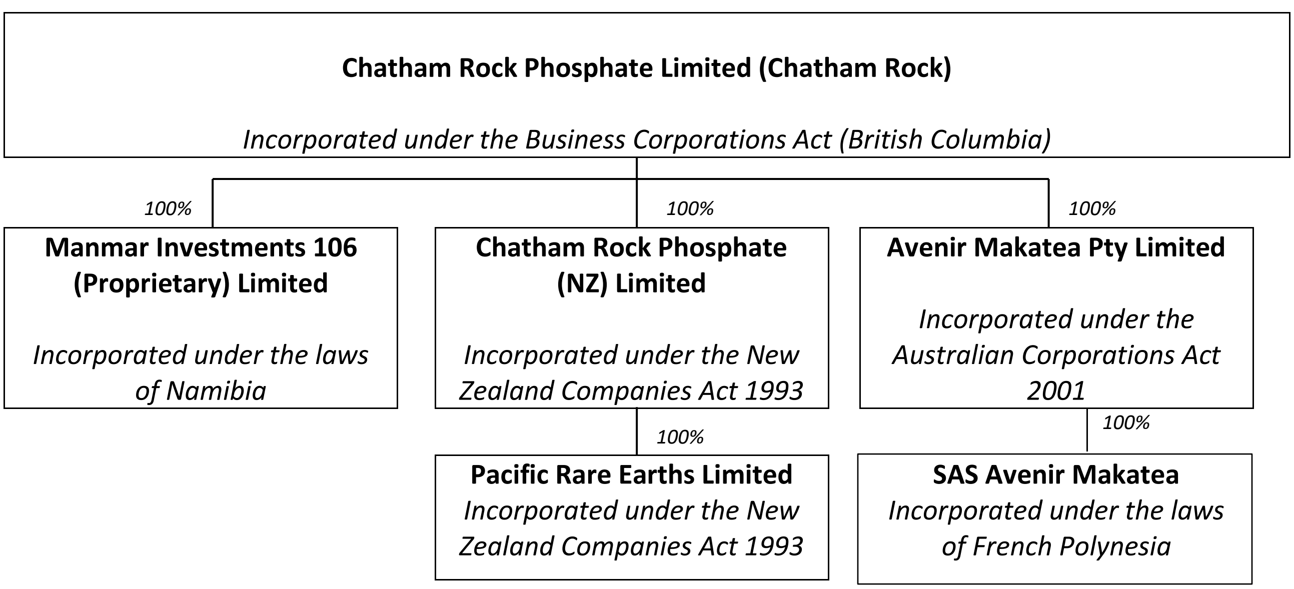
Chatham Rock is incorporated under the *Business Corporations Act* (British Columbia) and listed on the Toronto Stock Exchange's Venture Exchange ("**TSX-V**"). The Company is also registered under the New Zealand Companies Act 1993 and listed on the New Zealand Stock Exchange ("**NZX**").

A name change from Antipodes Gold Limited to Chatham Rock, in February 2017, was undertaken at the same time as a reverse takeover arrangement for the Company to acquire its main subsidiary, Chatham Rock Phosphate (NZ) Limited ("**Chatham (NZ)**") (which was incorporated in New Zealand under the Companies Act 1993 on April 27, 2004).

Chatham (NZ)'s registered office and principal place of business is located at Level 1, 93 The Terrace, Wellington 6011, New Zealand.

In June 2021 Chatham acquired Avenir, which 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.

Significant Intercorporate Relationships



Chatham (NZ) is a junior mineral development company, focused on the development of a marine phosphorite deposit off the coast of New Zealand as part of its strategy to build an international phosphate mining and trading house with a focus on low cadmium, organic phosphate. It has not commenced mining operations or generated operating revenues to date.

Chatham (NZ) holds a Mining Permit over an area off the coast of New Zealand with significant seabed deposits of rock phosphate, rare earths and other potentially valuable minerals.

In **2007**, Chatham (NZ) and an associate applied for a prospecting license over an area covering a portion of a phosphorite deposit on the Chatham Rise, being historically an intensively investigated area of the Chatham Rise for potentially economic concentrations of rock phosphate.

In **2010**, Chatham (NZ) (as to 90%) and its associate (as to 10%) were jointly granted a prospecting licence, pursuant to the Crown Minerals Act 1991 of New Zealand, covering 4,726 km^2 of the Chatham Rise. Following the prospecting licence being granted, Chatham (NZ) carried out significant background work as part of the licence requirements to further characterize the phosphorite resource and assess the potential environmental impacts of a possible mining operation in a marine environment.

Since acquiring the original prospecting licence in 2010, Chatham (NZ) has commissioned six cruises in two programs. The key objects of the cruises were to corroborate the previous work conducted on the Chatham Rise and to collect further geological, geotechnical, geophysical and environmental data. For phosphorite grade corroboration purposes, the M.V. Tranquil Image cruise collected 55 samples using a Van Veen grab. The R.V. Dorado Discovery conducted four cruises out to the project area and collected 181 box core and grab samples as well as environmental data.

The data collected by Chatham (NZ) allowed better delineation of the deposit. The more recent work by Chatham (NZ) on investigating this resource confirmed the general tenor of the phosphorite grades and location of phosphorite in the area, advanced work aimed at investigating the feasibility of mining the resource and has provided valuable information to assess the environmental effects of the proposed mining operations.

In early **2011**, Chatham (NZ) commissioned independent studies for the design of a system to recover phosphorite from the Chatham Rise seabed from three of the largest dredging companies in the world. Boskalis Offshore Subsea Contracting B.V ("Boskalis") was one of the participants and was selected by Chatham (NZ) as its preferred technical partner for the Chatham Rise Project.

Chatham (NZ) divested some oil and gas related investments to its associate in exchange for it transferring its 10% interest in the prospecting license to Chatham (NZ), resulting in the project becoming wholly owned by Chatham (NZ).

In September **2012**, Chatham (NZ) applied for a Mining Permit in respect of a part of the area covered by the Continental Shelf Licence. As part of that application process and in anticipation of applying for the Marine Consent, Chatham (NZ) consulted with a range of stakeholders. This has included the local (Maori) Iwi, the Chatham Islands community, the Government, fishing groups and a range of environmental groups. The purpose of this consultation was to establish a relationship with these parties and to identify and resolve issues associated with the mining proposal. As a result, the Directors believe that the project is now well understood by a wide range of stakeholders and in turn Chatham (NZ) has a better understanding of the views and possible concerns of all parties whose interests are potentially affected by the project.

The Mining Permit was granted on December 6, **2013**.

In May **2014**, Chatham (NZ) submitted to the (New Zealand) Environmental Protection Authority ("**EPA**") a formal application for Marine Consents. The application was declined on February 11, 2015.

Chatham (NZ) aims to pursue a re-submission of its Marine Consent application and has been raising equity capital in preparation for this task.

BOARD OF DIRECTORS

- **Chris Castle** President and CEO (New Zealand based);
- **Linda Sanders** Non-executive Chairman (New Zealand based);
- **Colin Randall** Executive director (Australian based);
- **Robert Goodden** Independent non-executive director (England based);
- **Jill Hatchwell** Non-executive director (New Zealand based); and
- **Ryan Wong** Non-executive director (Malaysia based)

CAPITAL TRANSACTIONS AND SIGNIFICANT EVENTS

Capital Transactions

Chatham (NZ) has continued to raise additional equity capital totalling $3.2m in the twenty-four months to March 31, 2023. These funds are being applied to cover corporate overheads, development of the Korella projects in Australia. the cash costs relating to the Avenir Makatea acquisition, the mining permit application process in French Polynesia, and to limited preparatory work in reapplying for the marine consent for the Chatham Rise project.

Avenir Makatea Acquisition

On June 30, 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 issued a total of 17,857,738 common shares to the former Avenir shareholders (the "Consideration Shares").

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 10.9% 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.

Significant Events

Apart from progress in preparing for the marine consent reapplication, the Company completed its reverse takeover merger with Antipodes Gold Limited on 24 February 2017.

This resulted in Chatham Rock gaining a listing on the Toronto Venture Exchange (TSX.V Code "NZP"). Chatham Rock is now also quoted on the Frankfurt Exchange.

On September 5, 2018 Chatham Rock announced that it had recently formed a 100% owned subsidiary Pacific Rare Earths Limited.

This company has been formed to project-manage a work programme aimed at quantifying the extent, value and recoverability of Rare Earths Elements (REE) and other potentially strategic or valuable minerals contained in the rock phosphate nodules on the Chatham Rise.

In addition, the company will be investigating the existence and recovery potential of rare earths and other valuable minerals in seafloor muds on the Rise.

Rare Earths in phosphate

A recent study of marine phosphate nodules by the United States Geological Survey reveals that there are significant quantities of REE contained within the phosphate nodules on the Chatham Rise. Of the 17 recognised rare earths, 15 are present in Chatham Rise rock phosphate nodules, as well as varying concentrations of other valuable minerals including nickel, cobalt, chromium, vanadium, zirconium, fluorine and strontium. Collectively these minerals, if they can be efficiently extracted as by-products, represent not only an immensely strategic asset for New Zealand but could significantly improve the already attractive forecast project economics.

The presence of these minerals within the phosphate rock is highly significant because the contained value may be released onshore (if extraction proves feasible and economically viable) without any change to the proposed mining system, and without any additional environmental impacts in the Project area.

Rare Earths in seafloor muds

Shareholders will recall that we established and announced some time ago that there were significant quantities of rare earths and other valuable minerals in the seafloor muds in our permit area. These include cerium, lanthanum, neodymium, praseodymium, yttrium, cobalt, rubidium, cesium, germanium, gallium, strontium, thallium and tungsten.

The primary challenge associated with the production of rare earths from the muds is the extraction process, and the advancement of processing technology that will be required in order to demonstrate the feasible and economically viable separation of any of these minerals. In addition, recovery of rare earths from muds will involve the development of a new marine mining system, and therefore will be considered for development separately from the existing CRP rock phosphate nodules project.

Further Independent Research

The information CRP already holds about REEs and other valuable minerals in its permit areas was generated by independent organisations, with some of this work undertaken up to a decade ago. The current knowledge confirms that REEs occur over a wide area and estimates of the average grades and therefore the size of the potential deposits have been made at a conceptual level. The current conceptual information, when assessed against current price data, confirms the significance of potential value.

As a result of the extremely favourable preliminary research, CRP has recently commissioned Victoria University of Wellington to conduct a study to determine if it is scientifically and economically possible to extract strategically important rare earth elements (REE) from the marine sediments associated with the Chatham Rise phosphate deposit.

CRP is excited to be engaging in the investigation of REE recovery, which is a strategic priority of the New Zealand Government in relation to the mineral sector, as stated by the Honourable Dr Megan Woods, Minister of Energy and Resources.

The Chatham Rise rock phosphate and rare earths deposit has the potential to contribute to the understanding of REE potential in New Zealand, given that it is likely that there is more information already available about the REE minerals in the Chatham Rise deposit than any other rare earths deposit in New Zealand.

