**ASX Announcement**

3 April 2017

# CHESSER EXECUTES BINDING TERM SHEET TO ACQUIRE HIGHLY PROSPECTIVE GOLD EXPLORATION PROJECTS IN SENEGAL



**SHARE INFORMATION**

ASX Code: CHZ

Issued Capital:

119,333,598 Fully Paid Shares


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## Highlights

- Chesser Resources Limited ("**CHZ**") will acquire five gold exploration projects located in Birimian-age greenstone belts in Senegal.
- Highly prospective area totalling 624 $Km^2$, located along and to the west of the Senegal-Mali Shear Zone in the Kédougou Inlier in which over 45Moz gold has been discovered to date.
- The projects (3 owned 100% and 2 owned 80% in JV) are located close to significant operating and emerging gold mines including: Yatela, Sadiola, Sabodala, Loulo, Gounkoto and Fekola.
- CHZ will inherit a highly experienced in-country technical and corporate team and an office in Dakar.
- Diamba Sud (100%) is a priority project with drill ready targets. Previous RC drilling intercepts include:
  - **32m @1.29 g/t gold from 29m in the SE Zone**
  - **14m @2.85 g/t gold from 2m in the RH Zone**
- Woye (80%) has similar geology to the nearby 580Koz Tombo deposit (Randgold) with recent RAB drilling results including:
  - **22m @0.44 g/t gold from surface**

Chesser Resources Limited (**ASX: CHZ**) is pleased to advise that it has executed a Binding Agreement ("**Agreement**") to acquire 100% of the issued capital of each of Boya Gold Pty Ltd ("**Boya**") and Erin Mineral Resources Pty Ltd ("**Erin**") ("**the Transaction**"). Boya is a privately owned Australian minerals exploration company. Erin is a wholly owned subsidiary of ASX listed company MGC Pharmaceuticals Ltd (**ASX: MXC**).

Boya and Erin own interests in five exploration projects in Senegal with a total area of 624 Km$^2$, as summarised in Table 1.

**Table 1 Projects being acquired by CHZ pursuant to the Transaction**

| Project | Ownership | Interest | Project Area |
|---|---|---|---|
| Diamba Sud | Boya | 100% | 71.3 km$^2$ |
| Diamba Nord | Boya | 100% | 332.5 km$^2$ |
| Youboubou | Erin | 100% | 113.0 km$^2$ |
| Woye | Erin | 80% | 70.9 km$^2$ |
| Garaboureya South | Erin | 80% | 36.6 km$^2$ |

All of the projects are located within the Birimian-age greenstone belts comprising the Kédougou Inlier, from which more than 45 million ounces of gold has been discovered to date. The projects are located along or nearby the Senegal-Mali Shear Zone, a major structural boundary that hosts the major gold projects shown below. The projects are located close to significant operating gold mines: Yatela (3Moz), Sadiola (15Moz), Sabodala (10Moz), Loulo (12.7Moz), Gounkoto (5.5Moz) (Figure 1).

