

ASX Announcement & Media Release

30 January 2015



Chairman's letter to shareholders – Strategic Review Update

Attached is a letter to shareholders from Mr Rob Reynolds, the Non-Executive Chairman of Chesser Resources Limited, providing an update on the strategic review undertaken by the Company's Directors and announcing a further return of capital of 2.75 cents per share.

Stephen Kelly
Company Secretary

30 January 2015

Dear Shareholder,

I am writing to update you regarding progress in implementing the Company's strategy following the sale of the Kestanelik project on 24 October 2014. This strategy, endorsed by more than 97% of proxies voted at the Company's 2014 Annual General Meeting held on 20 November 2014, has 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, has entered into office sharing arrangements for its Brisbane office and is well advanced in the process of closing its Turkish corporate office.
3. **Search for high quality investment opportunities in the resources sector.** The Company's management team has reviewed more than 100 resource projects in the past three months.
4. **Undertake a further return of capital to shareholders if suitable investment opportunities were not identified within a reasonable time frame.**

In its ASX Release dated 7 January 2015, the Company committed to reviewing its strategy to ensure that the actions of the Company continued to be in the interests of all Chesser shareholders.

The Board has completed its strategic review, which considered the following matters:

1. Shareholders representing a substantial proportion of the Company's shares, including shareholders who recently came onto the Company's share register, have clearly expressed their desire for a near term additional return of capital in preference to further direct investment of the Company's cash balances into the resources sector.
2. Management's review of potential resource project acquisitions has continued over the period since the sale of the Kestanelik Project, however, no opportunities have been identified that meet the stringent investment criteria approved by the Company's directors.

3. The receipt of a section 249D notice from Sandon Capital Investment Ltd and consequential perceived uncertainty as to the future direction of the Company appears to have resulted in vendors of projects that may have potentially met the Company's investment criteria being less inclined to continue discussions with Chesser on terms acceptable to the Company.

Taking into consideration the above factors, the majority of your Directors, comprising Morrice Cordiner, Peter Lester, Rick Valenta and myself (Majority Directors), have formed the view that in light of the material divergence of opinion as to the future strategic direction of the Company, the most appropriate and lowest risk strategy is for a further return of capital to be paid to all shareholders.

The Majority Directors have therefore determined that an immediate further return of capital to shareholders of 2.75 cents per share is in the best interests of the Company's shareholders (Further Return of Capital). On this basis, the Majority Directors propose to put the Further Return of Capital to shareholders.

Simon O'Loughlin and Simon Taylor (Minority Directors) do not support the Further Return of Capital. The Minority Directors have stated that they would support a similar return of capital if it were to be proposed after the General Meeting of Shareholders to be held on 26 February 2015.

The Company is now in the process of taking steps to seek the approval of shareholders for the Further Return of Capital, including obtaining the necessary approvals and waivers from the ASX and drafting a notice of meeting to convene a general meeting to consider the Further Return of Capital.

The indicative timetable for the Further Return of Capital is:

Item	Date*
Notice of Meeting mailed to shareholders	6 February 2015
Meeting to consider Further Return of Capital	10 March 2015
Record date	16 March 2015
Payment made to eligible shareholders	23 March 2015

** All dates and times are indicative only. The Company reserves the right to vary these dates and times, subject to consultation with ASX.*

If the Further Return of Capital is approved by shareholders, the Company will be left with approximately \$2.1 million in working capital to meet ongoing corporate costs and to provide for contingent liabilities that may arise pursuant to the agreements for the sale of the Karaayi and Kestanelik Projects.

The Majority Directors are committed to payment of the Further Return of Capital to all eligible shareholders; however, shareholders need to be aware that the ultimate payment remains subject to approval of shareholders, and then subsequently, is at the discretion of the directors in office at the time of the proposed payment.

Further outcomes of the strategic review include:

- the Company has determined not to proceed with any further investment in the Catak Project and is proceeding with the arrangements necessary to return the Catak Project to its underlying owner; and
- the Company is in negotiations for the sale of its 51% interest in the Sisorta Project.

With the completion of these milestones, the Company expects to finalise its exit from Turkey by the end of June 2015.

In view of the decision to propose a Further Return of Capital, and considering the diminished financial capacity and activities of the Company, as well as the stated strategy of reducing corporate costs, the

Majority Directors (with Dr Valenta abstaining) resolved that the Managing Director and CEO, Dr Rick Valenta, will cease employment with the Company effective 30 January 2015.

The Board wishes to place on record its deep appreciation for Rick's dedication and commitment over the past 7 years, and to recognise the excellent contribution he has made to the development of the Company over that period through his broad expertise and strong leadership.

I take considerable pride from the many achievements of the Company over recent years, particularly the very positive outcome from the sale of the Kestanelik Project, which has generated significant capital returns for shareholders in a difficult market for junior mining companies. I remain committed to acting in the best interests of all of the Company's shareholders.

Yours sincerely



Robert Reynolds
Non Executive Chairman

About Chesser Resources Limited

Company Directors & Management		Company Information	Top Shareholders
Rob Reynolds	Chairman	ABN: 14 118 619 042 Address: 96 Stephens Road South Brisbane Qld 4101 Australia Telephone: +61 7 3844 0613 Contact: info@chesserresources.com.au Chesser Website: www.chesserresources.com.au	Sandon Capital Pty Ltd Novabank Pty Ltd Chifley Portfolios Pty Ltd
Simon O'Loughlin	Non-Executive Director		
Simon Taylor	Non-Executive Director		
Peter Lester	Non-Executive Director		
Morrice Cordiner	Non-Executive Director		
Stephen Kelly	CFO/Company Secretary		

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

The information in this report that relates to 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.

Further information is available at: www.chesserresources.com.au or by calling:

Stephen Kelly, Company Secretary
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