

CHESSER RESOURCES LIMITED

ACN 118 619 042

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

Tuesday, 28 November 2017

Time of Meeting

11.00 am (Australian Eastern Daylight Savings time)

Place of Meeting

**Taylor Collison
Level 10,167 Macquarie Street
Sydney NSW 2000**

<p>This Notice of Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.</p>

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting (**Meeting**) of the Shareholders of Chesser Resources Limited ACN 118 619 042 (**Company**) will be held on Tuesday, 28 November 2017, commencing at 11.00am (Australian Eastern Daylight Savings time) at **Taylor Collison, Level 10 167 Macquarie Street Sydney NSW 2000**. Registration will commence immediately prior to the Meeting.

An online version of the Company's 2017 Annual Report can be downloaded or viewed at www.chesserresources.com.au. The 2017 Annual Report has also been sent by post to those Shareholders who have previously elected to receive a hard copy.

This Notice of Meeting incorporates, and should be read together with, the Explanatory Memorandum and Proxy Form. Shareholders are specifically referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used in both this Notice of Meeting and the Explanatory Memorandum.

ORDINARY BUSINESS

Receipt of financial statements and reports

To receive and consider the Directors' report, the Auditor's report and the financial statements of the Company for the financial year ended 30 June 2017.

Resolutions

1. Adoption of Remuneration Report (non-binding resolution)

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution under section 250R (2) of the Corporations Act:

"That the Remuneration Report for the financial year ended 30 June 2017 as set out in the Company's 2017 Annual Report be adopted."

Note: Under the Corporations Act, this Resolution is advisory only and does not bind the Directors or the Company. However, if 25% or more votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at that second annual general meeting on an additional resolution on whether another meeting should be held at which all of the Directors, other than the Managing Director, must stand for re-election. Please see the Explanatory Memorandum for further information.

Voting Exclusion: A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- i. the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- ii. the person is the Chair of the Meeting and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on the Resolution; and

- (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

2. Re-election of Director, Mr Simon O'Loughlin

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution:

"That Mr Simon O'Loughlin, who retires as a Director of the Company pursuant to rule 6.1 of the Company's Constitution and being eligible and offering himself for re-election, be re-elected as a Director of the Company."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr O'Loughlin and any associate of Mr O'Loughlin.

3. Approval of Employee Option Plan

To consider and if thought fit, pass, with or without amendment, the following Resolution as an ordinary Resolution:

"That for the purpose of ASX Listing Rule 7.2, Exception 9(b) and for all other purposes, the Shareholders re-approve the Chesser Resources Ltd Option Plan."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by:

(a) a Director or a member of Key Management Personnel, except one who is ineligible to participate in any employee incentive scheme in relation to the Company; and

(b) an associate of that person.

However, a person described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- i. the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- ii. the person is the Chair of the Meeting and the appointment of the Chair as proxy:
 - a) does not specify the way the proxy is to vote on the Resolution; and
 - b) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

SPECIAL BUSINESS

4. Approval of additional 10% placement capacity

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) (**10% Placement Capacity**) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the 10% Placement Capacity and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed and any of their Associates, unless it is cast:

- (a) by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or,
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

ATTENDANCE AND VOTING AT THE MEETING

Voting entitlement

In accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that Shareholders who are on the Company's share register at 7.00pm (Australian Eastern Daylight Savings time) on Friday, 24 November 2017 shall, for the purposes of the Meeting, be entitled to attend and vote at the Meeting.

If you are not the registered holder of a relevant Share at that time, you will not be entitled to vote at the Meeting.

Voting at the Meeting

Ordinary resolutions require the support of more than 50% of the votes cast. Special resolutions require the support of at least 75% of the votes cast. No special resolutions have been proposed for this Meeting.

The passing of each Resolution arising at this Meeting will be decided in the first instance by a show of hands. A poll may be demanded in accordance with the Company's Constitution.

On a show of hands, every Shareholder who is present in person or by proxy, corporate representative or attorney, will have one vote. Upon a poll, every person who is present in person or by proxy, corporate representative or attorney, will have one vote for each Share held by that person.

Voting by proxy

A Shareholder who is entitled to attend and vote at this Meeting may appoint a proxy to attend and vote on the Shareholder's behalf. A proxy need not be a Shareholder. If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of votes that each proxy is appointed to exercise.

A Proxy Form accompanies this Notice. To be valid, the Proxy Form must be received no later than 11.00am (Australian Eastern Daylight Savings time) on Monday, 27 November 2017, being 24 hours prior to the commencement of the Meeting.

