

**CHATHAM ROCK PHOSPHATE LIMITED**

**(Formerly Widespread Energy Limited)**

**Financial Statements  
For the year ended 31 March 2011**



## CHATHAM ROCK PHOSPHATE LIMITED Directors' Report

In the opinion of the directors of Chatham Rock Phosphate Limited, the financial statements and notes, on pages 4 to 29:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company as at 31 March 2011 and the results of their operations and cash flows for the year ended on that date;
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

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

The directors are pleased to present the financial statements of Chatham Rock Phosphate Limited for the year ended 31 March 2011.

For and on behalf of the Board of Directors:

**C Castle**  
Director  
20 May 2011

**K Hindle**  
Director  
20 May 2011



# CHATHAM ROCK PHOSPHATE LIMITED

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**CHATHAM ROCK PHOSPHATE LIMITED**  
**Statement of Financial Position**  
**As at 31 March 2011**

	Note	2011 \$	2010 \$
<b>Assets</b>			
Investments	9	100,000	283,248
Intangible assets	12	4,282,740	439,628
NZX bond		<u>15,000</u>	<u>15,000</u>
<b>Total non-current assets</b>		<u>4,397,740</u>	<u>737,876</u>
Cash and cash equivalents	11	230,988	507,464
Trade and other receivables		117,418	24,208
Current tax assets	8	7,781	5,365
Prepayments		65,479	11,000
Advance to Widespread Limited	18	<u>33,440</u>	<u>4,924</u>
<b>Total current assets</b>		<u>455,106</u>	<u>552,961</u>
<b>Total assets</b>		<u><b>4,852,846</b></u>	<u><b>1,290,837</b></u>
<b>Equity</b>			
Share capital	13	6,141,799	2,092,014
Share-based payments reserve	13	23,780	-
Accumulated losses		<u>(1,562,393)</u>	<u>(932,902)</u>
<b>Total equity attributable to equity holders of the Company</b>		<u>4,603,186</u>	<u>1,159,112</u>
<b>Total equity</b>		<u><b>4,603,186</b></u>	<u><b>1,159,112</b></u>
<b>Liabilities</b>			
Trade and other payables		<u>249,660</u>	<u>131,725</u>
<b>Total liabilities</b>		<u>249,660</u>	<u>131,725</u>
<b>Total equity and liabilities</b>		<u><b>4,852,846</b></u>	<u><b>1,290,837</b></u>

The financial statements have been approved by the Board of Directors on 20 May 2011.

  
\_\_\_\_\_  
Chris D Castle

  
\_\_\_\_\_  
Keith T Hindle

The notes on pages 8 to 29 are an integral part of these financial statements.



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Statement of Comprehensive Income**  
**For the year ended 31 March 2011**

	Note	2011 \$	2010 \$
<b>Continuing operations</b>			
<b>Revenue</b>			
		-	-
Finance income	6	84,273	34,439
Finance expenses	6	102,069	-
Net finance income/(expense)		<u>(17,796)</u>	<u>34,439</u>
Administrative expenses	7	528,523	141,843
Exploration costs written down	12	83,172	-
Impairment on investments		-	90,800
<b>Profit/(loss) from continuing activities before income tax</b>		<u>(629,491)</u>	<u>(198,204)</u>
Income tax expense	8	-	-
<b>Profit/(loss) from continuing operations</b>		<u><b>(629,491)</b></u>	<u><b>(198,204)</b></u>
<b>Earnings/(loss) per share for the period from continuing operations</b>			
Basic earnings/(loss) per share (New Zealand cents)	14	(2.5027)	(1.1489)
Diluted earnings/(loss) per share (New Zealand cents)	14	(1.5167)	(0.5946)

The notes on pages 8 to 29 are an integral part of these financial statements.



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Statement of Changes in Equity**  
**For the year ended 31 March 2011**

	Note	2011 \$	2010 \$
Opening Equity as at 1 April		1,159,112	963,974
<b>Total recognised revenues and expenses</b>			
Profit/(loss) for the year		(629,491)	(198,204)
Total comprehensive income/(loss) for the year		<u>(629,491)</u>	<u>(198,204)</u>
<b>Transactions with owners in their capacity as owners</b>			
Issue of shares	13	4,049,785	393,342
Share-based payments	13	23,780	-
Total contributions from owners		<u>4,073,565</u>	<u>393,342</u>
<b>Closing Equity as at 31 March</b>		<u><b>4,603,186</b></u>	<u><b>1,159,112</b></u>

The notes on pages 8 to 29 are an integral part of these financial statements.