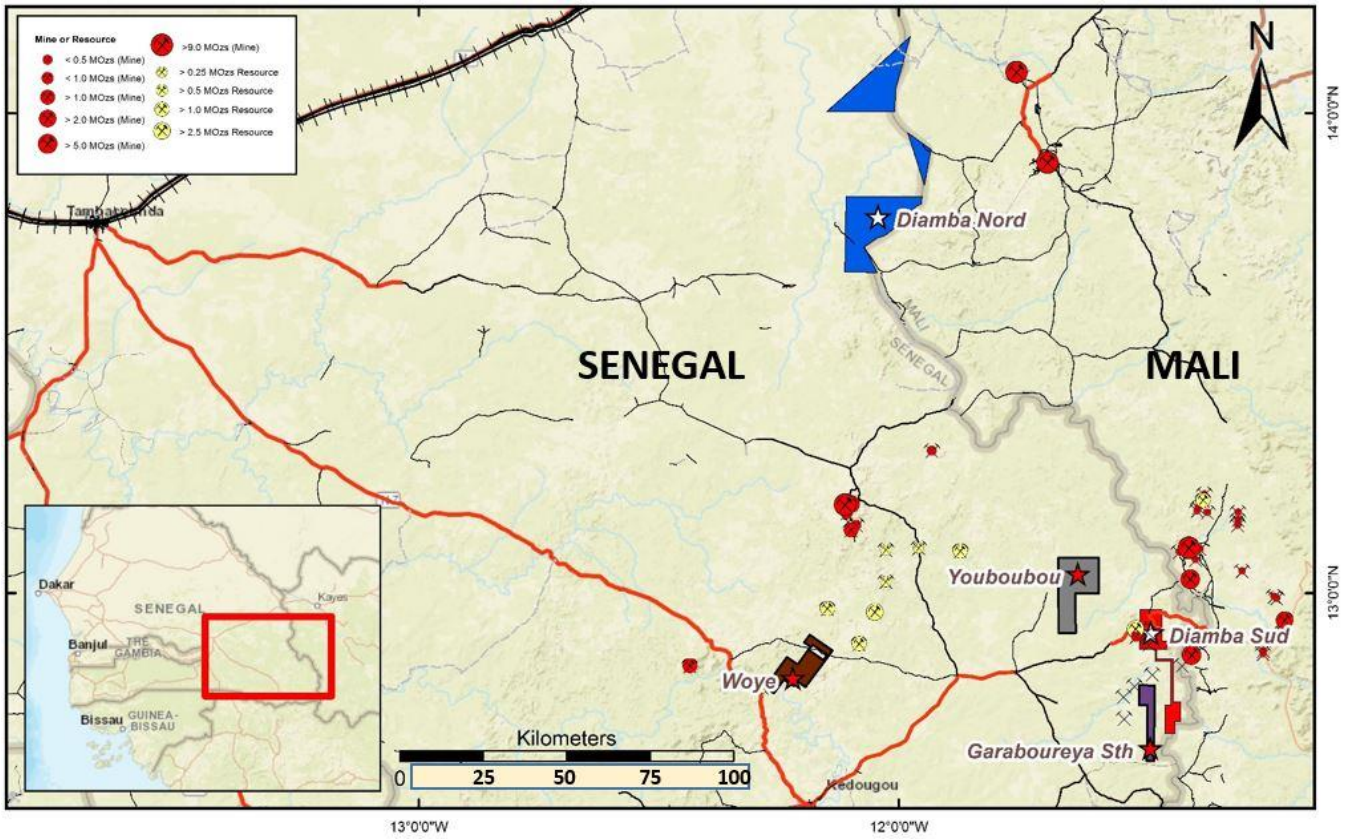


***Figure 1: Location of Chesser properties in Senegal; major gold projects along the Senegal-Mali Shear Zone***

## SENEGAL PROPERTIES

### Diamba Sud (100%)

The Diamba Sud licence (Figure 2) comprises some 71.3 km$^2$ and is in a prime structural setting close to the Falémé River and along interpreted dilational fault splays off the Senegal-Mali Shear Zone. It is the most advanced project in the portfolio; second phase RC drilling of aeromagnetic anomalies in 2016 (see Attachment 1) returned highly encouraging results including:

- **32m @1.29 g/t gold from 29m in the SE Zone**
- **14m @2.85 g/t gold from 2m in the RH Zone**

Diamba Sud has drill-ready follow-up targets in an extensive area of intense lode-style alteration. The proposed program would include continued shallow air core and RAB drilling over soil anomalies, RC drilling and a high resolution ground magnetic survey over the RH and SE zones. Mineralisation and gold-in-soil anomalism extends over 2 km between the drilled areas. CHZ will assess potential "Carlin Style" carbonate-hosted mineralisation.

There are numerous gold mineralised quartz veins identified in the undrilled southern part of the licence. Fekola Gold Mine in Mali (5.2M oz) is located along structural trend, some 20km to the south, with the 5.5Moz Gounkoto mine some 5 km along a NE structural lineament.

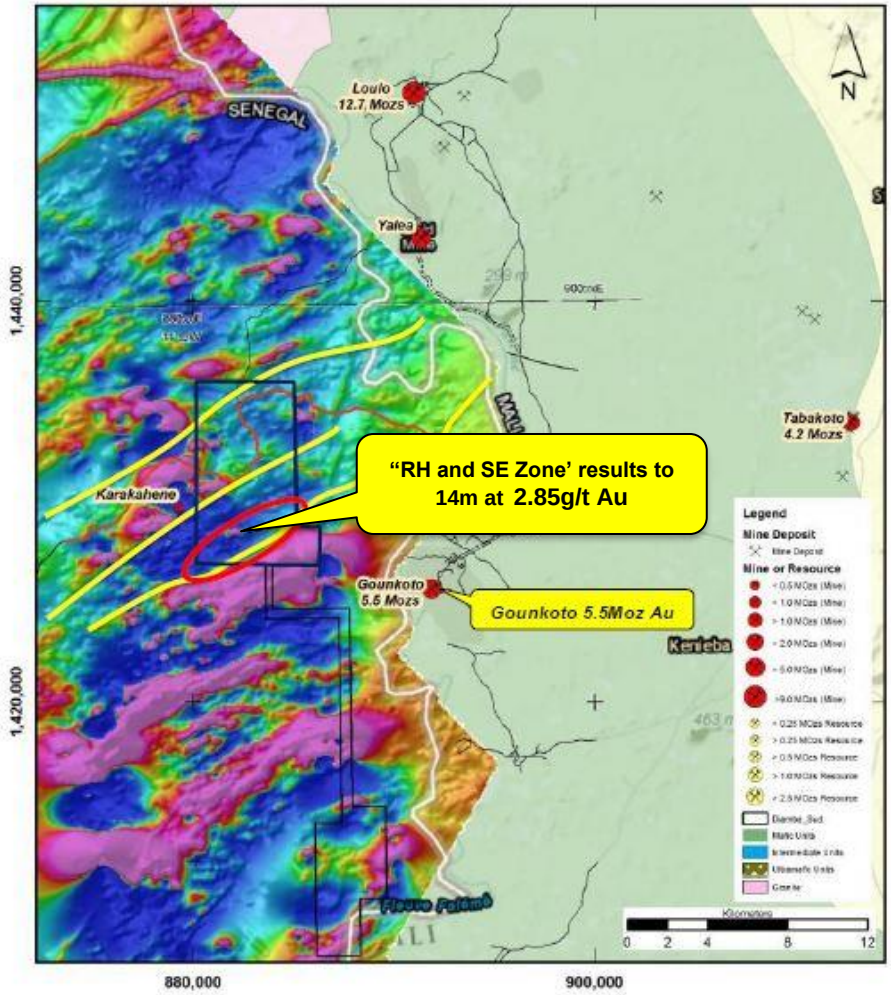


***Figure 2: Diamba Sud Licence over aeromag background, showing interpreted splay faults proximity to large gold deposits***

## Garaboureya South (80%)

The Garaboureya South licence comprises some 36.6 km$^2$ and has been operated by Erin (80%) under a joint Venture agreement with Mining Research Company SL ("**MRC**"). Garaboureya South is located approximately 2.5km west of the southern portion of Diamba Sud. Aeromagnetics shows a similar response in both blocks which are cut by an interpreted series of dilational splays off the main Senegal-Mali Shear. The 5.5Moz Gounkoto mine is located some 10 km along a NE structural lineament.

Previous soil sampling in Garaboureya South have indicated several areas with strong gold-in soil anomalism, most appearing to be spatially related to splay faulting. Gold-in-soil anomalism over 50ppb indicates a greater than 5km long target trend. Shallow trenching within laterite and weathered saprock has identified wide anomalous zones in strongly carbonate-altered mafic rocks.

