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

4 September 2014

Dear Shareholder

Proposed Sale of the Kestanelik Gold Project

On 3 September 2014 Chesser Resources Ltd (“**Chesser**”) announced that it had entered into a conditional agreement to sell its 100 per cent interest in the Kestanelik Gold Project in North Western Turkey to Nurol Holdings A.S. (“**Nurol**”), a privately owned Turkish conglomerate (“**the Transaction**”).

Under the terms of the Transaction Chesser will receive US\$40 million in cash (A\$42.83 million at an exchange rate of A\$/US\$ of 0.9340) on closing of the transaction.

One of the conditions of the Transaction is Chesser Shareholder approval which is the subject of the Resolution in the attached Notice of Meeting. The Transaction is also conditional on Nurol receiving routine approval from the Turkish Competition Board.

Further details of the Transaction are set out in the Explanatory Statement accompanying this Notice of Meeting.

The Directors consider that if completed, the Transaction will deliver a number of key benefits to Chesser’s Shareholders including:

1. Realisation of a significant cash return for the Kestanelik Project of US\$40 million (A\$42.83 million at an A\$/US\$ exchange rate of \$0.9340), which represents a premium of 49% to Chesser’s closing price on 1 July 2014 being the closing share price immediately prior to the announcement of the Transaction and a premium of 95% to the 20 day VWAP for Chesser as at 1 July 2014, without having regard to Chesser’s other assets.
2. Avoiding the necessity for significant, potentially dilutive capital raisings to fund the development of the Kestanelik Project.
3. 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.

Further detail on the matters taken into consideration is set out in the Explanatory Statement accompanying the Notice.

For the reasons outlined above and in more detail in the attached Explanatory Statement, the Directors unanimously recommend that, in the absence of a superior proposal, Shareholders vote in favour of the Resolution to sell Chesser's 100 per cent interest in the Kestanelik Project.

The Directors intend that the Company will make a cash return of up to approximately A\$0.15 per share to shareholders with the balance of the cash received being retained to pursue the proposed post completion activities. Shareholder approval will be sought for the proposed cash return after Chesser has obtained a ruling from the Australian Taxation office regarding the taxation implications for shareholders of the proposed return.

The sale of the Kestanelik Project represents a significant opportunity for the Company, and all Shareholders are encouraged to vote at the meeting by submitting a proxy voting form or attending in person or by corporate representative. Shareholders voting by proxy must have their proxy forms submitted and received by the Company by no later than 12.00pm (AEST) on Sunday 12 October 2014.

This Notice of Meeting including the Explanatory Statement is an important document and I encourage you to read it in its entirety and, if required, obtain advice from your professional adviser.

Yours faithfully



ROB REYNOLDS
Non-Executive Chairman



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

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123 SAMPLE STREET
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SAMPLETOWN VIC 3030

Proxy Form



Vote 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

PIN: 99999

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 12:00pm (Brisbane Time) Sunday 12 October 2014**

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 RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SUBURB
SAMPLETOWN 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.



IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

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 General Meeting of Chesser Resources Limited to be held at **Diana Plaza Hotel, Arcadia Room, 12 Annerley Road, Woolloongabba QLD 4102 on Monday, 13 October 2014 at 12:00pm (Brisbane Time)** and at any adjournment or postponement of that meeting.

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

1 Disposal of Chesser's 100 Percent Interest in the Kestanelik Project

For

Against

Abstain

☐☐☐

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 / /

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CHESSER RESOURCES LIMITED

A C N 118 619 042

**NOTICE OF GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM**

Date of Meeting

Monday, 13 October 2014

Time of Meeting

At 12.00pm (Brisbane time)

Place of Meeting

Diana Plaza Hotel
12 Annerley Road
Woolloongabba QLD 4102

<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 a General Meeting (**Meeting**) of the Shareholders of Chesser Resources Limited ACN 118 619 042 (**Company**) will be held on **Monday, 13 October 2014**, commencing at 12.00pm (Brisbane time) at the Diana Plaza Hotel, Arcadia Room, 12 Annerley Road, Woolloongabba QLD 4102. Registration will commence just prior to the Meeting.

