

ASX Announcement & Media Release

30 January 2015



Quarterly Activities Report Quarter Ended 31 December 2014

HIGHLIGHTS

- Sale of the Kestanelik gold project in North West Turkey for \$US40 million cash consideration completed on 24 October 2014.
- 15 cent per share Return of Capital (totalling \$33.15 million) paid to shareholders on 12 December, 2014.
- Additional Capital Return of 2.75 cents per share (totalling \$6.1 million) proposed on 30 January, 2015, to be considered by shareholders at a General Meeting to be held on 10 March, 2015.
- Continued progress in reduction of corporate costs in Australia and Turkey. Retirement of Chesser Managing Director Rick Valenta announced on 30 January, 2015

SALE OF THE KESTANELIK GOLD PROJECT

On 24 October 2014, the Company received US\$40 million in cash from the sale of the Kestanelik Gold Project to Nurol Holdings A.S., a leading Turkish industrial group.

The sale of the Kestanelik project delivered significant benefits for Chesser shareholders. Pitched at a significant premium to the prevailing share market valuation of the Company, the sale crystallised the value of the project for shareholders, reduced development and funding risks and enabled a capital return of 15 cents per share to be made to shareholders on 12 December 2014.

STRATEGIC REVIEW

In the Notice of Meeting for the Company's 2014 Annual General Meeting the Company set out its strategy following the sale of the Kestanelik Project. 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.

Strategy	Progress in implementing strategy to 31 December 2014
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.

Strategy	Progress in implementing strategy to 31 December 2014
Substantially reduce operating costs.	<p>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.</p> <p>The departure of the CEO, Rick Valenta, was announced on 30 January, after a majority of the Board of Directors resolved that his services were no longer required following the change in circumstances of the Company. The Directors express their gratitude to Dr Valenta for his dedication and commitment to the Company and its shareholders over the past 7 years, and commend him on the great successes he achieved, particularly in the development and sale of the Kestanelik project.</p>
Search for high quality investment opportunities in the resources sector.	<p>Chesser management has investigated more than 100 potential projects for acquisition, with five proceeding to more detailed negotiations. However, no proposed transactions have met the Company's stringent investment criteria to date.</p>
Undertake a further return of capital to shareholders if suitable investment opportunities were not identified within a reasonable time frame.	<p>As noted above, no appropriate acquisition has been identified to date. Furthermore, a section 249D notice received from Sandon Capital Investments Limited (Sandon) has created significant uncertainty regarding the future strategy of Chesser, adversely affecting the Company's ability to enter into negotiations with vendors of high quality projects.</p> <p>Consequently, a majority of the directors resolved that a further capital return of 2.75 cents per share, totalling \$6.1 million, is warranted. The proposed capital return will be considered by shareholders at a general meeting to be held on March 10, 2015.</p> <p>The proposed further capital return will leave the company with working capital of approximately \$2.1 million to 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.</p>

PROJECT UPDATES

CATAK Gold

(Chesser earning up to 100%)

During the December quarter the Company completed a limited work program at the Catak Project which included an initial program of mapping, surface sampling and geophysics.

Further to the strategic review announced in January 2015, the Company is in the process of surrendering its option to acquire an interest in the project.

SISORTA Gold
(Chesser 51%)

No work was undertaken in relation to the Sisorta Project during the quarter. The Company is in advanced negotiations for the sale of its 51% in the Sisorta Project.

FUTURE ACTIVITIES

Further Return of Capital to shareholders

Chesser Directors will seek shareholder approval for a capital return of A\$0.0275 per share, with shareholders to vote on the proposal at a General Meeting proposed to be held in Brisbane on 10 March 2015.

The Company is now in the process of taking steps to obtain the necessary approvals and waivers from the ASX and drafting a notice of meeting for shareholders to consider the proposal.

The indicative timetable for the capital return is:

Item	Date
Notice of Meeting mailed to shareholders	6 February 2015
Meeting to consider proposed 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.*

The current Board is committed to payment of the capital return 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 distribution.

General Meeting to be held on February 26, 2015.

On December 29, Chesser Resources received a request to call a General Meeting pursuant to Section 249D of the Corporations Act to consider changes to the Board of Directors.

The request, made by Sandon Capital Investments Ltd, seeks the removal of Mr Robert Reynolds, Mr Morrice Cordiner and Mr Peter Lester as directors of Chesser, and the appointment of Sandon employee Mr Gabriel Radzysinski to the Board.

The majority of the directors of the current Board of Chesser (comprising Messrs Reynolds, Cordiner and Lester) are of the view that the changes proposed by Sandon are not in the interests of all shareholders, and that shareholders should vote to retain Mr Reynolds, Mr Cordiner and Mr Lester as directors of the Company to ensure that the proposed Further Return of Capital is put before shareholders and proceeds accordingly.