First phase aircore drilling of soil and aeromagnetic anomalies comprised two shallow holes which included the highly encouraging result:

- **26m @ 0.46 g/t gold from 17m[1]**

Garaboureya South has walk-up, drill-ready follow-up targets and proposed exploration will include infill soil sampling, shallow aircore and RAB drilling over soil anomalies.

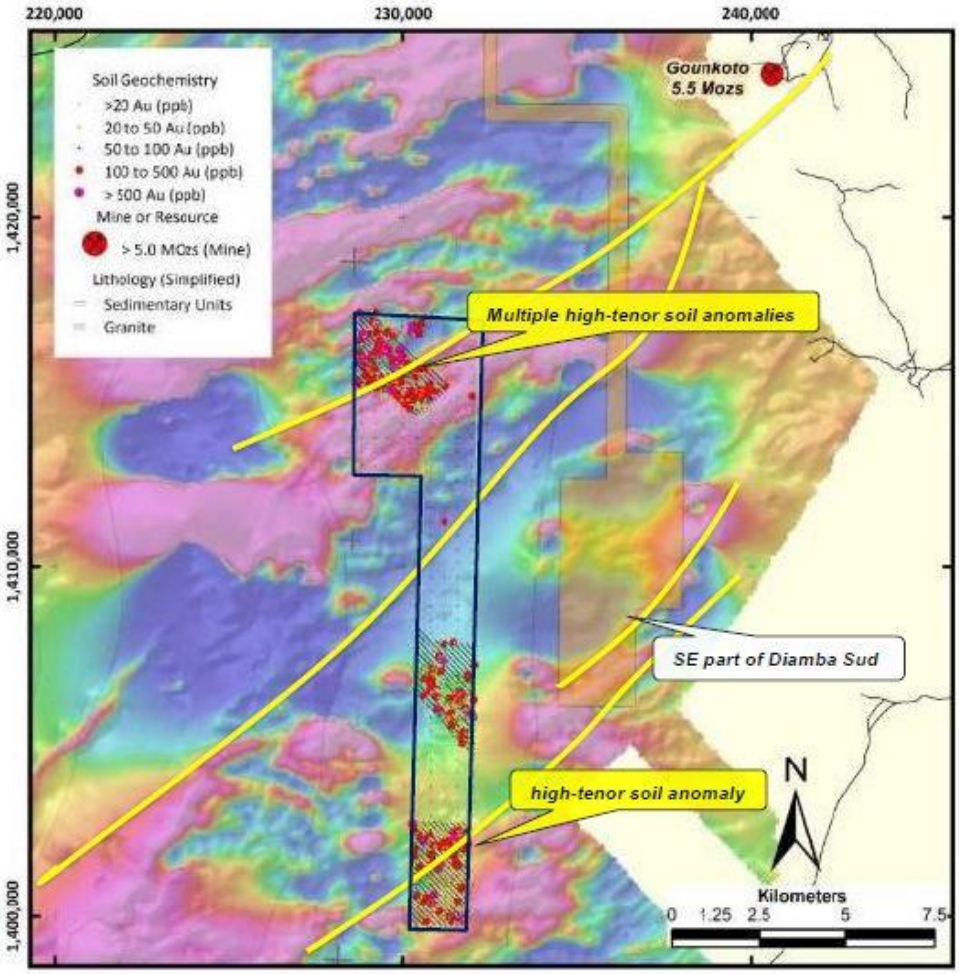


***Figure 3: Garaboureya Sud Licence over aeromag background, showing interpreted splay faults and extensive gold in soil anomalism***

[1] **This result was reported to ASX on October 2, 2012 by Erin Resources (ASX:ERI subsequently changed to MGC Pharmaceuticals Ltd (ASX: MXC))**

## Woye (80%)

The Woye licence comprises some 70.9 km$^2$ and has been operated by Erin (80%) under a joint Venture agreement with MRC. Woye is located some 70km west of Garaboureya South (Figure 4).

The permit is in a highly prospective greenstone belt and is flanked by multimillion ounce Randgold deposits, including Massawa (4.6Moz) some 15km NE along strike.

Previous soil sampling programs in Woye have shown widespread gold-in soil anomalism, and has several areas of artisanal mining. Gold-in-soil anomalism over 50ppb was identified over a 2.8km strike length. Shallow trenching within laterite and weathered saprock has identified wide anomalous zones in strongly carbonate-altered mafic rocks

Previous Rotary Airblast ("**RAB**") drilling of an existing soil anomaly encountered altered and weathered granite that assayed **22m @ 0.44 g/t gold from 15m**[2]. A high resolution ground-magnetic survey is planned to progress this priority target.

Woye has walk up, drill-ready targets and proposed exploration will include infill soil sampling, shallow aircore and RAB drilling over soil anomalies. It is believed there is strong potential for an intrusive-related gold system, with similar geology to the nearby Tombo deposit (580Koz).