To record a valid proxy vote, a Shareholder will need to take the following steps:

- i. cast the Shareholder's vote online by visiting www.investorvote.com.au and entering the Shareholder's Control Number, SRN/HIN and postcode, which are shown on the first page of the enclosed Proxy Form;
- (b) complete and lodge the Proxy Form at the share registry of the Company, Computershare Investor Services Pty Limited:
 - (i) by post at the following address:

Computershare Investor Services Pty Limited
GPO Box 242
MELBOURNE VIC 3001
 - OR
 - (ii) by facsimile on 1800 783 447 (within Australia) or +61 9473 2555 (outside Australia);
- (c) enter www.investorvote.com.au directly into your smart phone and follow the instructions on your personalised proxy form or scanning the QR Code on the front of your proxy form. To scan the QR code you will have needed to download and installed a QR Code Scanner application for your smart phone; or

- (d) for Intermediary Online subscribers only (custodians), cast the Shareholder's vote online by visiting www.intermediaryonline.com.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on each of the Resolutions by marking either **For**, **Against** or **Abstain** on the voting form for each item of business. As explained further below, your vote on Resolution 1 may not be counted if you do not direct your proxy how to vote.

Pursuant to section 250BB of the Corporations Act, an appointment of a proxy may specify the way the proxy is to vote on a particular Resolution and, if it does:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the Resolution, the proxy must not vote on a show of hands;
- (c) if the proxy is the Chair of the meeting at which the Resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (d) if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Under section 250BC of the Corporations Act, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular Resolution at a meeting of a company's members;
- (b) the appointed proxy is not the Chair of the meeting;
- (c) at the meeting, a poll is duly demanded on the Resolution; and
- (d) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the Resolution at the meeting.

Undirected proxies

Please note that if the Chair of the Meeting is appointed as your proxy (or becomes your proxy by default), you expressly authorise the Chair to exercise your proxy on the Resolutions even though they may be connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company, which includes the Chair. If you appoint the Chair as your proxy you can direct the Chair to vote for or against or abstain from voting on any of Resolutions by marking the appropriate box on the Proxy Form.

The Chair intends to vote undirected proxies in favour of each item of business.

Please also note that if you appoint a Director or a member of the Key Management Personnel (or their Closely Related Parties) as your proxy, in accordance with section 250R (5) of the Corporations Act you must direct your proxy how to vote on Resolution 1, otherwise your vote will not be counted. Follow the instructions on the proxy form to direct your proxy how to vote.

Voting by corporate representative

A Shareholder or proxy that is a corporation and entitled to attend and vote at the Meeting may appoint an individual to act as its corporate representative.

Evidence of the appointment of a corporate representative must be in accordance with section 250D of the Corporations Act and be lodged with the Company before the Meeting or at the registration desk on the day of the Meeting.

Voting by attorney

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint an attorney to attend and vote at the Meeting on the Shareholder's behalf.

An attorney need not be a holder of Shares.

An instrument conferring the power of attorney or a certified copy of the authority must be produced to the Company at least 24 hours prior to the commencement of the Meeting.

DATED 16 October 2017

**BY ORDER OF THE BOARD
CHESSEY RESOURCES LIMITED**

**STEPHEN KELLY
COMPANY SECRETARY**

EXPLANATORY MEMORANDUM

IMPORTANT NOTICE

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of Shareholders of Chesser Resources Limited to be held on 22 November 2017 at 10.00 am (Australian Eastern Daylight Savings time). This Explanatory Memorandum is to assist Shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the Resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider the Resolutions.

If you are in doubt about what to do in relation to the Resolutions, you should consult your financial or other professional adviser.

Words or expressions used in the Notice of Meeting and in this Explanatory Memorandum are defined in the Glossary. Unless otherwise stated, all references to sums of money, '\$' and 'dollars' are references to Australian currency.

This Explanatory Memorandum is dated 16 October 2017.

BACKGROUND TO THE RESOLUTIONS

ORDINARY BUSINESS

Receipt of financial statements and reports

This item does not require voting by Shareholders. It is intended to provide an opportunity for Shareholders to raise questions on the financial statements and reports. The Company's auditor of the Company will be present at the Meeting and available to answer any questions.

In addition to asking questions at the Meeting, Shareholders may address written questions to the Chair of the Meeting about the management of the Company or to the Company's Auditor, Pitcher Partners, if the question is relevant to:

- i. the content of the Auditor's report; or
- ii. the conduct of its audit of the financial statements to be considered at the Meeting.