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Statement of Cash Flows**  
**For the year ended 31 March 2011**

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Net interest & dividends received		17,304	17,232
Cash received from customers		-	3,000
Cash paid to suppliers		(493,080)	(136,059)
Exploration expenditure		(819,192)	(104,802)
Tax refund received		2,538	17,606
		<hr/>	<hr/>
Net cash from/(used in) operating activities	17	<u>(1,292,430)</u>	<u>(203,023)</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of shares		-	22,014
Purchase of investments		-	(37,237)
Purchase of shares		-	(10,242)
Advances to related parties		(28,516)	(4,433)
		<hr/>	<hr/>
Net cash from/(used in) investing activities		<u>(28,516)</u>	<u>(29,898)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		1,044,470	396,400
		<hr/>	<hr/>
Net cash from/(used in) financing activities		<u>1,044,470</u>	<u>396,400</u>
Net (decrease)/increase in cash and cash equivalents		(276,476)	163,479
Cash and cash equivalents at 1 April		507,464	343,985
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 March</b>	11	<b><u>230,988</u></b>	<b><u>507,464</u></b>

The notes on pages 8 to 29 are an integral part of these financial statements.



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

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**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**1. Reporting entity**

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

Chatham Rock Phosphate Limited's single focus is the development and exploitation of the Chatham Rise rock phosphate deposit offshore New Zealand. The Company also derives income from interest.

**2. Basis of preparation**

*(a) Statement of compliance*

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

The financial statements were approved by the Board of Directors on 20 May 2011.

*(b) Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following:

- "financial instruments at fair value through profit or loss" are measured at fair value
- "available-for-sale financial assets" are measured at fair value

The methods used to measure fair values are discussed further in note 4.

*(c) Functional and presentation currency*

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

*(d) Use of estimates and judgements*

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4(a) – valuation of unlisted investments



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**2. Basis of preparation (continued)**

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

At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but not yet effective, and have not been adopted early by the Company.

Management anticipates that all pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below. Certain other new standards and interpretations issued but not yet effective, that are not expected to have a material impact on the company's financial statements, have not been disclosed.

*NZ IFRS 9 – Financial Instruments (effective from 1 January 2013)*

The IASB aims to replace IAS 39 Financial Instruments: Recognition and Measurement in its entirety by the end of 2011, with replacement standard (NZ IFRS 9) to be effective for accounting periods beginning on or after 1 January 2013. The new standard is being issued in phases, with early adoption available as each phase is issued. To date, the chapters dealing with recognition, classification, measurement and de-recognition of financial assets and financial liabilities have been issued. The chapters dealing with impairment and hedge accounting are still being developed.

Management have yet to assess the impact this new standard is likely to have on the recognition and measurement of financial assets held by the company. However, they do not expect to implement the amendments until all chapters of NZ IFRS 9 have been published and they can comprehensively assess the impact of all changes.

*2010 Improvements to IFRSs (effective for years beginning 1 July 2010)*

In May 2010 the IASB issued the annual omnibus of minor amendments to IFRS standards. Management has yet to complete a detailed review of these amendments, however upon preliminary review the impact is not expected to be significant.

**3. Significant accounting policies**

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

*(a) Foreign currency*

*Foreign currency transactions*

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



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**3. Significant accounting policies (continued)**

*(b) Financial instruments*

*Non-derivative financial instruments*

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Accounting for finance income and expense is discussed in note 3(e).

*Available-for-sale financial assets*

The Company's long term investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to the income statement.

*Instruments at fair value through profit or loss*

An instrument is classified as at fair value through profit or loss if it is held for short term trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in the income statement.

*Held to Maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity. The Company currently holds listed bonds designated in this category.

Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

*Other*

Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**3. Significant accounting policies (continued)**

*(b) Financial instruments (continued)*

*Investments in equity securities*

Investments in equity securities held by the Company are classified as available-for-sale.

The fair value of equity investments classified as available-for-sale is their quoted bid price at the balance sheet date. For equity investments which are unlisted, the fair value is based on Directors judgement of a fair market value. If fair value cannot be reliably measured, then unlisted investments are valued at cost.

*Receivables*

Receivables are stated at their cost less impairment losses.

*Trade and other payables*

Trade and other payables are stated at cost.

*Share capital*

*Ordinary shares*

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

*(c) Impairment*

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the income statement.

*(d) Intangible assets*

*Exploration and evaluation assets*

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

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) The expenditures are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) Activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if:

- (i) Sufficient data exists to determine technical feasibility and commercial viability, and
- (ii) Facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment accounting policy (c)).

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**3. Significant accounting policies (continued)**

(d) *Intangible assets (continued)*

*Exploration and evaluation assets (continued)*

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.