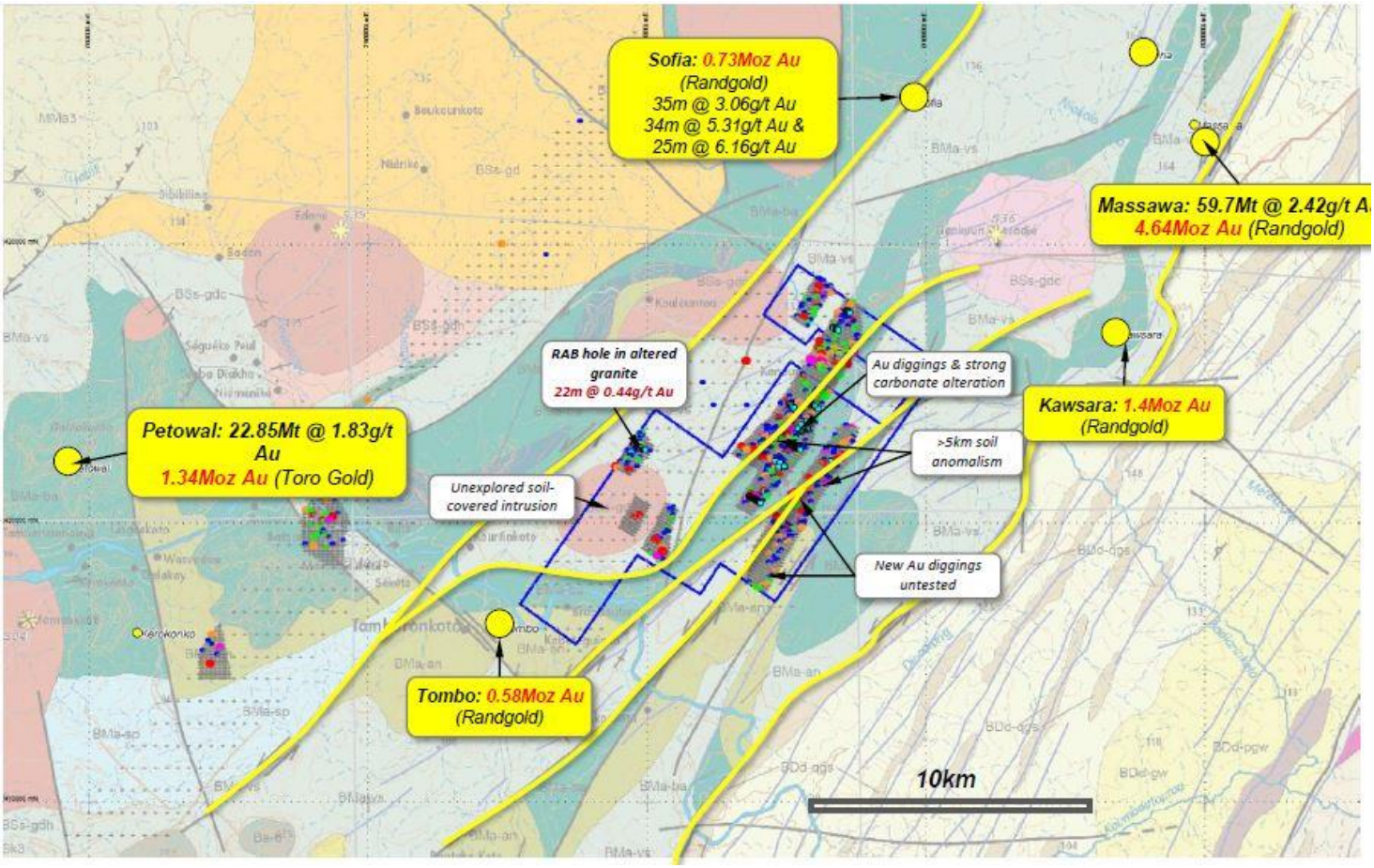


***Figure 4: Woye Licence over geology background, showing proximity to large gold deposits and extensive gold in soil anomalism***

[2] **This result was reported to ASX on October 2, 2012 by Erin Resources (ASX:ERI subsequently changed to MGC Pharmaceuticals Ltd (ASX: MXC)). Note: originally reported as 24m @ 0.41 g/t gold and subsequently amended**

## Diamba Nord (100%)

The Diamba Nord licence comprises some 332.5 km$^2$ in three discrete blocks. It is located along the Falémé River some 80km NNW of Diamba Sud. Diamba Nord covers the north-western corner of the granite and greenstone belt that hosts Yatela (3Moz) and Sadiola (15Moz) in Mali and Gora (0.4Moz) and Sabodala (9.9 Moz) in Senegal (Figure 5).

It is at an early stage of exploration and has only recently had aeromagnetics acquired and interpreted. The relationship of Diamba Nord to the structural and mineralising effects Senegal-Mali Shear Zone is, as yet, unknown.

Any proposed work program on Diamba Nord will comprise an initial soil sampling survey run over areas indicated as prospective by interpretation of aeromagnetic data, and compilation of exploration on adjoining properties

