

**CHESSER RESOURCES LIMITED**

**ACN 118 619 042**

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**NOTICE OF GENERAL MEETING, CHAIRMAN'S LETTER,  
EXPLANATORY MEMORANDUM, MEMBER STATEMENT AND  
PROXY FORM**

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**Date of Meeting**

Thursday, 26 February 2015

**Time of Meeting**

11.00am (Brisbane time)

**Place of Meeting**

Diana Plaza Hotel

12 Annerley Road

Woolloongabba

This Notice of Meeting, Explanatory Memorandum and accompanying documentation should be read in their 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.

**The Majority Directors recommend that Shareholders vote  
AGAINST Resolutions 1 to 4**

19 January 2015

Dear Shareholder

### **Requisitioned shareholder meeting**

On 29 December 2014, Chesser Resources Limited received a notice from Sandon Capital Investments Limited (**Sandon**), a recently disclosed substantial shareholder in the Company, requisitioning a meeting of Chesser shareholders pursuant to section 249D of the Corporations Act (**Requisition Notice**).

The Requisition Notice requested the Company to convene a general meeting to consider the removal from the Board of three of the current Directors (Peter Lester, Morrice Cordiner and myself). In addition, Sandon is seeking the election of one of its employees as a Director of Chesser Resources.

Consequently, Chesser has convened a meeting to be held in Brisbane on February 26, 2015, at 11am to consider these important matters. Shareholders are urged to read the attached notice of meeting and explanatory memorandum which sets out the background to the proposed meeting in more detail and accompanying documentation, and then to cast your vote, as the outcome of this meeting will potentially have a very significant impact on the future of your Company.

The **Majority Directors** (being myself, Peter Lester, Morrice Cordiner and your Managing Director Rick Valenta), are concerned that if approved, the resolutions proposed by Sandon are not in the interests of all shareholders and may be detrimental to the future of the Company.

The future intentions of Sandon remain unclear. Sandon has not put forward any substantive alternative plan for the future of Chesser, and the Majority Directors are not aware of Sandon executives having any significant experience in the resources industry which could assist the future development of your Company.

In contrast, the existing Board of Chesser has been able to (in the opinion of the Majority Directors) crystallise significant value for shareholders over recent months, despite difficult conditions in the junior mining sector and generally depressed global gold prices.

On 24 October 2014, the Company completed the sale of its major asset, the Kestanelik Project in Turkey, for cash consideration of US\$40 million, which represented a realisation of substantial value for Chesser, and was at a significant premium to the market valuation of the Company.

Following the sale of the Kestanelik Project, the Chesser Board, with the approval of more than 97% of proxies voted at the Company's 2014 Annual General Meeting, embarked on a strategy that had four key elements:

1. **Make a substantial capital return to shareholders.** On 12 December 2014 a capital return of \$0.15 per share totalling \$33 million was paid to eligible shareholders.
2. **Substantially reduce operating costs.** The Company has already significantly reduced staff numbers in Turkey and Australia. The Company has commenced the process of closing its Turkish corporate office and has entered into office sharing arrangements for its Brisbane office. By the end of the March quarter 2015 the Company will have just two full time equivalent employees.
3. **Search for high quality investment opportunities in the resources sector.** The Company has commenced a wide ranging review of available resources projects within stringent technical and financial parameters approved by the Board. The Company's management team has reviewed more than 100 projects with five progressing to more substantive negotiations.
4. **Undertake a further return of capital to shareholders, if suitable investment opportunities were not identified within a reasonable time frame.**

As Chairman of the Company, I believe that the strategy endorsed by the Board remains in the best interests of all shareholders and that the Board and Management are making rapid and substantial progress in the implementation of that strategy.

Subsequent to the making of the \$33 million capital return in December 2014, there has been considerable change in the Company's share register. Some longstanding institutional resources funds have exited the register and have been replaced by financial management firms and other investor groups including Sandon, which announced on December 22 that it had acquired a substantial shareholding in Chesser Resources. It subsequently announced on January 5 that it had increased its shareholding to 18.5%.