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

Resolution

DISPOSAL OF CHESSER'S 100 PERCENT INTEREST IN THE KESTANELIK PROJECT

To consider and, if thought fit, to pass as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the sale by Chesser Resources Limited of all its shares in Bati Anadolu Madencilik Sanayi Ve Ticaret A.S (owner of 100% of the Kestanelik Project in Turkey) to Nurol Holdings on the terms and conditions set out in section 1.1 (b) of the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities in the Company if the Resolution is passed and any of their associates.

However the Company need not disregard a vote if:

- (a) it is cast by that person as 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 chairman of 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 (Brisbane time) on Saturday 11 October 2014 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.

Every question 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 12.00pm (Brisbane Time) on Sunday 12 October, 2014, 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:

- (a) 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 (3) 9473 2555 (outside Australia);
- (c) enter www.investorvote.com.au directly into your smart phone and follow the instructions on your personalised proxy form for scanning the QR Code on the front of your proxy form. To scan the QR code you will have needed to download and install 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.

Pursuant to section 250BB, 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 chairman 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 chairman, 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, 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 chairman 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 chairman 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 - Chair

Please note that if the Chair of the Meeting is 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.

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 4 September 2014

BY ORDER OF THE BOARD

CHESSER RESOURCES LIMITED



STEPHEN KELLY

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Meeting of Chesser Resources Limited (**Chesser**) to be held at the Diana Plaza Hotel, Arcadia Room, 12 Annerley Road, Woolloongabba QLD 4102 on 13 October 2014 at 12.00pm (Brisbane time).

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the resolution in the Notice of Meeting.

RESOLUTION – APPROVAL FOR THE DISPOSAL OF CHESSER'S 100 PER CENT INTEREST IN THE KESTANELIK PROJECT

1.1 Overview of the Transaction

(a) Background

On 3 September, 2014 Chesser entered into a conditional agreement (**the Agreement**) with Nurol Holdings A.S. referred to in this Notice as **Nurol**, to sell its 100 percent interest in Bati Anadolu Madencilik Sanayi Ve Ticaret A.S (**Bati**), the owner and operator of the Kestanelik Project in North Western Turkey (**the Transaction**). The material terms of the Transaction are set out below.

ASX Listing Rule 11.2 provides that an entity is to seek the approval of its Shareholders before disposing of its main undertaking. The Transaction, which if completed, will see the disposal by the Company of its main undertaking being its 100 per cent interest in the Kestanelik Project. The Company now seeks shareholder approval of the Transaction for this purpose under the Resolution.

There are a number of conditions precedent that are required to be satisfied or waived before the Transaction is completed including Chesser obtaining the approval of its shareholders to enter into the Transaction.

The consideration under the Transaction is US\$40 million cash receivable in full by Chesser on completion of the transaction.

Completion of the Transaction will end Chesser's involvement with the Kestanelik Project, however, subject to positive exploration results, Chesser will maintain an active presence in the gold sector in Turkey through its Sisorta and Catak Projects. Further details of the Sisorta and Catak Projects are provided in section 1.5 of this Explanatory Note.

(b) Material Terms of the Agreement

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).

(c) Completion of the Transaction

Completion of the Transaction is anticipated to occur before 31 October 2014 subject to satisfaction of the conditions precedent. If the conditions are satisfied earlier, then completion will take place earlier.

The Directors of Chesser have received advice from the Company's Australian and Turkish taxation advisors that Chesser and /or Bati will not be liable to pay corporate income tax to the Turkish Government or the Australian government in relation to the Transaction.

Chesser estimates that it will receive net proceeds of US\$37,000,000 (A\$39,614,561) at an exchange rate of \$0.9340) after meeting all estimated transaction costs including legal, financial and taxation advisory fees, applicable government duties, fees and charges and other transaction costs.

Pro forma balance sheets setting out the financial position of Chesser at completion of the Transaction are set out in section 1.9.

1.2 Directors' Recommendation

The Directors of Chesser **unanimously recommend** Shareholders vote in favour of the Resolution, being the sale of the Company's 100 per cent interest in the Kestanelik Project.

