

CHESSER RESOURCES LIMITED

ACN 118 619 042

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

Date of Meeting

Thursday, 25 March 2021

Time of Meeting

10.00am (Australian Eastern Daylight Savings time)

Place of Meeting

**Level 5, 56 Pitt Street
Sydney NSW 2000**

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.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting (**Meeting**) of the Shareholders of Chesser Resources Limited ACN 118 619 042 (**Company**) will be held on Thursday, 25 March 2021 commencing at 10.00am (Australian Eastern Daylight Savings time) at **Level 5, 56 Pitt Street, Sydney NSW 2000**. Registration will commence immediately 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

Resolutions

1. Ratification of prior issue of Placement Shares under Listing Rule 7.1

To consider and, if thought fit, to pass the following Resolution as an ordinary Resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 37,921,238 Placement Shares to the Placement Participants on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Placement Participant or any associates of such persons.

However, this exclusion does not apply to a vote cast in favour of this Resolution by:

- (a) A person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) The Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) A holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the Resolution; and
 - (ii) The holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Approval to issue Shares to Director and his related parties – Mr Mark Connelly

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 174,000 Shares to Mr Mark Connelly and his related party Mr Chris Connelly in accordance with the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Mr Mark Connelly, Mr Chris Connelly (and their nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person or persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person or proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Approval to issue Incentive Options to related party – Mr Andrew Grove

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Incentive Options to Mr Andrew Grove (or his nominee) in accordance with the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) Mr Andrew Grove (and his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- (b) an associate of that person or persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person or proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

ATTENDANCE AND VOTING AT THE MEETING

COVID-19 and attendance at the Meeting

In light of the current global outbreak of the Coronavirus (COVID-19) and the implementation of social distancing requirements and the restriction imposed by State Governments on gatherings of individuals and inter and intra state travel, the Board of Chesser Resources Limited has decided that special arrangements will apply for the Meeting.

The Board considers that the health, safety and welfare of the Company's staff, its Shareholders, and other stakeholders to be paramount. Accordingly, the number of physical attendees at the meeting will be limited to the maximum number of attendees permitted based on the relevant Government regulations and guidelines in force at the time of the meeting.

Questions

Shareholders may submit questions to the Company in advance of the Meeting. Questions must be submitted via email to the Company Secretary at stephenk@chesserresources.com.au. Responses to all valid questions received prior to 5.00pm (AEDT) on Monday 22 March 2021 will be lodged on the ASX Announcements Platform prior to the commencement of the Meeting.

Shareholders will also have the opportunity to submit questions during the meeting in respect to the formal items of business to be conducted 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 (Australian Eastern Daylight Savings time) on Tuesday, 23 March 2021 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

The passing of each Resolution arising at this meeting will be decided by a poll. 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.

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.

Shareholders are strongly urged to vote by proxy prior to the meeting and to appoint the Chair of the Meeting as their proxy. Shareholders can complete the proxy form to provide specific instructions on how their vote is to be exercised on each Resolution. The Chair of the meeting MUST follow the Shareholder's instructions. Instructions for voting by proxy are set out below.

Shareholders will be able to submit their email poll votes immediately after the Chair calls for a vote on each Resolution and up to a period of one hour after the Meeting ends. This means that the outcome of each Resolution will not be able to be determined until after the conclusion of the Meeting to allow the Company Secretary sufficient time to count poll votes that are submitted by email.

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 10.00am (AEDST time) on Wednesday, 24 March 2021, 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:

- i. 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 9473 2555 (outside Australia);
- (c) enter 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 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. As explained further below, your vote on Resolutions 3 may not be counted if you do not direct your proxy how to vote.

Pursuant to section 250BB of the Corporations Act, 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 Chair 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 Chair, 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 of the Corporations Act, 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 Chair 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 Chair 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.

Voting prohibition by Proxy Holders

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolutions 3 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel of the Company; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and
- (b) the appointment expressly authorises the Chair of the Meeting to exercise the proxy even though the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

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 Resolutions 3 to 8 inclusive 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.

