

Heads of Agreement
for
Information Sharing and Collaboration on the Chatham Rise Rock Phosphate Project
[5] April 2019

Parties	<p>Ngāti Mutunga O Wharekauri AHC (Ngāti Mutunga)</p> <p>Chatham Rock Phosphate (NZ) Limited (CRP)</p> <p>(each a Party and together the Parties)</p>
Background	<p>CRP holds a mining licence to extract rock phosphate from an offshore area located on the Chatham Rise (the Project). In order to pursue the Project, CRP needs to obtain a marine consent under the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 (Marine Consent).</p> <p>Ngāti Mutunga is a wholly owned subsidiary of Ngāti Mutunga o Wharekauri Iwi Trust, based on the Chatham Islands and has a significant interest in protecting the Chatham Islands marine environment and securing the economic, social and cultural well-being of the Chathams community.</p> <p>Following discussions between the Parties they now wish to formally collaborate on the Project with a view to:</p> <ul style="list-style-type: none"> • Developing a CRP Marine Consent application that meets the environmental, economic, social and cultural objectives of both Parties individually and together; • In the event that the content of such an application is mutually agreed, to formally support the lodging of the CRP Marine Consent application for approval; • In the event that the CRP Marine Consent application is successful, to ensure that that all operations implemented under that consent are carried out in in a manner that best mitigates environmental effects and respects indigenous rights, beliefs and customs to protect the interests of the Chatham Islands community; and • Ensuring that the Chatham Islands community realises tangible benefits from the Project.
Purpose	<p>This Heads of Agreement outlines:</p> <ul style="list-style-type: none"> • what the Parties intend to collaborate on to achieve with respect to the Project; and • how CRP is to ensure that the Chatham Islands community will realise tangible benefits from the Project, <p>so that following appropriate consultation amongst each Party's stakeholders and the receipt of any relevant approvals, the Parties may prepare and enter a formal collaboration agreement.</p>

<p>Collaboration</p>	<p>The overall objective of the Parties collaborating is for the Project to proceed in a manner that successfully addresses the environmental, social, cultural and economic concerns of the Chatham Islands community, as identified through careful engagement with the Chathams community, so that (ideally) the CRP Marine Consent application is able to attract formal support in the Chatham Islands from lead community agencies: Ngāti Mutunga, Hokotehi Moriori Iwi Trust (Moriori) and the Chatham Islands Enterprise Trust (CIET).</p> <p>To achieve this objective, Ngāti Mutunga will advise CRP on the process and timetable for extensive engagement with the constituents of Ngāti Mutunga, Moriori and CIET in order to brief them on the Project, answer questions and address concerns with a view to ultimately securing their active support for the CRP Marine Consent application.</p> <p>Renee Grogan of Gro Sustainability Pty Ltd will lead CRP involvement in that engagement and Ngāti Mutunga will make all arrangements for constituent engagement. CRP must reimburse Ngāti Mutunga for all agreed direct expenses incurred in facilitating such engagement.</p> <p>CRP will make it a particular focus of the engagement to communicate how it will effectively address any potential adverse effects on fisheries resources in the Project area. Otherwise the focus and structure of the community engagement shall be discussed and agreed between the Parties.</p> <p>Following this community engagement (and any other stakeholder engagement carried out independently by CRP on the mainland of New Zealand as part of the Marine Consent Process) and with the benefit of feedback from all relevant stakeholders, CRP will work with Ngāti Mutunga to refine the Marine Consent application and then communicate any such refinements to the Chathams community so that fully informed discussions with Moriori, CIET and the Chatham Island community can occur. The objective of those discussions is to obtain Chatham Island support in the form of formal submissions in support of the Marine Consent.</p> <p>The Parties will deal with each other in the utmost good faith and, to the extent legally possible, on a 'no surprises' basis.</p>
<p>Community Benefits</p>	<p>As part of ensuring that the local communities share in the benefits of the Project, CRP authorises Ngāti Mutunga to indicate in discussions with the Chatham Islands community that CRP will undertake to do the following:</p> <ul style="list-style-type: none"> • Use its reasonable endeavours to ensure that the mining proposal for the Project requires CRP's counterparty to offer a degree of employment on the mining vessel and/or on-land support operations to peoples of the Chatham Islands. • Upon mining production commencing, to work with the Parties to agree on arranging the delivery of quantities of rock phosphate to the Chatham Islands for pastoral application on the Chatham Islands. • Grant to each of the other Parties the options that are defined below.
<p>Options</p>	<p>At the time of entering into full collaboration agreements with Ngāti Mutunga, Moriori and CIET (to formally support the CRP Marine Consent application), CRP's parent company will enter into Option Deeds to issue options on the following basis and that Ngāti Mutunga is authorised to represent to Moriori and CIET the Option Deed Terms below (assuming all three Chatham Island parties are signatories of collaboration agreements):</p> <p>No of Options issued: A number of Options that are equal to 15% of the number of shares on issue at the time the Marine Consent is granted (10% or 5%</p>

	<p>of the number of shares if there are only two or three collaborating Chathams entities respectively).</p> <p>Option Allocation: Each of Ngāti Mutunga, Moriori and CIET will be allocated a third of the Options issued. If, however, either Moriori or CIET are holding unexercised Options at the expiry date of the options, then Ngāti Mutunga shall be entitled to those options and shall have a further period of three (3) months in which to exercise them.</p> <p>Exercise Price: The exercise price per option shall be equal to the total capital expended by CRP shareholders divided by all shares on issue as at the date the Marine Consent is granted. Immediately following the Marine Consent grant CRP shall calculate the exercise price and provide all reasonable supporting information to the Option holders to verify the exercise price. The option deed shall provide that in the event of any dispute on the exercise price, the question shall be referred to an independent chartered accountant firm to conclusively determine the dispute.</p> <p>Expiry Date: The Options shall expire and be of no further effect on the date that is 12 months after the date that rock phosphate is first landed onshore in New Zealand as permitted by the Marine Consent.</p> <p>Other Terms: The Option Deeds shall otherwise include such terms and conditions as are customary in New Zealand for a security of that kind.</p>
<p>Confidentiality and Announcements</p>	<p>The Parties acknowledge that no announcement of either the terms of this Heads of Agreement shall be made by any Party without the consent of the other Parties. This confidentiality obligation shall not apply where a Party is required to disclose such matters by law or the applicable listing rules of any stock exchange but, in such circumstances, disclosure shall only be made to the extent so required by law or applicable listing rules and only after the Party required to make the disclosure has given the other Parties prior written notice of the requirement for such disclosure to the extent it is legally able to do so.</p> <p>Otherwise the form and content of any announcement in relation to this Heads of Agreement must, where applicable law or listing rules permit, be agreed upon by each Party acting reasonably and without delay.</p>
<p>General</p>	<p>This Heads of Agreement does not create a relationship of employment, trust, agency or partnership between the Parties.</p> <p>This Heads of Agreement is governed by the laws of New Zealand. Each party irrevocably and unconditionally submits to the exclusive jurisdiction of the courts of New Zealand.</p>
<p>Nature of Heads of Agreement</p>	<p>Except in relation to <i>Confidentiality and Announcements</i>, <i>General</i> and this provision which are legally binding on each Party, the provisions of this Heads of Agreement:</p> <ul style="list-style-type: none"> • express the current good faith intentions of the Parties only; • are not intended to be legally binding on the Parties or to give rise to legal rights or obligations; and • do not constitute a binding undertaking or representation concerning the subject matter of this Heads of Agreement.

Signed

For Chatham Rock Phosphate (NZ) Limited

For Ngāti Mutunga o Wharekauri AHC