(e) *Finance income and expenses*

Finance income comprises interest income on funds invested, dividend income, and gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and foreign currency gains that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets (except for trade receivables), and losses on the disposal of available-for-sale financial assets that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method.

(f) *Income tax expense*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference 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.

(g) *Earnings per share*

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options.



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**3. Significant accounting policies (continued)**

(h) *Segment reporting*

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

**4. Determination of fair values**

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) *Investments in equity and debt securities*

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. For equity investments which are unlisted, the fair value is based on Directors judgement of a fair market value. If fair value cannot be reliably measured, then unlisted investments are valued at cost.

(b) *Receivables*

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

**5. Segment reporting**

Segment information is presented in respect of the Company's business and geographical segments. The Company has two business segments being investment in exploration (oil and gas) companies and exploration in oil and gas.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

*Geographical segments*

The investment segment operates in two principal geographical areas, New Zealand and Other.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of investments. Segment assets are based on the geographical location of the assets.



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**5. Segment reporting (continued)**

<b>Business segments</b>	<b>Investment in Exploration Companies</b>		<b>Exploration</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	\$	\$	\$	\$	\$	\$
Total segment revenue	84,273	34,439	-	-	84,273	34,439
Total segment impairment	-	90,800	83,172	-	83,172	90,800
Segment result	(546,319)	(198,204)	(83,172)	-	(629,491)	(198,204)
Segment assets	-	851,209	4,852,846	439,628	4,852,846	1,290,837

<b>Geographical segments</b>	<b>New Zealand</b>		<b>Other</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	\$	\$	\$	\$	\$	\$
Interest revenue	22,258	19,667	-	-	22,258	19,667
Other revenue	62,015	14,772	-	-	62,015	14,772
Total revenue	84,273	34,439	-	-	84,273	34,439
Segment assets	4,852,846	1,198,388	-	92,449	4,852,846	1,290,837



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**6. Finance income and expense**

	<b>2011</b>	<b>2010</b>
	\$	\$
Interest income on bank deposits	22,258	19,667
Net gain on disposal of exploration permits designated at fair value through profit or loss	62,015	-
Net gain on disposal of financial assets designated at fair value through profit or loss	-	11,772
Underwriting fee received	-	3,000
Finance income	84,273	34,439
Net loss on disposal of available-for-sale financial assets	102,069	-
Finance expense	102,069	-
<b>Net finance income/(expense)</b>	<b>(17,796)</b>	<b>34,439</b>

**7. Administrative expenses**

The following items of expenditure are included in administrative expenses:

	<b>2011</b>	<b>2010</b>
	\$	\$
Auditor's remuneration to WHK Wellington comprises:		
audit of financial statements	20,000	14,500
preparation of tax return	2,500	2,700
other audit-related services	4,800	625
Total auditor's remuneration	27,300	17,825
Accountancy	8,400	7,055
Bank charges	41	78
Consultancy fees	26,197	4,717
Directors fees	70,000	20,000
General expenses	20,763	3,773
Insurance	3,750	1,750
IPO expenses	137,519	-
Legal fees	75,718	22,911
Listing fees	12,977	8,500
Management fees	108,212	46,188
Registry fees	11,470	5,654
Rent	2,500	-
Travel expenses	23,676	3,392
<b>Total administration expenses</b>	<b>528,523</b>	<b>141,843</b>

Other audit-related services include services for the audit or review of financial information other than financial reports including prospectus reviews and other audits required for local regulatory purposes.





**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**8. Income tax expense in the income statement**

Reconciliation of effective tax rate

	<b>2011</b>	<b>2010</b>
	\$	\$
Profit/(loss) for the year	(629,491)	(198,204)
Total income tax expense	-	-
Profit/(loss) excluding income tax	(629,491)	(198,204)
Income tax using the Company's domestic tax rate 30%	(188,847)	(59,461)
<i>Tax effect of:</i>		
Non-deductible expenses	189,873	6,192
Tax exempt income	-	(3,532)
Current year losses for which no deferred tax is recognised	100,738	73,351
Recognition of previously unrecognised tax losses	(9,046)	(43,790)
Change in unrecognised temporary differences	(108,960)	27,240
Impact of reduction in tax rate on deferred tax	16,242	-
<b>Income tax expense</b>	-	-
<i>Comprising</i>		
Current tax	-	-
Deferred tax		
- Origination and reversal of timing differences	102,179	43,790
- Reduction in tax rate	15,828	-
- Recognition of previously unrecognised tax losses	(9,046)	(43,790)
- Change in unrecognised temporary differences	(108,960)	-
<b>Income tax expense</b>	-	-
<i>The current tax asset consists of:</i>		
Current income tax charge	-	-
Resident withholding tax paid	7,781	5,365
<b>Current tax asset</b>	7,781	5,365
<b>Imputation credit account</b>		
Imputation credits at 1 April	5,365	17,606
Resident withholding tax deducted	4,954	5,365
New Zealand tax payments, net of refunds	(2,538)	(17,606)
<b>Imputation credits at 31 March</b>	7,781	5,365