Each Director intends to vote his shares in Chesser over which he has voting power in favour of the Resolution. At the date of this Notice, the Directors' voting power is as follows:

Name	Number of Shares	% of Shares
Morrice Cordiner	807,773	0.37%
Peter Lester	200,000	0.09%
Simon O'Loughlin	1,625,000	0.74%
Rob Reynolds	2,372,728	1.07%
Simon Taylor	1,500,000	0.68%
Rick Valenta	3,065,000	1.39%

In addition to the above, certain Directors have interests in unlisted options over the Company shares as presented below.

Name	Number of options	Exercise price	Expiry date
Morrice Cordiner	500,000	\$0.50	13 December 2016
	1,000,000	\$0.55	
	500,000	\$0.60	
Peter Lester	500,000	\$0.60	13 December 2016
	500,000	\$0.65	
	500,000	\$0.70	
	500,000	\$0.75	
Rob Reynolds	500,000	\$0.60	13 December 2016
	500,000	\$0.65	
	500,000	\$0.70	
	500,000	\$0.75	

Notes:

1. Each option is an option to acquire one fully paid ordinary share in the Company.
2. Options do not confer on the holder any rights to vote on the resolution to approve the Transaction.
3. There are no vesting conditions attached to the options.

1.3 Overview of the Kestanelik Project

(a) Location

The Kestanelik property consists of a series of low sulphidation epithermal quartz veins outcropping over a combined total strike length of approximately 2,550 metres and with a further 28,500 metres of quartz veins occurring under shallow cover (for a total of some 30 kilometres of epithermal quartz veining). The average width of the exposed veins is approximately 3.5 metres but veins have been recorded to a maximum width of up to 30 metres. The host sequence is partially covered by a post-mineral sequence of sediments, volcanics and alluvium. Mineralization on the property is typical of low sulphidation epithermal vein systems. A series of exploration drilling campaigns has been conducted over recent years, with most undertaken by Chesser Resources since February 2010.

Chesser owns a 100% interest in the Kestanelik property. A 2.5% Net Smelter Return royalty will be payable to the previous owner of the project.

(b) Mineral Reserves and Resources

Mining Associates Ltd (MAL) has completed a Mineral Resource and Ore Reserve estimate for the Kestanelik Gold Deposit in accordance with the 2012 JORC Code, the full details of which were provided in the Company's ASX release dated 4 September 2014.

Table 1 - Kestanelik Mineral Resource estimate using a 0.5 g/t gold cut off

	Mineralised	Grade (g/t)		Metal (oz)	
	Tonnes	Gold	Silver	Gold	Silver
Indicated	2,680,000	2.74	2.46	236,000	212,000
Inferred	9,789,000	1.62	1.65	510,000	518,000
Total	12,469,000	1.86	1.82	746,000	730,000

Note: Totals may appear different from the sum of the components because of rounding

(c) The Kestanelik Project Ownership

Chesser has a 100 per cent interest in the Kestanelik Project which is represented by its 100 per cent shareholding in the operating company, Bati Anadolu Madencilik Sanayi Ve Ticaret A.S.

(d) Scoping Study Update

In August 2013 the Company released an Updated Scoping Study for the Kestanelik Project and announced that Company's Directors had approved the commencement of a pre-feasibility study for the Project. The Company commenced the pre-feasibility study in October 2013.

The Company had planned to complete and report the outcomes in the September 2014 quarter however in light of the proposed transaction for the disposal of the Kestanelik Project, a decision was taken to suspend all study related work.

Set out below is a summary of the work performed to date on the study.

Process Plant PFS

Process plant design has been completed. Lycopodium have provided updated capital and operating costs. The capital costs were reviewed by Proccea in Turkey and an estimating consultant in Australia. Capital costs are estimated at US\$88.9M including contingency of 15% for a 0.85 Mtpa processing capacity. Increasing the processing capacity to 1.15 Mtpa would require an additional US\$2.7 million in capital expenditure to be incurred.

The Lycopodium process plant 3D design is also complete.

Tailings

The tailings work was suspended rather than complete to PFS standards. Mitto has produced drawings of the proposed tailings storage facility and liner design.

Mining

Geotechnical information on the mine pit areas was received and recommendations for mine pit slopes have been forwarded to AMDAD for their consideration in the updated mine designs.