SCHEDULE OF MINING TENEMENTS

As at 31 December 2014 the Group had an interest in the following tenements, all of which are located in Turkey:

Project ¹	Licence Number	Area (ha)	Expiry
Catak ²	2520562	3,410	19 January 2022
Catak ²	2395163	1,400	19 January 2022
Sisorta ³	2199971	2,669	8 September 2019

¹ As at 30 September 2014 the Group had a 100% interest in the Kestanelik Project. The Kestanelik Project was sold to Nurol Holdings A.S.on 24 October 2014.

² The Group has the option to earn up to a 100% interest in the Catak Project. Subsequent to 31 December 2014 the Company has determined that it will surrender its option over the Catak Project.

³ The Group has a 51% interest in the Sisorta Project. The Group is currently in negotiations to sell its interest in the Sisorta Project.

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		
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
+61 7 3844 0613

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Chesser Resources Limited

ABN

ACN 118 619 042

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(473)	(1,490)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(657)	(971)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	145	145
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(985)	(2,316)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	42,725	42,725
	(b) equity investments	-	387
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	42,725	43,112
1.13	Total operating and investing cash flows (carried forward)	41,740	40,796

		Current quarter \$A'000	Year to date \$A'000
1.13	Total operating and investing cash flows (brought forward)	41,740	40,796
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	
1.15	Proceeds from sale of forfeited shares	-	
1.16	Proceeds from borrowings	-	
1.17	Repayment of borrowings	-	
1.18	Dividends paid	-	
1.19	Other – Return of capital to shareholders	(33,151)	(33,151)
	Net financing cash flows	(33,151)	(33,151)
	Net increase (decrease) in cash held	8,589	7,645
1.20	Cash at beginning of quarter/year to date	211	1,189
1.21	Exchange rate adjustments to item 1.20	131	97
1.22	Cash at end of quarter	8,931	8,931

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	\$200
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Payment of Director's fees to Non-Executive Directors and salaries and other payments made to the Managing Director.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	430
4.2 Development	-
4.3 Production	-
4.4 Administration	560
Total	990

Notes:

1. Included in Exploration costs are costs related to the cessation of the Company's activities in Turkey including staff redundancies.
2. Included in Administration costs above are termination costs for the Managing Director
3. The above estimated cash out flows do not include the proposed capital return of \$0.0275 per share totalling \$6.08 million

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7,305	211
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – restricted cash	1,626	-
Total: cash at end of quarter (item 1.22)	8,931	211

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	1009155 1036944	Direct ownership of tenements comprising the Kestanelik Project in North Western Turkey	100% 0%
6.2	Interests in mining tenements acquired or increased	NIL	NIL	

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security	Amount paid up per security) (cents)
7.1	Preference securities (description)	NIL	NIL	NIL	NIL
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	NIL	NIL	NIL	NIL
7.3	+Ordinary securities	221,007,161	221,007,161		Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL NIL	NIL NIL	NIL NIL	NIL NIL
7.5	+Convertible debt securities (description)	NIL	NIL	NIL	NIL
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	NIL NIL	NIL NIL	NIL NIL	NIL NIL

7.7	Options (description and conversion factor)			<i>Exercise price[#]</i>	<i>Expiry date</i>
		105,000		\$0.03	2/03/2015
		500,000		\$0.35	13/12/2016
		1,000,000		\$0.40	13/12/2016
		1,500,000		\$0.45	13/12/2016
		1,000,000		\$0.50	13/12/2016
		1,000,000		\$0.55	13/12/2016
		1,000,000		\$0.60	13/12/2016
		200,000		\$0.20	31/01/2017
		200,000		\$0.25	31/01/2017
		200,000		\$0.30	31/01/2017
		500,000		\$0.11	31/12/2016
7.8	Issued during quarter	500,000		<i>Exercise price</i>	<i>Expiry date</i>
				0.11	31/12/2016
7.9	Exercised during quarter	NIL	NIL	NIL	NIL
7.10	Expired during quarter	NIL	NIL	<i>Exercise price</i>	<i>Expiry date</i>
7.11	Debentures (totals only)	NIL	NIL		
7.12	Unsecured notes (totals only)	NIL	NIL		

[#] As disclosed in the ASX Announcement dated 20 November 2014, the exercise price for each option was reduced by an amount equivalent to the Return of Capital payment of \$0.15 per share in accordance with ASX Listing Rule 7.22.3.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
Secretary

Date: 30 January 2015

Print name: Stephen Kelly