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



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**9. Other investments**

	2011	2010
	\$	\$
Non-current investments		
Available-for-sale financial assets	-	183,249
Held-to-maturity investments	100,000	100,000
	<u>100,000</u>	<u>283,249</u>

Held-to-maturity investments have an interest rate of 8.0 percent and mature 15 May 2014.

**10. Deferred tax assets and liabilities**

**Unrecognised deferred tax assets**

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

	2011	2010
	\$	\$
Deductible temporary differences	-	(108,960)
Tax losses	(227,384)	(135,692)
	<u>(227,384)</u>	<u>(244,652)</u>

**Recognised deferred tax assets and liabilities**

Deferred tax assets and liabilities are attributable to the following:

	2011	2010
	\$	\$
Non-current investments	-	(6,423)
Intangible assets	1,198,738	131,888
Trade and other payables	(14,000)	(4,350)
Tax losses	(1,184,738)	(121,115)
	<u>-</u>	<u>-</u>



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**11. Cash and cash equivalents**

	2011 \$	2010 \$
Bank balances	230,988	507,464
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>230,988</b>	<b>507,464</b>

**12. Intangible assets**

Exploration and evaluation

	Kotuku \$	Off shore West \$	Chatham Rise JV \$	Total \$
Balance at 1 April 2009	208,383	58,049	20,328	286,760
Exploration costs capitalised	85,755	22,794	44,319	152,868
<b>Balance at 31 March 2010</b>	<b>294,138</b>	<b>80,843</b>	<b>64,647</b>	<b>439,628</b>
Balance at 1 April 2010	294,138	80,843	64,647	439,628
Exploration costs capitalised	68,847	2,329	818,109	889,285
Exploration expenses written off	-	(83,172)	-	(83,172)
Exploration interests sold	(362,985)	-	-	(362,985)
Purchase 10% interest from Widespread Portfolios Limited	-	-	3,399,984	3,399,984
<b>Balance at 31 March 2011</b>	<b>-</b>	<b>-</b>	<b>4,282,740</b>	<b>4,282,740</b>

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

The write down in exploration costs related to the relinquished Offshore West Coast permit area.



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**13. Capital and reserves**

Reconciliation of movement in capital and reserves

	Share capital \$	Share option reserve \$	Retained earnings \$	Total \$
Balance at 1 April 2009	1,698,672	-	(734,698)	963,974
Total recognised income and expense	-	-	(198,204)	(198,204)
Issue of ordinary shares	393,342	-	-	393,342
<b>Balance at 31 March 2010</b>	<b>2,092,014</b>	<b>-</b>	<b>(932,902)</b>	<b>1,159,112</b>
Balance at 1 April 2010	2,092,014	-	(932,902)	1,159,112
Total recognised income and expense	-	-	(629,491)	(629,491)
Issue of ordinary shares	4,049,785	-	-	4,049,785
Share-based payments	-	23,780	-	23,780
<b>Balance at 31 March 2011</b>	<b>6,141,799</b>	<b>23,780</b>	<b>(1,562,393)</b>	<b>4,603,186</b>

*Share capital*

	Ordinary shares	
	2011	2010
On issue at 1 April	20,387,261	16,933,776
Issued for cash	9,206,439	3,453,485
Issued in lieu of payment	833,333	-
Issued for consideration 10% interest in exploration permit	4,099,627	-
On issue at 31 March	<u>34,526,660</u>	<u>20,387,261</u>

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

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

*Share options granted - listed*

	Share options	
	2011	2010
On issue at 1 April	16,080,276	16,080,276
On issue at 31 March	<u>16,080,276</u>	<u>16,080,276</u>

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



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**13. Capital and reserves (continued)**

*Share options granted - unlisted*

	<b>Share options</b>	
	<b>2011</b>	<b>2010</b>
On issue at 1 April	-	-
Options issued	750,000	-
On issue at 31 March	750,000	-

Each option entitles the holder to subscribe for one ordinary share. The exercise price of the options is 50 cents. The options expire on 30 September 2014 and 28 February 2015.