A number of hydrogeological holes were drilled across the site in December 2013. The results from preliminary investigations into the likely water content of the mine pits have been received. Both the KK and K zone pits will have water in them and will need de-watering within the first 2 years of operation.

AMDAD commenced the process of redesigning the mine pits utilising the final resource block model derived from the updated JORC Resource.

Mine planning work, including the development of mining capital and operating cost estimates has been suspended in light of the proposed sale of the Kestanelik Project.

Environmental Impact Assessment

Preparation of EIA information is proceeding. The final flora and fauna study report has been received and shows no major issues with threatened species.

Waste rock and mill feed ARD testwork is completed. The static work is complete showing that very few areas of both waste rock and proposed mill feed have ARD potential. The kinetic tests are due for completion by the end of the quarter and then a final report will be written. Methods for removal of leached aluminium from the waste rock have been identified, should it prove to be an issue.

Timing of the EIA application that will set the timeframe for the EIA submission and public informing meeting is under review.

(e) *Competent Persons and Qualified Person Statement*

The exploration data and results contained in this presentation 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 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 presentation 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 member 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. A summary of the key information material to understanding the estimate of mineral resources is contained in the ASX Release dated 4 September 2014 which is available at www.chesserresources.com.au.

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. A summary of the key information material to understanding the estimate of mineral resources is contained in the ASX Release dated 16 June 2009 which is available at www.chesserresources.com.au.

1.4 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of the Resolution.

In making the recommendation, the Directors considered the advantages and disadvantages of the Transaction as set out in 1.5.1 and 1.5.2 respectively. The Directors also considered whether there were alternatives which would produce more favourable outcomes for shareholders, The Transaction and these alternatives (if any) were assessed against a number of criteria, including:

- i. The value delivered to the Company and to its Shareholders; and
- ii. The level of certainty, and the likely timing of, any alternative being executed and completed.

The Directors concluded that the Transaction represents a favourable outcome for Shareholders.

1.4.1 Advantages of the Transaction

- (a) **The Transaction provides the Company with the ability to monetise its main undertaking at a significant and attractive premium compared with the Company's sharemarket capitalisation immediately preceding the announcement of the Transaction**

The disposal of the Kestanelik Project provides value certainty for shareholders. The Transaction implies a premium to Chesser's share price immediately prior to the first announcement of the proposed transaction to the market, on 2 July 2014.

The implied premium as compared to the spot, 5, 10 and 20 day volume weighted average price (VWAP) prior to announcing the Transaction on 2 July 2014 is as follows:

	VWAP A\$ cents / share	Premium compared to transaction consideration
Closing price on 1 July 2014	13.0 cents	49%
5 Day VWAP	11.47 cents	69%
10 Day VWAP	9.94 cents	95%
20 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.

(b) The Transaction resolves significant funding challenges for the Company if it were to attempt to proceed to full development of the Kestanelik project at a total capital cost in excess of \$100 million.

The continuing development of the Kestanelik Project will require the Company to raise funds. Based on the Scoping Study Update, Bati would need to source funding of at least US\$100 million for construction capital expenditure and working capital during the startup phase of mining activities. In addition to the US\$100 million construction capital expenditure, it is estimated that Chesser would be required to raise a further US\$10 million to fund the completion of a definitive feasibility study and associated drilling programs, as well as the costs associated with obtaining the necessary environmental approvals.

Whilst partially debt funding the development of the Kestanelik Project is likely to be a viable option, a significant component of the total cost would need to be raised in equity by Chesser, on terms which may be dilutive for existing shareholders.

(c) The Company will no longer be exposed to the risks associated with the development of the Kestanelik Project. These risks include permitting risk, gold price risk, construction risk, exploration risk, sovereign risk and other potential risks which could jeopardise ultimate returns.

By approving the Transaction, Shareholders will avoid exposure to the risks associated with financing, constructing and operating the Kestanelik Project.

