

Chatham Rock Phosphate summarises recent events and milestones

29.06.2018 | [CNW](#)

WELLINGTON, New Zealand, June 29, 2018 /CNW/ - Chatham Rock Phosphate (NZ: CRP, TSX.V: NZP) ("CRP" or "the Company") provides a further shareholder briefing. It has been particularly eventful recently and it's timely to provide a summary to shareholders. In this issue we will cover:

- Commencing the marine consent reapplication process
- Share purchase plan – importance of this succeeding in order to maintain momentum
- Marine phosphate permitting progress overseas
- Key messages from Chatham presentation at the Minerals Forum
- Report on attendance at National Fieldays
- NIWA disturber experiment
- Boskalis to dredge Lyttleton Harbour
- Rare earths financing
- Namibia

Permit Reapplication Process Back on Track

Following the success of two recent private placements we now have the resources to commence the first step in the reapplication process. This will involve the preparation of an environmental scoping document, to be undertaken by independent advisors led by our project director, Renee Grogan and which is expected to be completed by November 2018. This will be reviewed by independent experts retained by the EPA and the feedback from that review (a significant milestone) will guide Chatham in the delivery of a marine consent application that is consistent with the expectations of regulators, other government agencies, Maori and community stakeholders.

Preparing that application is expected to take at least a year, involving updates to a large number of supporting scientific data and the need to gather more environmental data from the permit area.

Announcement of Share Purchase Plan (SPP)

This financing approach is in contrast to the recent financing initiatives targeting habitual investors. It is an offer to all shareholders regardless of their existing holdings, of up to 20,000 units. Each unit comprises a share and half a 2-year 45 cent warrant (a call option in New Zealand). The offer will open on 2 July and close three weeks later.

We hope this offer will be supported by a healthy proportion of our ~1950 shareholders. We certainly will need that support to maintain the permit reapplication momentum we have regained. Ongoing shareholder support will provide the lifeblood of the project (being fully permitted). We will also continue to raise funds from a variety of other sources, including targeting the private equity sector.

Marine Phosphate Permitting Overseas

In April we quoted from a public release relating to the offshore Mexico Don Diego marine phosphate deposit. The release stated: "on March 21, 2018, the Superior Court of the Federal Court of Administrative Justice in Mexico had ruled unanimously to overturn the earlier denial of the environmental permit application for the extraction of phosphate sand from the Don Diego project. We await further developments with optimism."

In a parallel situation in Namibia, a very recent court decision overruled the 2016 withdrawal of a granted consent for a licence to Namibian Phosphate Limited, the operator of the Sandpiper project. While this consent has not been formally renewed, we are similarly optimistic. Given our five prospecting permit applications in the same area offshore Namibia this development is more directly relevant to Chatham.

Messages from the Minerals Forum

Our key messages:

A key purpose of this conference held in Queenstown in May was to attract international investors, so local investment opportunities were a focal point of the gathering. Chatham's key messages were strongly focused and included the following familiar points:

- Based on current fertiliser prices and project costs the project will be highly profitable (\$NZ75m pretax per annum)
- No capital investment is required as the rock will be contract mined and sold unprocessed
- It is a strategic commodity (phosphate is scarce, low cadmium phosphate even more so)
- The project has many associated environmental benefits (food safety, carbon emissions, soil profile, water quality)

- It is an ethical source of phosphate
- As the directors and management own 35% we are walking the walk. We have more skin in the game than any other shareholder.

The presentation was well received and is on our website.

Messages from The Honourable Megan Woods, Minister of Energy & Resources:

Minister Woods' keynote address included some helpful reassurances relating to offshore minerals permitting. Because this was so relevant to our project I repeat the relevant sections below verbatim.

- "Other than for oil and gas, we have not changed the rules or regulations around offshore mineral exploration at all."
- Our system assesses each application for offshore minerals exploration against a variety of factors – including environmental impact under the Resource Management Act, or under the Exclusive Economic Zone legislation where the application is for an area more than 12 nautical miles offshore.
- We see this system continuing - each permit application will continue to be assessed on its merits.
- For example, just a couple of weeks ago NZ Petroleum & Minerals, a foundation partner of this event, granted two permits for ironsands.
- We know there are other minerals other than ironsands offshore and we want to see exploration for these minerals.
- There are known deposits of phosphate, polymetallic nodules, cobalt rich ferromanganese crusts and seafloor massive sulphides that all hold the potential for economic benefit".

Given Chatham already has a granted mining permit which included negotiating a significant royalty payable to the Government, the economic benefits have already been well established.

National Field Days

Chatham attended the National Field Days at Mystery Creek in Hamilton, held annually in June. The Fielddays event, the largest agribusiness show in the southern hemisphere, attracts more than 130,000 people over four days and attendance in previous years has proven successful for Chatham. This was the case again as we had a steady stream of people coming to our stall to learn more about the project, our phosphate product and the investment opportunity. We were again visited by farmers who have followed our project over the past several years in the media, by companies involved in the industry, by people who are curious to learn more about the project's technical innovations and by loyal shareholders.