*Share option reserve*

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

**14. Earnings/(loss) per share**

*Basic earnings/(loss) per share*

The calculation of basic earnings per share at 31 March 2011 was based on the profit/(loss) attributable to ordinary shareholders of \$(629,491) (2010: \$(198,204)) and a weighted average number of ordinary shares outstanding of 25,152,220 (2010: 17,251,357), calculated as follows:

	<b>2011</b>	<b>2010</b>
Profit/(loss) attributable to ordinary shareholders	\$	\$
Net profit/(loss) for the year	(629,491)	(198,204)
Weighted average number of ordinary shares	<b>2011</b>	<b>2010</b>
Issued ordinary shares at 1 April	20,387,261	16,933,776
Effect of shares issued February 10	-	253,407
Effect of shares issued March 10	-	64,174
Effect of shares issued April 10	3,367,674	-
Effect of shares issued November 10	452,055	-
Effect of shares issued January 11	802,125	-
Effect of shares issued February 11	125,297	-
Effect of shares issued March 11	17,808	-
Weighted average number of ordinary shares at 31 March	25,152,220	17,251,357

*Diluted earnings/(loss) per share*

The calculation of diluted earnings per share at 31 March 2011 was based on profit/(loss) attributable to ordinary shareholders of \$(629,491) (2010: \$(198,204)) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 41,503,044 (2010: 33,331,633), calculated as follows:



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**14. Earnings/(loss) per share (continued)**

Profit/(loss) attributable to ordinary shareholders (diluted)	<b>2011</b>	<b>2010</b>
	\$	\$
Net profit/(loss) attributable to ordinary shareholders (basic)	(629,491)	(198,204)
Weighted average number of ordinary shares (diluted)	<b>2011</b>	<b>2010</b>
Weighted average number of ordinary shares (basic)	25,152,220	17,251,357
Effect of share options on issue 1 April	16,080,276	16,080,276
Effect of share options issued September 2010	249,315	-
Effect of share options issued February 2011	21,233	-
Weighted average number of ordinary shares (diluted) at 31 March	41,503,044	33,331,633

**15. Share-based payments**

*Recognised share-based payment expenses*

The purpose of the share-based payments is to reward key consultants in a manner that aligns remuneration with the creation of shareholder wealth.

As the Company's activities have been predominantly in exploration, shareholder wealth is dependent, for the foreseeable future, on exploration success rather than an improvement in the Company's earnings.

Share-based payments of \$23,780 (2010:\$nil) have been capitalised in exploration expenditure during the year.

*Equity-settled transactions*

Share-based payments of \$100,000 (2010:\$nil) settled by the issue of 833,333 ordinary shares in the Company, have been included in IPO expenses during the year.

*Options granted as compensation*

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

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



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**15. Share-based payments (continued)**

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

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

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

Fair value of share options and assumptions:

Falconer options  
September 2010

Fair value at grant date

Share price	\$0.12
Exercise price	\$0.50
Expected volatility (weighted average volatility)	75%
Option life (expected weighted average life)	4 years
Expected dividends	\$0.00
Risk-free interest rate (based on government bonds)	4.55%

Fair value of share options and assumptions:

Kenex options  
February 2011

Fair value at grant date

Share price	\$0.15
Exercise price	\$0.50
Expected volatility (weighted average volatility)	75%
Option life (expected weighted average life)	4 years
Expected dividends	\$0.00
Risk-free interest rate (based on government bonds)	4.49%

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

	Weighted average exercise price 2011	Number of options 2011
Outstanding at 1 April	-	-
Outstanding at 31 March	0.50	750,000
Exercisable at 31 March		750,000



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**16. Financial instruments**

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

*Foreign currency risk*

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

	<b>FJD</b>
<b>2011</b>	
Foreign currency risk Investments	nil
<b>2010</b>	
Foreign currency risk Investments	92,449

*Market risk*

*Equity Price risk*

The Company has invested in an opportunity in the fertiliser energy sector that is in an embryonic stage of development and which may not be successful and will need very large sums of money to become commercially successful. Even if the early results are successful, if sourcing the subsequent capital required for the next stages of these projects is not achieved then the Company could lose its entire investment.

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

These risks are actively minimised by the following strategies:

- Investments will be financed solely from equity sources (the Company will have no borrowings);
- Investments will be well researched before acquisition;

Other investments of the Company relate to:

	<b>2011</b>	<b>2010</b>
	\$	\$
Non-current investments		
Equity securities available-for-sale	-	183,249

Equity securities relate to investments in common stock of entities of privately held companies.