Whilst it is possible that retaining Chesser's 100 per cent interest in the Kestanelik Project may deliver equivalent or greater value to Shareholders than that which would be delivered under the Transaction, this needs to be considered in light of:

- (i) the geological risk associated with the development of the Kestanelik Project including the requirement to convert existing indicated and inferred mineral resources to mineral reserves;
- (ii) mining and financing risks associated with achieving a potentially higher return from the generation of future cash flows of the Kestanelik Project;
- (iii) the requirement for the Company to obtain a number of regulatory approvals and permits in order to transform the Kestanelik Project into an operating gold mine;
- (iv) the time required for Chesser to achieve such a return and any associated holding costs; and
- (v) the benefit of monetising the investment now.

Relevant to the Board's assessment of the risks associated with the development of the Kestanelik Project are recent developments in international capital markets and the regulatory environment in Turkey that may impact the development of the Kestanelik Project:

- (i) Although the Company continues to be optimistic regarding funding, the amount and timing of obtaining new funds may be affected by the currently unfavourable capital market conditions for junior mining companies, fluctuations in commodity prices and potential changes to the political, regulatory and economic environment in Turkey.
- (ii) To complete the required feasibility studies and commence construction activities at the Kestanelik Project the Company will be required to obtain a number of permits and approvals including, but not limited to, environmental approvals and forestry permits.

The Company remains optimistic that it would be successful in obtaining the necessary permits and approvals to construct and operate a gold mine at the Kestanelik Project, however as set out below, recent developments in the relevant administrative approval processes have increased the uncertainty of the expected timing of those permits and approvals:

- (a) *Forestry permits.* In order to conduct drilling or other potentially disruptive exploration activities on concessions within State Forest land in Turkey, valid permits are required from the Turkish General Directorate of Forestry of the Ministry of Environment and Forestry. There have recently been several changes in regulation governing the use of forestry lands for mining activities in Turkey that have increased the uncertainty of the expected timing for receipt of these permits and have caused the Company to amend or delay proposed drilling programs. In July 2013, the Company applied for, and anticipates receiving in the calendar year 2014, the additional forestry permits required to complete a definitive feasibility study.

Subject to receiving a positive EIA report for the proposed Kestanelik Project, the Company will be required to obtain additional forestry permits prior to commencing construction activities. Whilst the Company remains optimistic that those permits will ultimately be obtained, delays and uncertainties in the current regulatory approval processes for forestry permits make it difficult for the Company to confidently predict a timetable for the commencement of construction activities.

- (b) *Environmental approvals.* Prior to commencing construction activities at the Kestanelik Project, the Company will be required to obtain an approved EIA report from the Ministry of Environment and Urbanism in Turkey (**Ministry**). Based on recent experiences of other mining companies in receiving approved EIA reports, the Company remains optimistic that an approved EIA report can be obtained within 12 months of the Company making the appropriate applications. However, there has been an increased incidence of legal challenges to approved EIA reports in Turkey generally and, more particularly, in the Cannakale region in which the Kestanelik Project is located, including the Company's approved EIA report for a test scale mining operation at Kestanelik.

In the case of the EIA report for a test scale mining operation at Kestanelik, the Cannakale Administrative Court concluded that the Ministry should have undertaken an analysis of the cumulative environmental impact assessment of the proposed operations at Kestanelik along with all other contemplated EIA reports submitted in the greater Cannakale area and ruled that the EIA report be cancelled. The Court made its ruling notwithstanding a panel of independent experts appointed by the Court concluding that the EIA report for the Kestanelik Project had been appropriately approved. The Ministry, which is the defendant to the proceedings, is appealing the ruling.

The cancellation of the test scale mining EIA Report does not restrict the ability of the Company to undertake the drilling and other activities required to complete a definitive feasibility study, nor does the Company believe that there will be a significant change in the process or timeframe for the Ministry undertaking its assessment of the Company's EIA Report for the production scale EIA Report for the Kestanelik Project. The Company does anticipate that if the production scale EIA Report for the Kestanelik Project is approved by the Ministry, it will be subject to a legal challenge.

- (c) *Workplace opening permit.* Prior to commencing construction activities at the Kestanelik Project, the Company will be required to obtain from the Office of the Governor of Cannakale an approved operating permit relating to workplace safety and sanitation (**workplace opening permit**). Whilst the Company is not aware of any instances of a workplace opening permit being denied or revoked by the Governor, the Company is aware that recently there have been significant delays experienced by some mining operations in receiving approved workplace opening permits.