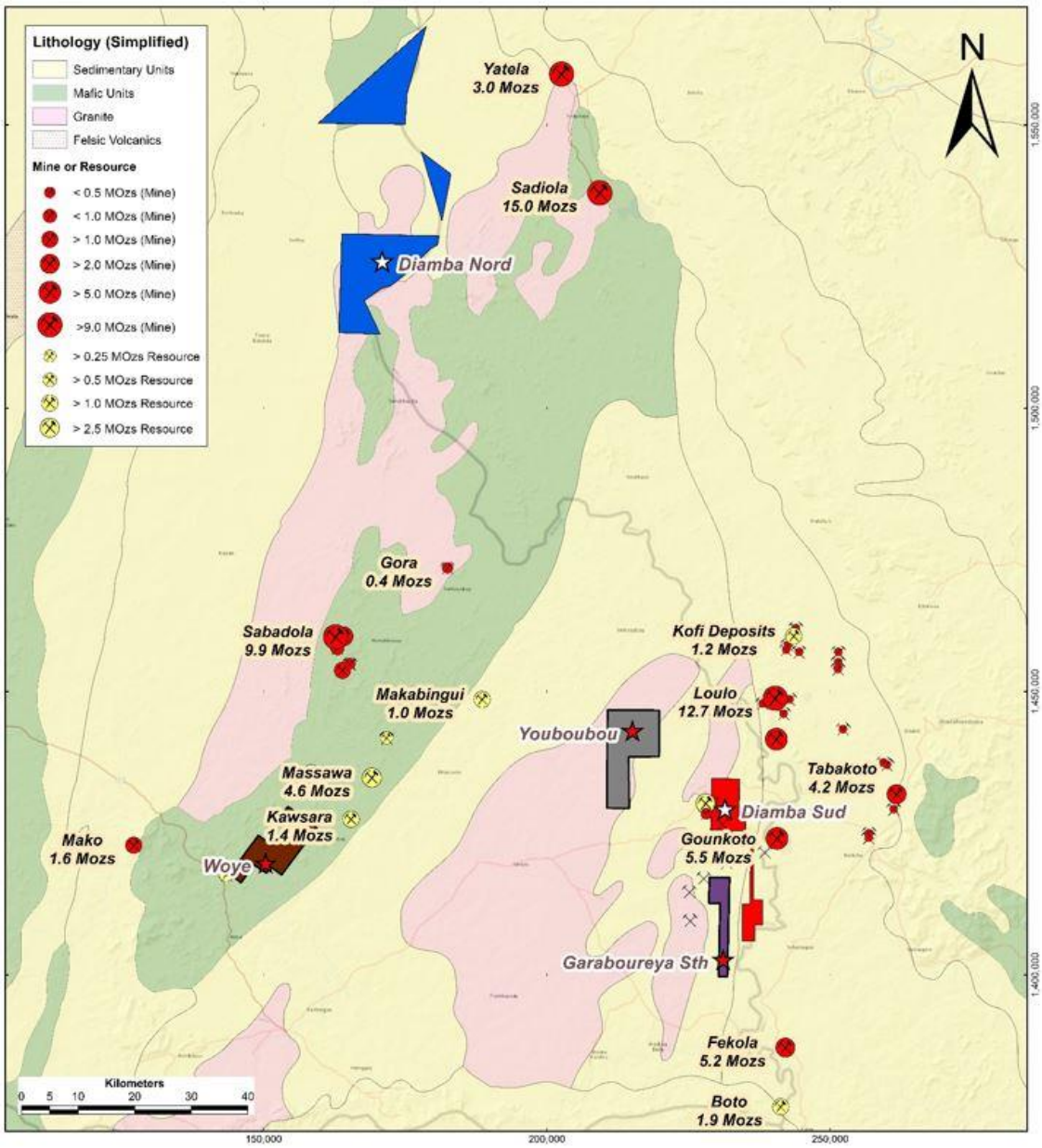


***Figure 5: Location of Diamba Nord and proximity to major gold mines and deposit***

## Youboubou (100%)

The Youboubou licence is some 113 km$^2$ and covers a granite belt and adjacent volcano-sedimentary rocks. The permit covers a ~2km strike extension of the Lingokoto prospect corridor, and another segment of the same structure to the SW (Figure 6).

It is at an early stage of exploration and has only recently had aeromagnetics acquired and interpreted. There are 6 lines of soil sampling on a 400m x 50m grid SW of Lingokoto area, otherwise no prior work[3].

A proposed work program on Youboubou will comprise an initial soil sampling survey run over areas indicated as prospective by aeromag data.

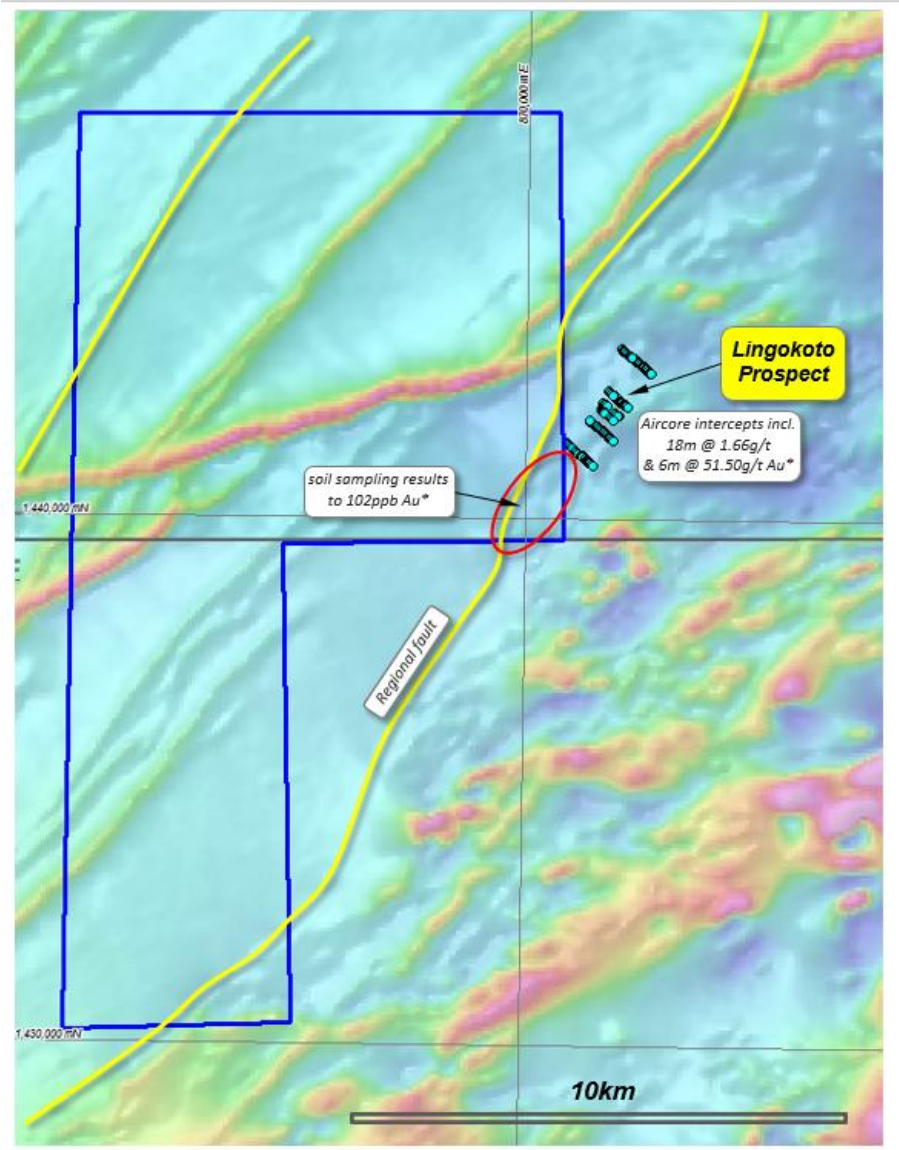


***Figure 6: Youboubou Licence over aeromag background, showing interpreted regional faults and limited soil sampling.***

