

Interim report for the 6 months to 30 September 2013

Directory

Directors:	Chris Castle, Jill Hatchwell, Linda Sanders, Robin Falconer, Ko De Blaeij, Robert Goodden
Project Team:	Chris Castle, Dr Robin Falconer, Cam McKenzie, Ray Wood, Dr Mike Patrick, Najib Moutia, Linda Sanders, Professor Jim Johnston, Dr Ray Kelly, Dave Jennings
Project partner:	Royal Boskalis Westminster NV, The Netherlands
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Headquarters:	Level 1, 93 The Terrace, Wellington, NZ
Postal:	P O Box 231, Takaka 7142 NZ
Registered office:	Duncan Cotterill, Tower Building, 50 Customhouse Quay, Wellington
Share registry:	Link Market Services, 138 Tancred St, Ashburton
Auditors:	KPMG, 10 Customhouse Quay, Wellington
Legal Advisers:	Duncan Cotterill, Tower Building 50 Customhouse Quay, Wellington Simpson Grierson, HSBC Tower, 195 Lambton Quay, Wellington
Bankers:	ANZ Banking Group (NZ) Ltd, 215-229 Lambton Quay, Wellington

Financial Result

Your directors submit the unaudited financial statements of Chatham Rock Phosphate Limited (“CRP”) for the six months to 30 September 2013. The trading result for the period was a loss of \$675,788 (2012 loss \$870,000). An analysis of the result is provided in the table below

	6 months to 30 Sept 2012	6 months to 30 Sept 2013
Income	-	16,254
Expenses	(\$870,000)	692,042
Net Profit (loss) before income tax	(\$870,000)	675,788
Income tax	-	
Net profit (loss) after tax	(\$870,000)	675,788

The deficit for the six months to 30 September 2013 reflected continued high activity levels of our work programme for the Chatham Rise Rock Phosphate Project.

Operations highlights

We continue to make significant progress across a number of fronts though it can sometimes seem like two steps forward and one step back.

One of the more exciting developments has been our recent application for two new prospecting licences adjacent (to the west and east) of our existing prospecting licence. It follows the decision by Kiwi Phosphate to relinquish its interests in the area.

We have identified areas within that territory where we believe that there are commercially viable deposits. We don’t envisage our total mining footprint will increase significantly but the additional areas under our control would enable us to cherry pick the best deposits and leave significant fallow areas.

Mining Licence

Our main focus for the period under review has been on attaining the grant of a Mining Licence through the Government agency New Zealand Petroleum and Minerals.

We had initially expected approval shortly after the passing of the new Crown Minerals Act in late May. However the process has proved longer and more complex than we anticipated and so your Board decided to focus on achieving that licence before submitting our application for the “second leg of the double” – the Marine Consent.

The team has worked to satisfy the requirements of the new regime. This has involved weekly progress meetings with officials and the provision of considerable additional information.

We share our shareholders' frustration about the delays to the project's time frames this has caused. As the first of this type under the new Crown Minerals Act NZP&M has undertaken a robust assessment process, but the upshot is it has taken considerably longer than we expected.

We are continuing to make good headway in gaining our Mining Licence and at the time of writing we are confident we are close to getting over the line, with the final few outstanding issues close to being resolved.

Marine Consent

The additional time and cost involved in the Mining Licence process has meant the Marine Consent time-line has been pushed into 2014.

We plan to submit our formal application in the first quarter of the New Year. The centrepiece of this application is a comprehensive Environmental Impact Assessment, comprising well over 1200 pages and including more than 30 reports produced by a variety of experts.

We produced a near-final version in early July before deciding to hold off formally submitting it. Since then the team has worked to further improve it – incorporating recent data gathered by NIWA, and building in feedback from peer-reviews and ongoing consultation.

The consultation has been very valuable as it has raised questions we've been able to address and has helped us hone and simplify the messages we consider central to an understanding of our proposals.

Capital raising

Our capital raising has continued during the period. We undertook an Initial Public Offering in the New Zealand market in June, with limited success. We raised around \$1.5 million and gained another 125 local shareholders during an offering that involved a roadshow around New Zealand, numerous media interviews and promoting the offer at the Field Days event at Mystery Creek near Hamilton.

We were proud of the offer document produced, which received a lot of favourable comment as providing an informative profile of the project.

While we continue to be on the radar of some local institutions, they are waiting for the project to be "de-risked" through gaining the Mining Licence and Marine Consent before taking the plunge.

In the meantime we have attracted further investment from predominantly international investors, primarily private equity funds and high net worth individuals.

We have raised \$24.5 million over the past three years. Many of our original investors continue to support our various capital raisings and your board remains grateful for your continued support.