CHATHAM ROCK PROJECT AND EXPLORATION

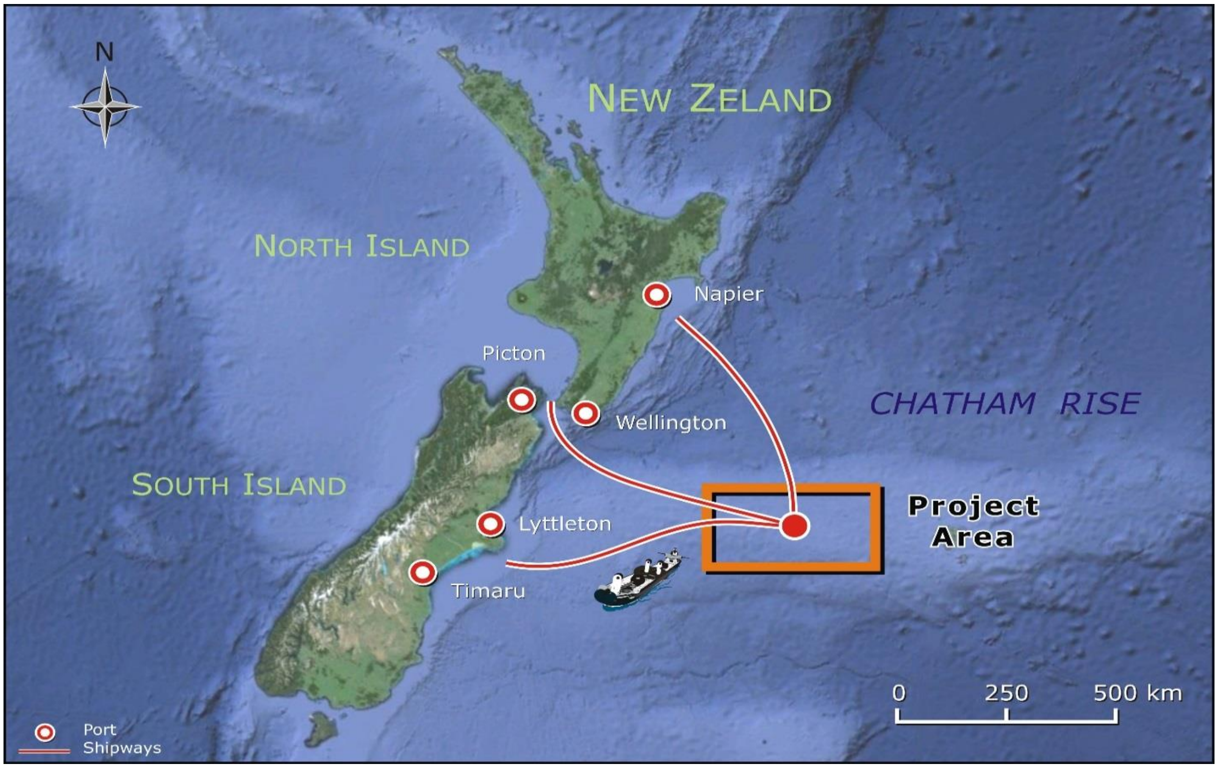
CHATHAM RISE TECHNICAL REPORT

The summary below concerning Chatham's Chatham Rise Phosphorite Project (the "**Chatham Rise Project**" or the "**Project**") is taken from the Chatham Rise Technical Report dated April 24, 2015 and prepared by René Sterk, MSc MAIG MAusIMM CP (Geo). For further detailed information concerning the Chatham Rise Project, the reader is directed to read the full Chatham Rise Technical Report.

The Chatham Rise Technical Report has been compiled by RSC Consulting Ltd ("**RSC**") in compliance with Canadian National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**") and Form 43-101F1. The Report constitutes the supporting documentation for the estimate of a phosphorite resource for the Chatham Rise Project. This resource estimate has previously been the subject of a technical report compiled by RSC on behalf of Chatham (NZ) (RSC, 2014), which was prepared in compliance with the 2012 edition of the Joint Ore Reserves Committee (**JORC**). While the resource estimate disclosed in the present Report has not changed and has an effective date of March 3, 2014, this Report presents the estimate in compliance with NI 43-101, and also includes updated information on the Chatham Rise Project in light of environmental permitting developments that have taken place since the previous report (RSC, 2014) was published. The effective date of the Report is July 6, 2015.

Property Description and Ownership

The Project covers an area of seabed phosphorite nodules that is situated about 450 km offshore of the east coast of New Zealand at approximately 350 to 450 m water depth.



Location of the Chatham Rise Project

Chatham holds Mining Permit Number 55549 which was granted to Chatham (NZ) in December 2013 ("**Mining Permit**"). The Mining Permit is not due to expire until 2033 and, subject to the granting of a Marine Consent from the Environmental Protection Authority ("**EPA**"), will allow Chatham (NZ) to conduct mining operations.

Chatham previously held a Prospecting Licence (MPL 50270) which originally expired on February 25, 2014. An application for an extension of a term for a further four years was submitted to New Zealand Petroleum and Minerals ("NZPAM") in December 2013 and the licence was successfully renewed in August 2016, for a further 6 years from February 2014 to February 2020. At that time the licence area was reduced from 3,905 square kilometres to 2,876 square kilometres. On 29 August 2019 this prospecting permit was relinquished six months prior to the end of its term. This has no impact on the mining permit and the proposed mining programme.

Chatham Licence Holding

Asset	Holder	Interest (%)	Status	Licence Expiry	Area (km^2)
MP 55549 Mining Permit	Chatham (NZ)	100	Exploration	Dec. 5, 2033	820

Geology and Mineralization

The phosphorite deposit occurs as a thin surficial seafloor layer of phosphorite-bearing glauconitic sand with thicknesses typically ranging from 0 to 1 m, at depths of 350 to 450 m below sea level. The sand layer

Management commentary
(no financial statements)

consists of mainly silt and sand-sized sediments, with phosphatised chalk nodules up to 15 cm in diameter.

Exploration

Phosphorite nodules were first discovered on the Chatham Rise in the 1950s by a New Zealand Government survey. During the 1960s to 1980s several private and government sponsored cruises explored the Chatham Rise and surrounding seafloor area. The most extensive surveys were conducted by an agreement between the New Zealand Department of Scientific and Industrial Research and the West German Government on cruises by the German research vessels R.V. Valdivia in 1978 and R.V. Sonne in 1981.

The 1978 R.V. Valdivia cruise was the first intensive sampling and research campaign to be conducted over the Chatham Rise; a total of 655 samples from 689 attempts were collected over a 300 km^2 area in the west of the Project area. The majority of the samples were collected using a large Van Veen-style grab of 0.12 m^3 volume, weighing approximately 400 kg.

The 1981 R.V. Sonne cruise was the most comprehensive exploration effort to assess the Chatham Rise phosphorite deposit. In addition to oceanographic, meteorological and geophysical data, the cruise collected 19 hours of video recordings of the sea floor as well as 519 sediment samples taken by a pneumatic grab-sampler. The seafloor sediment samples collected during this cruise are the most representative sample data collected on the Chatham Rise and are considered to be of a high enough quality to include in a resource estimation.

Since acquiring the licence in 2010, Chatham (NZ) has conducted six cruises in two programs in the Project area. The key task of the cruises was to validate the previous work conducted on the Chatham Rise and collect further geological, geotechnical, geophysical and environmental data. For phosphorite grade estimation purposes the M.V. Tranquil Image cruise collected 55 samples using a Van Veen grab. The R.V. Dorado Discovery conducted four cruises to the Project area and collected 206 box core and grab samples.

Sample quality and QA/QC measures varied considerably between the cruises and within each cruise. A critical part of the assessment of the data collected in the Project area was to determine what quality thresholds to use to allow or disallow data to enter into the estimation process. As part of the data verification process, the relative and absolute quality of the data was assessed in as much detail as practically possible. In general, the best samples were those that were collected using the pneumatic grab, sampled the full sand horizon, had a small survey error and had no other apparent data ambiguities. Samples collected from the R.V. Sonne are considered to represent the better-quality samples collected in the licence area, followed by some of the R.V. Valdivia samples and then the box core samples from the Dorado Discovery. Samples not included in the resource estimate are samples that failed due to technical failure, samples collected but which have no data recorded, samples with no location coordinates, non-validated data and samples documented as washed or otherwise biased.

Mineral Resources

Definition of the domains used for modelling was based on seismic facies delineated during the R.V. Sonne cruise. A 2D block model was constructed based on 1 km by 1 km blocks that covers the main sampled area based on the average data spacing in the main sample areas. A maximum search radius of 3,000 m was used based on variogram modelling.

Estimation was performed in each domain using ordinary kriging using the accumulation method on the parameters Ph kg/ m^2 (phosphorite grade), Depth and Sample Quality Ranking ("SQR"). The grade (Ph kg/ m^2) was then calculated by dividing Ph kg/ m^2 by the estimated Depth for each block.

A total of 80 million m^2 at an average grade of 290 kg/ m^2 is classified as a global Inferred Mineral Resource at a cut-off grade of 100 kg/ m^2 (table below). There are no resources classified in indicated or measured categories. As the Chatham Rise phosphorite resource is classified entirely as an Inferred Mineral Resource it does not constitute a mineral reserve and so does not have demonstrated economic viability. The specification *of the phosphorite* (i.e. the phosphate content) has been studied by various operators including Chatham (NZ), and, even though a representative average grade cannot be determined for the Mineral Resource, the tenor of the specification (in the order of 18-19% P2O5 of screened material) is suitable to allow classification into the Inferred Mineral Resource category.

The average thickness of the resource is 0.20 m.

Statement of Mineral Resources (phosphorite) for Mining Permit 55549, Chatham Rise. Estimates are rounded to reflect the level of confidence in these resources at the present time.

Classification	Volume (m^3)	Thickness (cm)	Ph kg/m^3
Inferred Mineral Resource	80,000,000	20	290

Notes:

1. *The Mineral Resource is reported in accordance with CIM NI 43-101, 2011 edition*
2. *The Mineral Resource is contained within MP 55549*
3. *All resources have been rounded to the nearest 0.1 million tonnes*
4. *Ph kg/m^3 is the weight of phosphorite per cubic metre*
5. *Even though a representative average grade for the specification (phosphate grade) cannot be determined for the Mineral Resource, the tenor of the specification (in the order of 18-19% P_2O_5 of screened material) is suitable to allow classification into the Inferred Mineral Resource category*
6. *The Mineral Resource is reported at 100 kg/m^3 phosphorite cut-off grade*
7. *The Mineral Resource is classified entirely as an Inferred Mineral Resource. It does not constitute a mineral reserve and so does not have demonstrated economic viability.*

RSC's analysis to date indicates that a potentially economically extractable Mineral Resource exists in the Project area. Several high-profile sampling cruises, most independent from each other, have all identified grades of economic interest within the same area. These cruises have been well documented and specific knowledge on sampling systems has been retained and included in this Report.

Recommendations

In addition to the Inferred Mineral Resource described above, in RSC's opinion, there is significant exploration potential to extend the Mineral Resource within the Mining Permit. Based on existing sampling data (that was not included in the resource because of lower density of sampling or lower SQR numbers), the exploration target would be in the order of 30,000,000 to 50,000,000 m^3 at grades between 200 and 300 kg/m^3. The potential quantity and grade of this global exploration target is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the target being delineated as a Mineral Resource.