Note: Under section 250PA(1) of the Corporations Act a Shareholder must submit the question to the Company no later than the fifth business day before the day on which the Annual General Meeting is held.

Written questions for Pitcher Partners must be delivered by 8 November 2017 to the address listed on the Proxy Form attached to this Notice of Meeting.

Resolution 1 – Adoption of Remuneration Report (non-binding resolution)

1.1 Background

The Annual Report for the year ended 30 June 2017 contains a Remuneration Report that sets out the remuneration policy of the Company and the remuneration details for each Director and for each member of the Company's senior executive management team.

An electronic copy of the 2017 Annual Report is available to download or view on the Company's website at www.chesserresources.com.au. The 2017 Annual Report has also been sent by post to those Shareholders who have previously elected to receive a hard copy. In addition, the Company has also enabled online voting, details of which are explained on the Proxy Form.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Directors will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

1.2 Two strikes

If 25% or more of votes that are cast on this non-binding Resolution are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of these annual general meetings on a resolution (a **Spill Resolution**) that another meeting be held within 90 days (**Spill Meeting**), at which:

- (i) all of the Company's Directors (other than the Managing Director) cease to hold office immediately before the end of the Spill Meeting; and
- (ii) Resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting will be put to the vote at the Spill Meeting.

The approval threshold for the Spill Resolution is 50% or more of votes that are cast on the Spill Resolution.

At the 2015 Annual General Meeting, Shareholders voted in favour of the Remuneration Report.

1.3 Board Recommendation

The Board unanimously recommends that Shareholders vote **FOR** Resolution 1.

The Chair intends to vote undirected proxies in favour of Resolution 1.

Resolution 2 – Re-election of Director, Mr Simon O'Loughlin

2.1 Background

In accordance with ASX Listing Rule 14.4 and clause 6.1 of the Company's Constitution, a Director must not hold office without re-election past the third annual general meeting following the director's appointment, or 3 years, whichever is the longer. A Director who retires in accordance with these requirements is eligible for re-election.

Mr O'Loughlin was re-elected to the Board in 2014, accordingly Mr O'Loughlin must retire at the end of the Meeting and offers himself for re-election.

A resume for Mr O'Loughlin is as follows:

Mr O'Loughlin is the founding member of O'Loughlins Lawyers, an Adelaide based medium sized specialist commercial law firm. For many years he has practiced both in Sydney and Adelaide, in the corporate and commercial fields with, in more recent times, a particular focus on the resources sector. He also holds accounting qualifications. He is the Chairman of Lawson Gold Limited and BOD Limited and a Non-Executive Director of WCP Resources Limited and Goldminex Ltd.

Mr O'Loughlin has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX and National Stock Exchanges. He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).

Resolution 2 is an ordinary Resolution.

2.2 Board Recommendation

The Board (with Mr O'Loughlin abstaining) recommends that Shareholders vote **FOR** Resolution 2.

The Chair intends to vote undirected proxies in favour of Resolution 2.

Resolution 3 – Re-approval of Employee Option Plan

3.1 General

The Company first adopted the current Employee Option Plan (**ESOP**) in November 2013 and shareholder approval was obtained at the 2013 Annual General Meeting of Shareholders.

The ESOP is designed to reward performance and to incentivise and retain the Company's key talent. The Directors consider that the granting of securities to its personnel is a cost effective and efficient incentive for the Company when compared to alternative forms of incentives such as cash bonuses or increased remuneration.

Under the Listing Rules, a company is not specifically required to seek shareholder approval for the ESOP. However, subject to the exceptions in Listing Rule 7.2, Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue equity securities (including shares and options) equal to an amount of more than 15% of a company's ordinary capital in any 12-month period without shareholder approval.

Exception 9(b) of Listing Rule 7.2 permits securities issued under an employee incentive scheme such as the ESOP, to be excluded from the 15% limit where the Shareholders have approved the issue of securities under the employee incentive scheme within 3 years before the date they are issued.

Shareholder approval is therefore being sought for the issue of securities under the ESOP for the purposes of Exception 9 of Listing Rule 7.2.

