



ASX Announcement & Media Release

3 September 2014

Chesser executes agreement for sale of Kestanelik Project

- **Definitive sale agreement executed subject to Chesser shareholder approval**
- **Chesser to receive cash of US\$40 million on Closing**
- **Consideration value per Chesser share provides attractive premium to recent trading price**
- **Cash return to shareholders of up to A\$0.15 per share**
- **Chesser well positioned to pursue new growth opportunities**
- **Anticipated closing date prior to 31 October 2014**

Chesser Resources Limited (**ASX:CHZ**) has entered into a definitive agreement for the sale of its Kestanelik Gold Project in North Western Turkey to Nurol Holdings A. S. (**Nurol**), a significant Turkish industrial conglomerate.

The consideration for the transaction will be cash of US\$40 million which equates to A\$42.83 million at an exchange rate of A\$:US\$ 0.9340. The consideration is receivable in full by Chesser on the closing date of the transaction.

Chesser Managing Director Dr Rick Valenta said the transaction represented a significant realisation of value for Chesser shareholders.

"It comes at a strong premium to the recent share market capitalisation of the company, and compares very favourably to recent comparable transactions involving gold projects. More significantly, it eliminates various development risks associated with the project and immediately crystallises value for our shareholders," he said.

Benefits of the Transaction

The transaction will deliver a number of attractive benefits to Chesser shareholders, which include:

- It represents a significant premium over the recent trading price of CHZ's shares. The implied premia as compared to the spot, 5, 20 and 90 day volume weighted average price (VWAP) prior to Chesser first announcing the Transaction on 2 July 2014 are as follows:

	VWAP A\$ cents / share	Sale consideration Premium consideration
Closing price on 1 July 2014	13.0 cents	49%
5 Day VWAP	11.47 cents	69%
20 Day VWAP	9.94 cents	95%
90 Day VWAP	11.61 cents	67%

The premia calculated in the table above assume that no value is assigned to the Company's Catak and Sisorta Projects which will be retained by Chesser following the Transaction.

- It will avoid significant, potentially dilutive capital raisings to fund the development of the Kestanelik Project in a challenging financing environment for junior resources companies.
- Completion of the transaction will provide certainty of value to Chesser's shareholders. Whilst Chesser's Directors believe that the future stand-alone development of the Kestanelik Project could potentially provide substantial financial returns to shareholders, the development process comes with major attendant risks; including permitting risk, gold price risk, construction risk, exploration risk, sovereign risk and other potential risks which could jeopardise the future returns received by shareholders.

Terms of the Transaction

The Transaction is conditional upon, amongst other things, the approval of Chesser shareholders at a General Meeting to be held on or about 13 October 2014. A simple majority of those voting in person or by proxy is required to pass the resolution approving the sale. The Transaction is also dependent on the routine approval of the Turkish Competition Board (**TCB**). TCB approval is deemed to have been received if the TCB does not respond within 30 days of the application for approval being made.

Subject to satisfaction of the conditions precedent, closing is expected to occur prior to 31 October 2014.

The material terms of the Transaction are set out in the appendix to this release.

Upon closing of the Transaction it is anticipated that Chesser will have approximately A\$40 million (approximately A\$0.18 per share) in cash reserves after estimated transaction costs. The Company does not expect that Turkish or Australian corporate income tax will be payable as a result of the Transaction.

Return to Shareholders

The Directors intend that the Company will make a cash return of up to A\$0.15¹ per share to shareholders with the balance of the cash received being retained to pursue its future strategy.

Shareholder approval will be sought for the proposed distribution of funds to shareholders at the Company's Annual General Meeting to be held in November 2014.

The Company intends to obtain a ruling from the Australian Taxation Office regarding the taxation implications for shareholders of the proposed distribution of funds.

Future Strategy

Upon completion of the Transaction, the Company intends to remain an ASX listed entity and will turn its attention to identifying other investment opportunities in the resources sector and advancing its Catak and Sisorta Projects.

The Company has commenced the process of reducing its corporate cost structure to ensure that its staffing levels and corporate overheads are appropriate for the future strategic direction of the Company post settlement of the transaction.

Indicative Timetable

The indicative timetable, which remains subject to change, for closing of the transaction and the proposed return to shareholders is:

Item	Date
Notice for General Meeting mailed to shareholders	9 September 2014
General Meeting of shareholders to approve Transaction	13 October 2014
Transaction Completion	20 October 2014
Annual General Meeting including shareholder approval of proposed return to shareholders	27 November 2014
Payment of return to shareholders	11 December 2014

¹ The intended cash return of up to A\$0.15 per share assumes the US\$ consideration is converted into A\$ at an exchange rate of 0.9340. The actual cash return paid will be dependent on the A\$:US\$ exchange rate at which the Company is able to convert the US\$ consideration into A\$.

For further information on this release and Chesser Resources Limited, please contact:

Dr Rick Valenta, Managing Director

Stephen Kelly, Company Secretary

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About Chesser Resources Limited



Chesser is an Australian-based ASX-listed exploration company (ASX: CHZ), exploring for gold and base metals in Turkey. The Company is currently conducting an aggressive, but focused, exploration program on its Kestanelik epithermal gold project. The Company's flagship project, Kestanelik, is situated in western Turkey, some 10 kilometres southeast of the Dardanelles, and enjoys good access together with excellent infrastructure. It hosts low sulphidation epithermal quartz veining with identified high-grade gold mineralisation and bonanza grades. Kestanelik has an indicated resource of 183,000 ounces of gold at a grade of 3.53 g/t Au, and total resource of 703,000 ounces of gold at 2.15 g/t Au, 65% of which lies within 50 metres of the surface at an average grade of 2.54 g/t Au. The Company has declared a 303,000 oz gold resource (91,000 oz Indicated and 212,000 oz Inferred) on its Sisorta project in north-eastern Turkey. The Board and management of Chesser, backed by the Company's major shareholders, are committed to unlocking value from this highly prospective portfolio of projects and the Company is committed to advancing its existing portfolio while continuing to seek new advanced opportunities.

Company Directors & Management		Company Information	Top Shareholders
Rob Reynolds	Chairman	ABN: 14 118 619 042 Address: 96 Stephens Road South Brisbane Qld 4101 Australia Telephone: +61 7 3844 0613 Contact: info@chesserresources.com.au Chesser Website: www.chesserresources.com.au	Management
Rick Valenta	Managing Director		Macquarie MEC
Simon O'Loughlin	Non-Executive Director		Acorn Capital
Simon Taylor	Non-Executive Director		Institutions – 30% Top 40 ≈ 62%
Peter Lester	Non-Executive Director		
Morrice Cordiner	Non-Executive Director		
Stephen Kelly	CFO/Company Secretary		
Nigel Ricketts	Project Director Kestanelik		
Cem Yuceer	Exploration Manager		

The exploration data and results contained in this report are based on information reviewed by Dr Rick Valenta, a Fellow of the Australian Institute of Mining and Metallurgy. He is Managing Director of the Company and has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Dr Valenta has consented to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Kestanelik in-situ Mineral Resources is based on information compiled by Mr. Ian Taylor of Mining Associates Ltd. Mr. Taylor is the competent person for the Kestanelik resource estimate and takes overall responsibility for it. He is a of the Australian Institute of Geoscientists and a Chartered Professional of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity 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' (JORC Code). Mr. Taylor consents to the inclusion of such information in this Report in the form and context in which it appears.

The information in this report that relates to Sisorta in-situ Mineral Resources is based on information compiled by Mr. Gary Giroux of Giroux Consultants Ltd. Mr. Giroux is the competent person for the Sisorta resource estimate and takes overall responsibility for it. He is a Member in good standing of the Association of Professional Engineers and Geoscientists of the Province of British Columbia (a "Recognised Overseas Professional Organisation" under the JORC code) and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a "Competent Person" as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) and has the appropriate relevant qualifications, experience and independence to qualify as a "Qualified Person" under National Instrument 43-101 - "Standards of Disclosure for Mineral Projects" (NI 43-101). Mr. Giroux consents to the inclusion of such information in this Report in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Appendix One

Summary of principal terms of agreement for the sale of the Kestanelik Project

Under the Transaction, Chesser will receive US\$40 million in cash on closing representing:

- (i) Repayment in full of intercompany loans advanced to Bati by Chesser; and
- (ii) Payment to acquire 100% of the shares in Bati.

The Agreement is subject to the following conditions precedent being fulfilled by 31 December 2014 (or such later date as Chesser and Nurol agree):

- (i) except as Disclosed, the representations and warranties of the Seller and the Purchaser contained in the Agreement shall be true and correct on the Closing Date in all material respects;
- (ii) Nurol shall have obtained the approval of the Turkish Competition Board to acquire the assets to be transferred pursuant to the transaction;
- (iii) Chesser shall have obtained the approval of the shareholders on the transaction and shall have complied with any other requirements of the ASX in relation to the transaction;
- (iv) the Seller shall have completed the transfer of the ownership of the Catak Project from Bati to another subsidiary of the Seller;
- (v) the Seller shall have terminated or transferred the employment of all employees of Bati;
- (vi) the Seller and the Purchaser shall have completed all steps necessary for the Seller to receive the cash consideration on Closing;
- (vii) there shall not be in effect any judgment, order, injunction, decree or ruling of any arbitral tribunal or any court or Governmental Authority prohibiting the carrying out of the Agreement or the consummation of the transactions contemplated thereunder;
- (viii) the Seller shall not have materially breached the restrictions and obligations set forth under the Pre-Closing Undertakings; and
- (ix) there has been no Material Adverse Change since the date of the Agreement.

If any conditions are not satisfied by 31 December 2014, (or such later date as Chesser and Nurol may agree), either party may terminate the Agreement.

The Agreement provides that Chesser shall not solicit or be involved in discussions or negotiations or provide due diligence to a third party concerning the sale of its shares in Bati, the acquisition of Chesser shares or the sale of a direct ownership interest in the Kestanelik Project until completion, but this is subject to a carve out allowing the Chesser directors to discharge their fiduciary and statutory duties in the event of a superior proposal being received by the Company, Bati or the Company's shareholders.

The Agreement also contains the usual indemnities and warranties expected in a transaction of this nature and pre-completion requirements. Chesser's liability for a breach of warranty is limited to 100% of the payment to acquire 100% of the shares in Bati (plus costs).