Sandon has provided Chesser with a statement that is included with this Notice of Meeting (see Annexure A). In that statement, Sandon indicates that the reconstituted Board would undertake a 'Strategic and Capital Review' and that the 'strategic review should also clearly identify and articulate how Chesser proposes to reduce costs'. As described above, and in the Company's recent ASX announcements and presentations, the Majority Directors consider that all of these matters are already being implemented by the current Board and Management of Chesser.

Accordingly, I do not know what Sandon's additional plans are for your Company and its assets. It is my considered view, and the belief of the other Directors forming the Majority Directors, that Sandon's proposed resolutions are not in the interests of all of the shareholders of the Company for the following reasons:

- (a) The requisitioned resolutions may lead to the removal of long-standing directors with extensive mining and exploration industry knowledge and experience. This has the potential to adversely affect the Company's ability to effectively implement its strategy to identify further investments in the resources sector.**
- (b) The requisitioned resolutions may lead to substantial actual and potential disruption to the Company's activities.** In particular, the:
  - i) act of requisitioning this meeting could have a negative effect on future potential investment opportunities and negotiations with potential partners. The Majority Directors are of the view that potential discussions could be prejudiced by the proposed change of Directors; and
  - ii) uncertainty caused by the proposed changes may have a negative impact on retention and incentivisation of the Company's senior management.
- (c) Risk that Sandon may gain effective control of the Company without paying a control premium.** If Morrice Cordiner, Peter Lester and myself are removed from the Board and replaced by Sandon's representative, Mr Gabriel Radzynski, Mr Radzynski will be in a position to exercise at least 25% of the votes at Board meetings. That, coupled with the financial resources of Sandon, could put Sandon and its associates in a position where Sandon could take effective control of the Company and its resources (either immediately or over time) without paying a control premium that might otherwise be offered in a takeover bid for the Company.

For the reasons outlined above, I recommend that shareholders vote **AGAINST Resolutions 1, 2, 3 and 4** in the attached Notice of Meeting.

This Notice of Meeting including the Explanatory Statement (and annexures to it) 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

## NOTICE OF GENERAL MEETING

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Having received a request dated 29 December 2014 pursuant to section 249D of the *Corporations Act 2001* (Cth) (**Corporations Act**) from Sandon Capital Investment Limited (**Sandon**) to hold a general meeting of the Company, notice is hereby given that a General Meeting (**Meeting**) of the Shareholders of Chesser Resources Limited ACN 118 619 042 (**Company** or **Chesser**) will be held on Thursday, 26 February 2015, commencing at 11.00am (Brisbane time) at Diana Plaza Hotel, Arcadia Room, 12 Annerley Road, Woolloongabba, Queensland, 4101. Registration will commence just prior to the Meeting.

This Notice of Meeting incorporates, and should be read together with, the Chairman's letter, Explanatory Memorandum, Sandon Statement, Proxy Form and any other materials which accompany this Notice (collectively the **Meeting Materials**). 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.

### *Resolutions*

#### **BUSINESS REQUESTED IN THE REQUISITION NOTICE**

**1. Removal of Mr Robert Reynolds as a Director of the Company.**

To be considered and, if thought fit, passed as an ordinary Resolution:

*"That, Mr Robert Reynolds be removed as a director of Chesser Resources Limited with effect from the close of the meeting."*

**2. Removal of Mr Morrice Cordiner as a Director of the Company.**

To be considered and, if thought fit, passed as an ordinary Resolution:

*"That, Mr Morrice Cordiner be removed as a director of Chesser Resources Limited with effect from the close of the meeting."*

**3. Removal of Mr Peter Lester as a Director of the Company.**

To be considered and, if thought fit, passed, as an ordinary Resolution:

*"That, Mr Peter Lester be removed as a director of Chesser Resources Limited with effect from the close of the meeting."*

**4. Election of Mr Gabriel Radzynski as a Director of the Company.**

To be considered and, if thought fit, passed as an ordinary Resolution:

*"That, Gabriel Radzynski be appointed as a director of Chesser Resources Limited with effect from the close of the meeting."*

DATED 19 January 2015

**BY ORDER OF THE BOARD**

**CHESSER RESOURCES LIMITED**

**STEPHEN KELLY**

## CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

### 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 Tuesday, 24 February 2015 shall, for the purposes of the Meeting, be entitled to attend and vote at the Meeting.