[3] **Lingokoto results were reported to ASX January 29th 2014 and July 1st 2014 by Erin Resources (ASX:ERI subsequently changed to MGC Pharmaceuticals Ltd (ASX: MXC))**

## ACQUISITION CONSIDERATION

Subject to the satisfaction of the conditions precedent referred to below, CHZ will acquire a 100% interest in each of Erin and Boya. CHZ shall, on the Completion Date, issue the following CHZ securities to the Vendors and third party facilitators or their nominees:

1. 28,571,429 fully paid ordinary shares ("**FPOS**") in CHZ ("**Settlement Shares**"). Other than 2,380,952 Settlement Shares to be issued to which shall not be subject to an escrow period unless required by the ASX, the Settlement Shares shall be subject to an escrow period of 12 months from date of issue (or such longer escrow period that may be required by the ASX).
2. The following unlisted options ("**Settlement Options**"):
   (a) 1,000,000 unlisted options each with an exercise price of 6 cents per share and an expiry date of 31 December 2019; and
   (b) 1,000,000 unlisted options each with an exercise price of 10 cents per share and an expiry date of 31 December 2020.
3. The following performance shares ("**Performance Shares**"):
   (a) 23,809,524 Class A performance shares which will convert into FPOS upon certification by an independent Competent Person of a JORC Mineral Resource of 0.5Moz Au with an average grade of at least 2.0g/t gold in relation to the Projects; and
   (b) 23,809,524 Class B performance shares which will convert into FPOS upon certification by an independent Competent Person of a total JORC Mineral Resource of 1.0Moz Au with an average grade of at least 2.0g/t gold in relation to the Projects.

The conversion of all or part of the Performance Shares into fully paid ordinary shares is subject to CHZ obtaining all necessary regulatory and shareholders approvals required by the Corporations Act 2001 (C'th) and the ASX Listing Rules which may then be required at the time of conversion.

MGC Pharmaceuticals Ltd (ASX: MXC) will receive 2,724,286 CHZ ordinary shares, 95,000 6 cent options, 95,000 10 cent options, 2,261,905 class A performance shares, and 2,261,905 class B performance shares as consideration for the sale of its 100% interest in Erin.

### CONDITIONS PRECEDENT

Completion of the Transaction is subject to the satisfaction or waiver (in writing and agreed by all parties) of the following conditions precedent:

1. on or before 28 June 2017, each of Boya, Erin and CHZ obtaining all required regulatory and shareholder approvals for the Transaction;
2. on or before 28 June 2017, the Vendors of Boya procuring that the other remaining shareholders of Boya who are not parties to the Agreement ("**Minority Boya Vendors**") enter short form share sale agreements with CHZ ("**Short Form Sale Agreements**") for the sale of their shares in Boya to CHZ;
3. on or before 29 April 2017, CHZ completing due diligence to its satisfaction of all legal, financial and technical aspects of Erin, Boya and the Projects; and
4. on or before 29 April 2017, the Vendors completing due diligence to their satisfaction of all legal, financial and technical aspects of CHZ.

### PLACEMENT AND RIGHTS ISSUE

On the Completion Date CHZ shall undertake a Placement of 12,500,000 CHZ shares for a cash consideration of $0.04 per Share ("**Placement**") to raise a total of $500,000 before costs. The Vendors

and/or their nominees shall subscribe for a total of 6,250,000 CHZ shares for cash consideration of $0.04 per share in the Placement.

Prior to Completion, CHZ will also undertake a non-renounceable rights issue ("**Rights Issue**") of Shares at the same price as the Placement on the basis of one (1) Share for every three (3) Shares held to raise $1,591,115 before costs.

Taylor Collison will act as lead broker to the Placement and Right Issue.

Chieftain Securities Pty Ltd is the corporate advisor to Boya on this transaction and will lead manage the Vendor's participation in the Placement.

**BOARD CHANGES**

On Completion, Mr. Nick Castleden shall, subject to him consenting in writing to act, be appointed as a Non-Executive Director of CHZ.

**APPLICATION OF CHAPTERS 1 AND 2 OF THE ASX LISTING RULES**

CHZ has received advice from the ASX that the Transaction will not require CHZ to re-comply with chapters 1 and 2 of the ASX Listing Rules, nor will shareholder approval be required under ASX Listing Rule 11.1.2.

The issue by CHZ of the agreed equity securities as consideration for the Transaction will, however, require Shareholder approval pursuant to Chapter 7 of the ASX Listing Rules.

**INDICATIVE TIMETABLE**

The indicative timetable for completion of the Transaction is outlined below:

| ACTIVITY | DATE |
|---|---|
| Announcement of Transaction | 3 April 2017 |
| Completion of due diligence | 29 April 2017 |
| Notice of Meeting and Explanatory Memorandum dispatched to CHZ shareholders (to approve equity securities to be issued pursuant to the Transaction) | 5 May 2017 |
| Shareholder meeting | 7 June 2017 |
| Commencement of Rights Issue | 8 June 2017 |
| Completion of Placement | 16 June 2017 |
| Completion of Transaction | 16 June 2017 |

The above dates are indicative only and are subject to change. CHZ will keep shareholders updated on the timing of the implementation of the Transaction as it progresses.

