

## **Antipodes Gold Limited Takeover Offer for Chatham Rock Phosphate Limited**

Dear Shareholders

Firstly, thank you to the 466 CRP shareholders, holding approximately 73% of shares, who have already accepted the Antipodes takeover offer (**Offer**).

And, another thank you to those shareholders who have contacted me with queries about the Offer. While there was a swathe of documentation sent to shareholders in relation to the Offer, sadly this was a legal necessity.

Given the queries received to date, the purpose of this letter is to help provide a clear summary of the purpose, method and terms of the Offer.

### **Purpose of Offer**

In a nutshell, the Offer will, if successful, result in CRP acquiring Antipodes' remaining cash and its TSX-V listing, for about 10% of CRP's capital.

Antipodes is a cashed up shell company with no current business interests or activity (apart from the Offer). However, it is listed in Canada on the TSX Venture Exchange (**TSX-V**), recognised by many as a pre-eminent mining market. Combined with the residual cash it holds, Antipodes has been valued under the Offer at \$575,109.

CRP, listed on the NZX Alternative Market (**NZAX**), has a significant business activity in seeking to secure the marine consent for the Chatham Rise phosphate resource and to then proceed to development and mining. CRP is valued at \$5.3 million under the Offer.

That means CRP is valued at close to 10 times the value of Antipodes for the purposes of the Offer.

Completion of the Offer will list CRP on a market (TSX-V) where the ability of CRP to access capital from international investors should be enhanced. Approximately 44% of CRP's shares are already held by overseas based shareholders. This is precisely why CRP directors initiated and support this transaction. International investors have been vital for capital to date and are expected to remain so in the future.

### **Method**

The Offer is referred to as a Reverse Takeover Offer (RTO) because Antipodes will need to issue so many shares, CRP shareholders will end up being the dominant shareholders of Antipodes following completion of the Offer.

If the Offer is completed and all CRP shareholders have accepted, CRP shareholders will hold over 90% of the enlarged Antipodes capital. Antipodes will have CRP as a subsidiary and change its name to "*Chatham Rock Phosphate*". In essence, AXG becomes CRP.

### **Terms**

How was the comparative offer ratio arrived at? As explained in the Offer document (and commented on in the Independent Advisor's report), the methodology to calculate the relative

values of the CRP and Antipodes for the Offer was agreed in July 2015. It took the ensuing months to resolve various approvals and legal requirements.

As of 8 December 2016, that calculation derived a ratio of one Antipodes share for each 65.59 CRP shares after Antipodes shares consolidate on the basis of one new share for every 10 old shares.

With AXG shares currently trading at 4.5 Canadian cents per share (NZ4.7 cents), post the Offer and consolidation this would translate to each AXG share that a CRP shareholder receives under the Offer having a market value of 47 NZ cents. In simple terms, CRP shares are consolidated through the course of the Offer.

The CRP directors suggest that shareholders assess the merits of the Offer on the basis of the dilution cost to CRP shareholders. The Offer will dilute CRP shareholders by 9.67%. For that dilution cost CRP obtains the foreign listing and cash. The CRP board considers that the benefits of the Offer outweigh the 'cost' of this dilution.

While CRP shareholders are following the relative share prices of the two companies, ultimately the share price of the renamed TSX-V-listed Chatham Rock Phosphate will be a function of how the Canadian (and world markets) assess the value of CRP's phosphate assets.

It would be logical that post-merger the market capitalisation of the combined company could soon reflect the market value before the merger proceeded (being \$8.3 million for CRP) and the value attributed to Antipodes (\$573,000).

Most CRP shareholders have recognised this is a good move for CRP to take and have accepted the Offer. The directors of CRP support the Offer because it will achieve a cost-effective overseas listing of CRP on a market with more direct access to international investors.

**I encourage you to do as I, my fellow directors and our major shareholders have done, and accept the Offer.**

Although the closing date for the Offer is now 28 February 2017, shareholders are encouraged to accept the Offer **as soon as possible** rather than waiting for a date closer to the closing date. This is important as CRP desires to complete the merger quickly in order to recommence activities that have been halted for several months by the merger process.

As always, please address any remaining concerns to me and I will respond.

Chris Castle

Chief Executive

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