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

#### Voting at the Meeting

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

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

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

#### Voting by proxy

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

A Proxy Form accompanies this Notice. To be valid, the Proxy Form must be received no later than 11.00am (Brisbane time) on Wednesday 25, February 2015, 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](http://www.investorvote.com.au) and entering the Shareholder's Control Number, SRN/HIN and postcode, which are shown on the first page of the enclosed Proxy Form;
- (b) complete and lodge the Proxy Form at the share registry of the Company, Computershare Investor Services Pty Limited:

- (i) by post at the following address:

Computershare Investor Services Pty Limited  
GPO Box 242  
MELBOURNE VIC 3001

OR

- (ii) by facsimile on 1800 783 447 (within Australia) or +61 9473 2555 (outside Australia);

- (c) enter [www.investorvote.com.au](http://www.investorvote.com.au) directly into your smart phone and follow the instructions on your personalised proxy form or scanning the QR Code on the front of your proxy form. To scan the QR code you will have needed to download and installed a QR Code Scanner application for your smart phone; or
- (d) for Intermediary Online subscribers only (custodians), cast the Shareholder's vote online by visiting [www.intermediaryonline.com](http://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.

### Undirected proxies

Please note that if the Chair of the Meeting is appointed as your proxy (or becomes your proxy by default), you expressly authorise the Chair to exercise your proxy on the Resolutions. 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 the Resolutions by marking the appropriate box on the Proxy Form.

The Chair intends to vote undirected proxies as follows:

Resolution	Chairman's voting intention
Resolution 1 - Removal of Mr Robert Reynolds as a Director of the Company	<b>Against*</b>
Resolution 2 - Removal of Mr Morrice Cordiner as a Director of the Company	<b>Against</b>
Resolution 3 - Removal of Mr Peter Lester as a Director of the Company	<b>Against</b>
Resolution 4 - Election of Mr Gabriel Radzynski as a Director of the Company	<b>Against</b>

*\* Noting that as Mr Reynolds is the subject of Resolution 1, another Director will assume the position of Chair of the Meeting at the time that Resolution 1 is to be considered by Shareholders.*

### 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.

## EXPLANATORY MEMORANDUM

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### IMPORTANT NOTICE

This Explanatory Memorandum forms part of the Notice convening the General Meeting of Shareholders of Chesser Resources Limited to be held on 26 February 2015 at 11.00 am (Brisbane time). This Explanatory Memorandum is to assist Shareholders in understanding the background to, and the legal and other implications of, the Notice and the reasons for the Resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

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

Words or expressions used in the Notice of Meeting and in this Explanatory Memorandum are defined in the Glossary.

Unless otherwise stated, all references to sums of money, '\$' and 'dollars' are references to Australian currency.

This Explanatory Memorandum is dated 19 January 2015.

### Statement by Sandon

Sandon has requested, pursuant to sections 249P of the Corporations Act, the Company give to all Shareholders a copy of a statement from Sandon (**Sandon Statement**). In accordance with section 249P(6) of the Corporations Act, the Sandon Statement is attached as Annexure A of this Explanatory Memorandum.