RSC recommends that further seafloor sampling is undertaken to both increase the confidence in the established Mineral Resource as well as to extend the boundaries of the resource, predominantly towards the west where currently low-quality Valdivia data indicate an exploration target of at least 5 Mt phosphorite. Increasing the confidence in the current Mineral Resource by additional sampling will give Chatham (NZ) the grade and geological confidence in the phosphorite deposit to allow them to further develop mining plans and economic studies.

Outlook

Chatham (NZ) continues to progress the Chatham Rise Project towards mining whilst also examining other high quality phosphate projects featuring strong grades, meaningful size, mining-friendly locales near significant markets.

Chatham (NZ) remains confident that its phosphate deposit places it in a strong position globally to deliver an essential ingredient to the agriculture industry, where the demand for food remains a growth market in turbulent economic times. Despite challenging market conditions, Chatham (NZ) considers that the ongoing volatility in the major phosphate producing regions (Middle East and North Africa) supports its conviction in the importance of executing well-planned, efficient exploration and development program designed to advance this high-quality phosphate project; and to pursue other high –quality projects within our area of expertise.

The Chatham Rise phosphate has valuable attributes:

- It is a reactive phosphate, of grades between 21-22% P205 that may be directly applied to existing pastures, without the necessity of beneficiation or upgrading.
- It is low in deleterious metals (cadmium) and has other significant environmental benefits over conventional imported phosphate products.
- It is a key ingredient of New Zealand's major agriculture industry.
- The project shows strong economic advantages over imported products where production and delivery to market costs of the Chatham Rise product are equivalent to transport costs to NZ of similar products.
- There is significant upside exploration potential, with grab tests of adjacent ground showing individual samples of economic grade, and much of the highly prospective Chatham Rise is untested.

Chatham (NZ) is in the process of reapplying for a marine consent to mine phosphate nodules on the Chatham Rise seabed. Mitigation of the effects of mining on the corals by excluding known coral areas, adaptive management, articulation of the clear economic benefits, and a better understanding of modelling and risk management should ameliorate EPA concerns. Chatham (NZ) remains confident that marine resource consents will be granted.

Current Work Program

- Working closely with the various government organizations, significant work is aimed at preparing re-application documents for the Marine Consent.
- Additional field trials are being scoped to establish the suitability of the Chatham phosphate for direct application in a range of New Zealand geographic agricultural conditions.
- Optimization of the current resources is being undertaken to establish better mine plans that amongst a range of outcomes addresses the exclusion of known coral thickets.

AVENIR MAKATEA PHOSPHATE PROJECT

Chatham is taking advantage of the work already undertaken by Avenir to expand and deepen its overall ambitions to build an international phosphate mining and trading house focusing on the rapidly expanding organic phosphate marketplace.

Mining application

SAS Avenir Makatea (wholly-owned subsidiary of Avenir) was granted an exploration permit on 28 January 2014 and in September 2016 Avenir applied for a mining concession to mine/rehabilitate an area of 600 ha of previously mined land. The Project, if it proceeds, is expected to have a 30-year life.

The application is now being processed under the terms of a new Mining Code for French Polynesia that was promulgated in January 2020. The existing Environmental Code was recently successfully harmonised with the new Mining Code.

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 Public Enquiry, which will be based on the presentation of an updated Environmental Impact Assessment and an Economic Benefit Analysis, is expected to in late 2022.

Nominated consultants in French Polynesia, in association with the staff of SAS Avenir Makatea, will prepare the two reports and present these to the public in advance of /and during the one-month public enquiry period.

Following the enquiry, the process for determining the application is set out by the Mining Code including presentations to the nominated Mining Committee. The Committee makes its recommendations to the Council of Ministers. Following the past four years of intensive consultation with landowners of Makatea and the continuing consultation with Government since 2011, Avenir looks forward to the granting of the Mining Concession in early 2023.

Marketing of Makatea organic phosphate into USA and Canada

Following earlier studies by Avenir into the organic farming market in the USA and Canada, Makatea phosphate was certified by OMRI as an organic phosphate to facilitate marketing. Recent discussions with US based companies with current marketing to the organic farming market, are progressing with the aim of establishing long term offtake agreements for sales into the expanding organic market in USA and Canada.

FINANCIAL COMMENTARY

The Company prepares and files its financial statements and related notes in accordance with accounting principles that comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Selected Annual Information

	Year ended March 31 2023	2022	2021
$000s except for per share			
Total revenue	-	-	-
Net profit/(loss)	(1,771)	(1,033)	(573)
Profit/(Loss) per share – basic and diluted (cents)	(0.0208)	(0.0163)	(0.0166)
Total assets	7,853	8,126	5,222
Total long-term liabilities	59	-	-
Distribution or cash dividend declared per share	-	-	-

Summary of Quarterly Results

Quarterly results for the past eight quarters ending March 31, 2023 are as follows:

	2023				2022			
$000s	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Cash	820	1,188	1,474	1,930	1,367	672	708	333
Working capital	600	1,329	1,971	2,076	391	688	1,045	244
Total assets	7,853	8,125	8,038	8,554	8,126	7,108	7,717	6,475
Profit/(Loss) for period	(670)	(299)	(393)	(409)	(272)	(415)	(184)	(162)
Profit/(Loss) per share (cents)	(0.0073)	(0.0035)	(0.0046)	(0.0054)	(0.0012)	(0.0058)	(0.0056)	(0.0037)
Mineral Project expenditures *	18	(69)	(27)	(13)	(1)	(1)	(69)	(1)
Cash flow from financing (net)	7	80	13	1,014	878	251	806	74
Weighted average shares (millions)	85	85	85	75	63	72	33	44

**In recent years, mineral project expenditures have been focussed on the marine consent application and reapplication*.

The Company records losses each quarter/year arising from the expensing of its general and administration expenses. Periodic (at least annual) reviews of capitalized exploration expenditures are undertaken and write-offs and provisions are expensed to the Consolidated Statement of Comprehensive Income.

Significant Expenses of a Corporate Nature

For the year ended March 31, 2023 the Group recorded a net loss before income taxes of $1,771,000 (2022: net loss of $1,033,000).

Significant expense categories (apart from accumulated exploration write-offs and provisions) for the period are discussed below:

Expenditure	**2023**	**Note**	2022
General and administration	**408**	1	223
Depreciation	**4**		3
Employee Wages & benefits	**223**		30
Directors Fees	**10**		-
Audit fees	**93**		61
Legal fees	**363**		148
Consulting fees	**444**		151
Registry, Filing and Listing	**50**		59
Marketing	**53**	2	134
Rent	**80**		42
Share-based payment	**-**	3	157
Travel and accommodation	**96**		31
Total	**1,824**		1,039

Note:

1. General and Administration costs includes management fees $135,000 (2022: $104,000), accounting services $25,000 (2022: $18,000), insurance $3,000 (2022: $23,000) and other New Zealand and Australian office costs.
2. The marketing costs relate to Canadian based share marketing contracts. These contracts provide services including online marketing, advertising and writing feature articles.
3. Share-based payments relate to the issue of options to Directors and senior consultants under the Share option plan dated May 8, 2018.

Liquidity and Capital Resources

The Company's cash position as at March 31, 2023 was $820,000. Trade and other payables total $492,000.

The Company's existing share, option and warrant capital structure is set out at the end of this report under the heading of "Supplemental to the Financial Statements".

Related Party Transactions

Related party transactions are in the normal course of business and are measured at the exchange amount, which is the value as agreed between management and the related parties.

Related party consultancy and management fees totalled $285,000 for the year (2022: $109,000) and are set out in detail in the financial statements at Note 18.

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

SUBSEQUENT EVENTS

On July 14, 2023, the Company announced that it has closed its non-brokered private placement of 5,380,464 units (the "Units") at a price of CAD $0.13 per Unit for gross proceeds of CAD $699,460. 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 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 November 15, 2023.

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

Use of Financial Instruments

For the period ended March 31, 2023 Chatham did not enter into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. The principal financial instruments affecting the Company's financial condition and results of operations are currently its cash, amounts receivable and prepayments, and accounts payable and accrued liabilities.

Contractual Obligations and Commitments

a) At March 31, 2023 the Group had no capital commitments (2022: Nil).

b) The Company has a commitment under the terms of non-cancellable operating leases of $93,000 (2022: Nil). This is set out in detail in the financial statements at Note 7.

c) The Company has future multi-year work program obligations in order to maintain tenure of its mineral permits. These obligations include: - permit rentals, mapping, sampling, data compilation and modelling. These are set out in detail in the financial statements at Note 20.

Off-Balance Sheet Arrangements and Contingent Liabilities

The Company has no off-balance sheet arrangements.

Acquisition of a phosphate mining licence:

Since signing a Term Sheet on 21 October 2021 to acquire a phosphate mining licence from a third party, the Group, through its subsidiary Avenir Makatea Pty Ltd, has made every effort to close the acquisition. As at March 31, 2023, there is an outstanding court proceeding between Avenir Makatea Pty Ltd and the third party in relation to the validity and enforceability of the Term Sheet. The Group is both a respondent and cross-claimant in the said proceeding. Based on the current status, we are unable to reliably estimate any potential cash outflows or inflows as result of the proceeding.

Critical Accounting Policies and Estimates

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned, and expenses incurred during the period. These estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances.

The Company's significant accounting policies are those that affect its financial statements and are summarized in Note 2(e) of the audited financial statements for the year ended March 31, 2023.

Critical accounting policies and estimates in the year included capitalization of the costs relating to the acquisition, exploration and development of non-producing resource properties and the recognition of impairment of those assets, the allocation of proceeds on the purchase or sale of assets, the valuation of stock-based compensation and tax accounts, and contingent liabilities.

Actual results could differ from these estimates.

Mineral Properties

The decision to capitalize exploration expenditures, and the timing of the recognition that capitalized exploration is unlikely to have future economic benefits, can materially affect the reported earnings of the Company. In line with accepted industry practice for exploration companies, the Company has adopted the policy of deferring property specific acquisition, exploration and development costs. Deferred costs relating to properties that are relinquished, or where continued exploration is deemed inappropriate, are written off in the year such assessment is made. If the Company adopted a policy of expensing all exploration costs, the Company's asset base, shareholders' equity, and loss from operations would be materially different. These deferred costs will be amortized on the unit-of-production basis over the estimated useful lives of the properties following the commencement of production. The cost of mineral properties includes any cash consideration paid, and the fair market value of shares issued on the acquisition of property interests, if any. The recorded amounts represent actual expenditures incurred and are not intended to reflect present or future values.

The Company reviews capitalized costs on its property interests on a periodic, or at least annual, basis and will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property. Management's assessment of the property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

OUTLOOK

The Company aims either to raise sufficient equity finance to commence the re-application process for the Marine Consent or to utilise cash flows generated by the Korella or Avenir Makatea projects.

Once the required level of funding has been raised, one way or another, it is then expected to take 15 months to complete the work required to submit the re-application with a likely submission date in Q21, 2025. This would lead to an expected grant date of Q1, 2026 and eventual production in 2027.

In June 2021 Chatham acquired Avenir, which 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.

For additional information, please refer to the Company's website at www.rockphosphate.co.nz and for regulatory filings, including news releases, please refer to www.SEDAR.com.