**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**16. Financial instruments (continued)**

*Liquidity risk*

Liquidity risk represents the Company's ability to meet its financial obligations. It is the Company's policy to maintain sufficient cash reserves at all times to meet its obligations arising from its financial liabilities.

*Capital management*

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

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

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

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

*Credit risk*

Credit risk is the risk that an outside party will not be able to meet its obligations to the Company. Financial assets, which potentially subject the Company to concentrations of credit risk, consist principally of cash and accounts receivable.

The Company manages credit risk and the losses which could arise from default by ensuring that parties to contractual arrangements are of an appropriate credit rating, or do not show a history of defaults. Financial assets such as cash at bank and deposits are held with reputable organisations.

At reporting date, there are no issues with the credit quality of financial assets that are neither past due or impaired, and all amounts are expected to be received in full.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

*Sensitivity analysis*

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

It is estimated that a general increase of one percentage point in the value of the New Zealand dollar against other foreign currencies would have decreased the Company's profit before income tax by approximately \$nil for the year ended 31 March 2011 (2010: \$nil).



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**16. Financial instruments (continued)**

*Classification and fair values*

The fair value of all financial instruments is deemed to be their carrying value except for unlisted investments that are carried at cost as fair value cannot be reliably measured.

	Loans and receivables	Available- for- sale	Held-to- maturity	Other Liabilities	Total carrying amount
	\$	\$		\$	\$
<b>2011</b>					
Assets					
Other investments	-	-	100,000	-	100,000
NZX Bond	15,000	-		-	15,000
Total non-current assets	15,000	-	100,000	-	115,000
Trade and other receivables	116,636	-	-	-	116,636
Advance to Widespread Limited	33,440	-	-	-	33,440
Cash and cash equivalents	230,988	-	-	-	230,988
Total current assets	381,064	-	-	-	381,064
<b>Total assets</b>	<b>396,064</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>496,064</b>
Liabilities					
Trade and other payables	-	-	-	249,660	249,660
Total current liabilities	-	-	-	249,660	249,660
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>249,660</b>	<b>249,660</b>



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**16. Financial instruments (continued)**

*Classification and fair values*

	Loans and receivables	Available for sale	Held-to- maturity	Other Liabilities	Total carrying amount
	\$	\$	\$	\$	\$
<b>2010</b>					
Assets					
Other investments	-	183,249	100,000	-	283,249
NZX Bond	15,000	-	-	-	15,000
Total non-current assets	15,000	183,249	100,000	-	298,249
Trade and other receivables	24,208	-	-	-	24,208
Advance to Widespread Limited	4,924	-	-	-	4,924
Cash and cash equivalents	507,464	-	-	-	507,464
Total current assets	536,596	-	-	-	536,596
<b>Total assets</b>	<b>551,596</b>	<b>183,249</b>	<b>100,000</b>	<b>-</b>	<b>834,845</b>
Liabilities					
Trade and other payables	-	-	-	131,725	131,725
Total current liabilities	-	-	-	131,725	131,725
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>131,725</b>	<b>131,725</b>



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**17. Reconciliation of the profit/(loss) for the period with the net cash from operating activities:**

	2011	2010
	\$	\$
Profit/(loss) for the year	(629,491)	(198,204)
Adjustments for:		
(Gains)/losses on sale of financial assets at fair value through profit & loss	102,069	(11,772)
Unrealised change in fair value of available for sale financial assets	-	90,800
IPO expenses (non-cash)	50,000	-
Change in trade and other receivables	(83,210)	341
Change in prepayments	(4,479)	(9,250)
Change in current tax assets	(2,416)	12,241
Change in trade and other payables	119,445	65,689
Change in exploration expenditure	(844,348)	(152,868)
<b>Net cash from operating activities</b>	<b>(1,292,430)</b>	<b>(203,023)</b>

**18. Related parties**

Directors of the Company control 3 percent of the voting shares of the Company, directly.

*Widespread Portfolios Limited*

The Directors of Chatham Rock Phosphate Limited are commonly Directors in Widespread Portfolios Limited, which in its own name & through its subsidiary; Mineral Investments Limited has a combined 24.68 percent (2010: 21.8%) shareholding in Chatham Rock Phosphate Limited.

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

		Transaction value		Balance	
		Year ended 31 March	Year ended 31 March	outstanding as at 31 March	outstanding as at 31 March
Directors	Transactions	2011	2010	2011	2010
		\$	\$	\$	\$
C Castle, J Hatchwell, K Hindle & L Sanders	Investment & management services	229,884	46,188	-	18,141

The Company used Widespread Portfolios Limited, a company in which Mr C Castle, Ms J Hatchwell, Mr K Hindle & Ms L Sanders are directors, for investment and management services on an as required basis. Amounts were billed based on normal market rates for such services on a monthly basis and were due and payable under normal commercial terms.