The key terms of the New Option Plan are set out below:

Eligibility	The Board may offer options under the New Option Plan to full-time or part-time employees, directors, consultants and/or contractors of any member of the Company's group (being the Company and its subsidiaries) (a holder of options under the New Option Plan, being a Participant).
Nature of option	Each option represents a conditional right (see below <i>Vesting</i>) to be issued or transferred one (1) Share.
Issue Price	There is no fee payable by the Participant on the grant of the options.
Vesting	An option may only be exercised when the vesting conditions attaching to that option have been satisfied or waived.
Option Exercise Price	The option exercise price will be determined by the Board at the time it resolves to grant options under the New Option Plan, having regard to such matters that the Board considers appropriate.
Cashless Exercise Mechanism	A participant may, at their election, exercise their vested options by choosing to receive (in Shares) only the positive difference between the exercise price and the Company's share price at exercise, determined by using a volume weighted average price over the 5 trading days immediately preceding the Exercise Date. This mechanism will not change the fundamental entitlement of participants nor does it result in a more favourable economic outcome than if the participant were to pay the exercise price in respect of all their options.

<i>Expiry</i>	A participant's options will expire on the 6 th anniversary of their grant date.
<i>Transfer</i>	Options cannot be transferred except with the written consent of the Board.
<i>Quotation</i>	Options will not be quoted on the ASX. The Company will make an application to the ASX for official quotation of the Shares (if any) issued to a participant on the exercise of the options.

A copy of the ESOP's governing rules is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the rules can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries.

Since the ESOP was approved at the 2013 Annual General Meeting there have been 500,000 options issued under the ESOP with all options having expired without being exercised.

3.2 Board Recommendation

The Board provides no recommendation in relation to Resolution 3 as it is connected directly or indirectly with the remuneration of the Key Management Personnel of the Company.

The Chair intends to exercise all available proxies in favour of Resolution 3.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 3, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of members of the Key Management Personnel of the Company.

Special Business

Resolution 4 – Approval of additional 10% placement capacity

4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (**10% Placement Capacity**) without using the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of approximately \$8,940,743 as at 4 October 2017.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (see below).

The Company has obtained Shareholder approval for additional placement capacity under Listing Rule 7.1A at its Annual General Meeting held on 23 November 2017 and has not previously issued securities under Listing Rule 7.1A.

3.2 ASX Listing Rule 7.1A

(a) Period

An approval under ASX Listing Rule 7.1A must be for a period commencing on the date of the Annual General Meeting at which the approval is obtained and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under ASX Listing Rule 11.1.2 or 11.2.

(b) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.

(c) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue 2 classes of Equity Securities, being Shares and Options.

(d) Formula for calculating 10% Placement Capacity

Listing Rule 7.1A.2 provides that eligible entities that have obtained Shareholder approval at an AGM may issue or agree to issue, during the 12-month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement:

- plus, the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- plus, the number of partly paid shares that became fully paid in the previous 12 months;
- plus, the number of Shares issued in the previous 12 months with approval of Shareholders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without Shareholder approval; and
- less the number of Shares cancelled in the previous 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

(e) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 198,683,181 Shares. The Company therefore has a capacity to issue:

- (i) 29,802,477 Equity Securities under Listing Rule 7.1; and
- (ii) 19,868,318 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3(c) below).

3.2.1 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 4.2(a)(i) the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid), (10% Placement Capacity Period).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Table 1 – Potential dilutionary impact of Resolution 4

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0225 (50% decrease in issue price)	\$0.04500 (issue price)	\$0.05625 (25% increase in issue price)
198,683,181 (Current Variable 'A')	Shares issued - 10% voting dilution	19,868,318 Shares	19,868,318 Shares	19,868,318 Shares
	Funds Raised	\$447,037	\$894,074	\$1,117,593
298,024,772 (50% increase in Variable 'A')*	Shares issued - 10% voting dilution	29,802,477 Shares	29,802,477 Shares	29,802,477 Shares
	Funds Raised	\$670,556	\$1,341,111	\$1,676,389
397,366,362 (100% increase in Variable 'A')*	Shares issued - 10% voting dilution	39,736,636 Shares	39,736,636 Shares	39,736,636 Shares
	Funds Raised	\$894,074	\$1,788,149	\$2,235,186

**The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under ASX Listing Rule 7.1.*

The table above uses the following assumptions:

1. There are currently 198,683,181 Shares on issue as at the date of this Notice of Meeting.
2. The current issue price set out above is the closing price of the Shares on the ASX on 4th October 2017, being \$0.045.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not previously issued any securities under Listing Rule 7.1A.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
 - (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.
- (d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for exploration on the Company's exploration projects located in Senegal and for general working capital purposes; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (e) Allocation under the 10% Placement Capacity

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and

- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

- (f) Previous Approval under ASX Listing Rule 7.1A and disclosure required by ASX Listing Rule 7.3A.6

The Company has previously obtained approval from Shareholders pursuant to ASX Listing Rule 7.1A at its Annual General Meeting held on 25 November 2015.