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**Resolutions 1 to 4 – Removal of Mr Robert Reynolds, Mr Morrice Cordiner and Mr Peter Lester as Directors of the Company and election of Mr Gabriel Radzynski as a Director of the Company**

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**PART A: RECEIPT OF THE REQUISITION NOTICE**

On 29 December 2015, the Company received a notice from Sandon to requisition a meeting of Shareholders pursuant to section 249D of the Corporations Act (**Requisition Notice**). The Requisition Notice requested that the Directors convene a general meeting to consider the:

- removal from office of three of the five current independent Directors of the Company; and
- the election of an employee of Sandon as a director of the Company.

As at, 5 January 2015, according to a substantial shareholder notice lodged that day, Sandon and its associates held 40,875,311 Shares equating to 18.5% of the total issued Shares in Chesser, immediately prior to that notice Sandon held 15.6%.

Under the Corporations Act and the Company's Constitution, a general meeting must be called on the request of Shareholders with at least 5% of the votes that may be cast at a general meeting of the Company.

As noted above, the Company received the Requisition Notice on 29 December 2015. In accordance with the requirements of the Corporations Act, the Directors were required to call this Meeting within 21 days after the Requisition Notice was given to the Company. Further, the Meeting is required to be held not later than 2 months after the Requisition Notice was given to the Company.

**Statement by Sandon**

Sandon has requested, pursuant to section 249P of the Corporations Act, the Company give all Shareholders a copy of the statement Sandon included with the Requisition Notice (**Sandon Statement**). In accordance with section 249P(6) of the Corporations Act, the Sandon Statement is attached as "Annexure A" to this Explanatory Memorandum.

**PART B: KEY CONSIDERATIONS**

The Majority Directors have identified the following key considerations which are relevant to your decision on how to vote on Resolutions 1 to 4:

**1. No clear and definitive strategy proposed by Sandon**

The Majority Directors consider that your current Board has clearly articulated, and has taken substantive steps to implement, its strategic direction for the Company in various announcements and Company presentations released to the ASX, including the recent Company update released on 7 January 2015. The key elements of that strategic direction are:

Strategy	Actions taken
Complete a substantial capital return, comprising approximately \$33 million out of estimated net sale proceeds of \$USD 37.5m after costs.	On 12 December 2014 the Company completed the Prior Return of Capital totalling \$33 million.
Take measures to significantly reduce the Company's running costs.	Following the sale of the Kestanelik Project, the Company has significantly reduced its operating costs through a number of actions, including:



Strategy	Actions taken
	<ul style="list-style-type: none"> <li>i. Substantial staff redundancies in its Australian and Turkish operations with plans for further reductions in employee costs to take effect in the March 2015 quarter.</li> <li>ii. Sharing of its Brisbane office space.</li> <li>iii. Commencing the process of closing its Turkish corporate office.</li> <li>iv. Made attempts to rationalise the size of the Board in a manner equitable to all shareholders</li> </ul>
Retain sufficient funds to cover all possible costs of the sale of the Kestanelik Project and to strategically position the Company to take advantage of the current market in which there are numerous high quality project acquisition opportunities available at attractive valuations.	The Company has performed high level reviews of more than 100 potential projects, with approximately 30 of these proceeding to the point of having written internal review documents generated on them for consideration, and approximately 5 potential projects have reached preliminary, confidential discussion stage in relation to potential commercial terms.
Consider, within a reasonable timeframe, a further return of capital in the event that a suitable project was not identified which met the stringent acquisition criteria set by the Board.	The sale of the Kestanelik Project was completed on 24 October 2014 and the Prior Return of Capital was completed on 12 December 2014. The Company had internally committed to making a further return of capital in the June quarter of 2015 if a suitable project had not been identified by that time.

Whilst undertaking this strategy the Majority Directors consider that your Board has remained committed to critically evaluating each step and shall continue to do so. If the Majority Directors at any time in the future believe that the opportunities for high quality project acquisition are unlikely, they would propose to wind the Company down, sell assets as appropriate and return residual capital to all Shareholders.

The Board's key objective has always been and continues to be, to maximise value for all of the Company's Shareholders.

