Consolidated Financial Statements
(Expressed in Canadian dollars)

CHATHAM ROCK PHOSPHATE LIMITED

For the year ended March 31, 2023 and 2022

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CANADIAN DECLARATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Chatham Rock Phosphate Limited and all the information in this annual report have been prepared by and are the responsibility of management.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and reflect management's best estimate and judgement based on currently available information. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

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

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

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

Chris Castle
Chief Executive Officer

Robyn Hamilton
Chief Financial Officer

July 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

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To the Shareholders of Chatham Rock Phosphate Limited

Opinion

We have audited the consolidated financial statements of Chatham Rock Phosphate Limited and its subsidiaries (the "Group") which comprise the consolidated statements of financial position as at March 31, 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:

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.

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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.

Grant Thornton New Zealand Audit Ltd. Marked for identification purposes.

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.

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.

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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).

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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.

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)

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

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.

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:

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.

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

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

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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.

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.

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.

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	$ -	$ -

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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:

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.

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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.

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).

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)

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.