Enquiries

Shareholders are encouraged to contact the Company Secretary on + 61 7 3854 2387 or by email at stephenk@chesserresources.com.au if they have any questions regarding the special arrangements applying to the Meeting.

DATED 12 February 2021

**BY ORDER OF THE BOARD
CHESSEY RESOURCES LIMITED**

**STEPHEN KELLY
COMPANY SECRETARY**

EXPLANATORY MEMORANDUM

IMPORTANT NOTICE

This Explanatory Memorandum forms part of the Notice convening the Extraordinary General Meeting of Shareholders of Chesser Resources Limited to be held on 25 March 2021 at 10.00am (AEDT). 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.

Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider the Resolutions.

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 12 February 2021.

BACKGROUND TO THE RESOLUTIONS

ORDINARY BUSINESS

1. Resolutions 1 to 3 – Resolutions relating to share capital

All of the Resolutions to be put to the Extraordinary General Meeting are Resolutions relating to the Company's share capital.

Table 1 below sets out the potential dilutionary impact of Resolutions 1 to 3 on the capital structure of the Company.

Table 1 – Potential Dilutionary Effect of Resolutions 1 to 3

Resolution Number	Description	Shares (number)	Shares (cumulative)	% (at issue)	% (after issue of all Shares per Resolution)	Options and Performance Shares (number)	Options and Performance Shares (cumulative)	% (at issue)	% (fully diluted)	Total equities (number)	Total equities (cumulative)
1	Current issued capital (including 37,921,238 Placement Shares for which ratification is sought pursuant to Resolution1)	450,840,625	450,840,625	100%	100%	67,473,093	67,473,093	100%	13%	518,313,718	518,313,718
2	Approval to issue Share to a Director and his related parties	174,000	451,014,625	0%	100%	-	67,473,093	0%	13%	174,000	518,487,718
3	Approval to issue Incentive Options - Mr Andrew Grove	-	451,014,625	0%	100%	5,000,000	72,473,093	7%	14%	5,000,000	523,487,718

The above tables reflect the maximum number of equity securities that may be issued by the Company if the relevant Resolution is approved and assuming that no other equity securities are issued by the Company.

Please refer to the explanatory information for each of the Resolutions included in this Notice of Meeting for additional information.

2. Resolution 1 – Ratification of prior issue of Shares

2.1 Background

On 8 December 2020, the Company completed a placement 37,921,238 Shares at an issue price of \$0.21 per Share (**Placement Shares**) to sophisticated and exempt investors pursuant to section 708(8) of the Corporations Act (**Placement**). The allottees were professional and sophisticated applicants, as determined by the Board and broking firms who assisted in the Capital Raising, none of whom are related parties of the Company (**Placement Participants**). The Placement Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Placement Shares.

2.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 prohibits the Company (subject to certain exceptions such as pro-rata issues) from issuing or agreeing to issue equity securities (such as Shares and Options) representing more than 15% of the Company's total issued securities, during a rolling 12-month period, without Shareholder approval (15% Threshold).

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in Extraordinary General Meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.3 Technical information

In accordance with the requirements of Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) 37,921,238 Placement Shares were issued pursuant to ASX Listing Rule 7.1;
- (b) the issue price was \$0.21 per Share;
- (c) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company and issued on the same terms and conditions as the Company's existing Shares;
- (d) the Placement Shares were issued to sophisticated and exempt investors pursuant to section 708(8) of the Corporations Act. None of these investors are related parties of the Company; and
- (e) \$7,963,460 was raised under the Capital Raising before costs. The funds raised will be used to expand the 20,000 meter exploration drilling program currently being undertaken at the Diamba Sud Gold Project in Senegal, West Africa.

2.4 Board Recommendation

The Board recommends that Shareholders vote FOR Resolution 1.

The Chair intends to vote undirected proxies in favour of Resolution 1.