RISKS, UNCERTAINTIES AND OTHER ISSUES

Risk Factors

Chatham (NZ)'s business of exploring and developing for mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. A number of risks described below also generally apply to the recently acquired SAS Avenir Makatea project in French Polynesia as it's a very similar project in many respects. Chatham (NZ) attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that Chatham (NZ) will be profitable in the future. The Company's common shares should be considered speculative. Investors should carefully consider the following risk factors:

a. Marine Consent

Chatham (NZ) cannot commence mining operations without the Marine Consent. Chatham (NZ) filed for the Marine Consent on May 14, 2014 but was declined on February 11, 2015. While Chatham (NZ) 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 Marine Consent is not granted or is granted subject to economically unfeasible conditions, Chatham (NZ) 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 Chatham (NZ).

Recent revisions to the Exclusive Economic Zone ("**EEZ**") ACT mean that the Marine Consent decision-making process will typically be completed within a nine-month period, however, there is provision for timeframes to be extended in certain circumstances. Any delay in the Marine Consent decision-making process could delay the entering into of a mining contract and the commencement of mining operations and production, which could have a material adverse effect on the financial condition, operations, and prospects of Chatham (NZ).

b. Uncertainty Relating to Mineral Resources

Resource estimates are a product of the skill, experience and judgements of the person carrying out the resource estimation and no assurances can be given that the estimated grade and tonnes will be realized or that Chatham (NZ) will receive the prices assumed in determining its resources. Valid estimates made at a given time may significantly change when new information becomes available. While Chatham (NZ) believes that the resource estimates included in this Document are reasonable, resource estimates by their nature are imprecise and depend on the quality of the sampling data and to a certain extent, upon statistical inferences that may ultimately prove unreliable.

All of Chatham (NZ)'s resources are reported as Inferred Mineral Resources. Inferred Mineral Resources have a great deal of uncertainty associated with them as to their existence (both quantity and ultimately recovered grade). Generally, Inferred Mineral Resources cannot form the basis of a feasibility study or bankable feasibility study. Owing to the nature of Chatham (NZ)'s phosphate deposit, and its accessibility, it is not guaranteed that the deposit will ever be converted to the measured and indicated resource categories. As such, there can be no assurance that third parties will find Chatham (NZ)'s resource categorization acceptable for future funding purposes or capital investment decisions, which could have a material adverse effect on the financial condition, operations, and prospects of Chatham (NZ).

c. Mining Contract and Mining Process Risk

The technical ability of Chatham (NZ) to extract phosphorite from the seabed is unproven and will require the development of a novel mining technique in order to accommodate the depth of the sea in the Chatham Rise area. Therefore, there are no assurances that the proposed mining method will perform at the necessary water depths as intended or at all.

d. Requirement for Future Funding

Chatham (NZ) is likely to require access to further funding in the future and prior to commencement of production for a variety of reasons, including working capital, expansion of the business, new developments relating to existing operations or new acquisitions. General market conditions, volatile phosphorite markets, the lack of any necessary permit or contract to mine, a claim against Chatham (NZ) or other factors may make it difficult to secure funding. There is no assurance that Chatham (NZ) will be successful in obtaining required funding as and when needed on commercially acceptable terms.

e. Work Program Commitments

The Mining Permit issued by the New Zealand Petroleum and Minerals ("**NZPAM**") department, originally required that mining operations commence on or before December 6, 2017 at a mining rate of not less than 800,000 tonnes of phosphorite per annum. Chatham (NZ) has sought and already been granted changes to the terms of the Mining Permit to reflect that mining operations cannot commence before 2020. On November 7, 2019 the Company was granted a change of conditions in the permit to defer the minimum work programme commitments for a further 24 months.

Further changes to the conditions of the mining permit have subsequently been applied for to reflect ongoing delays in the environmental permitting process that Chatham (NZ) must undertake.

Chatham (NZ) believes that the specified mining rate can be achieved with the currently contemplated mining processes, but many of the steps needed to reach commencement of mining are beyond the control of Chatham (NZ) and as such there can be no guarantee that Chatham (NZ) will be able to meet this target production within the required deadline or at all. There can be no guarantee that Chatham (NZ) will receive Marine Consent and such other permits as may be required for mining operations, nor that it will enter into a mining contract should Marine Consent be granted or that a suitable mining vessel will be available in the timescale required to allow Chatham (NZ) to satisfy the Mining Permit requirements.

The failure of Chatham (NZ) to commence mining at a rate of not less than 800,000 tonnes of phosphorite per annum could result in a breach of the Mining Permit and give rise to the power of the appropriate Minister, as defined in the Crown Minerals Act 1991 of New Zealand, to revoke the Mining Permit. Whilst Chatham (NZ) believes that the appropriate Minister would likely amend the terms of the Mining Permit in such circumstances, provided he or she was satisfied that Chatham (NZ) was making good progress to commence mining operations as soon as practicable, there can be no assurance that such discretion would be exercised and any such failing could have a material adverse effect on the financial condition, operations, and prospects of Chatham (NZ).

The Mining Permit imposed other conditions upon Chatham (NZ) as well, including the requirement to complete a study within 24 months of the permit being granted (i.e. by 6 December 2017) in support of a final investment decision. This deadline has been altered and is expected to be extended again. However, no assurance can be given that NZPAM will accept Chatham (NZ)'s revised timing in satisfaction of this condition, when completed and presented. Any such 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 Chatham (NZ).

Chatham (NZ) was also expected to complete appropriate sampling, geophysical and geotechnical surveys required to define mining blocks within 48 months of the permit being granted (i.e. by 6 December 2017) and spend a minimum of NZD2 million per annum (C$1.9m) in carrying out its activities. This deadline has also been altered twice and on,

August 23, 2021, the Group applied for a change of conditions in the permit to further defer the minimum work programme commitments to align the hurdles with an expected realistic timeline for preparation of a new marine consent application. The application was declined by New Zealand Petroleum & Minerals on March 14, 2023, on the basis that the Company has not made sufficient progress in applying for Marine Consent.

The decision by New Zealand Petroleum & Minerals to decline the change of conditions does not impact the validity of the permit.

f. Market Risk

Whilst Chatham (NZ) has engaged in market research and identified a number of potential buyers and markets in relation to the product to be mined from Chatham Rise, Chatham (NZ) has not yet entered into any marketing, sales or offtake agreements that are in markets considered material to Chatham (NZ). In addition, Chatham (NZ) cannot be assured of the quality of product that it intends to produce given the nature of Chatham (NZ)'s resource, which could affect anticipated demand. Further, the market may develop and change prior to the commencement of mining operations and impact negatively on anticipated demand, whether as a result in a change in technology, a new source of phosphate production or otherwise. There can be no assurance, therefore, that Chatham (NZ) will be in a position to sell all of its mining output, if any, at profitable prices, nor at all.

g. Mining Contract and Mining Process Risk

The technical ability of Chatham (NZ) to extract phosphorite from the seabed is unproven and will require the development of a novel mining technique in order to accommodate the depth of the sea in the Chatham Rise area. Chatham (NZ) intends to use a vessel that is specially modified and equipped with a trailing suction unit. Whilst this solution relies on existing, proven technology, the compilation of those techniques is novel and the use of the process in its proposed form and at the depths of the Chatham Rise area is untried and may require further work. Therefore, there are no assurances that the proposed mining method will perform at the necessary water depths as intended or at all.

Modification of a vessel for such purpose will only take place if Chatham (NZ) is granted the Marine Consent and enters into a mining contract. There can be no assurance that Chatham (NZ) will be able to enter into such a contract on acceptable terms, nor at all, and the failure to do so could delay the development of Chatham (NZ)'s project, alter Chatham (NZ)'s mining cost assumptions and impair the ability of Chatham (NZ) to carry out future fund raises. Whilst the Directors believe that there is competition for the award of the mining contract on competitive terms, there is no certainty that any alternative contractors to Boskalis would be able to use the design work completed by Boskalis, nor that any alternative contractor would be able to provide an independently engineered processing solution on a timely basis and at a similar anticipated cost.

Work on funding strategies for vessel modification or charter is currently being considered by Chatham (NZ). The present idea (in conjunction with project leader Boskalis) is to establish a special purpose vehicle to own the vessel and to fund the modifications by way of a combination of debt and equity. A consortium of investors would be sought by Boskalis to contribute equity. There is a risk that the required funding may not be secured at all or on terms unfavourable to Chatham (NZ), the special purpose vehicle, or the mining operator. Subject to finalization of the financing strategy, Chatham Rock may need to contribute equity into the special purpose vehicle which may require that Chatham Rock secures further funds. It is not Chatham Rock's intention to make a significant equity contribution. It is also possible, however, that the vessel could be owned by a third party marine investor and chartered.

h. Intellectual Property Risk

In addition to the above, while the proposed mining system comprises a compilation of existing technology, freedom-to-operate searches have not been undertaken. There is a remote possibility that some intellectual property rights associated with the mining system design could be proprietary to other parties. This could require licensing arrangements to be negotiated with such parties or alternative designs to be developed (where any such proprietary rights exist). There can be no assurance that such licensing arrangements will be negotiated on terms favourable or acceptable to Chatham (NZ) or at all.

i. Production Risks

The future development of any mineral deposit involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. This is particularly the case in an offshore deposit such as that at Chatham Rise, which is subject to additional risks related to its marine location. For example, production will be affected by weather patterns and sustained periods of bad weather could adversely impact mining activity and reduce tonnages of the rock phosphate mined. No assurance can be given that Chatham (NZ) will meet its annual target production rates of 1.5Mt per annum once production starts.

In recent years, a New Zealand company called Rocket Lab has commenced launching satellites from the Mahia Peninsula, about 500 km west of the project area. There is a risk that jettisoned rocket components could damage the dredging vessel and/or impede the phosphate recovery operations.

Chatham (NZ) has no operating history upon which to base estimates of future cash flow. Chatham (NZ)'s estimates of resources and cash operating costs are, to a large extent, based upon geological, engineering and market analyses. Estimates of capital and operating costs are necessarily preliminary at this stage of Chatham (NZ)'s development. It is possible that actual costs and economic returns may differ materially from Chatham (NZ)'s best estimates. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the pre-production phase, take much longer than originally anticipated to bring into a producing phase, and to require more capital than anticipated.

j. Changes in Law and Policy

The laws, regulations, and authorities governing Chatham (NZ) and its operations may change and may result in additional material expenditures or time delays. Exploration and mining permits may be susceptible to revision or cancellation by new laws or changes in direction by the government of the day. In addition, the Exclusive Economic Zone and Continental Shelf (Environmental Effects)

Act 2012 has in recent years been subject to varying and conflicting interpretation by the Courts which is expected to be resolved by a recent application by another marine mining project. Until then there will continue to be uncertainty as to its interpretation or application.

Whilst the Directors believe that the Government and population of New Zealand generally support the development of natural resources in the manner contemplated by Chatham (NZ), there is no assurance that future political and economic conditions will not result in the adoption of different policies or attitudes affecting ownership of assets, land tenure and mineral concessions, taxation, royalties, environmental protection, labour relations and return of capital. This may affect Chatham (NZ)'s ability to undertake exploration, development and mining activities on its projects.

k. Regulatory Compliance Risks

Chatham (NZ)'s future expected mining operations and exploration activities, as well as the transportation and handling of any products mined, are or will be subject to extensive regulations and laws. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, decommissioning and reclamation, toxic substances, transportation safety and emergency response, and other matters. Compliance with such regulations and laws increases the costs of Chatham (NZ)'s operations.