The Edison Group provided an update of our operations in September, which assessed Chatham's value above \$2, based on an analysis of our business plan.

Consultation and conferences

During the period we've continued to engage with stakeholders, including meetings with Labour MPs, another visit to the Chatham Islands and environmental groups.

We've presented at conferences both internationally – including our fourth Underwater Mining Institute forum – and in New Zealand, where we've spoken to The Australasian Institute of Mining and Metallurgy, the Institute of Chartered Accountants and a Mining Summit targeting international investors.

The focus ahead

Once we receive the Mining Licence we will re-engage with a range of local and international investors to raise the capital needed to fund the Environmental Consent process. These investors have continued to follow our progress with interest and we anticipate renewed support from a number of them post the mining licence grant.

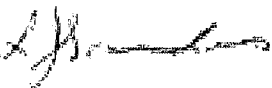
Based on our current business plan we anticipate receiving our Marine Consent in the 3rd quarter of 2014. During that period we'll continue to work with our technical partner Royal Boskalis on ship design prior to starting the two-year ship conversion process.

Our revised target date for starting operations is now in the second half of 2016.

Change in Auditor

We can also advise that Crowe Horwath has resigned from the office of auditor of the company. We thank Crowe Horwath for their assistance over their time as auditor. The Board has appointed KPMG as the new auditor of the company.

On behalf of the Board



Linda Sanders
Chairman



Chris Castle
Managing Director

22 November 2013

Results for announcement to the market

Reporting Period	Six months to 30 September 2013
Previous Reporting Period	Six months to 30 September 2012

	Amount (000s)	Percentage change
Revenue from ordinary activities	\$16, \$0	(0%)
Profit (loss) from ordinary activities after tax attributable to security holder.	(\$676), (\$870)	22%
Net profit (loss) attributable to security holders.	(\$676), (\$870)	22%

Interim/Final Dividend	Amount per security	Imputed amount per security
It is not proposed to pay a dividend for the reporting period.	N/A	N/A

Record Date	Not Applicable
Dividend Payment Date	Not Applicable

Other Financial Information	30 September 2013	30 September 2012
	cents	cents
Net tangible assets	16.5	19.7
Basic earnings after tax	(0.492)	(1.067)
Diluted earnings after tax	(0.405)	(0.824)

Comments:	<p>Chatham Rock Phosphate has not gained or lost control over any entities during the year.</p> <p>There are no unrealized gains resulting from the revaluation of assets included as separate items after profit before extraordinary items.</p> <p>Chatham Rock Phosphate does not operate any dividend or distribution reinvestment plan.</p>
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Chatham Rock Phosphate Limited

Interim Accounts

For the six months ended 30 September 2013

Directory

As at 30 September 2013

Directors

Linda Sanders (Chairman)
Chris Castle
Ko de Blaeij
Robin Falconer
Robert Goodden
Jill Hatchwell

Registered office

The Sandspit
SH 60
Onekaka
Golden Bay

Share registry

Link Market Services
138 Tancred Street
Ashburton

Auditors

KPMG
10 Customhouse Quay
Wellington

Legal advisers

Duncan Cotterill
Level 2, Tower Building
50 Customhouse Quay
Wellington

Statement of Comprehensive Income

For the period ended 30 September 2013

	unaudited 30 Sept 13 \$	unaudited 30 Sept 12 \$	audited 31 March 13 \$
Revenue	-	-	-
Finance income	16,254	1	2
Finance expenses	-	(46,664)	(55,003)
Net finance income	<u>16,254</u>	<u>(46,663)</u>	<u>(55,001)</u>
Administrative expenses	692,042	823,633	1,371,839
Profit/(loss) from continuing operations before income tax	(675,788)	(870,296)	(1,426,840)
Income tax expense	-	-	-
Profit/(loss) from continuing operations	<u>(675,788)</u>	<u>(870,296)</u>	<u>(1,426,840)</u>
Earnings/(loss) per share			
Basic Earnings per share (cents)	(0.492)	(1.067)	(1.347)
Diluted Earnings per share (cents)	(0.405)	(0.824)	(1.020)

Statement of Changes in Equity

For the period ended 30 September 2013

	unaudited 30 Sept 13 \$	unaudited 30 Sept 12 \$	audited 31 March 13 \$
Opening equity as at 1 April	18,615,015	8,245,190	8,245,190
Total recognised revenues and expenses			
Profit/(loss) for the period	(675,788)	(870,296)	(1,426,840)
Total comprehensive income for the period	(675,788)	(870,296)	(1,426,840)
Transactions with owners in their capacity as owners			
Issue of shares	2,255,988	13,336,602	11,962,674
Share issue costs	(283,689)	(1,884,509)	(3,894,715)
Share-based payment transactions	1,337,377	1,839,895	3,728,706
Total contributions from owners	3,309,676	13,291,988	11,796,665
Closing equity as at end of period	21,248,903	20,666,882	18,615,015

Statement of Financial Position

As at 30 September 2013

	unaudited 30 Sept 13 \$	unaudited 30 Sept 12 \$	audited 31 March 13 \$
Current Assets			
Intangible Assets	20,345,591	15,570,935	17,434,109
Plant & equipment	10,771	-	-
NZX Bond	15,000	15,000	15,000
Total non-current assets	20,371,362	15,585,935	17,449,109
Cash and cash equivalents	764,831	216,707	1,151,851
Trade & other receivables	76,031	979,849	141,610
Current tax assets	3,620	4,018	2,979
Other current assets	228,209	4,120,382	223,726
Advance to Aorere Resources Limited	-	-	1,039
Total current assets	1,072,691	5,320,956	1,521,205
Total assets	21,444,053	20,906,891	18,970,314
Equity			
Share capital	21,680,857	21,973,064	18,588,930
Share-based payments reserve	3,974,433	1,867,873	3,756,684
Accumulated losses	(4,406,387)	(3,174,055)	(3,730,599)
Total equity attributable to equity holders of the Company	21,248,903	20,666,882	18,615,015
Total equity	21,248,903	20,666,882	18,615,015
Liabilities			
Trade & other payables	194,804	236,632	355,299
Advance from Aorere Resources Limited	346	3,377	-
Total liabilities	195,150	240,009	355,299
Total equity and liabilities	21,444,053	20,906,891	18,970,314

Statement of Cash Flows

For the period ended 30 September 2013

	unaudited 30 Sept 13 \$	unaudited 30 Sept 12 \$	audited 31 March 13 \$
Cash flows from operating activities			
Net interest received	1,045	-	2
Cash paid to suppliers	(817,133)	(787,934)	(1,372,224)
Exploration expenditure	(1,767,674)	(4,599,318)	(5,236,817)
Tax refund received	-	3,946	4,984
Cash paid to Duncan Cotterill Trust account	-	-	(180,000)
Net cash from/(used in) operating activities	(2,583,762)	(5,383,306)	(6,784,055)
Cash flows from investing activities			
Advances from related parties	1,385	(30)	(4,446)
Purchase of plant & equipment	(10,771)	-	-
Net cash from/(used in) investing activities	(9,386)	(30)	(4,446)
Cash flows from financing activities			
Proceeds from issue of share capital	2,206,128	5,330,308	7,670,617
Net cash from/(used in) financing activities	2,206,128	5,330,308	7,670,617
Net (decrease)/increase in cash and cash equivalents	(387,020)	(53,028)	882,116
Opening cash and cash equivalents	1,151,851	269,735	269,735
Closing cash and cash equivalents	764,831	216,707	1,151,851

Statement of Cash Flows

For the period ended 30 September 2013

	unaudited 30 Sept 13 \$	unaudited 30 Sept 12 \$	audited 31 March 13 \$
Reconciliation of net cashflows from operating activities			
Profit/(loss) per the Income Statement	(675,788)	(870,296)	(1,426,840)
Adjustments for:			
Non-cash expenses	-	138,962	237,200
Foreign exchange (gains)/losses	(55,230)	10,877	20,863
Change in trade and other receivables	65,578	(53,726)	54,096
Change in other current assets	(4,483)	(10,586)	(219,282)
Change in current tax assets	(640)	3,946	4,985
Change in trade and other payables	(174,133)	(3,311,219)	(3,192,550)
Change in exploration expenditure	(1,739,066)	(1,291,264)	(2,262,527)
Net cash flow from operating activities	(2,583,762)	(5,383,306)	(6,784,055)

Notes to the Financial Statements

For the period ended 30 September 2013

These unaudited condensed interim financial statements of Chatham Rock Phosphate Limited have been prepared in accordance with New Zealand Equivalent to International Accounting Standard (NZIAS) 34 Interim Financial Reporting, issued by the New Zealand Institute of Chartered Accountants. The Company is a profit oriented entity.

The Company is an issuer for the purposes of the New Zealand Financial Reporting Act 1993.

The unaudited condensed interim financial statements of the Company for the six months ended 30 September 2013 have been prepared using the same accounting policies and methods of computation as, and should be read in conjunction with, the financial statements and related notes included in the Company's Annual Report for the year ended 31 March 2013.

The same significant judgements, estimates and assumptions included in the notes to the financial statements in the Company's Annual Report for the year ended 31 March 2013 have been applied to these interim statements.

Segment Reporting

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

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

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

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