3 Resolution 2 – Approval to issue Shares to Directors

3.1 Background

On 8 December 2020, the Company entered into agreements with a Mr Mark Connelly, a Director of the Company and Mr Chris Connelly, a related party of Mr Mark Connelly, whereby they agreed to subscribe for Shares in the Company at a price of \$0.21 per Share (**Director Placement**), being the same price at which the placement of 37,921,238 Shares was made to non-related sophisticated and exempt investors pursuant to section 708(8) of the Corporations Act as described in Section 2.1 of this Explanatory Memorandum.

A summary of the agreements entered into for the Director Placement is presented below:

Director	Number of shares to be issued	Price per share	Funds received from Director
Mark Connelly	150,000	\$0.21	\$31,500
Chris Connelly	24,000	\$0.21	\$5,000
	174,000		\$36,500

3.2 General

Pursuant to Resolutions 2 the Company is seeking Shareholder approval for the issue of up to 174,000 Shares to Directors at an issue price of \$0.21 per Share to raise up to \$36,500 (**Director Placement**).

Mr Mark Connelly, a Director, and his son and related party, Mr Chris Connelly wish to participate in the Director Placement.

Resolution 2 seeks Shareholder approval for the issue of up to 174,000 Shares to Mr Mark Connelly and Mr Chris Connelly (or their nominees) arising from their participation in the Director Placement.

3.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Shares constitutes the giving of a financial benefit. Mr Mark Connelly is a related party of the Company by virtue of being a Director. Mr Chris Connelly is a related party by virtue of being the son of Mr Mark Connelly.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issues of the Shares the subject of Resolution 2, because the proposed issue of Shares is on the same terms and conditions as Shares that were issued to non-related sophisticated investors at the same time that the agreements were entered into for the Director Placement and can therefore be considered to be on an arm's length basis.

3.4 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue,

securities to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Director Placement involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

3.5 *Technical information*

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares to Directors and / or their nominees pursuant to Resolution 2:

- (a) The names of the Director and the related party of the Director to whom the Shares are to be issued are Mr Mark Connelly and Chris Connelly and / or their nominees;
- (b) the maximum number of Shares to be issued is 174,000 (being the nature of the financial benefit being provided) as set out in the table in section 3.1 of this Explanatory Memorandum;
- (c) the Shares will be issued at an issue price of \$0.21 and will raise \$36,500. The funds raised will be used to expand the 20,000 meter exploration drilling program currently being undertaken at the Diamba Sud Gold Project in Senegal, West Africa;
- (d) the Shares will rank equally in all respects with existing the Company's existing fully paid ordinary Shares; and
- (e) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue the Shares to the Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

3.6 *Directors Recommendation*

The Board (with Mark Connelly abstaining) recommends that Shareholders vote **FOR** Resolution 2.

The Chair intends to vote undirected proxies in favour of Resolution 2.

4 Resolution 3 – Approval to issue Incentive Options to Related Party

4.1 Background

Resolution 3 seeks Shareholder approval for the grant of zero exercise price Options (ZEPOs) to Mr Andrew Grove under the EIP and on the terms and conditions detailed below (Incentive Options).

On 4 January 2021, the Company announced the appointment of Mr Andrew Grove as the Chief Executive Officer of the Company effective 1 February 2021. Under the terms of Mr Grove's employment agreement, the Board proposes to award Incentive Options to Grove after he has been employed by the Company for a period of three months. The Incentive Options are performance based and subject to the satisfaction of vesting conditions that the Board considers, if achieved, will create value for shareholders (refer to the table below).

Mr Groves' employment contract further provides that after a period of three months, the Board of Chesser may, at its sole discretion, resolve to appoint Mr Grove as Managing Director. Accordingly, Mr Grove is considered to be a Related Party.

The number and the terms and conditions of the Incentive Options proposed to be issued to Mr Grove, subject to Shareholder approval pursuant to Resolution 3, will be as follows:

Vesting Conditions	Exercise Price	Expiry Date	Number of Incentive Options
1/3 on the Company achieving each of the following:	\$0 (ZEPOs)	5 years from the date of grant	5,000,000
i. JORC Resource of 500,000 ounces Au at an average grade of not less than 2g/t			
ii. JORC resource of 750,000 ounces Au at an average grade of not less than 2g/t			
iii. JORC resource of 1,000,000 ounces Au at an average grade of not less than 2g/t			
Total			5,000,000

The Company considers that the Incentive Options represent a cost-effective form of remuneration, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were provided to the Participants.