It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact Chatham (NZ)'s decision as to whether to operate existing projects, or, with respect to exploration and development properties, whether to proceed with exploration or development, or that such laws and regulations may result in Chatham (NZ) incurring significant costs to remediate or decommission properties that do not comply with applicable environmental standards at such time.

Chatham (NZ) expends significant financial and managerial resources to comply with such laws and regulations and anticipates the need for even greater resources if production is commenced. Because legal requirements are subject to change and to interpretation, Chatham (NZ) is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, future changes in governments, regulations and policies, such as those affecting Chatham (NZ)'s mining operations and phosphorite transport, could materially and adversely affect Chatham (NZ)'s results of operations and financial condition in a particular period or its long-term business prospects.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions. These actions may result in orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Chatham (NZ) may be required to compensate others who suffer loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

l. Reliance on Key Equipment

The ability of Chatham (NZ) to extract the phosphorite from the seabed will be dependent on unique mining equipment, including a specialized vessel and trailing suction unit. Should this unique equipment become unavailable once commissioned, Chatham (NZ) will likely have no alternative access to its Mineral Resource. The equipment may become temporarily or permanently unavailable to Chatham (NZ) due to factors beyond Chatham (NZ)'s control, including adverse weather conditions, labour stoppages, rocket strike, technical failures, government regulations, failure to secure any necessary intellectual property licenses or decisions of the equipment operator. The unavailability of such equipment could have a material adverse effect on the financial condition, operations, and prospects of Chatham (NZ).

m. Phosphate Demand and Pricing

The profitability of Chatham Rock's group operations, and its ordinary Share price, will be highly dependent upon the market price of phosphate rock. Chatham (NZ)'s net earnings and operating cash flow will be closely related and sensitive to fluctuations in the long- and short-term market price of phosphorite. Commodity prices fluctuate widely and are affected by numerous factors beyond the control of Chatham (NZ). The world supply of and demand for fertilizers and the stability of exchange rates can all cause significant fluctuations in prices. These factors cannot be accurately predicted. The price of fertilizers has fluctuated widely in recent years and future price declines could cause commercial production to be impracticable, which could have a material adverse effect on the financial condition, operations, and prospects of Chatham (NZ).

n. Reliance on Key Personnel

Chatham (NZ)'s success will largely depend on the efforts and abilities of certain senior officers and key personnel. Chatham (NZ) is committed to providing attractive working conditions to assist in retaining its key senior management personnel. However, there can be no assurance Chatham (NZ) will be able to retain these key personnel. Furthermore, the number of individuals with relevant mining and operational experience in this industry is small. The loss of key personnel or the inability to recruit and retain high-calibre staff could have a material adverse effect on Chatham (NZ). The addition of new personnel or employees and the departure of existing contractors, particularly in key positions, can be disruptive and may have a material adverse effect on the financial condition, operations, and prospects of Chatham (NZ).

Personnel requirements of Chatham (NZ) will also change. At present, Chatham (NZ) has a particular need for scientific and communications expertise as it pursues the Marine Consent. If granted, those needs will reduce and there will be increased need for engineering and sales and marketing capabilities. There can be no assurance that additional personnel with such capabilities, fit for Chatham (NZ)'s purpose, will be secured.

o. Property Title Risk

The Mining Permit covers an offshore area in the EEZ of New Zealand. The Mining Permit and Marine Consent (if issued) can be considered utilization rights to that offshore area. These rights may be subject to defects or challenges. If such defects or challenges cover a material portion of Chatham (NZ)'s offshore area, they could materially and adversely affect Chatham (NZ)'s reported Mineral Resources or its long-term business prospects. As well, any prolonged challenge to Chatham (NZ)'s rights could result in substantial delays in its development timetable, which could have a material adverse effect on the financial condition, operations, and prospects of Chatham (NZ). Ambiguity can arise in the interpretation of mining legislation regulations, permits and policy, including whether or not conditions have or have not been satisfied (either at the time of satisfaction or subsequent thereto). For example, the precise form of study that is required to be delivered in support of a decision to mine and in satisfaction of Mining Permit is not subject to any further detailed guidance or definition. Interpretations, whether at the relevant time or subsequent thereto, could result in claims or losses that have a material adverse impact on the business, operations, assets or prospects of Chatham (NZ).

Maori customary rights, as well as requirements to consult with Maori under applicable New Zealand law, are relevant to Chatham (NZ)'s rights. Managing relations with local Maori communities is a matter of paramount importance to Chatham (NZ). Notwithstanding that Maori interests do not carry with them a form of "veto" or similar right in relation to the Mining Permit or the potential grant of the Marine Consent, there can be no assurance that customary rights claims, as well as related consultation issues, will not arise on or with respect to Chatham (NZ)'s rights and impact on Chatham (NZ)'s exploration, development and mining activities, which could have a material adverse effect on the financial condition, operations, and prospects of Chatham (NZ).

p. Environmental Risk

Chatham (NZ)'s New Zealand projects are subject to New Zealand environmental laws. These laws include laws generally applying to the protection of the environment, as well as specific regulation relating to areas in which Chatham operates. Exploration and mining projects can cause a variety of environmental impacts and Chatham (NZ) is conscious of a number of potential impacts in respect of its proposed mining operations, including:

- impact on fish stocks on the Chatham Rise;
- pollution risks from the vessel (e.g. oil spills);
- impact on benthic communities; and
- effects of plume (where silt and seabed materials are separated from the rock phosphate and returned to the ocean floor, but do not settle on the seabed immediately and then go into the lower levels of the water column).

Chatham (NZ) has collected and analyzed extensive data on these potential effects to develop and mitigation strategies, as well as contracted scientific organizations in New Zealand and The Netherlands (including NIWA and Deltares) to assess the environmental impacts of its operations. This information comprises a significant part of the Marine Consent application.

Chatham (NZ) intends to carry out its operations in compliance with all applicable environmental laws and in compliance with any conditions imposed upon it, as well as in a responsible manner. In the event that Chatham (NZ) does not operate in compliance with all applicable laws and conditions there is a risk that the Mining Permit and/or Marine Consent, if granted, could be forfeited or other adverse consequences could arise.

q. NGO Risk

Mining companies are often the target of actions by non-governmental organizations and environmental groups in the countries in which they operate. Such organizations and groups may take actions that are illegal, unauthorized or dangerous, without the support of government, to disrupt commercial operations. There can be no guarantee that any future action will not be taken by any non-governmental organization or environmental group to disrupt Chatham (NZ)'s mining operations. They may also apply pressure to local, regional and national government officials, or local iwi groups, to take actions that are adverse to Chatham (NZ)'s operations. Such actions could have an adverse effect on Chatham (NZ)'s ability to produce and sell its products, which could have a material adverse effect on the financial condition, operations, and prospects of Chatham (NZ).

r. Profitability and Operating History

Chatham (NZ) has no history or earning revenue or profits and no assurance can be given by Chatham (NZ) that it will have future revenues or profits, since these are dependent on the future development and success of any mining operation. Chatham (NZ) has no history of mining operations and is in a pre-revenue stage of development. As such, Chatham (NZ) is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenue. There is no assurance that Chatham (NZ) will be successful in achieving a return on Shareholders' investment.

s. Competition and Customer Strength

The fertilizer and mining industries are intensely competitive in all phases of exploration, development and production. Competition in the mining industry is primarily for properties that can be developed and produced economically; technical and commercial expertise; and capital. Many competitors not only explore for and mine phosphate rock but conduct beneficiation and marketing operations on a global basis. Such competition may result in embedded relationships with customers that make it difficult for Chatham (NZ) to negotiate offtake or other supply arrangements. As well, many potential phosphate customers are better capitalized than Chatham (NZ) and may engage in tactical order delays and other behaviour that could cause Chatham (NZ) to suffer cash flow difficulties and induce it to execute transactions that do not reflect market conditions, which could have a material adverse effect on the financial condition, operations, and prospects of Chatham (NZ).

t. Conflicts of Interest

Certain of Chatham (NZ)'s directors, officers and significant shareholders are or may become shareholders, directors and/or officers of other natural resource companies, and, to the extent that such other companies may participate in ventures with Chatham (NZ), these individuals may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation.

In the event that such a conflict of interest arises at a meeting of the directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or of its terms. In appropriate cases Chatham (NZ) will establish a special committee of independent directors to review a matter in which one or more directors or officers may have a conflict.

From time to time, Chatham (NZ), together with other companies, may be involved in a joint venture opportunity where several companies participate in the acquisition, exploration and development of natural resource properties, thereby permitting Chatham (NZ) to be involved in a greater number of larger projects with an associated reduction of financial exposure in any given project. Chatham (NZ) may also assign all or a portion of its interest in a particular project to any of these companies due to the financial position of the other Company or companies.

In accordance with the laws of the province of British Columbia, the directors are required to act honestly and in good faith with a view to furthering the best interest of Chatham (NZ). In determining whether or not Chatham (NZ) will participate in a particular program or transaction and the terms of such participation, the directors will primarily consider the potential benefits to Chatham (NZ), the degree of risk to which Chatham (NZ) may be exposed and its financial position at that time. Other than as indicated, Chatham (NZ) has no procedures or mechanisms to deal with conflicts of interest.

u. Dependence on General Economic Conditions

The operating and financial performance of Chatham (NZ) is influenced by a variety of general economic and business conditions, including levels of consumer spending, inflation, interest rates and exchange rates, access to debt and capital markets, and government fiscal, monetary and regulatory policies. Prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could have a material adverse effect on Chatham (NZ)'s business and financial condition.

v. Exchange Rates

Chatham (NZ) is exposed to movements in exchange rates. Chatham (NZ)'s historical (New Zealand) financial statements are expressed and maintained in New Zealand dollars. Exchange rate movements between New Zealand and other countries may impact the profit and loss account or assets and liabilities of Chatham (NZ), to the extent the foreign exchange rate risk is not hedged or not appropriately hedged.

w. Insurance Risk

Although Chatham (NZ) may obtain insurance to cover some of these risks and hazards in amounts it believes to be reasonable, such insurance may not provide adequate coverage in the event of certain circumstances. No assurance can be given that such insurance will continue to be available or that it will be available at economically feasible premiums or that it will provide sufficient coverage for losses related to these or other risks and hazards. Furthermore, there are risks that Chatham (NZ) cannot insure against, or may elect not to insure against, any such risks and hazards and Chatham (NZ) may be subject to liability or sustain loss in such circumstances, which could have a material adverse effect on the financial condition, operations, and prospects of Chatham (NZ).

x. Dividends

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of Chatham (NZ) are subject to the discretion of the Shareholders or, in the case of interim dividends to the discretion of the directors, and will depend upon, amongst other things, Chatham (NZ)'s earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time.