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Notes to Financial Statements**  
**For the year ended 31 March 2011**

**18. Related parties (continued)**

On the 30th March 2011 Chatham Rock Phosphate Limited purchased Widespread Portfolios Limited 10% interest in Chatham Rise Joint Venture for a purchase price of \$3.4m. This value was determined with reference to two independent reports which support a board valuation of the current value for the Chatham Rock Phosphate Project being \$34 million. This valuation was reviewed by Simmons Corporate Finance on behalf of Chatham Rock Phosphate shareholders and by McDougall Stuart Corporate Finance for Widespread Portfolios shareholders, which both concurred with the fairness of the valuation. This transaction was approved by the shareholders of both companies. Consideration for this purchase was by way of an asset swap whereby the non-project assets of Chatham Rock Phosphate Limited including shareholdings in Akura Limited, a Fijian oil prospector, and Green Gate Limited, a private oil explorer which no longer holds any licence interests, together with exploration expenditure capitalised in Kotuku PEP 38526 were transferred to Widespread Portfolios Limited. Additionally Widespread Portfolios Limited was issued with 4,099,627 shares in Chatham Rock Phosphate Limited at an issue price of \$0.70587 cents.

*Widespread Limited*

		Transaction value Year ended 31 March		Balance outstanding as at 31 March	
		2011	2010	2011	2010
Directors	Transactions	\$	\$	\$	\$
C Castle, J Hatchwell, K Hindle & L Sanders	Loans	(28,516)	(4,434)	(33,440)	(4,924)

The Directors of Chatham Rock Phosphate Limited are also commonly Directors in Widespread Limited. The loan was interest free and repayable on demand.

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Chatham Rock Phosphate Limited ("the Company")

#### Report on the Financial Statements

We have audited the financial statements of the Company on pages 4 to 29, which comprise the statement of financial position as at 31 March 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Directors' Responsibility for the Financial Statements*

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

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

An entity associated with our firm provides taxation services to the Company; we have no other relationship with, or interests in, the Company.

#### *Opinion*

In our opinion, the financial statements on pages 4 to 29:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of the Company as at 31 March 2011 and the results of its operations and cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

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

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

In our opinion proper accounting records have been kept by the Company as far as appears from an examination of those records.

W H K

**WHK Wellington Partnership  
CHARTERED ACCOUNTANTS**

20 May 2011

## CHATHAM ROCK PHOSPHATE LIMITED

### Shareholder Information

#### Stock exchange listing

The Company's ordinary shares are listed on the New Zealand Stock Exchange.

#### 1. Distributions of security holders and security holdings as at 13 May 2011

Size of holding	Number of security holders	Number of securities
1- 1,000	3	1,105
1,001 – 5,000	28	100,225
5,001 – 10,000	19	135,017
10,001 – 50,000	90	2,401,839
50,001 – 100,000	33	2,373,061
100,001 +	49	31,444,413
<b>Geographic distribution</b>		
New Zealand	210	32,058,445
Australia	3	1,205,095
Rest of world	9	3,192,120

#### Distributions of option holders and option holdings as at 13 May 2011

Size of holding	Number of option holders	Number of options
1- 1,000	-	-
1,000 -5,000	9	39,000
5,001 – 10,000	8	69,555
10,001 – 50,000	61	1,445,000
50,001 – 100,000	11	793,000
100,001 +	20	11,804,721
<b>Geographic distribution</b>		
New Zealand	108	14,130,276
Australia	1	21,000



**CHATHAM ROCK PHOSPHATE LIMITED**  
**Shareholder Information**

2. 20 Largest registered holders of quoted equity securities as at 13 May 2011

	<b>Ordinary</b>	<b>%</b>
Mineral Investments Limited	4,518,648	12.40
Widespread Portfolios Limited	4,474,893	12.28
International Mining & Financing Corporation	3,099,495	8.50
Tasman Portfolio Limited	2,014,850	5.53
Tattersfield Securities Limited	2,000,000	5.49
Talisman No.1 Trust	1,199,887	3.29
JC Quinn & YA Quinn Superannuation A/c	1,181,819	3.24
The Common Family Trust	1,180,872	3.24
Beggs No.2 Trust	912,000	2.50
PW Hall	900,000	2.47
CD Castle	839,895	2.30
Golden Horseshoe Investments Limited	797,122	2.19
GJ Main	546,810	1.50
Leveraged Equities Finance Limited	540,000	1.48
TJN Beyer	500,000	1.37
Kenex Knowledge Systems Limited	420,000	1.15
McCarrison Family Trust	400,887	1.10
DD Kelly & KA Hitchins	354,546	0.97
N Paviour-Smith	310,000	0.85
SM Pollard	282,207	0.77