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Shares constitutes the giving of a financial benefit to Mr Grove who is a related party of the Company by virtue of his employment agreement providing that the Board of Chesser may appoint him as a Director after he has been employed by the Company for a period of three months.

The Board, based on advice from an independent remuneration consultant, has considered the application of Chapter 2E of the Corporations Act to the proposed issue of the Incentive Options and considers that the financial benefit given by the issue of the Incentive Options does not require Shareholder approval pursuant to section 208 of the Corporations Act for the following reasons:

- the Incentive Options constitute part of Mr Grove's remuneration as Chief Executive Officer and / or Managing Director of the Company.

- (b) the Incentive Options are a reasonable form of equity-based remuneration for Mr Grove given the circumstances of the Company and his role within it.
- (c) the Incentive Options provide a performance linked incentive component in Mr Grove's remuneration package and represent a cost effective form of remuneration, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Mr Grove;
- (d) Mr Grove's remuneration arrangements have been negotiated at arm's length, and are not more favourable to him than other commensurate agreements for persons in similar roles in entities similar to the Company; and
- (e) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in conducting the issue of the Incentive Options on the terms proposed.

The directors therefore consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Incentive Options the subject of Resolution 3, because the proposed issue of Incentive Options is considered to be reasonable remuneration in the circumstances and will align the interests of Mr Grove with the interests of the Company's Shareholders.

4.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinions, such that approval should be obtained.

Mr Grove is a related party by virtue his employment agreement providing that he may be appointed as a Director within six months of the proposed issue of the Incentive Options. As the proposed issue of the Incentive Options involves the issue of securities under an employee incentive scheme to a Related Party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.14 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.16 do not apply to the Incentive Options to be issued pursuant to Resolution 3.

4.4 Technical information required by ASX Listing Rule 10.15

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Incentive Options pursuant to Resolution 3:

- (a) The Incentive Options are to be issued to Mr Andrew Grove. Mr Grove is a related party by virtue of his employment agreement providing that he may be appointed a Director of the Company within six months of the proposed issue of the Incentive Options;
- (b) the maximum number of Incentive Options (being the nature of the financial benefit being provided) to be issued is 5,000,000 as set out in section 6.1;
- (c) the Incentive Options will be issued for nil cash consideration;
- (d) the terms and conditions of the Incentive Options are set out in Annexure 1;
- (e) the Incentive Options are being issued pursuant to the Employee Incentive Plan (EIP). A summary of the key terms of the EIP is set out in Annexure 2;
- (f) Mr Groves is paid cash remuneration of \$346,694 per annum, inclusive of superannuation;
- (g) the Company values the Incentive Options as follows using a Black Scholes valuation methodology:

Participant	Number of Incentive Options	Value per Incentive Option	Total value
Andrew Grove	5,000,000	\$0.28	\$1,050,000

- (h) Mr Groves has not previously been issued any incentives under the EIP.
- (i) the Incentive Options will be issued no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). It is anticipated the Options will be issued on one date shortly after 1 May 2021 being three months after date on which Mr Groves' employment commenced;
- (j) details of any Shares issued to the Participants on exercise of the Incentive Options will be published in the annual report of the Company relating to the period in which the Shares have been issued and it will be disclosed that the approval for the issue of the Shares was obtained under ASX Listing Rule 10.14;
- (k) any additional person covered by Listing Rule 10.14 who becomes entitled to participate in an issue of securities under the EIP after the resolution is approved, and who was not named in the notice of meeting, will not participate until approval is obtained under Listing Rule 10.14; and
- (l) no loans are being provided in connection with the issue of the Incentive Options.

Approval pursuant to ASX Listing Rule 7.1 is not required to issue the Incentive Options as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Incentive Options will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

4.5 Directors Recommendation

The Board recommends that Shareholders vote FOR Resolution 3.