1.4.2 Disadvantages

The Directors are of the view that the proposed Transaction has limited potential disadvantages, including but not limited to the following:

- (i) The Company would no longer have any exposure to the upside of Kestanelik Project.
- (ii) Other than the Catak and Sisorta projects, the Company does not presently have any project or investment identified with any certainty.
- (iii) There is no guarantee that development of the Catak and Sisorta Projects or any new projects or investments identified by the Company will have any less risk or deliver any greater returns than if the Company were to continue to develop the Kestanelik Project.
- (iv) There is a risk that the value of and / or the liquidity in the Company's shares may decrease if the market does not respond positively to the Transaction or to the activities of the Company subsequent to the completion of the Transaction.

1.5 Intentions if the Transaction proceeds

If the Transaction is completed, Chesser will have estimated cash (after tax and transaction costs) of approximately A\$40 million prior to any distribution of proceeds from the Transaction to Shareholders.

In the short term and subject to continued positive exploration results, Chesser will maintain an exploration presence in Turkey by continuing exploration at its Sisorta and Catak Projects.

The Sisorta Gold Project is in northern central Turkey. The project has been granted an operating licence based on open pit heap leach project recovering gold from the reported oxide gold JORC resources of 303,000oz gold (refer Table 3). Chesser has vested a 51% interest in the Sisorta project.

Table 3 - Sisorta Mineral Resource estimate using a 0.4 g/t gold cut off

	Sisorta Mineral Resource – 16 June 2009				
	Tonnes	Grade (g/t)		Ounces	
		Gold (Au)	Silver (Ag)	Gold (Au)	Silver (Ag)
<u>Sulphide</u>					
Indicated	890,000	0.8	4.2	22,000	120,000
Inferred	3,630,000	0.5	2.6	58,000	300,000
Total sulphide	4,520,000	0.6	2.9	80,000	420,000
<u>Oxide</u>					
Indicated	2,280,000	0.9	3.5	69,000	254,000
Inferred	7,750,000	0.6	1.2	154,000	289,000
Total oxide	10,030,000	0.7	1.7	223,000	543,000
<u>Sulphide and Oxide</u>					
Indicated	3,170,000	0.9	3.7	91,000	374,000
Inferred	11,380,000	0.6	1.6	212,000	589,000
Total sulphide and oxide	14,550,000	0.6	2.1	303,000	963,000

Note: Totals may appear different from the sum of the components because of rounding

The Company has entered into an earn in agreement in relation to the Catak Project under which it can earn up to a 100% interest in the Project (subject to the counterparty having an option to reduce the Company's interest to 63%). The Catak property is in northern central Turkey and is a well-preserved epithermal vein system with good indications of high-grade potential.

The Directors intend that the Company will make a cash return of up to A\$0.15 per share to shareholders with the balance of the cash received being retained to pursue the proposed post completion activities. The precise amount of any distribution to shareholders is not able to be determined at this point for a number of reasons including, but not limited to:

- (i) The consideration receivable by the Company pursuant to the Transaction is denominated in US\$ and the Company is unable to predict the A\$/US\$ exchange rate at which those US\$ proceeds will be converted into A\$.
- (ii) The Company is unable to determine the precise amount of all external costs, including government charges and fees that will be incurred in relation to the Transaction.

If the Transaction is approved, it is the intention of the Directors to provide further information on the proposed return of funds to shareholders and, if required, to seek shareholder approval for the proposed return of funds after the Company has obtained a Ruling from the Australian Taxation Office.

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.

The Company understands that, depending on their impact on the nature and scale of the Company's activities, any future acquisitions or investments by the Company may require consultation with the ASX in relation to the application of the Listing Rules to those transactions. The Company will consult with the ASX in the future, if so required, in order to comply with Listing Rules, in particular Listing Rule 11.1.

1.6 Intentions if the transaction does not proceed

If the Transaction is not approved by Shareholders, or it otherwise does not complete under the terms of the Agreement, the Directors intend to continue operating the Company.