In the 12 months preceding the date of the Annual General Meeting to be held on 22 November 2017, the Company has issued Nil equity securities representing Nil per cent of the Company's issued equity securities on issue on 23 November 2016 pursuant to the previous approval obtained under ASX Listing Rule 7.1A.

- (g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- (ii) the information required by ASX Listing Rule 3.10.5A for release to the market.

3.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

3.4 Directors Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 4.

Glossary

In this Explanatory Memorandum and the Notice of Meeting:

AUD, \$, AU\$ are references to the Australian Dollar;

Annual General Meeting or **Meeting** means the annual general meeting of the Company to be convened by this Notice of Meeting (unless the context otherwise requires);

Associate(s) has the meaning given in the Corporations Act;

ASX means the Australian Securities Exchange or ASX Limited ACN 008 624 691;

Board means the board of Directors of the Company at the date of this Notice;

Chair means the chair of the Meeting;

Closely Related Party of a member of the Key Management Personnel for an entity, includes:

- i. a spouse or child of the member;
- ii. a child of the member's spouse;
- iii. a dependent of the member or of the member's spouse;
- iv. anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity;
- v. a company the member controls; or
- vi. a person prescribed as such by the *Corporations Regulations 2001* (Cth);

Company means Chesser Resources Limited ACN 118 619 042;

Constitution means the constitution of the Company in effect at the time of the Meeting;

Corporations Act means the *Corporations Act 2001* (Cth);

Directors means the directors of the Company being as at the date of this Notice of Meeting, being Simon Taylor, Simon O'Loughlin and Stephen Kelly;

Explanatory Memorandum means this explanatory memorandum that accompanies and forms part of the Notice of Meeting;

Financial Report means the 30 June 2017 financial report of the Company, a copy of which was lodged with ASX on 30 September 2017 under the announcement "Annual Financial Results";

Key Management Personnel means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise);

Listing Rules means the official Listing Rules of ASX;

Notice of Meeting means the notice of annual general meeting dated 16 October 2017 which this Explanatory Memorandum accompanies and in which the Resolutions are set out;

Proxy Form means a valid proxy form for this Annual General Meeting (unless the context otherwise requires);

Remuneration Report means the remuneration report of the Company for the year ended 30 June 2017 contained in the Financial Report;

Resolution or **Resolutions** means the resolutions referred to in the Notice of Meeting;

Share means a fully paid ordinary share in the Company;

Shareholder means a holder of Shares;

Spill Meeting has the meaning given in Resolution 1; and

Spill Resolution has the meaning given in Resolution 1.

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

CHZ

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



 **For your vote to be effective it must be received by 11:00am (AEDT) Monday, 27 November 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Chesser Resources Limited hereby appoint

☐ the Chairman of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Chesser Resources Limited to be held at **Taylor Collinson, Level 10, 167 Macquarie Street, Sydney NSW 2000 on Tuesday, 28 November at 11:00am (AEDT)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1 & 3** (except where I/we have indicated a different voting intention below) even though **Items 1 & 3** are directly connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1 & 3** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
1 Adoption of Remuneration Report (non-binding resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director Mr Simon O'Loughlin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of Employee Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SPECIAL BUSINESS

4 Approval of additional 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

CHZRM

MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SUBURB
SAMPLETOWN VIC 3030

Dear Securityholder,

We have been trying to contact you in connection with your securityholding in Chesser Resources Limited. Unfortunately, our correspondence has been returned to us marked "Unknown at the current address". For security reasons we have flagged this against your securityholding which will exclude you from future mailings, other than notices of meeting.

Please note if you have previously elected to receive a hard copy Annual Report (including the financial report, directors' report and auditor's report) the dispatch of that report to you has been suspended but will be resumed on receipt of instructions from you to do so.

We value you as a securityholder and request that you supply your current address so that we can keep you informed about our Company. Where the correspondence has been returned to us in error we request that you advise us of this so that we may correct our records.

You are requested to include the following;

- > Securityholder Reference Number (SRN);
- > ASX trading code; (CHZ)
- > Name of company in which security is held;
- > Old address; and
- > New address.

Please ensure that the notification is signed by all holders and forwarded to our Share Registry at:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia

Note: If your holding is sponsored within the CHESS environment you need to advise your sponsoring participant (in most cases this would be your broker) of your change of address so that your records with CHESS are also updated.

Yours sincerely



Stephen Kelly
Company Secretary