**For further information please contact:**

**Stephen Kelly – Company Secretary**
**Phone 0415 719 695**
**Email:** skelly@chesserresources.com.au

# Attachment 1 -Table of Drill Results (Diamba Sud)

| Project | Hole Id | Drill Type | Depth (m) | Dip / Azim | UTM Grid WGS84 Z29N | | | Significant Intercepts | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | East | North | RL | From | To | Interval | Au (ppm) | |
| **Diamba Sud** | DS0001RC | RC | 40 | -60 / 090 | 231,170 | 1,426,211 | 114 | 8 | 12 | 4 | 2.36 | |
| | DS0002RC | RC | 83 | -60 / 090 | 231,121 | 1,426,208 | 116 | 18 | 20 | 2 | 0.83 | |
| | | | | | | | | ***29*** | ***61*** | ***32*** | ***1.29*** | |
| | | | | | | | | ***29*** | ***38*** | ***9*** | ***2.99*** | *Incl.* |
| | DS0003RC | RC | 72 | -60 / 090 | 231,078 | 1,426,198 | 114 | 49 | 51 | 2 | 1.54 | |
| | DS0004RC | RC | 48 | -60 / 090 | 231,202 | 1,426,204 | 116 | | | | | No Significant Assays |
| | DS0005RC | RC | 86 | -60 / 090 | 231,137 | 1,426,248 | 120 | 30 | 32 | 2 | 13.47 | |
| | | | | | | | | 73 | 74 | 1 | 4.43 | |
| | DS0006RC | RC | 80 | -60 / 090 | 232,663 | 1,426,200 | 123 | 10 | 14 | 4 | 0.81 | |
| | DS0007RC | RC | 80 | -60 / 090 | 232,622 | 1,426,199 | 120 | ***2*** | ***16*** | ***14*** | ***2.85*** | |
| | | | | | | | | 29 | 30 | 1 | 1.45 | |
| | DS0008RC | RC | 80 | -60 / 090 | 232,582 | 1,426,198 | 118 | 2 | 3 | 1 | 0.87 | |
| | | | | | | | | 17 | 18 | 1 | 8.17 | |
| | | | | | | | | 48 | 54 | 6 | 0.61 | |
| | DS0009RC | RC | 81 | -60 / 090 | 232,542 | 1,426,198 | 117 | 62 | 69 | 7 | 1.26 | |
| | | | | | | | | 73 | 74 | 1 | 1.15 | |

# ATTACHMENT 2

# JORC Code, 2012 Edition – Table 1 (Diamba Sud)

### Section 1 Sampling Techniques and Data

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Sampling techniques* | • *Nature and quality of sampling, measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.* | • **All Reverse Circulation (RC) drill holes have been routinely sampled at 1m intervals downhole.**<br>• **1 metre samples are preserved for future assay as required.**<br>• **Samples were collected in situ at the drill site and are split collecting 2 to 3 kg per sample.**<br>• **Certified reference material and sample duplicates were inserted at regular intervals.**<br>• **All samples were submitted to internationally accredited SGS Laboratories in Bamako Mali for 50g Fire Assay gold analysis** |
| *Drilling techniques* | • *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).* | • **RC drilling was carried out by Minerex Drilling using a Universal Drill Rig 650** |
| *Drill sample recovery* | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.* | • **An initial visual estimate of sample recovery was undertaken at the drill rig for each sample metre collected.**<br>• **Collected samples were weighed to ensure consistency of sample size and monitor sample recoveries.**<br>• **Sample recovery and condition was recorded at the drill site**<br>• **No sampling issue, recovery issue or bias was picked up and it is therefore considered that both sample recovery and quality is adequate for the drilling technique employed.** |
| *Logging* | • *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*<br>• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | • **All drill samples were geologically logged by Boya Resources subsidiary Boya S.A. geologists.**<br>• **Geological logging used a standardised logging system recording mineral and rock types and their abundance, as well as alteration, silicification and level of weathering.**<br>• **A small representative sample was retained in a plastic chip tray for each drill metre for future reference and logging checks.** |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Sub-sampling techniques and sample preparation* | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • **All samples were split at the drill rig utilizing a 3 tier riffle splitter with no sample compositing being undertaken of the 1 metre samples.**<br>• **Four-Metre composite samples were collected from the split bulk samples for initial analysis. With the split one metre samples being submitted for further analysis on return of anomalous results. These samples have been retained in the database, but have not been used to calculate the reported drill intervals**<br>• **Duplicates were taken to evaluate representativeness**<br>• **Further sample preparation was undertaken at the SGS laboratories by SGS laboratory staff**<br>• **At the laboratory, samples were weighed, dried and crushed to 75% <2mm (jaw crusher), pulverized and split to 85 %< 75 um. Gold is assayed by fire assay (50g charge) with an AAS Finish.**<br>• **The crushed sample was split and 1.5kg sample was collected using a single stage riffle splitter**<br>• **The 1.5kg split samples were pulverised in a an LM2 to 95% passing 200 meshes**<br>• **Barren sand wash was required at the start of each batch and between samples**<br>• **Sample pulps are retained at the SGS laboratory under secure "chain of custody" procedure for possible future analysis.**<br>• **Sample sizes and laboratory preparation techniques are considered to be appropriate for this early stage exploration and the commodity being targeted.** |
| *Quality of assay data and laboratory tests* | • *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*<br>• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*<br>• *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.* | • **Analysis for gold is undertaken at SGS Mali by 50g Fire Assay with an AAS finish to a lower detection limit of 0.01ppm Au.**<br>• **The fire assay method used has an upper limit of 100g/t, some samples received are above this threshold.**<br>• Fire assay is considered a “total” assay technique.<br>• **No field non assay analysis instruments were used in the analyses reported.**<br>• **A review of certified reference material and sample blanks inserted by the Company indicated no significant analytical bias or preparation errors in the reported analyses.**<br>• **Results of analyses for field sample duplicates are consistent with the style of mineralisation evaluated and considered to be representative of the geological zones which were sampled.**<br>• **Internal laboratory QAQC checks are reported by the laboratory and a review of the QAQC reports suggests the laboratory is performing within acceptable limits** |
| *Verification of sampling and assaying* | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification,* | • **All drill hole data is paper logged at the drill site and then digitally entered by Company geologists at the site office.**<br>• **All digital data is verified and validated by the** Company’s database consultant in Paris before **loading into the drillhole database.** |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • **No twinning of holes was undertaken in this program which is early stage exploration in nature.**<br>• **Reported drill results were compiled by the** company's geologists, verified by the Company's **database administrator and exploration manager.**<br>• **No adjustments to assay data were made.** |
| *Location of data points* | • *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • **Drillhole collars were located using GPS averaging.**<br>• **Accuracy of the averaging of the GPS < +/- 2m and is considered appropriate for this level of early exploration**<br>• **The grid system is UTM Zone 29N** |
| *Data spacing and distribution* | • *Data spacing for reporting of Exploration Results.*<br>• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*<br>• *Whether sample compositing has been applied.* | • **RC holes were located on an irregularly spaced pattern with between 20 and 50m between various collars along the line.**<br>• **Drilling reported in this program is of an early exploration nature has not been used to estimate any mineral resources or reserves.** |
| *Orientation of data in relation to geological structure* | • *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*<br>• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.* | • **Exploration is at an early stage and, as such, knowledge on exact location of mineralisation and its relation to lithological and structural boundaries is not accurately known. However, the current drillhole orientation is considered appropriate for the program to reasonably assess the prospectivity of known structures interpreted from other data sources.** |
| *Sample security* | • *The measures taken to ensure sample security.* | • **RC samples were collected and taken to the SGS laboratory in Mali under secure "chain of custody" procedure by SGS Mali staff.**<br>• **Sample pulps remain at the SGS laboratory under secure "chain of custody"**<br>• **The RC samples remaining were removed from the site and destroyed by Boya due to a current lack of secure long term storage at the project** |
| *Audits or reviews* | • *The results of any audits or reviews of sampling techniques and data.* | • **There has been no external audit or review of the** Company's sampling techni**ques or data at this early exploration stage.** |