The Chair intends to vote undirected proxies in favour of Resolution 3.

Glossary

In this Explanatory Memorandum and the Notice of Meeting:

AUD, \$, AU\$ are references to the Australian Dollar.

Extraordinary General Meeting or Meeting means the Extraordinary General Meeting of the Company to be convened by this Notice of Meeting (unless the context otherwise requires).

Associate(s) has the meaning given in the Corporations Act.

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

Board means the board of Directors of the Company at the date of this Notice.

Chair means the chair of the Meeting.

Company 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 Mark Connelly, Michael Brown, Simon O'Loughlin, Simon Taylor, and Robert Greenslade.

Director Placement means the Shares proposed to be issued to the Mr Mark Connelly, a Director, and his related party Mr Chris Connelly and / or their nominees pursuant to Resolutions 2 on the terms and conditions set out in Section 2.1.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security, and any security that ASX decides to classify as an Equity Security.

Exempt Investors means an investor to whom securities can be issued without a disclosure document.

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

Incentive Options means the zero price options proposed to be issued to Mr Andrew Grove pursuant to Resolution 3;

Key Management Personnel means those persons having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise);

Listing Rules means the official Listing Rules of ASX;

Notice of Meeting means the notice of Extraordinary General Meeting dated 12 February 2021 which this Explanatory Memorandum accompanies and in which the Resolutions are set out;

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Placement means the issue of 37,921,238 Shares on 8 December 2020 to Sophisticated and Exempt Investors at \$0.21 per Share to raise \$7,963,460 as described in Section 2.1

Placement Participant means the exempt investors to whom Placement Shares were issued pursuant to the Placement.

Placement Shares means the Shares issued to Placement Participants pursuant to the Placement.

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

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

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of Shares.

ANNEXURE 1

TERMS OF NON-EXECUTIVE DIRECTOR OPTIONS AND INCENTIVE OPTIONS

The Non-Executive Director Options and Incentive Options (**ZEPO**) entitle the holders to subscribe for fully paid ordinary shares in the Company on the following terms:

(a) Entitlement

Subject to the satisfaction of the vesting conditions, each ZEPO entitles the holder to subscribe for one Share, issued under the Company's Employee Incentive Plan, at nil cost.

(b) Expiry Date

Each ZEPO will expire at 5.00pm (WST) on the date that is 5 years from the date of grant (**Expiry Date**).

(c) Exercise Period

The exercise period for ZEPOs will commence when the ZEPOs have vested and any exercise conditions have been satisfied (or waived by the Board or are deemed to have been satisfied under the terms and conditions of the Company's Employee Incentive Plan) and will end on the Expiry Date, subject to the terms and conditions of the Company's Employee Incentive Plan and the terms of the Company's Security Trading Policy.

(d) Notice of Exercise

A ZEPO is exercisable by the holder lodging a notice of exercise option and application for Shares in a form approved by the Company, together with any exercise price of each Share to be issued on exercise and the relevant ZEPO certificate, with the Company Secretary.

(e) Timing of Issue of Shares on Exercise

Within 15 business days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (e)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(f) Partial Exercise

A ZEPO holder may exercise only some of that person's ZEPOs, which does not affect that holder's right to exercise the remainder of their ZEPOs by the Expiry Date.

(g) Transferability

The ZEPOs are not transferable.

(h) Shares Issued on Exercise

All Shares issued upon exercise of the ZEPOs will, from the date they are issued, rank pari passu in all respects with the Company's then issued Shares. The Company will apply for official quotation to ASX of all shares issued upon exercise of the ZEPOs.

(i) Participation Rights

If ZEPOs are exercised before the record date of an entitlement, the ZEPO holder can participate in a pro rata issue to the holders of the underlying securities in the Company. The Company must notify the ZEPO holder of the proposed issue at least nine (9) business days before the record date. ZEPO holders do not have a right to participate in new issues without exercising their options in accordance with Listing Rule 6.19.