Sandon, in the Sandon Statement, talks about undertaking a 'Strategic and Capital Review' and that the 'strategic review should also clearly identify and articulate how Chesser proposes to reduce costs'.

As described above, the Majority Directors consider that the Board has already taken steps to significantly reduce costs and has been undertaking a strategic and capital review, the results of which they consider are clearly evident by the events of the last 6 months.

Further, the Majority Directors consider that Sandon has not clearly and definitively articulated an alternative strategy for the Company or 'value add' approach to that already being undertaken by the Company. Accordingly, the Majority Directors do not know what Sandon's plans are for your Company and its assets.

## 2. Critical period for the Company

As described above, the Company has had a very intensive last 6 months and has undertaken significant change in the interests of all Shareholders, including but not limited to the:

- v. sale of the Kestanelik Project;
- vi. substantial return of capital to Shareholders (via the Prior Return of Capital);
- vii. reduction of costs and continued goal of further reducing costs; and
- viii. identification of potential future opportunities to try and build value for Shareholders.

The removal of long-standing directors with extensive mining and exploration industry knowledge and experience as proposed by Resolutions 1 to 3, has the potential to adversely affect the Company's ability to navigate this critical period.

The Majority Directors are concerned at the actual and potential disruption caused by the Resolutions. In particular, the:

- a) act of requisitioning this Meeting could have a negative effect on future potential investment opportunities and negotiations with potential partners. The Majority Directors are of the view that early positive discussions could be prejudiced by the proposed change of directors; and
- b) uncertainty caused by the proposed changes may have a negative impact on retention and incentivisation of the Company's senior management, staff and engaged consultants.

## 3. Risk that Sandon may gain effective control of the Company without paying a control premium

If Messrs Robert Reynolds, Morrice Cordiner and Peter Lester are removed from the Board and replaced by Sandon's representative, Mr Gabriel Radzyninski, Mr Radzyninski will be in a position to exercise 25% of the votes at Board meetings. That, coupled with the financial resources of Sandon, could put Sandon and its associates in a position where Sandon could take effective control of the Company and its resources (either immediately or over time) without paying a control premium that might otherwise be offered in a takeover bid for the Company.

## PART C: BIOGRAPHICAL INFORMATION AND DIRECTOR RECOMMENDATIONS

Set out below is general commentary and information to assist Shareholders in their consideration of Resolutions 1 to 4:

Resolution	Commentary	Recommendation
<b>Resolution 1:</b>  <b>Removal of Mr Robert Reynolds as a Director of the Company</b>	<p>Resolution 1 relates to the removal of Robert Reynolds as a Director of the Company.</p> <p>Mr Robert Reynolds has over 30 years experience in the mining and exploration industry. Mr Reynolds has been involved with exploration, development and mining companies with operations in Australia, South America, New Guinea, Turkey, Africa, New Zealand, Vanuatu and Fiji. Those companies included Delta Gold Ltd, Hampton Gold Mining Areas PLC, Golden Plateau NL and Alkane Exploration NL.</p>	<p>The Majority Directors (other than Mr Reynolds) are unanimously <b>AGAINST</b> the removal of Mr Reynolds as a Director of the Company and recommend that Shareholders vote <b>AGAINST</b> Resolution 1.</p> <p>The Majority Directors (other than Mr Reynolds) believe that Mr Reynolds' substantial experience in the resources sector would continue to be of</p>

Resolution	Commentary	Recommendation
	<p>Mr Reynolds was Chairman of Avoca Resources Limited from its early days until the merger with Anatolia Minerals Limited of Canada. Following the successful merger, he was appointed Chairman of the merged entity, Alacer Gold Corp. He resigned from Alacer in August 2011. Mr Reynolds was an executive director of Delta Gold from 1987 to 1996, having joined the company in 1984 where he was responsible for corporate planning, finance and administration. He was involved with the development of the Granny Smith Mine and Kanowna Belle Mine in Western Australia and the Hartley Platinum Mine in Zimbabwe.</p> <p>Mr Reynolds is currently a director of Exeter Resource Corporation, Rugby Mining Limited, Dacian Gold Limited and is Chairman of the Australian company Global Geoscience Limited.</p>	<p>great benefit to the Company in assessing strategic investment opportunities.</p> <p>Mr Reynolds does not make any recommendation in his capacity as a Director of the Company and has abstained from Board considerations in relation to Resolution 1.</p> <p>As Mr Reynolds is the subject of Resolution 1, another Director will assume the position of Chair of the Meeting at the time that Resolution 1 is to be considered by Shareholders.</p> <p>The Minority Directors do not wish to make any recommendation to Shareholders in relation to Resolution 1.</p> <p>The Chair of the Meeting intends to vote undirected proxies <b>AGAINST</b> Resolution 1.</p>
<p><b>Resolution 2:</b></p> <p><b>Removal of Mr Morrice Cordiner as a Director of the Company</b></p>	<p>Resolution 2 relates to the removal of Mr Morrice Cordiner as a Director of the Company.</p> <p>Mr. Cordiner has over 25 years experience in the finance and resource industries. He is an experienced Corporate Executive and has worked in Australia since 1989 and worked in the finance industry until 1997 when he became a fund manager with Waverly Mining Finance plc involved in making early stage investments in small-cap Resource companies.</p> <p>In December 2003, he was a founding shareholder and Director of Andean Resources Ltd and served that company as a full time executive and Board member until 2009. Andean Resources was subsequently taken over by US gold miner Goldcorp Inc for \$3.5 Billion in November 2010.</p> <p>Mr Cordiner was also a founding shareholder and Director of the AIM and ASX-listed Discovery Metals Limited which between 2005 and 2011 successfully discovered and</p>	<p>The Majority Directors (other than Mr Cordiner) of the Company are unanimously <b>AGAINST</b> the removal of Mr Cordiner as a Director of the Company and recommend that Shareholders vote <b>AGAINST</b> Resolution 2.</p> <p>The Majority Directors (other than Mr Cordiner) believe that Mr Cordiner's substantial experience in the resources sector would continue to be of great benefit to the Company in assessing strategic investment opportunities.</p> <p>Mr Cordiner does not make any recommendation in his capacity as a Director of the Company and has abstained from Board considerations in relation to Resolution 2.</p>

Resolution	Commentary	Recommendation
	<p>developed the Boseto copper project in Botswana.</p> <p>Through his involvement with these companies he gained extensive experience of working on Company boards and in raising development equity capital on the ASX, the London AIM market and The Toronto Stock Exchange. Mr. Cordiner also served as a Director of Meridian Minerals Limited from July 29, 2008 to November 2009.</p> <p>Mr Cordiner continues to take an active role in the corporate development and governance of various junior resource companies, including Chesser Resources Limited, and through these ventures and investments maintains a keen interest in the Resources sector in Australia and in upholding the highest standards of corporate governance for the entities which he is involved with.</p>	<p>The Minority Directors do not wish to make any recommendation to Shareholders in relation to Resolution 2.</p> <p>The Chair of the Meeting intends to vote undirected proxies <b>AGAINST</b> Resolution 2.</p>
<p><b>Resolution 3:</b></p> <p><b>Removal of Mr Peter Lester as a Director of the Company</b></p>	<p>Resolution 3 relates to the removal of Mr Peter Lester as a Director of the Company.</p> <p>Mr Lester is a mining engineer with over 40 years experience in the resources industry including senior operating, development and corporate roles with Newcrest Ltd, North Ltd, CRA Ltd and MIM Ltd. He was the Executive General Manager Corporate Development for Oxiana when Toro Energy Limited was initially floated and then OZ Minerals Ltd prior to joining Citadel Resource Group as Executive Director responsible for Corporate Development. His activities have covered Australia, South East and Central Asia, the Middle East and the Americas and include a period in broking in both the research and corporate roles. Mr Lester is a Non-Executive Director of Doray Minerals Limited, White Rock Minerals Ltd and Nord Gold N.V.</p>	<p>The Majority Directors (other than Mr Lester) of the Company are unanimously <b>AGAINST</b> the removal of Mr Lester as a Director of the Company and recommend that Shareholders vote <b>AGAINST</b> Resolution 3.</p> <p>The Majority Directors (other than Mr Lester) believe that Mr Lester's substantial experience in the resources sector would continue to be of great benefit to the Company in assessing strategic investment opportunities.</p> <p>Mr Lester does not make any recommendation in his capacity as a Director of the Company and has abstained from Board considerations in relation to Resolution 3.</p> <p>The Minority Directors do not wish to make any recommendation to Shareholders in relation to Resolution 3.</p> <p>The Chair of the Meeting intends to vote undirected</p>