In doing so, the Company may be exposed to a number of risks including, but not limited to, the following:

- (i) The Company will be required to raise in excess of US\$100 million to develop the Kestanelik Project. In such an eventuality the Company will be required to consider available sources of finance to enable the Company to complete the required feasibility studies and to undertake construction of the Kestanelik mine and processing facilities. The available financing options may include the following (alone or in combination) (a) equity raising; (b) debt facilities; and (c) the sale of assets including the sale of a partial ownership interest in the Kestanelik Project. There is no guarantee that the Company will be able to raise the required financing within the required timeframes.
- (ii) The Company may experience delays in receiving, or may not receive the additional permits and regulatory approvals that are required for the development of the Kestanelik Project.
- (iii) The Company may not be able to prove sufficient quantities of JORC compliant mineral reserves and resources to support the development of the Kestanelik project or alternatively, proving such reserves may take longer and be more costly than is currently estimated by the Company.

1.7 Indicative Timetable

Subject to the satisfaction of the conditions precedent as set out in 1.1(b) of this Explanatory Note, it is anticipated that the Transaction will close in October 2014. The indicative timetable, which remains subject to change, for closing of the transaction is:

Item	Date
Notice for Extraordinary General Meeting sent to shareholders	9 September 2014
General Meeting of shareholders	13 October 2014
Chesser shareholder approval	13 October 2014
Turkish Competition Board approval	Prior to 13 October 2014
Completion	20 October 2014

1.8 Tax Treatment of the Transaction

Chesser has obtained Australian and Turkish taxation advice relation to the Transaction. Based on that advice there will be no corporate taxation payable in relation to the transaction. The Company estimates that Turkish government fees and charges of approximately US\$500,000 will be payable in relation to the Transaction.

1.9 Pro forma Statement of Financial Position

Set out below is an abridged pro-forma statement of financial position of the Company, prepared to enable an assessment of the likely effect of the Transaction on the financial position of the Company:

It has been prepared:

- (i) based on the unaudited balance sheet at 30 June 2014. Within the knowledge of the Directors, there has been no material change in the financial position of the Company since these financial statements to the date of this Notice, except as otherwise disclosed elsewhere in this Notice;
- (ii) adjusted for the impact of the proposed transaction assuming that the Transaction is completed on the terms described in this Explanatory Note;
- (iii) does not reflect the effect on the financial position of the Company of transactions entered into between 30 June 2014 and the Transaction closing date;
- (iv) prior to allowing for any return of Transaction proceeds to shareholders; and
- (v) on an abridged basis and does not contain all the disclosures usually provided in relation to a Statement of Financial Position prepared in accordance with Australian Accounting Standards

	Chesser Group Consolidated as at 30 June 2014 ¹	De-consolidation of Bati	Impact of the Transaction ²	Pro-forma consolidated balance sheet after Completion ²
	A\$ (unaudited)	A\$ (unaudited)	A\$ (unaudited)	A\$ (unaudited)
Current Assets				
Cash and cash equivalents	1,155,557	(149,727)	39,614,561	40,620,391
Trade and other receivables	120,172	(54,173)	-	65,999
Investments held for trading	454,344	-	-	454,344
Other current assets	499,153	(374,837)	-	124,317
Total current assets	2,229,226	(578,736)	39,614,561	41,265,051
Non Current Assets				
Property, plant and equipment	159,525	(108,390)	-	51,135
Exploration and evaluation assets	29,385,819	(17,844,591)	-	11,541,228
Total non-current assets	29,545,344	(17,952,981)	-	11,592,363
TOTAL ASSETS	31,774,570	(18,531,717)	39,614,561	52,857,414
Current liabilities				
Trade and other payables	948,994	(368,990)	-	580,003
TOTAL LIABILITIES	948,994	(368,990)	-	580,003
Net investment in Bati	-	23,448,673	(23,448,673)	-
NET ASSETS	30,825,576	5,285,947	16,165,888	52,277,411
Equity				
Issued capital	42,477,007	-	-	42,477,007
Accumulated losses	(15,181,271)	4,990,147	16,165,888	5,974,764
Reserves	(1,823,852)	295,800	-	(1,528,052)
Parent interests	25,471,884	5,285,947	16,165,888	48,923,719
Non-controlling interest	5,353,692	-	-	5,353,692
TOTAL EQUITY	30,825,576	5,285,947	16,165,888	52,277,411

Notes to the pro-forma balance sheet at 30 June 2014:

1. The balance sheet at 30 June 2014 is unaudited.
2. The exchange rate applied to US dollar transactions including the transaction consideration and any transaction costs incurred in US\$ is the closing rate at 2 September 2014 of US\$1 : A\$0.9340.
3. The "Pro-Forma Balance Sheet Post Completion" does not include the effect of the Company's ordinary operations between 30 June 2014 and the Closing Date of the Transaction.

