



22 June 2017

Companies Announcement Office
Australian Securities Exchange Limited
PO Box H224
Australia Square NSW 1215

Chesser Resources Limited
Cleansing Notice – Non-renounceable Entitlement Offer

This notice is given by Chesser Resources Limited (ASX code: CHZ) (**Chesser Resources**) under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**). Chesser Resources confirms that the non-renounceable pro rata entitlement offer announced on 22 June 2017 (**Entitlement Offer**) is being made without a disclosure document under section 708AA of the Act, as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 (**Instrument**).

In accordance with section 708AA(2)(f) of the Act, Chesser Resources confirms that:

1. Chesser Resources will offer new shares pursuant to the Entitlement Offer for issue to investors without disclosure under Part 6D.2 of the Act.
2. Chesser Resources is giving this notice under section 708AA(2)(f) of the Act, as modified by the Instrument.
3. As at the date of this notice, Chesser Resources has complied with:
 - (a) the provisions of Chapter 2M of the Act as they apply to Chesser Resources; and
 - (b) section 674 of the Act.
4. As at the date of this notice, Chesser Resources confirms that it has no excluded information (as that term is defined in section 708AA(8) and 708AA(9) of the Act) which it is required to disclose under section 708AA(7)(d) of the Act.
5. The potential effect that the issue of the new shares offered under the Entitlement Offer (**New Shares**) will have on the control of Chesser Resources, and the consequences of that effect is summarised below, but will depend on a number of factors and in particular the demand for New Shares by shareholders:
 - (a) If all shareholders are eligible shareholders and take up their entitlements under the offer then the Entitlement Offer will have no effect on the control of Chesser Resources.
 - (b) If not all shareholders are eligible shareholders or do not take up their full entitlements, the shortfall (**Shortfall Shares**) will be allocated:

- (i) to eligible shareholders who subscribe for additional New Shares; and
- (ii) by Taylor Collison Limited (as underwriter) (**Underwriter**) in consultation with Chesser Resources, to the Underwriter or any sub-underwriter (if appointed) to the Entitlement Offer (in accordance with Listing Rule 7.2 (exception 2)) or any other parties selected by them.

The effect the placement of the shortfall may have on control will depend entirely on any additional subscriptions by shareholders and the allocations made by the Underwriter or any sub-underwriter (if appointed).

- (c) If some shareholders do not take up their entitlements (whether because they are ineligible shareholders or otherwise), their shareholding in Chesser Resources will be diluted. The shareholding of shareholders who only take up part of their entitlement will also be diluted, but to a lesser extent.
- (d) The shares, options and performance shares Chesser Resources proposes to issue pursuant to its proposed acquisition of all of the issued share capital of Boya Gold Pty Ltd and Erin Mineral Resources Pty Ltd (on the terms announced by Chesser Resources to ASX on 3 April 2017) (**Acquisition**) will be issued after the record date, and therefore will have no effect on the Entitlement Offer. Chesser Resources is not obliged to issue 607,143 of the 27,071,429 shares under the Acquisition unless certain conditions are satisfied on or before 13 September 2017 (or such later time agreed by the parties to the Acquisition).
- (e) The placement of 12,500,000 fully paid ordinary shares Chesser Resources proposes to undertake (on the terms detailed in the explanatory statement included in the Notice of Extraordinary General Meeting announced to the ASX on 15 May 2017) (**Placement**) will occur after the record date, and therefore will have no effect on the Entitlement Offer.
- (f) The below table details the substantial (those holding more than 5% of the issued shares in the Chesser Resources) shareholder of Chesser Resources as at the date of this notice, and as at the date of completion of the Entitlement Offer.

Shareholder	Shares held as at the date of this notice	Voting power as at the date of this notice	Entitlement (Shares)	Shares held post completion of the Entitlement Offer*	Voting power post completion of the Entitlement Offer**
Sandon Capital Pty Ltd***	26,979,000	22.61%	8,993,000	35,972,000	18.11%

* Assumes that Sandon Capital Pty Ltd takes up its full entitlement under the Entitlement Offer, but does not receive any additional Shortfall Shares.

** Assumes completion of the Acquisition and Placement has occurred, that none of the Performance Shares or Options to be issued under the Acquisition are converted or exercised before the record date (or completion of the Entitlement Offer) and that all of the shares to be issued under the Acquisition are issued prior to completion of the Entitlement Offer (but after the record date).

***Sandon Capital Pty Ltd holds its shares via its nominees, One Managed Investment Funds Limited and National Nominees Limited.

Sandon Capital Pty Ltd will not be issued any shares under the Placement or the Acquisition.

If Sandon Capital Pty Ltd elects not to take up its entitlement, or takes up only part of its entitlement, then its shareholding will be diluted (in addition to the dilution that will occur as a result of the Acquisition and the Placement).

- (g) The Underwriter is an existing shareholder of Chesser Resources. The extent to which New Shares are issued pursuant to the underwriting will increase the Underwriter's voting power in Chesser Resources.

The Underwriter will not be issued any shares under the Placement or the Acquisition.

The table below sets out the potential effect on the Underwriter's voting power, in the event the Entitlement Offer is 0%, 25%, 50%, 75% and 100% subscribed. Each scenario is based on the assumption that the Underwriter takes up its full entitlement (of 567,140 New Shares) and acquires all of the Shortfall Shares (and does not issue any New Shares to any sub-underwriter). Therefore, references to the Entitlement Offer being 0%, 25%, 50%, 75% or 100% subscribed are references to the Entitlement Offer being so subscribed after the Underwriter has taken up its Entitlement in full.

Event	Shares held by Underwriter	Total Shares on issue*	Voting power of Underwriter
Offer fully subscribed	2,268,558	198,682,893	1.14%
Offer 75% subscribed	12,071,242	198,682,893	6.08%
Offer 50% subscribed	21,873,923	198,682,893	11.01%
Offer 25% subscribed	31,676,605	198,682,893	15.94%
No shareholders take up their entitlement	41,479,284	198,682,893	20.88%

*Discounts rounding and assumes the Placement and Acquisition are each completed prior to completion of the Entitlement Offer, that none of the performance shares or options to be issued under the Acquisition are converted or exercised before the record date (or completion of the Entitlement Offer) and that all of the shares to be issued under the Acquisition are issued prior to completion of the Entitlement Offer (but after the record date).

6. The consequences of the potential effect on control of Chesser Resources referred to in paragraphs 5(f) and (g) above will be a decrease (except in the case of the Underwriter, where there may be an increase) in the voting power of the parties referred to in those paragraphs by an amount equal to their decrease (or potential increase, in the case of the Underwriter) in their interest in the issued share capital of Chesser Resources. Given no party (other than the Underwriter, in the unlikely event no shareholders (other than the Underwriter) elect to subscribe for New Shares under the Entitlement Offer and no sub-underwriters are issued any Shortfall Shares pursuant to any sub-underwriting agreements) will have an interest in 20% or more of the issued shares in Chesser Resources post completion of the Entitlement Offer, the Board considers it highly unlikely that any shareholder will therefore control Chesser Resources within the meaning of section 50AA(1) of the Corporations Act. Furthermore, the Board and the Underwriter will ensure that no person will be issued, through participating in sub-underwriting the Entitlement Offer or receiving Shortfall Shares, New Shares if such issue will result in their voting power in Chesser Resources exceeding 19.99%.

Yours sincerely

A handwritten signature in cursive script, reading "Stephen Kelly". The signature is written in dark ink and is positioned above the printed name and title.

Stephen Kelly
Company Secretary