

Crown Minerals Act 1991

(Section 25)

Minerals Mining Permit 55549

I, DAVID ALEXANDER BINNIE, General Manager, New Zealand Petroleum & Minerals, acting pursuant to section 25 of the Crown Minerals Act 1991 and acting pursuant to delegated authority under section 41 of the State Sector Act 1988, grant to:

CHATHAM ROCK PHOSPHATE LIMITED

the exclusive right to mine for phosphate in the land described in Schedule 2.

The permit operator is:


CHATHAM ROCK PHOSPHATE LIMITED

This mining permit is granted for a term of 20 years commencing on the date specified below.

This mining permit is a Tier 1 permit.

This permit is granted subject to the Crown Minerals Act 1991 and all regulations made under that Act, and the conditions of the permit.

DATED this 6th day of DECEMBER 2013


David Alexander Binnie

Schedule 1

General Conditions

GOOD EXPLORATION AND MINING PRACTICE

- 1 The permit holder shall explore and delineate the mineral resource potential of, and mine, the land to which the permit relates in a systematic and efficient manner and in accordance with this permit and good industry practice as defined by the Crown Minerals Act 1991 ("**the Act**") and the Minerals Programme for Minerals (Excluding Petroleum) 2013 ("**the Minerals Programme**").

COMPLIANCE AND CONSENTS

- 2 Before carrying out activities under this permit, the permit holder must:
 - (a) obtain any consents and approvals required under the Resource Management Act 1991, the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012 and any other applicable Acts; and
 - (b) have received notice from the Chief Executive of the Ministry of Business, Innovation and Employment ("**the Chief Executive**") that the Health and Safety Regulator has advised the Chief Executive that it has given its approval or consent before carrying out an activity under the permit that requires the approval or consent of the Health and Safety Regulator (in respect of the Health and Safety in Employment Act 1992 or regulations made under that Act).
 - (c) in accordance with section 33A of the Act, obtain confirmation from the Chief Executive that the Health and Safety Regulator has given its approval or consent before carrying out an activity under the permit that requires the approval or consent of the Health and Safety Regulator (in respect of the Health and Safety in Employment Act 1992 or regulations made under that Act).
- 3 In carrying out activities under this permit, the permit holder must comply with the Crown Minerals Act 1991 and all other relevant legislative requirements.

WORK PROGRAMME COMMITMENTS

- 4 Where the permit holder is required to commit to work pursuant to the permit, the permit holder must establish to the satisfaction of the Chief Executive that the permit holder can fulfil that commitment.

SUBCONTRACTING

- 5 The permit holder is not discharged from any obligation arising under this permit by contracting a third party to perform the relevant obligation.

FEES

- 6 The permit holder shall pay annual fees and any other applicable fees relating to this permit, in accordance with the relevant regulations.
- 7 The permit holder shall be liable for payment of a royalty to the Crown calculated in accordance with the Crown Minerals (Royalties for Minerals Other than Petroleum) Regulations 2013.
- 8 The permit holder shall report and pay royalties in accordance with the relevant regulations.

REPORTING

- 9 The permit holder shall submit reports to the Chief Executive in accordance with the relevant regulations.

REPORTING ON ENGAGEMENT WITH IWI AND HAPŪ

- 10 The permit holder must provide the Chief Executive a written report on each anniversary of the commencement date of the permit, setting out the permit holder's engagement with iwi and hapu, whose rohe includes the area of the permit, undertaken during the previous year.

ANNUAL REVIEW MEETING

- 11 The Chief Executive may require the permit holder to attend, once in each permit year a review meeting where other regulatory agencies, which have regulatory oversight of the activities under the permit, may attend.

Schedule 2

The Land to Which the Permit Relates

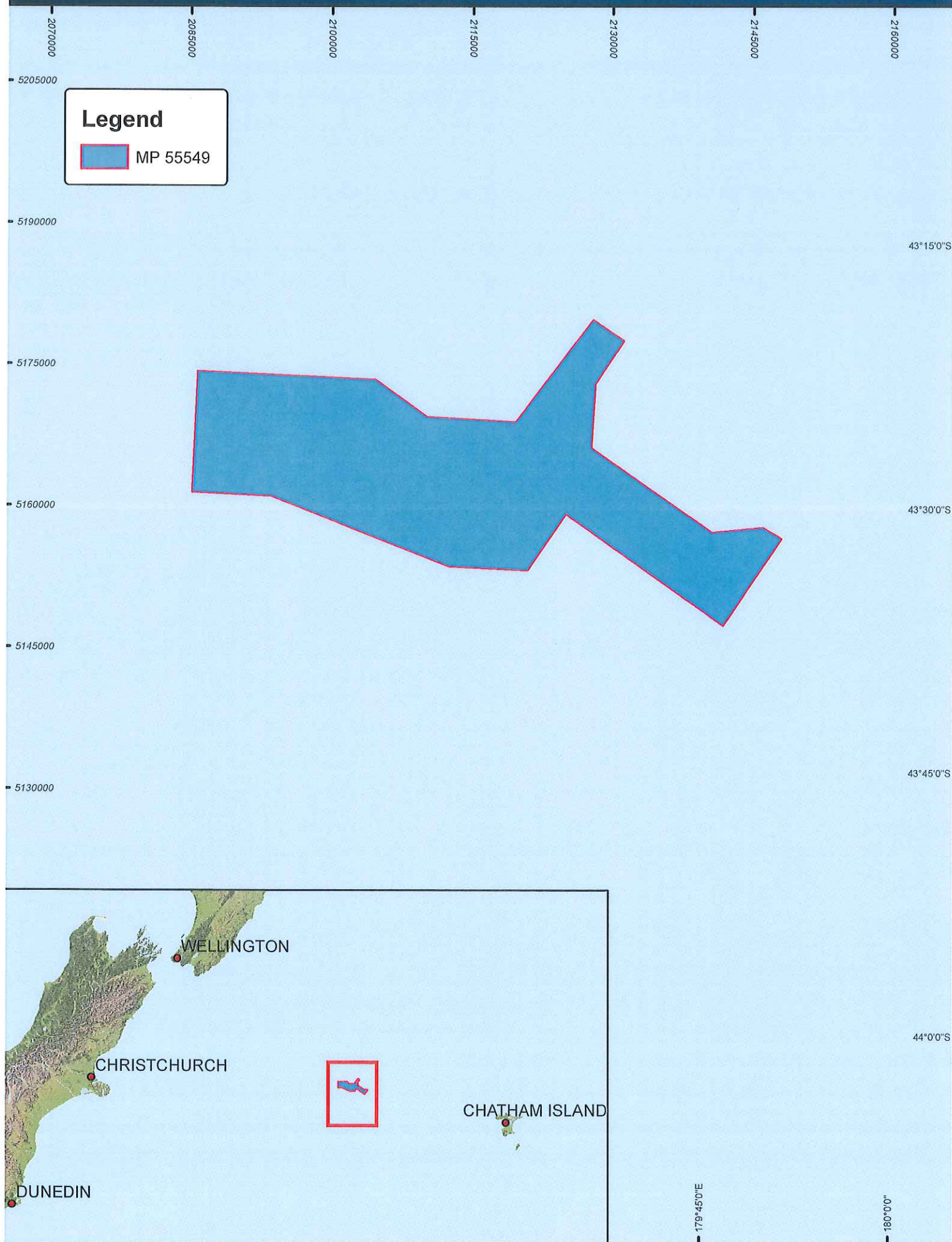
Land Area: 819.2 km²

Description of Land Area:

All that area of land, bound by straight lines between the geographical co-ordinates (NZGD2000) commencing at a point:

Point	Latitude	Longitude	
1	43° 25' 19" S	179° 14' 01 E	then south-east to
2	43° 27' 13" S	179° 18' 16 E	then north-east to
3	43° 27' 07" S	179° 25' 15 E	then north-east to
4	43° 20' 58" S	179° 30' 44 E	then south-east to
5	43° 22' 02" S	179° 13' 18 E	then south-west to
6	43° 24' 37" S	179° 31' 20 E	then south-east to
7	43° 28' 15" S	179° 31' 25 E	then south-east to
8	43° 32' 30" S	179° 41' 23 E	then north-east to
9	43° 32' 00" S	179° 45' 21 E	then south-east to
10	43° 32' 33" S	179° 46' 56 E	then south-west to
11	43° 37' 46" S	179° 42' 52" E	then north-west to
12	43° 32' 09" S	179° 29' 48" E	Then south-west to
13	43° 35' 32" S	179° 27' 08" E	Then south-west to
14	43° 35' 39" S	179° 20' 53" E	Then north-west to
15	43° 32' 25" S	179° 06' 30" E	Then south-west to
16	43° 32' 31" S	179° 00' 14" E	Then north-west to
17	43° 25' 36" S	178° 59' 60" E	Then north-east to point of commencement

Such area is shown on the attached plan and more particularly identified in the spatial database held by the Chief Executive.



Schedule 3

Minimum Work Programme

- 1 Within 24 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the Chief Executive):
 - (a) complete and submit a sufficiently detailed engineering study and feasibility study, which (without limitation) is at the level of detail required to reach a decision-to-mine milestone; and
 - (b) submit a detailed timeline for the construction / refit of the selected vessel including (without limitation) the detail timing of the commissioning and mobilisation to the Chatham Rise; and
 - (c) complete and submit to the Chief Executive 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
 - (d) either:
 - (i) make a commitment by notice in writing to the Chief Executive to carry out the work programme obligations set out in paragraph 2 below and to commence production within 48 months of the commencement date of the permit; or
 - (ii) surrender the permit.
- 2 Within 48 months of the commencement date of the permit, the permit holder shall spend a minimum of NZ\$2 million per annum from the commencement date in carrying out the following activities and complete those activities to the satisfaction of the Chief Executive:
 - (a) complete 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 (**Production Stage 1**); and
 - (b) develop and submit to the Chief Executive a digital terrain model for Production Stage 1; and
 - (c) develop and submit to the Chief Executive a mining schedule for Production Stage 1 for a minimum of 800kt of phosphorite per annum (landed to port); and
 - (d) commence mining at a minimum rate of 800kt of phosphorite per annum (landed to port); and
 - (e) submit an annual expenditure report to the Chief Executive.

- 3 Within 72 months of the commencement date of the permit, the permit holder shall (to the satisfaction of the Chief Executive):
- (a) Either:
- (i) make a commitment by notice in writing to the Chief Executive to complete paragraphs 4, 5 and 6 of the work programme below and continue production at a minimum rate of 800kt of phosphorite per annum (landed to port); or
- (ii) surrender the permit.
- 4 Within 84 months of the commencement date of the permit, the permit holder shall spend a minimum of NZ\$2 million per annum in permit years 5, 6 and 7 in carrying out the following activities (to the satisfaction of the Chief Executive):
- (a) complete appropriate sampling, geophysical and geotechnical surveys and data analysis (without limitation) in respect of the mining blocks identified for the second five years of production (**Production Stage 2**); and
- (b) develop and submit to the Chief Executive a mining schedule for Production Stage 2, which will produce a minimum of 800kt of phosphorite per annum (landed to port); and
- (c) continue production at a minimum rate of 800kt of phosphorite per annum (landed to port); and
- (d) submit an annual expenditure report to the Chief Executive.
- 5 For the remainder of the term, the permit holder shall spend a minimum of NZ\$2 million per annum in carrying out the following activities (to the satisfaction of the Chief Executive):
- (a) complete appropriate geophysical and geotechnical surveys and data analysis, to obtain data needed to maximise the recovery of the mineral deposit and the efficiency of the mining process; and
- (b) continue production at a minimum rate of 800kt of phosphorite per annum (landed to port); and
- (c) submit an annual expenditure report to the Chief Executive.

The permit holder shall carry out restoration of the permit area in accordance with good industry practice and subject to the terms and conditions of any marine consent.

Schedule 4

Royalties

POINT OF VALUATION

- 1 The permit boundary is the point of valuation.

ANNUAL REPORTING PERIOD

- 2 The annual reporting period for this permit is 1 January to 31 December every year as specified under the Crown Minerals (Royalties for Minerals Other than Petroleum) Regulations 2013.