## Section 2 Reporting of Exploration Results

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| *Mineral tenement and land tenure status* | • *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites,* | • **The results reported in this report are all contained within The Diamba Sud permit which is held 100% by Boya S.A., a wholly owned subsidiary of Boya Gold Pty Ltd.** |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *wilderness or national park and environmental settings.*<br>• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.* | • **The Diamba Sud permit is in good standing, with an expiry date of 10/6/2018.** |
| *Exploration done by other parties* | • *Acknowledgment and appraisal of exploration by other parties.* | • **The area that is presently covered by the Diamba Sud was explored intermittently by several companies prior to 2015.**<br>• **Exploration consisted of a government backed regional aeromagnetic survey, gridding, soil sampling and minor auger and exploration drilling.**<br>• **IAM Gold undertook minor RAB and Auger drilling at the project (Bembala Prospect) during 2012. The results of which are not known by Boya S.A** |
| *Geology* | • *Deposit type, geological setting and style of mineralisation.* | • **The deposit style targeted for exploration is orogenic lode gold.**<br>• **This style of mineralisation can occur as veins or disseminations in altered (often silicified) host rock or as pervasive alteration over a broad zone.**<br>• **Deposits are often found in close proximity to linear geological structures (faults & shears) often associated with deep-seated structures.**<br>• **Lateritic weathering is common within the project area. The depth to fresh rock is variable and may extend up to 50m below surface.** |
| *Drill hole Information* | • *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*<br>  ○ *easting and northing of the drill hole collar*<br>  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>  ○ *dip and azimuth of the hole*<br>  ○ *down hole length and interception depth*<br>  ○ *drillhole length.*<br>• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.* | • **Reported results are summarised in Figure 2 and within the main body of the announcement**<br>• **Drill collar elevation is defined as height above sea level in metres (RL)**<br>• **RC holes were drilled at an angle deemed appropriate to the local structure as understood at the time of drilling.**<br>• **Down hole length of the hole is the distance from the surface to the end of the hole, as measured along the drill trace** |
| *Data aggregation methods* | • *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*<br>• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used* | • **Intervals are reported using a threshold where the interval has a 1.00 g/t Au average or greater over the sample interval and selects all material greater than 0.30 g/t Au allowing for 1 sample of included dilution.**<br>• **No grade top cut off has been applied to full results presented in Attachment 1..**<br>• **No metal equivalent reporting is used or applied** |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | |
| *Relationship between mineralisation widths and intercept lengths* | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.*<br>• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').* | • **The results reported in this announcement are considered to be of an early stage in the exploration of the project.**<br>• **Mineralisation geometry is not accurately known as the exact orientation and extent of known mineralised structures are not yet determined.**<br>• Mineralisation results are reported as "downhole" **widths as true widths are not yet known** |
| *Diagrams* | • *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.* | • **Drill hole location plans are provided in Figure 2** |
| *Balanced reporting* | • *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.* | • **All drill holes have been reported in this announcement -refer Attachment 1.**<br>• **No holes are omitted for which complete results have been received.** |
| *Other substantive exploration data* | • *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.* | • **No other exploration data that is considered meaningful and material has been omitted from this report** |
| *Further work* | • *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • **RC and possible diamond drilling is planned to follow up the results reported in this announcement.** |

**COMPETENT PERSON STATEMENT**

The information in this report that relates to the Diamba Sud and Diamba Nord exploration results, Mineral Resources and Exploration Targets is based on information compiled by Mr Kell Nielsen, BSc (Geol.), MSc (Mineral Econ.) who is a Member of the Australian Institute of Mining and Metallurgy and who is employed as a consultant to Boya Gold Pty Ltd (ACN 602 425 981). Mr Nielsen has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Nielsen consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.

The information in this report that relates to the other projects (held by Erin Mineral Resources Pty Ltd), Mineral Resources and Exploration Targets is based on information compiled by Dr Simon McDonald, BSc (Hons, Geol), PhD who is a Member of the Australian Institute of Geoscientists and Fellow of the Geological Society (FGS) and is a consultant to Chesser Resources Limited. Dr McDonald has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Dr McDonald consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.