(j) Reconstruction of Capital

In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the ZEPO holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

(k) Change of Control

On the occurrence of a Change of Control event, the Board may determine that all or a percentage of unvested ZEPOs will vest and become exercisable with such vesting deemed to have taken place immediately prior to the effective date of the event, regardless of whether or not the employment or engagement of the Eligible Participant is terminated or ceases in relation to the Change of Control event.

(l) Conferral of Rights

ZEPO holders will be sent all communications sent to Shareholders of the Company, but ZEPO holders do not confer any rights to attend or vote at meetings of Shareholders of the Company. Notice may be given by the Company to ZEPO holders in the manner provided by the Company's Constitution for the giving of notices to shareholders, and the relevant provisions of the Company's Constitution apply with all necessary modification to notices to ZEPO holders.

(m) Incentive Plan

At all times, ZEPOs are subject to the full terms and conditions of the Company's Employee Incentive Plan including any vesting conditions.

ANNEXURE 2
SUMMARY OF TERMS OF THE EMPLOYEE INCENTIVE PLAN

(a) Eligibility

The Board has the discretion to determine which Directors, key management personnel, employees, contractors, and consultants are eligible to participate in the EIP.

(b) Vesting conditions

The vesting of any securities issued under the EIP, if any, may be conditional on the satisfaction of performance and/or service conditions as determined by the Board and advised to Participants in their individual personalised offer documents.

(c) Exercise of securities

Vested securities issued under the EIP will not automatically trigger the exercise of the securities, but a participant will be entitled to exercise in accordance with the terms contained in their individual personalised offer documents.

(d) Price

Securities issued under the EIP may be issued at no cost to the participants. Options, if offered, may be subject to payment of an exercise price by the participant which is determined by the Board and advised to the participant in their individual personalised offer documents.

(e) Lapse/forfeiture

Securities issued under the EIP will lapse or be forfeited on the earliest of:

- (a) the date that the Board determines in its absolute discretion that the vesting conditions for Securities which have not yet vested have not or cannot be met by the relevant date;
- (b) the date that the Board determines in its absolute discretion that the exercise conditions for Securities which have vested have not or cannot be met by the relevant date;
- (c) the Board determining that the Participant materially breached the rules of the EIP;
- (d) the insolvency of a participant;
- (e) the Board determining that the participant has acted fraudulently or dishonestly or has wilfully breached their obligations to any group company;
- (f) the Board determining that a participant is ineligible to hold the office for the purposes of Part 2D.6 of the Corporations Act, or is found to have acted in a manner that the Board considers to constitute gross misconduct; and
- (g) the date that is 15 years from the date the Securities are awarded under the EIP.

as set out in the individual personalised offer documents.

(f) Board may elect to settle in cash

If the Board determines that it is not appropriate for tax, legal, regulatory or compliance reasons to issue or transfer Shares upon satisfaction of its obligations under the plan, the Company may make a cash payment to the participant in accordance with the terms of the plan for equivalent value.

(g) Waiving the restricted period

The Board may waive or shorten the restriction period applicable to securities issued

under the EIP to the participant in accordance with the terms of the EIP.

(h) Change of Control

On the occurrence of a Change of Control of the Company (as defined in the terms of the EIP), or if in the Board's opinion a Change of Control will occur, the Board will determine, in its sole and absolute discretion, the manner in which vested and unvested securities issued under the EIP shall be dealt with.

(i) Cessation of employment

Under the individual personalised offer documents, if a Participant ceases to provide services to the Company (or a related body corporate of the Company) prior to the vesting of any securities issued under the EIP:

- (a) they will retain all of their vested Awards; and
- (b) all of their unvested Awards will be forfeited on a date determined by the Board, unless the Board provides express written consent that the Participant may retain any or all of their unvested Awards. If the Board determines that the Participant may retain any or all of their unvested Awards, those Awards will be subject to the terms and conditions that the Participant held those Awards prior to becoming a Leaver, or such other terms and conditions as the Board sees fit.

(j) No dealing or hedging

Dealing restrictions apply to securities issued under the EIP in accordance with the terms of the EIP, the individual personalised offer documents and the Company's share trading policy. Participants are prohibited from hedging or otherwise protecting the value of unvested securities issued under the EIP.