Under New Zealand law the board of directors may declare dividends from time to time from distributable profits provided that the board of directors first resolves and certifies that following the dividend being paid, Chatham (NZ) will satisfy the solvency test under the Companies Act 1993. This solvency test requires that the board of directors believes on reasonable grounds that Chatham (NZ) will be able to meet its debts as they fall due and that its assets exceed liabilities, including contingent liabilities.

y. Taxation

The tax rules, including stamp duty provisions and their interpretation, relating to an investment in Chatham (NZ) may change during the life of Chatham Rise project. The levels of, and reliefs from, taxation may also change and vary in respect of a given investor's circumstances.

z. Dual Regulation

Chatham Rock's New Zealand subsidiary, Chatham Rock Phosphate (NZ) Limited is primarily regulated by the Companies Act 1993. As a company listed on the NZX, Chatham Rock has the Toronto Venture Exchange as its home exchange, with a copy of each document filed in Canada, to also be filed with the NZX.

SUPPLEMENTAL TO THE FINANCIAL STATEMENTS

Outstanding Share and Option Data

Chatham Rock's shares trade on the TSX Venture Exchange (ticker code **NZP**), the New Zealand Exchange (ticker code **CRP**) and the Frankfurt Stock Exchange (ticker code **3GRE**). The Company is authorized to issue an unlimited number of common shares without par value.

On April 8, 2022, the Company closed a non-brokered private placement of 12,927,960 units at a price of CAD $0.17 per Unit for gross proceeds of CAD $2,197,753. 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 three (3) 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 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.

On May 30, 2022, 320,000 options at CAD $0.126 cents each were exercised for gross proceeds of CAD $40,320. On September 14, 2022, 150,000 options at CAD $0.126 cents each were exercised for gross proceeds of CAD $18,900.

As at March 31, 2023, 85,329,287 shares were issued and outstanding.

FORWARD-LOOKING STATEMENTS

These audited consolidated financial statements and this Management's Discussion and Analysis, contains certain "Forward-Looking Statements" that are prospective and reflect management's expectations regarding Chatham Rock Phosphate Limited's ("Chatham Rock" or "Company") future growth, results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential mineralization and reserves, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, exploration results and future plans and objectives of the Company are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

Important factors that could cause actual results to differ materially from Company's expectations are disclosed in its documents filed from time to time with the TSX Venture Exchange and other regulatory authorities and include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore to be mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failure to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors.

Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur.

Chatham Rock undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Consolidated Financial Statements
(Expressed in Canadian dollars)

CHATHAM ROCK PHOSPHATE LIMITED

For the year ended March 31, 2023 and 2022

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 31, 2023

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 44:

- 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, 2023 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, 2023.

For and on behalf of the Board of Directors

s/ "Chris Castle"	s/ "Jill Hatchwell"
C Castle **Director** **Date: July 31, 2023**	**J Hatchwell** **Director** **Date: July 31, 2023**

Independent Auditor's Report

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

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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, 2023 and March 31, 2022, 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, 2023 and March 31, 2022 and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

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 1 in the consolidated financial statements, which indicates that the Group incurred a loss of $1,770,917 during the year ended March 31, 2023 and, as of that date, while the Group's current assets exceeded its total liabilities by $599,797, the Group expects to incur further losses in the development of its business. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company'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.

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(g) and 5 of the consolidated financial statements)	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:

Grant Thornton

Why the audit matter is significant	How our audit addressed the key audit matter
Mineral Property Interest intangible assets had a carrying value of $6,607, 691 as at March 31, 2023. The recoverability of the carrying amounts of exploration and evaluation assets are dependent on the Group gaining various mining consents and permits. 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. On August 23, 2021, the Group applied for a change of conditions in the permit to further defer the minimum work programme commitments, this change was denied on the basis that the Company has not made sufficient progress in applying for Marine Consent. Under the Crown Minerals Act 1991, where work programme conditions not met result in non-compliance being recorded against the activity. Subject to NZP&M's discretion, non-compliance may result in decline of applications for new permits or revocation of an existing permit. The Group is evaluating its options to raise the necessary level of funding for the process of re-application for Marine Consent and additional data collection related to the Consent application process. In addition, Avenir Makatea has an outstanding mining concession application to mine/rehabilitate the subject area. 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 require significant management judgement and is a key audit matter.	• We confirmed that the Group holds valid permits for its projects enabling it to conduct exploration and evaluation activities. • 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. • Consulted with our valuation specialists who assessed the appropriateness of the approach taken by management and our assessments in consideration of the relevant circumstances.

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 (IFRSs), 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

31 July 2023

CHATHAM ROCK PHOSPHATE LIMITED

Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

	Notes	As at March 31, 2023	As at March 31, 2022
Assets			
Current assets:			
Cash and cash equivalents		$ 820,381	$ 1,367,472
Accounts receivable and other receivables	8	232,536	19,788
Prepayments		66,527	53,359
		1,119,444	1,440,619
Non-current assets:			
Other financial assets		19,187	18,472
Property, plant & equipment		19,454	21,495
Right of use assets	7	87,052	-
Mineral property interest	5	6,607,691	6,645,551
		6,733,384	6,685,518
Total assets		$ 7,852,828	$ 8,126,137
Liabilities and Shareholders' Equity			
Current liabilities:			
Trade and other payables	6	$ 491,767	$ 167,459
Lease liabilities	7	27,880	-
Monies received for subscriptions for shares		-	882,069
		519,647	1,049,528
Non-current liabilities:			
Lease liabilities	7	59,172	-
		59,172	-
Total liabilities		578,819	1,049,528
Shareholders' equity:			
Share capital	8	41,451,064	39,207,687
Warrants reserve		185,958	230,187
Foreign currency translation reserve		(462,589)	(262,584)
Employee share option reserve		340,963	371,789
Accumulated deficit		(34,241,387)	(32,470,470)
Total shareholders' equity		7,274,009	7,076,609
Total liabilities and shareholders' equity		$ 7,852,828	$ 8,126,137

Commitments and contingencies (note 20)

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

CHATHAM ROCK PHOSPHATE LIMITED

Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)
For the year ended March 31, 2023 and 2022

	Notes	2023	2022
Revenue			
Rent received		$ 412	$ 5,328
Total revenue		412	5,328
Expenses			
General and administrative expenses	12	(1,819,988)	(878,640)
Depreciation and amortisation	13	(4,059)	(3,165)
Share-based payments	9	-	(157,408)
Total expenses		(1,824,047)	(1,039,213)
Loss from operations before income tax		(1,823,635)	(1,033,885)
Other income			
Government Research & Development Grant		38,919	-
Finance income	11	13,799	484
Total other income		52,718	484
Gain from other income before income tax		52,718	484
Income tax expense	14	-	-
Net loss for the period		(1,770,917)	(1,033,401)
Other Comprehensive loss			
Foreign currency translation**		(200,005)	(103,434)
Total comprehensive loss for the period		$ (1,970,922)	$ (1,136,835)
Basic shareholders' loss per share	10	$ (0.0208)	$ (0.0163)
Diluted shareholders' loss per share		$ (0.0208)	$ (0.0163)
Weighted average number of common shares outstanding		84,962,510	63,326,686

***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 Shareholders' Equity
(Expressed in Canadian dollars, except number of common shares)
For the year ended March 31, 2023 and 2022

	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, 2021	43,699,154	12,959,360	36,287,979	230,187	(159,150)	214,381	(31,437,069)	5,136,328
Issue of shares, net of costs, and discretionary warrants	28,232,173	10,374,435	2,919,708	-	-	-	-	2,919,708
Share-based payments	-	-	-	-	-	157,408	-	157,408
Transactions with owners			2,919,708	-	-	157,408	-	3,077,116
Loss for the period	-	-	-	-	-	-	(1,033,401)	(1,033,401)
Currency Translation Loss	-	-	-	-	(103,434)	-	-	(103,434)
Total comprehensive loss for the period	-	-	-	-	(103,434)	-	(1,033,401)	(1,136,835)
Balance, March 31, 2022	**71,931,327**	**23,333,795**	**39,207,687**	**230,187**	**(262,584)**	**371,789**	**(32,470,470)**	**7,076,609**
Issue of shares, net of costs, and discretionary warrants	12,927,960	12,927,960	2,197,753	-	-	-	-	2,197,753
Transactions costs	-	-	(88,651)	-	-	-	-	(88,651)
Exercise of stock options	470,000	-	90,046	-	-	(30,826)	-	59,220
Expiry of Share warrants	-	(928,661)	44,229	(44,229)	-	-	-	-
Transactions with owners			2,243,377	(44,229)	-	(30,826)	-	2,168,322
Loss for the period	-	-	-	-	-	-	(1,770,917)	(1,770,917)
Currency Translation Loss	-	-	-	-	(200,005)	-	-	(200,005)
Total comprehensive i loss for the period			-	-	(200,005)	-	(1,770,917)	(1,970,922)
Balance, March 31, 2023	**85,329,287**	**35,333,094**	**41,451,064**	**185,958**	**(462,589)**	**340,963**	**(34,241,387)**	**7,274,009**

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, 2023 and 2022

	Notes	2023	2022
Cash flows from operating activities:			
Interest received		$ 9,396	$ -
Cash received from customers		412	5,328
Cash paid to suppliers		(1,506,265)	(808,198)
Net cash (used in) operating activities	19	(1,496,457)	(802,870)
Cash flows from investing activities:			
Cash acquired on acquisition Avenir Makatea		-	5,012
Payments in respect of acquisition costs		-	(78,584)
Payments in respect of exploration and evaluation		(91,123)	(71,751)
Purchase of property, plant & equipment		(2,018)	(13,757)
Payments for other financial assets		(908)	(5,416)
Net cash (used in) investing activities		(94,049)	(164,496)
Cash flows from financing activities:			
Proceeds from issue of share capital, net of issue costs		1,114,244	2,008,965
Net cash from financing activities		1,114,244	2,008,965
Net increase/(decrease) in cash and cash equivalents		(476,262)	1,041,599
Cash and cash equivalents, beginning of period		1,367,472	378,868
Effect of foreign exchange rate fluctuations on cash held		(70,829)	(52,995)
Cash and cash equivalents, end of period		$ 820,381	$ 1,367,472

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

The acquisition of Avenir Makatea in 2021 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.

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 $1,770,917 during the year ended 31 March 2023 (2022: $1,033,401 net loss) and as of that date the Group’s current assets exceed its current liabilities by $599,797 (2022: $391,091). During the year the Group had operating cash outflows of $1,496,457 (2022: $802,870), investing cash outflows of $94,049 (2022: $164,496), and financing cash inflows of $1,114,244 (2022: $2,008,965). The cash balance at the end of the year was $820,381 (2022: $1,367,472).

The Group expects to incur further losses in the development of its business. These material uncertainties cast significant doubt about the Group’s ability to continue as a going concern and, accordingly, the appropriateness of the use of generally accepted accounting principles applicable to a going concern.

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.

Subsequent to year end, the Group has raised $699,460 of additional capital (Note 21), and while additional capital will be required in order to meet all planned work programs, Management have an established history

1. Nature of business and going concern (continued)

Going concern (continued)

of doing so, and they expect they will continue to be successful in this regard. It is for this reason that Directors have concluded that the Group will continue to remain a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of business operations. Such adjustments could be material.

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, 2023 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 29, 2023.

(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 subsidiaries, respectively.

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.

2. Basis of preparation (continued)

Currency translation (continued):

For consolidation purposes, Chatham Rock Phosphate (NZ) Limited, 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 consolidated 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.

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, 2023 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.

2. Basis of preparation (continued)

Exploration and evaluation costs (continued)

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.

Lease Contracts

At inception of a contract, the Group uses judgement in assessing whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset.

Discount rate

The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value.

Renewal term

The Group determines the lease term as the non-cancellable lease term including renewals that are reasonably assured.

2. Basis of preparation (continued)

New accounting standards

(i) New IFRS standards and interpretations adopted

The Group has adopted all the new and revised Standards and Interpretations issued by the International Financial Reporting Standards Board that are relevant to its operations and effective for an accounting period that begins on or after April 1, 2022.

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and will not have a material impact on the financial statements.

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.

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.

(Expressed in Canadian dollars, unless otherwise stated)

3. Significant accounting policies (continued)

(a) Basis of consolidation (continued):

Significant subsidiaries of the Group are as follows:

Name	Country of Incorporation	Effective interest 2023	2022
Chatham Rock Phosphate (NZ) Limited	New Zealand	100	100
Avenir Makatea Pty Ltd	Australia	100	100
SAS Avenir Makatea	French Polynesia	100	100
Manmar Investments One Hundred and Six (Proprietary) Limited	Namibia	100	100
Pacific Rare Earths Limited	New Zealand	100	100
Korella MCP Pty Ltd	Australia	100	-
Pacific Rare Earths Pty Ltd	Australia	100	-

All of the subsidiaries have a March 31 reporting date except for Avenir Makatea Pty Ltd and SAS Avenir Makatea which have a June 30, reporting date. For purposes of consolidation to the parent, financial statements for the year ended March 31 are being prepared by management.

Manmar Investments One Hundred and Six (Proprietary) Limited and Pacific Rare Earths Limited did not have any transactions during the years ended March 31, 2023 and 2022. Korella MCP Pty Ltd and Pacific Rare Earths Pty Ltd were both incorporated on March 2, 2023.

(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.

(d) Significant accounting policies (continued)

(e) 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.

(f) 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.

(g) 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.

3. Significant accounting policies (continued)

(g) 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 or 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 has 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)

(h) Finance income and expenses:

Finance income comprises interest income on bank deposits and foreign currency gains that are recognised in the Consolidated statement of operations and comprehensive loss. Interest income is recognised as it accrues, using the effective interest method.

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

(i) Income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated statement of operations and comprehensive loss 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.

(j) 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.

3. Significant accounting policies (continued)

(j) 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 (i.e. Stage 1) while ‘lifetime expected credit losses’ are recognised for the second category (i.e. 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.

3. Significant accounting policies (continued)

(j) 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 Consolidated statement of operations and comprehensive loss. Impairment losses on other financial assets are presented under 'finance costs', and not presented separately in the Consolidated statement of operations and consolidated loss due to materiality considerations.

(k) 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.

3. Significant accounting policies (continued)

(l) Leases:

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

3. Significant accounting policies (continued)

(l) Leases (continued):

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 3(l) below.

(m) 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.

(n) 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.

3. Significant accounting policies (continued)

(o) Government assistance

Government grants are recognized when there is reasonable assurance that the grant will be received, and all associated conditions will be complied with. When the grant relates to an expense item, it is recognized in income on a systematic basis over the periods that the related costs it is intended to compensate are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

(Expressed in Canadian dollars, unless otherwise stated)

4. Segment reporting

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

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

The information presented for operating segments is on the same basis as the internal reports provided to the CODM, who is responsible for the allocation of resources to operating segments and assessing their performance.

As the Group's business activities and operations continue to evolve the information provided to the CODM may be impacted. The Group will monitor this on an ongoing basis and the Group's segment information disclosure will evolve as required.

March 31, 2023	**New Zealand**	**French Polynesia**	**Australia**	**Total segment**	**Unallocated**	**Consolidated**
Revenue						
Rent received	412	-	-	412	-	412
Total revenue	412	-	-	412	-	412
Segment result	(520,900)	(209,799)	(1,088,877)	(1,819,576)	-	(1,819,576)
Depreciation	(1,002)	(1,054)	(2,003)	(4,059)	-	(4,059)
Loss from continuing operations, before income tax	(521,902)	(210,853)	(1,090,880)	(1,823,635)	-	(1,823,635)
Assets						
Total current assets	957,672	85,446	76,326	1,119,444	-	1,119,444
Total non-current assets	4,674,335	1,945,192	113,857	6,733,384	-	6,733,384
Total assets	5,632,007	2,030,638	190,183	7,852,828	-	7,852,828
Liabilities						
Total current liabilities	(119,419)	(15,073)	(385,155)	(519,647)	-	(519,647)
Total non-current liabilities	-	-	(59,172)	(59,172)	-	(59,172)
Total liabilities	(119,419)	(15,073)	(444,327)	(578,819)	-	(578,819)

(Expressed in Canadian dollars, unless otherwise stated)

4. Segment reporting (continued)

March 31, 2022	New Zealand	French Polynesia	Australia	Total segment	Unallocated	Consolidated
Revenue						
Rent received	5,328	-	-	5,328	-	5,328
Total revenue	5,812	-	-	5,812	-	5,812
Segment result	(674,772)	(122,263)	(233,685)	(1,030,720)	-	(1,030,720)
Depreciation	-	(3,165)	-	(3,165)	-	(3,165)
Loss from continuing operations, before income tax	(674,772)	(125,428)	(233,685)	(1,033,885)	-	(1,033,885)
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	13,432	6,685,518	-	6,685,518
Total assets	6,018,189	2,075,523	32,425	8,126,137	-	8,126,137
Liabilities						
Total current liabilities	(961,887)	(19,670)	(67,971)	(1,049,528)	-	(1,049,528)
Total non-current liabilities	-	-	-	-	-	-
Total liabilities	(961,887)	(19,670)	(67,971)	(1,049,528)	-	(1,049,528)

5. Mineral property interest

	March 31, 2023	March 31, 2022
Chatham Rise project	$ 4,660,578	$ 4,709,165
Makatea phosphate project	1,932,487	1,936,386
Korella project	14,626	-
Mineral property interests	$ 6,607,691	$ 6,645,551

(Expressed in Canadian dollars, unless otherwise stated)

5. Mineral property interest (continued)

(b) Exploration and evaluation on Chatham Rise Project

	March 31, 2023	March 31, 2022
Opening balance	$ 4,709,165	$ 4,691,425
Exploration costs capitalised	76,497	71,751
Foreign exchange fluctuation	(125,084)	(54,011)
Net book value	$ 4,660,578	$ 4,709,165
Cost	$ 20,556,338	$ 21,038,667
Impairment	(15,895,760)	(16,329,502)
Net book value	$ 4,660,578	$ 4, 709,165

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 are included in Note 20.

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"), which 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 to align the hurdles with an expected realistic timeline for preparation of a new marine consent application. The application was declined by New Zealand Petroleum & Minerals on March 14, 2023, on the basis that the Company has not made sufficient progress in applying for Marine Consent.

The decision by New Zealand Petroleum & Minerals to decline the change of conditions did not result in the revocation of the permit and as at 31 March 2023, and the current permit remains valid. However, under the Crown Minerals Act 1991, work programme conditions not met result in the non-compliance being recorded against the activity. Subject to NZP&M's discretion, non-compliance may result in a decline of applications for new permits or revocation of an existing permit.

(Expressed in Canadian dollars, unless otherwise stated)

5. Mineral property interest (continued)

The Group is evaluating its options to raise the necessary level of funding for the process of re-application for Marine Consent and additional data collection related to the Consent application process.

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 noted the following:

- The Group's tenure to the mining permit over the area is current and will not expire in the near future, Although the work commitments have not been met, this does not affect the validity of the existing permit or the future right to mine.
- 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 are unchanged and it is concluded that no further impairment is required (2022: 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) Makatea Phosphate Project

	March 31, 2023	March 31, 2022
Opening balance	$ 1,936,386	$ -
Acquisition cost	-	1,853,725
Capitalised acquisition cost	-	78,584
Foreign exchange fluctuation	(3,899)	4,077
Net book value	$ 1,932,487	$ 1,936,386

On June 30, 2021, the Company 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 km2). The island is a well-known source of phosphate and was previously mined from 1908 to 1966.

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 noted the following:

(Expressed in Canadian dollars, unless otherwise stated)

5. Mineral property interest (continued)

- The Group's tenure to the mining permit over the area is current and will not 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 are unchanged and it is concluded that no impairment test is required.

(d) Korella Projects

Avenir Makatea was awarded three exploration permits during the year in Queensland. They are EPM 28187, EPM 28606 and EPM 28676.

6. Trade and other payables

	Note		2023		2022
Trade and other payables due to related parties	18	$	17,194	$	7,613
Other trade payables			149,959		28,562
Accrued expenses			324,614		131,284
		$	491,767	$	167,459

7. Leases

(a) Right of Use assets

		March 31, 2023		March 31, 2022
Opening balance	$	-	$	-
Additions		87,052		-
Closing balance,	$	87,052	$	-

The Group has entered into a lease for Crown land on which to develop the Cloncurry Distribution Hub central to the Group's Cloncurry phosphate projects. The lease is for a 3-year term and commenced in March, 2023. The lease agreement contains an option to extend the lease for 2 x 3-year renewal periods. The renewal terms are subject to CPI or a minimum 5% increase. There are no termination options and no residual value guarantees.

During the year ended March 31, 2023, there was $nil interest expense on the lease liability and $ nil amortization on right of use asset recorded.

(Expressed in Canadian dollars, unless otherwise stated)

7. Leases (continued)

(b) Lease Liabilities

		March 31, 2023		March 31, 2022
Current	$	27,880	$	-
Non-current		59,172		-
	$	87,052	$	-

Maturity analysis				
Year 1	$	31,792	$	-
Year 2		31,792		-
Year 3		29,143		-
Year 4		-		-
Year 5		-		-
Onwards		-		-
	$	92,727	$	-

8. Share capital

(a) Authorised:

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

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

(b) Issued and outstanding:

Ordinary Shares	Number of shares		Amount
Balance, April, 1, 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
Issued during the year:			
Shares issued net of costs	12,927,960		2,109,102
Exercise of options (Note 9)	470,000		90,046
Expiry of share warrants	-		44,229
Balance, March 31, 2023	85,329,287	$	41,451,064

(Expressed in Canadian dollars, unless otherwise stated)

8. Share capital (continued)

On April 8, 2022, the Company closed a non-brokered private placement of 12,927,960 units at a price of CAD $0.17 per Unit for gross proceeds of CAD $2,197,753. Share issue costs were $88,651. 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 three (3) years from the date of issuance. The warrants were valued at $nil. Refer to note 8(c).

Issued capital at March 31, 2023 includes 1,011,765 shares which are unpaid. An amount outstanding at reporting date of $172,000 is included in accounts receivable (2022: $nil). Payments are being made to reduce the receivable and no expected credit loss has been recognized.