20 Largest registered holders of quoted options as at 13 May 2011

	<b>Ordinary</b>	<b>%</b>
Beggs No.2 Trust	871,000	6.16
Golden Horseshoe Investments Limited	625,000	4.42
Leveraged Equities Finance Limited	520,000	3.68
Talisman No.1 Trust	460,000	3.25
KR Frankum	358,000	2.53
M Wilcox	340,000	2.40
N Paviour-Smith	310,000	2.19
McCarrison Family Trust	260,000	1.84
SM Pollard	260,000	1.84
PD & HE Milne Family Trust	236,851	1.67
TJN Beyer	220,000	1.56
Widespread Portfolios Limited	213,000	1.50
PW Brooks	210,000	1.48
B Hira	200,000	1.41
NA Gunning	200,000	1.41
607 Nominees Limited	160,000	1.13
CAN Beyer	160,000	1.13
BJ Capstick	140,000	0.99

## CHATHAM ROCK PHOSPHATE LIMITED

### Shareholder Information

3. Substantial Security Holders as at 13 May 2011

The following persons are deemed to be substantial security holders in accordance with section 26 of the Securities Markets Amendment Act 2002.

	<b>Ordinary shares</b>	
	<b>Number</b>	<b>%</b>
Widespread Portfolios Limited	8,993,541	24.68
International Mining & Financing Corporation	3,099,495	8.50
Tasman Portfolio Limited	2,014,850	5.53
Tattersfield Securities Limited	2,000,000	5.49
<b>Total Ordinary Shares on issue</b>	<b>36,455,660</b>	

	<b>Options*</b>	
	<b>Number</b>	<b>%</b>
Widespread Portfolios Limited	4,080,870	28.84
Tasman Portfolio Limited	1,980,000	13.99
<b>Total Options on issue</b>	<b>14,152,176</b>	

\* Each option is exercisable by the holder into 1 share for an exercise price of \$0.10 per option. Options confer voting rights in the same manner as shares.

4. Directors' Security Holdings as at 13 May 2011

	<b>Ordinary shares held</b>	
	<b>2011</b>	<b>2010</b>
	<b>Number</b>	<b>Number</b>
C Castle	1,085,592	526,592
J Hatchwell	110,980	70,980
K Hindle	182,992	99,659
L Sanders	606,377	416,337

	<b>Options Held</b>	
	<b>2011</b>	<b>2010</b>
	<b>Number</b>	<b>Number</b>
C Castle	20,000	545,000
J Hatchwell	-	40,000
L Sanders	-	190,000

Each of the directors is also a director of Widespread Portfolios Limited which has a relevant interest in 8,993,541 shares and 4,080,870 options of Chatham Rock Phosphate Limited as at 13 May 2011. These securities are held both directly and through a wholly owned subsidiary, Mineral Investments Limited.

**CHATHAM ROCK PHOSPHATE LIMITED**  
**Statutory Information**  
**For the year ended 31 March 2011**

**1. Directors and remuneration**

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

<i>In New Zealand dollars</i>	<b>Directors Fees</b>	<b>Consultancy Fees</b>	<b>Total</b>
	\$	\$	\$
J Hatchwell	14,000	-	14,000
L Sanders	14,000	13,600	27,600
K Hindle	28,000	-	28,000
C Castle	14,000	-	14,000

**2. Entries recorded in the interests register**

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

- (A) Directors' interests in transactions  
Mr C Castle, Mr K Hindle, Ms J Hatchwell, and Ms L Sanders are also directors of Widespread Portfolios Limited & Widespread Limited.
- (B) Share dealings of directors  
On 7 March 2011 Mr K Hindle purchased 83,333 ordinary shares of the Company for a consideration of \$10,000 in a private placement. On 15 April 2011 Mr C Castle exercised 545,000 options for a consideration of \$54,500; Ms L Sanders exercised 190,000 options for a consideration of \$19,000; and Ms J Hatchwell exercised 40,000 options for a consideration of \$4,000. On 19 April 2011 Mr C Castle purchased on market 14,000 ordinary shares of the Company for \$2,240 and 20,000 options of the Company for \$1,200.
- (C) Loans to directors  
No loans were granted to Directors and nil is outstanding at 31 March 2011.
- (D) Directors' indemnity and insurance  
The Company has insured all its directors and the directors of its subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as directors. The insurance does not cover liabilities arising from criminal actions.