1.10 Directors' Interests

No director will receive a payment or benefit of any kind, as a result of the Transaction, other than as a security holder of the Company.

The number and type of securities in the Company which each Director (or an associated) holds as at the date of the Notice of Meeting is set out in 1.3 of this Explanatory Statement.

1.11 Information about Nurol

Nurol Holding is an industrial conglomerate in Turkey operating in the construction, defence manufacturing, energy, investment banking, mining and tourism industries.

1.12 Other material information

Other than as set out in this Notice of Meeting, and the information previously disclosed to shareholders, there is no information known to the Directors which might reasonably be expected to be material to the making of a decision by Shareholders whether or not to vote in favour of the Resolution.

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

FORWARD LOOKING STATEMENTS

This Notice of Meeting may contain forward-looking information (“forward-looking statements”). These forward-looking statements are made as of the date of this document and Chesser does not intend, and does not assume any obligation to update these forward-looking statements except as required by law or regulation.

Forward-looking statements relate to future events or future performance and reflect Company management’s expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and mineral resources, the realisation of mineral reserve estimates, the likelihood of exploration success, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage, as well as the possibility that a sale of the Kestanelik Gold Project may be consummated due to conditions precedent to completion of the Agreement outlined in this Notice of Meeting.

In certain cases, forward-looking statements can be identified by the use of words such as plans, expects or does not expect, is expected, budget, scheduled, estimates, forecasts, intends, anticipates or does not anticipate, or believes, or variations of such words and phrases or statements that certain actions, events or results may, could, would, might or will be taken, occur or be achieved or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of mineral resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; due to conditions precedent to the completion of the Sale and Purchase Agreement, completion of the sale of the Kestanelik Gold Project to Nurol; the tax payable on any such transaction; the use of any sale proceeds received from the sale of the Kestanelik Gold Project; as well as those factors detailed from time to time in the Company’s disclosures made to the ASX that are available at www.asx.com.au or www.chesserresources.com.au. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers should not place undue reliance on forward-looking statements.

GLOSSARY

The following is a glossary of terms and abbreviations used frequently throughout this Explanatory Statement and in the Notice of Meeting and which such meanings shall apply unless the context requires otherwise. Additional terms used only occasionally are defined where used in their first instance in the body of this Explanatory Statement.

“ASIC” means the Australian Securities and Investments Commission.

“ASX” means ASX Limited or the Australian Securities Exchange, as appropriate.

“ASX “Listing Rules” means the Listing Rules of ASX.

“Bati” means Bati Anadolu Madencilik Sanayi Ve Ticaret A.S, an entity incorporated under the laws of Turkey, which is the owner, operator and holding company of the Kestanelik Project and which is a 100% owned subsidiary of Chesser Resources Limited.

“Board of Directors” or **“Board”** means the board of Directors.

“Business Day” means a day, other than Saturdays, Sundays or any other public holiday in Brisbane, Queensland.

“Chesser” or **“Company”** means Chesser Resources Limited Limited (ABN 47 116 648 956).

“Corporations Act” means the Corporations Act 2001 (Cwlth).

“Director” means a director of the Company.

“JORC Code” means Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

“Kestanelik Project” means the Project which comprises the Mining Licences in respect of the Kestanelik Gold Deposit and the Exploration Licences as referred to in section 1.4(a) of the Explanatory Statement.

“Mtpa” means million tons per annum.

“Notice” or **“Notice of Meeting”** means this notice of meeting including the Explanatory Statement.

“Shareholder” means a shareholder of the Company.

“Transaction” has the meaning given to it in the fourth paragraph of section 1.1 of the Explanatory Memorandum.