(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
June 13, 2018	February 18, 2019	June 13, 2020	June 13, 2023
August 25, 2018	February 18, 2019	August 25, 2020	August 25, 2023

Expiry Date	Exercise prices	Balance March 31, 2022	Issued	Exercised	Expired/ cancelled/ forfeited	Balance March 31, 2023
Dec 27, 2022	$0.45	442,293	-	-	(442,293)	-
Jan 24, 2023	$0.45	486,368	-	-	(486,368)	-
Jun 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
Jun 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
Apr 08, 2025	$0.45	-	12,927,960	-	-	12,927,960
		23,333,795	12,927,960	-	(928,661)	35,333,094
Weighted average exercise price		$0.45	-	-	-	$0.45
Weighted average remaining life (years)		3.40	-	-	-	2.30

8. Share capital (continued)

On April 8, 2022 as part of a non-brokered private placement, the Company issued 12,927,960 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 April 8, 2025.

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 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 April 2022 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. It also announced that the January 2018 and August 2018 options were both to be extended to five years from the date of issuance. The December 2017 and January 2018 warrants have now lapsed. None of the June 2018 or August 2018 warrants 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.

9. Share based payments

(a) Recognised share-based payment expenses
The purpose of the share-based payments is to reward key consultants and cornerstone investors in a manner that aligns remuneration with the creation of shareholder wealth. As the Company's activities have been predominantly developing an already defined mineral deposit, shareholder wealth is dependent, for the foreseeable future, on development success rather than an improvement in the Company's earnings.

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.

(Expressed in Canadian dollars, unless otherwise stated)

9. Share based payments (continued)

No options were granted during the year ended March 31, 2023 (2022: 2,400,000 options at a fair value of $159,703).

The continuity of outstanding share-based options for the year ended March 31, 2023, is as follows:

Expiry Date	Exercise prices	Balance March 31 2022	Issued	Exercised	Expired/ cancelled/ forfeited	Balance March 31, 2023
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	-	(470,000)	-	1,930,000
		4,210,000	-	(470,000)	-	3,740,000
Weighted average exercise price		$0.18	-	$0.18	-	$0.18
Weighted average remaining life (years)		3.84	-	-	-	2.75

On May 30, 2022, 320,000 options at CAD $0.126 cents each were exercised for gross proceeds of CAD $40,320. On September 14, 2022, 150,000 options at CAD $0.126 cents each were exercised for gross proceeds of CAD $18,900.

10. Earnings per share

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

	2023	2022
Loss used in the calculation of basic EPS	(1,770,917)	(1,033,401)
Weighted average number of outstanding shares for the purpose of basic EPS	84,962,510	63,326,686
Effect of dilution, weighted number of mandatory warrants	-	-
Weighted average number of outstanding shares used in the calculation of diluted EPS	84,962,510	63,326,686
Basic loss per share	(0.0208)	(0.0163)
Diluted loss per share	(0.0208)	(0.0163)

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)

11. Finance income and expenses

	2023	2022
Interest income on bank deposits	9,397	-
Net foreign exchange gains	4,402	484
Net finance income and expenses	$ 13,799	$ 484

12. General and administrative expenses

The following items of expenditure are included in administrative expenses:

	2023	2022
Auditor’s remuneration to Grant Thornton New Zealand Audit Limited comprises:		
Audit of annual financial statements	$ 91,772	$ 59,004
Auditor’s remuneration to KPMG comprises:		
Annual audit of financial statements – SAS Avenir Makatea	968	2,435
Total auditors’ remuneration	92,740	61,439
Accountancy fees	24,950	18,207
Consultancy fees	444,293	151,149
Directors’ fees	9,897	-
Employee benefits	222,630	29,890
Insurance	2,830	23,080
Legal fees	362,777	147,780
Listing fees	10,693	16,177
Management fees	134,923	104,379
Marketing	52,608	133,884
Registry fees	26,233	24,629
Rent	79,703	41,988
Travel	96,063	30,679

The Board of Directors has agreed to forfeit directors’ fees for the year ended March 31, 2023 (beyond the amount charged). Some directors are remunerated for their services through consultancy fees.

Refer to Note 18 for discussion on consultancy fees, which are charged by related parties.

(Expressed in Canadian dollars, unless otherwise stated)

13. Depreciation and amortisation

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

	2023	2022
Depreciation plant and equipment	$ 4,059	$ 3,165
	$ 4,059	$ 3,165

14. Income tax expense in the Statement of Comprehensive Income

Reconciliation of effective tax rate

	2023	2022
Profit/(loss) for the year	$ (1,770,917)	$ (1,033,401)
Income tax using the Company's domestic tax rate 27%	(478,148)	(279,018)
Tax effect of:		
Non-deductible expenditure	110,849	138,025
Current year losses for which no deferred tax is recognised	365,166	690,513
Change in unrecognized temporary differences	19,842	(539,187)
Foreign tax rate differentials	(17,709)	(10,333)
Income tax expense	-	-
Comprising:		
Current tax expense	-	-
Deferred tax expense		
Origination and reversal of temporary differences	19,134	(519,930)
Change in unrecognized temporary differences	(19,134)	519,930
Total income tax expense in income statement	-	-
The current tax assets consists of:		
Resident withholding tax paid	-	-
Current tax assets	$ -	$ -

(Expressed in Canadian dollars, unless otherwise stated)

15. Deferred tax assets and liabilities

Unrecognised deferred tax assets

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

	2023	2022
Deductible Temporary differences	$ -	$ -
Tax losses	(10,951,278)	(10,587,228)
	$ (10,951,278)	$ (10,587,228)

Deferred tax assets have not been recognized in respect to these items as it is not probable at this time that future taxable profits will be available against which the group can utilize the benefit.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2023	2022
Mineral property interest	$ (1,741,478)	$ (1,620,535)
Trade and other payables	20,502	13,500
Tax losses	1,720,976	1,607,035
	$ -	$ -

16. 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, accounts receivable 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 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 of Directors 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:

		31 March 2023	
	NZD	AUD	XPF
Financial assets:			
Cash and cash equivalents	$ 14,790	$ 7,537	$ 78,782
Accounts receivable and other receivables	8,962	45,893	5,680
Financial liabilities:			
Trade and other payables	$ 37,531	$ 357,275	$ 15,073

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 loss for the year would increase/(decrease) and net assets would increase/(decrease) by:

(Expressed in Canadian dollars, unless otherwise stated)

16. Financial instruments (continued)

	31 March 2023		
	NZD	AUD	XPF
Impact on post tax profit			
Exchange rate +10%	$ (1,378)	$ (30,385)	$ 6,939
Exchange rate -10%	1,378	30,385	(6,939)
Impact on Equity			
Exchange rate +10%	$ (1,378)	$ (30,385)	$ 6,939
Exchange rate -10%	1,378	30,385	(6,939)

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.

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, 2023, the Group had $491,767 (2022: $167,459) in trade and other payables including accrued liabilities. Trade payables are non-interest bearing and have a contractual maturity of less than 30 days.

16. Financial instruments (continued)

(a) 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.

17. Capital management

The Group defines the capital that it manages as its Shareholders' 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.

(Expressed in Canadian dollars, unless otherwise stated)

18. 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:

		2023		2022
Due to directors	$	17,194	$	7,613
	$	17,194	$	7,613

(b) Key management personnel:

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

		2023		2022
Consultancy fees	$	39,969	$	5,017
Management fees		134,923		104,379
Employee benefits		99,992		-
Directors fees		9,897		-
Share-based payments		-		125,926
	$	284,781	$	235,322

Depending on the nature of services and costs, certain amounts have been capitalised to intangible assets as they are directly attributable to existing projects.

Transactions and balances with key management personnel and their related parties

During the year, the Company paid management fees of $nil (2022: $nil) to Chris Castle. The outstanding balance at reporting date was $nil (2022: $nil).

During the year, the Company paid management fees of $18,098 (2022: $41,490) to Colin Randall. The outstanding balance at reporting date was $nil (2022: $4,693).

During the year, the Company paid employee benefits of $99,992 (2022: $nil) to Colin Randall. The outstanding balance at reporting date was $12,899 (2022: $nil).

During the year, the Company paid consultancy fees for stakeholder management of $4,453 (2022: $4,062) to Ms L Sanders. The outstanding balance at reporting date was $nil (2022: $1,965). The Company also paid Directors fees of $9,897 (2002: $nil) to Ms L Sanders. The outstanding balance at reporting date was $nil (2022: $nil).

(Expressed in Canadian dollars, unless otherwise stated)

18. Related party transactions (continued)

(b) Key management personnel (continued):

During the year, the Company paid consultancy fees of $9,897 (2022: $nil) to Robert Goodden. The outstanding balance at reporting date was $nil (2022: $nil).

During the year, the Company paid consultancy fees of $9,897 (2022: $nil) to Ryan Wong. The outstanding balance at reporting date was $2,545 (2022: $nil).

During the year, the Company paid consultancy fees of $15,722 (2022: $955) to Nevay Holdings Ltd, a company in which Mr C Castle & Ms J Hatchwell are also Directors. The outstanding balance at reporting date was $1,750 (2022: $955).

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% (2022: 1.8%) shareholding in Chatham Rock Phosphate Ltd.

During the year, the Company paid management fees of $116,825 (2022: $62,889) to Aorere Resources Limited. The outstanding balance at reporting date was $nil (2022: $nil).

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

	2023	2022
Loss for the period	$ (1,770,917)	$ (1,033,401)
Adjustments for:		
Depreciation	4,059	3,165
Share-based payments	-	157,408
Change in trade and other receivables	(40,748)	(10,955)
Change in other current assets	(13,168)	81,335
Change in trade and other payables	324,317	(422)
Net cash (used in) operating activities	$ (1,496,457)	$ (802,870)

(Expressed in Canadian dollars, unless otherwise stated)

20. Commitments and contingencies

Licence work commitments:

The Group has the following indicative expenditure commitments at March 31, 2023 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.

	2023	2022
Within one year	$ -	$ -
After one year but not more than five years (NZD 6,000,000)	$ 5,090,400	$ 5,229,600
	$ 5,090,400	$ 5,229,600

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. On August 23, 2021 the Group applied for a change of conditions in the permit to further defer the minimum work programme commitments program to align the hurdles with an expected realistic timeline for preparation of a new marine consent application. The application was declined by New Zealand Petroleum & Minerals on March 14, 2023, on the basis that the Company has not made sufficient progress in applying for Marine Consent.

The decision by New Zealand Petroleum & Minerals to decline the change of conditions does not impact the validity of the permit.

The Group is evaluating its options to raise the necessary level of funding for the process of re-application for a Marine Consent and additional data collection related to the Consent application process.

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.

20. Commitments and contingencies (continued)

Licence work commitments (continued):

The Group has the follow Within 120 months of the commencement date of the permit, the permit holder must spend on average NZD2 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 NZD 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.

Acquisition of a phosphate mining licence

Since signing a Term Sheet on 21 October 2021 to acquire a phosphate mining licence from a third party, the Group, through its subsidiary Avenir Makatea Pty Ltd, has made every effort to close the acquisition. As at March 31, 2023, there is an outstanding court proceeding between Avenir Makatea Pty Ltd and the third party in relation to the validity and enforceability of the Term Sheet. The Group is both a respondent and cross-claimant in the said proceeding. Based on the current status, we are unable to reliably estimate any potential cash outflows or inflows as a result of the proceeding.

21. Subsequent events

On July 14, 2023, the Company announced that it has closed its non-brokered private placement of 5,380,464 units (the “Units”) at a price of CAD$0.13 per Unit for gross proceeds of CAD$699,460. 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 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 November 15, 2023.

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