Interestingly many of our visitors knew what reactive phosphate rock was, understand its properties and benefits and many welcomed the demise of manufactured phosphate fertilisers.

Niwa Disturber Experiment

Also a few weeks ago we advised shareholders an ocean study by NIWA (National Institute of Water and Atmospheric Research) to be undertaken in May would be particularly relevant to our proposed marine phosphate recovery operation on the Chatham Rise.

NIWA had advised that one of the most challenging scientific underwater experiments it has ever attempted is taking place on the Chatham Rise.

The aim of the voyage was to disturb a small area of the seabed and create a sediment plume using a benthic disturber. The dispersal of the plume would then be monitored, and surveys before and after the disturbance would measure the effects on seabed animals. The data collected will be used to build up a picture of how the biological communities on the seabed are affected by the sediment stirred up by mining or bottom trawl fishing.

Uncertainty about the effects of sediment plumes has contributed to applications for seabed mining being declined and this is also an environmental concern for sustainable fisheries certification.

"These activities create plumes of sediment but we don't know how the sediment affects seabed life as it settles again on the seafloor, and how much deep-sea animals can withstand. We are doing this experiment on a small scale on the Chatham Rise. It will give us a much better idea of how environmental managers and industry can work to mitigate larger-scale disturbance effects," NIWA scientist Dr Malcolm Clark noted at the time.

At the time we said: "Clearly the outcomes of the disturbance research are incredibly relevant to our project in that they

real data on the behaviour and effect of plumes generated when the seafloor is disturbed (by any activity including dredging and bottom trawling).

"We have already spent very considerable sums modelling how the plumes will behave so we expect that this real data will strengthen our ability to quantify these effects."

The experiment was completed in early June and we look forward to the results.

Boskalis Dredge "Fairway" to be in NZ waters

Shareholders will be aware we have worked closely with Royal Boskalis Westminster (Boskalis) since 2011. Our proposed phosphate recovery operation has been conceived and designed by Boskalis and the company is also a shareholder in the project.

Boskalis recently won the contract to dredge the Lyttleton harbour and as a result Fairway, a 230m trailing-suction hopper, will be undertaking that contract in the next few months. As is routine in dredging contracts world-wide, the dredging operation will operate within extremely fine environmental tolerances and will be very closely monitored. It's a fortuitous opportunity for us to demonstrate to New Zealand stakeholders that they really are world class at what they do.

Rare Earths Research

Chatham previously confirmed it was about to commission a research project aimed at separating valuable by-products (rare earths) within the sandy seafloor matrix that contains the rock phosphate deposit. As our phosphate recovery process is already bringing these sands up to the vessel there is no mining cost involved, merely the costs of separating these by-products from the sand before it is returned to the sea-floor. Successful recovery of even a small proportion of these by-products would be significant to our revenue and profitability and also establish a strategic ocean-floor asset for New Zealand. Delays in securing expected research grants resulted in this project being put on hold but there are changes on the landscape here (partially due to the change of government) and we are, again, optimistic we can get this project up and running.

Namibia – Chatham moving away from being a "one trick" pony

Shareholders will be aware Chatham applied for marine phosphate prospecting permits offshore Namibia some years ago. Recently we have focused on securing strategic alliances in Namibia which will help facilitate our plans to become more active in Namibia. We consider this initiative, which leverages our in-house expertise, to be very much in the interests of our shareholders. As and when they arise, future commitments will be structured in a manner where they will not divert funding from our primary objective; gaining the Chatham Rise Marine Consent on our second try.

A reminder about our environmental and other benefits

You can be our advocates whenever our project is raised in conversation. To remind you why the Chatham Rise project is so hugely important for New Zealand, here are the key reasons:

- Our rock is a proven reactive phosphate rock. Using it results in much less run-off into waterways and an improved environment compared with the effects of manufactured fertilisers.
- As such it is an organic fertiliser
- It also contains ultra-low levels of cadmium, a cancer-causing heavy metal with much greater concentrations in other phosphate deposits
- Being locally sourced and needing to be applied less frequently results in much lower carbon emissions (in effect reducing the NZ electric vehicle fleet from 5,000 to 24,000 vehicles)
- The environmental footprint of seabed extraction is much smaller than the impact of onshore phosphate on local communities overseas
- The rock is within one day's sailing distance and supply is far more secure than phosphate rock coming from unstable regions on the other side of the world
- The project economics are attractive and Chatham will pay significant royalties and income taxes
- The project will generate new jobs in environmental monitoring, on the mining ship, in the home port and in the surrounding agricultural sectors

The following graphic outlines these and other key benefits. See also our online interactive infographic at <http://www.rockphosphate.co.nz/projectinfographic>

Regards

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Die URL für diesen Artikel lautet:

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