Resolution	Commentary	Recommendation
		proxies <b>AGAINST</b> Resolution 3.
<p><b>Resolution 4:</b></p> <p><b>Election of Mr Gabriel Radzyninski as a Director of the Company</b></p>	<p>Resolution 4 relates to the election of Mr Gabriel Radzyninski as a Director of the Company.</p> <p>Mr Radzyninski is founder and managing director of Sandon.</p> <p>Please see the Sandon Statement for further information on Mr Radzyninski.</p>	<p>The Majority Directors are unanimously <b>AGAINST</b> the election of Mr Radzyninski as a Director of the Company and recommend that Shareholders vote <b>AGAINST</b> Resolution 4.</p> <p>The Majority Director's believe that the skills and experience of Messrs Reynolds, Cordiner and Lester are individually and collectively of greater relevance and benefit to the Company's assessment of potential investment opportunities in the resources sector than the skills and experience of Mr Radzyninski.</p> <p>The Minority Directors do not wish to make any recommendation to Shareholders in relation to Resolution 4.</p> <p>The Chair of the Meeting intends to vote undirected proxies <b>AGAINST</b> Resolution 4.</p>

## GLOSSARY

In this Explanatory Memorandum and the Notice of Meeting:

**2014 AGM** means the Company's Annual General Meeting held on 20 November 2014;

**associate(s)** has the meaning given in the Corporations Act;

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

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

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

**Chair** means the chair of the Meeting;

**Company** or **Chesser** means Chesser Resources Limited ACN 118 619 042;

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

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

**Directors** means the directors of the Company as at the date of this Notice of Meeting being, Robert Reynolds, Dr Richard Valenta, Peter Lester, Simon Taylor, Simon O'Loughlin and Morrice Cordiner;

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

**General Meeting** or **Meeting** means the extraordinary general meeting of the Company requisitioned by Sandon, to be convened by this Notice of Meeting (unless the context otherwise requires);

**Listing Rules** means the official Listing Rules of ASX;

**Majority Directors** means Robert Reynolds, Dr Richard Valenta, Peter Lester and Morrice Cordiner;

**Minority Directors** means Simon Taylor and Simon O'Loughlin;

**Meeting Materials** means the Chairman's letter, Notice, Explanatory Memorandum, Sandon Statement, Proxy Form and any other materials which accompany this document;

**Notice of Meeting** or **Notice** means the notice of meeting dated 19 January 2015 which this Explanatory Memorandum accompanies and which sets out the Resolutions;

**Prior Return of Capital** means the return of capital approved at the 2014 AGM, being a return of \$0.15 per Share or \$33,151,074 which was completed on 12 December 2014;

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

**Requisition Notice** means the notice the Company received from Sandon on 29 December 2014 pursuant to section 249D of the Corporations Act;

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

**Sandon** means Sandon Capital Investment Limited;

**Sandon Statement** means the statement from Sandon set out in Annexure A to this Explanatory Memorandum;

**Share** means a fully paid ordinary share in the Company; and

**Shareholder** means a holder of Shares.

## **ANNEXURE A - SANDON STATEMENT**

Dear Fellow Shareholder,

Funds managed by Sandon Capital Pty Ltd ("**Sandon Capital**") together own approximately 16.5% of the shares outstanding of Chesser Resources Limited ("**Chesser**").

We are asking that you consider making changes to the Board of Chesser, by removing three directors and replacing them with one new director.

### **Strategic and Capital Review to be undertaken**

If elected, the Sandon Capital nominee, Mr Gabriel Radzynski, will encourage the new Board undertake a Strategic and Capital Review. His election will send a clear message to the remaining directors that shareholders expect a Strategic and Capital Review to be undertaken.

A key aspect of the strategic review will be to determine how and whether Chesser can best pursue any growth opportunities, while mitigating the risk of permanent capital impairment. The strategic review should also clearly identify and articulate how Chesser proposes to reduce costs.

A key aspect of the capital review will be to determine how Chesser can provide an opportunity for those shareholders seeking further returns of capital.

### **About Gabriel Radzynski and Sandon Capital**

Gabriel Radzynski is founder and managing director of Sandon Capital Pty Ltd, an investment and advisory firm that seeks to unlock value from the investments it makes in typically underperforming companies.

This role has seen him become a director of several ASX-listed companies, including RHG Limited and Armidale Investment Corporation Limited, where significant shareholder value was unlocked.

He is Chairman of Sandon Capital Investments Limited, an ASX-listed investment company. Gabriel also serves as executive director of Mercantile Investment Company Limited (ASX: MVT), and is a non-executive director of Onthehouse Holdings Limited (ASX: OTH). He is also a non-executive director of Future Generation Investment Company Limited (ASX: FGX), an investment company that seeks to donate at least 1% of its net asset value each year to a range of children's charities.

You can learn more about Sandon Capital by visiting our website [www.sandoncapital.com.au](http://www.sandoncapital.com.au)

**We encourage you to vote FOR all the resolutions being put before you.**

<b>Resolution</b>	<b>How to vote</b>
1. <i>"That <b>Mr Rob Reynolds</b> be removed as a director of Chesser Resources Limited with effect from the close of the meeting."</i>	<b>FOR</b>
2. <i>"That <b>Mr Morrice Cordiner</b> be removed as a director of Chesser Resources Limited with effect from the close of the meeting."</i>	<b>FOR</b>
3. <i>"That <b>Mr Peter Lester</b> be removed as a director of Chesser Resources Limited with effect from the close of the meeting."</i>	<b>FOR</b>
4. <i>"That <b>Mr Gabriel Radzynski</b> be appointed as a director of Chesser Resources Limited with effect from the close of the meeting."</i>	<b>FOR</b>

If you would like to discuss these resolutions in more detail, please call Gabriel Radzynski on 02 8014 1188 or 0408 936 357.

Yours sincerely,

Sandon Capital





## Lodge your vote:



**Online:**

[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**

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

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

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

## For all enquiries call:

(within Australia) 1300 368 218  
(outside Australia) +61 3 9415 4615

— 000001 000 CHZ  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form



### Vote and view the notice of meeting online

- Go to [www.investorvote.com.au](http://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: 9999999**

**SRN/HIN: I9999999999**

**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 11:00am (Brisbane time) Wednesday, 25 February 2015**

## 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](http://www.investorcentre.com) under the help tab, "Printable Forms".

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

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

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



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



I 9999999999

I ND

## 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, Queensland, 4101 on Thursday, 26 February 2015 at 11:00am (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.

	For	Against	Abstain
1 Removal of Mr Robert Reynolds as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Removal of Mr Morrice Cordiner as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Removal of Mr Peter Lester as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of Mr Gabriel Radzynski as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chair and acting Chair (as applicable) of the Meeting intend to vote undirected proxies AGAINST Resolution 1 to 4. In exceptional circumstances, the Chair of the Meeting may change his 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 / /

CHZ

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Computershare +