(k) Rights attaching to Shares

Shares issued under the EIP (upon exercise of vested securities issued under the EIP) will be subject to any restrictions imposed under the terms of the EIP and otherwise rank equally with the existing Shares on issue at the time of allotment or transfer.

(l) Company may issue or acquire shares

The Company may, in its discretion, either issue new Shares or acquire Shares already on issue, or a combination of both, to satisfy the Company's obligations under the EIP.

(m) Adjustments

Prior to the allocation of Shares to an EIP participant upon exercise of vested securities issued under the EIP if the Company undergoes a reorganisation of capital, the terms of unvested securities will be changed to comply with the ASX Listing Rules. If the Company makes a pro rata bonus issue to Shareholders, the terms of any unexercised securities will change to entitle the participant to one Share plus the number of bonus Shares which would have been issued to the participant if the unexercised securities had been exercised prior to the bonus issue.

(n) Limits on securities issued

The number of Shares that may be issued under the EIP is set regarding the limits prescribed under ASIC Class Order 14/1000 with respect to employee share scheme offers made without a prospectus. Currently these limits provide that the number of

Shares that may be issued, when aggregated with the number of Shares issued during the previous 3 years from Share issues under all employee share schemes established by the Company (including as a result of exercise of options to acquire Shares granted to the previous five years under any such executive share scheme), must not exceed 5% of the total number of Shares on issue, disregarding certain unregulated offers. As of 14 January 2021, the Company had 450,840,625 Shares on issue and as such the maximum number of Shares that may be issued pursuant to ASIC Class Order 14/1000 is 22,542,031.

(o) *Loan funding*

Pursuant to the terms of the EIP, the Board will, where the loan funded shares are instituted, offer employees an interest free limited recourse loan to assist in the purchase of Shares, with the Shares acquired at their market value. The loan will be limited recourse so that at any time (subject to any restrictions) the employee may divest their Shares in full satisfaction of the loan balance.

(p) *Continued operation of the plan*

The EIP may be suspended, terminated, or amended at any time by the Board, subject to any resolution of the Company required by the ASX Listing Rules.



ACN 118 619 042

CHZ

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

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10.00am (AEST time)** on **Wednesday, 24 March 2021**.

Chesser Resources Limited Extraordinary General Meeting

This year, as part of the Australian Government's response to the Coronavirus crisis, temporary modifications have been made to the *Corporations Act 2001* under the *Corporations (Coronavirus Economic Response) Determination (No.3) 2020*.

These modifications allow notices of meeting, and other information regarding a meeting to be provided online where it can be viewed and downloaded. We are relying on technology to facilitate shareholder engagement and participation in the meeting. Details of where you can access the notice of meeting, lodge a proxy and participate in the meeting are contained in this letter.

Meeting date and location:

The Extraordinary General Meeting of Chesser Resources Limited will be held at Level 5, 56 Pitt Street Sydney NSW 2000 on Thursday, 25 March 2021 at 10.00am (AEST time).

Access the meeting documents and lodge your proxy online:

Online:

Access the meeting documents and lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Need assistance?

 **Phone:**
1300 850 505 (within Australia)
+61 (3) 9415 4000 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00 AM (AEDT) on Wednesday, 24 March 2021.**

Proxy Form

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.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 184994

SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

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.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

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 Extraordinary General Meeting of Chesser Resources Limited to be held at Level 5, 56 Pitt Street, SYDNEY, NSW 2000 on Thursday, 25 March 2021 at 10:00 AM (AEDT) 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
Resolution 1 Ratification of prior issue of Placement Shares under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval to issue Shares to Director and his related parties – Mr Mark Connelly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval to issue Incentive Options to related party – Mr Andrew Grove	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 <input type="text"/>	Securityholder 2 <input type="text"/>	Securityholder 3 <input type="text"/>	/ / Date
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	

Update your communication details (Optional)

Mobile Number <input type="text"/>	Email Address <input type="text"/>
---------------------------------------	---------------------------------------

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically