

ASX Announcement & Media Release

28 APRIL 2017

Quarterly Activities Report Quarter Ended 31 March 2017

DIRECTORS

Simon O'Loughlin
Non-Executive Chairman

Simon Taylor
Non-Executive Director

Stephen Kelly
Executive Director and Company Secretary

SHARE INFORMATION

ASX Code: CHZ

Issued Capital:

119,333,598 Fully Paid Shares

CONTACT INFORMATION

Registered Office:
Suite 1,
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Milton QLD 4064

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E: info@chesserresources.com.au

Chesser Resources Limited:
ACN: 118 619 042

Highlights

Kurnalpi Project

- Analysis of Kurnalpi sampling programs identified targets potentially indicative of bedrock gold mineralisation.
- Chesser plans to carry out a program of geological mapping during the June 2017 Quarter to better understand the significance of the target and determine next steps.

Acquisition of Senegal exploration projects

- On 3 April 2017 Chesser announced that it had entered a binding agreement to acquire five highly prospective gold exploration projects occupying an area totalling 624 Km².
- The projects are located along and to the west of the Senegal-Mali Shear Zone in the Kédougou Inlier in which over 45Moz gold has been discovered to date.
- The projects (3 owned 100% and 2 owned 80% in JV) are located close to significant operating and emerging gold mines including: Yatela, Sadiola, Sabodala, Loulo, Goukoto and Fekola.
- Chesser proposes to hold a general meeting of shareholders on or about 13 June 2017 to obtain the required shareholder approvals for the proposed acquisition of the Senegal exploration projects

Farm In Agreement for the Kurnalpi Nickel Project

Chesser Resources Limited (“Chesser” – **ASX: CHZ**) is entitled to earn up to an 80% interest in two tenements (EL28/2506 and PL28/1271) located at Kurnalpi (located 60 kilometres north east of Kalgoorlie, WA - Figure 1) by reimbursing Mithril’s tenement acquisition costs and completing exploration expenditure of \$250,000 over 4 years.

The Kurnalpi Project tenements are both wholly-owned by Mithril and cover Archaen ultramafic / mafic sequences which are prospective for both nickel sulphide and lode gold mineralisation.

On 31 January 2017, Chesser released to the ASX the results of the analysis of a small program of auger geochemical sampling over a gold target that had been identified from a review of historical exploration data.

The new target is characterised by four discrete coherent auger geochemical anomalies (defined by the +14ppb Au contour, maximum value: 17ppb Au, average background value: 3 - 7ppb Au) present over a combined strike length of approximately 300 metres that overlay and lie adjacent to, an east – west mafic / metasedimentary contact. A rockchip sample of sub-cropping ironstone material also returned 0.23g/t gold (Sample ID - 0629_01).

The prospectivity of the target (which has not been previously drilled) is strengthened by the presence of numerous prospecting pits and dry-blowing scrapes immediately south of the target (and the E28/2506 tenement boundary) within the same east west sequence of mafic and metasedimentary unit.

Chesser plans to carry out a program of geological mapping during the June 2017 Quarter to better understand the significance of the target and determine next steps.

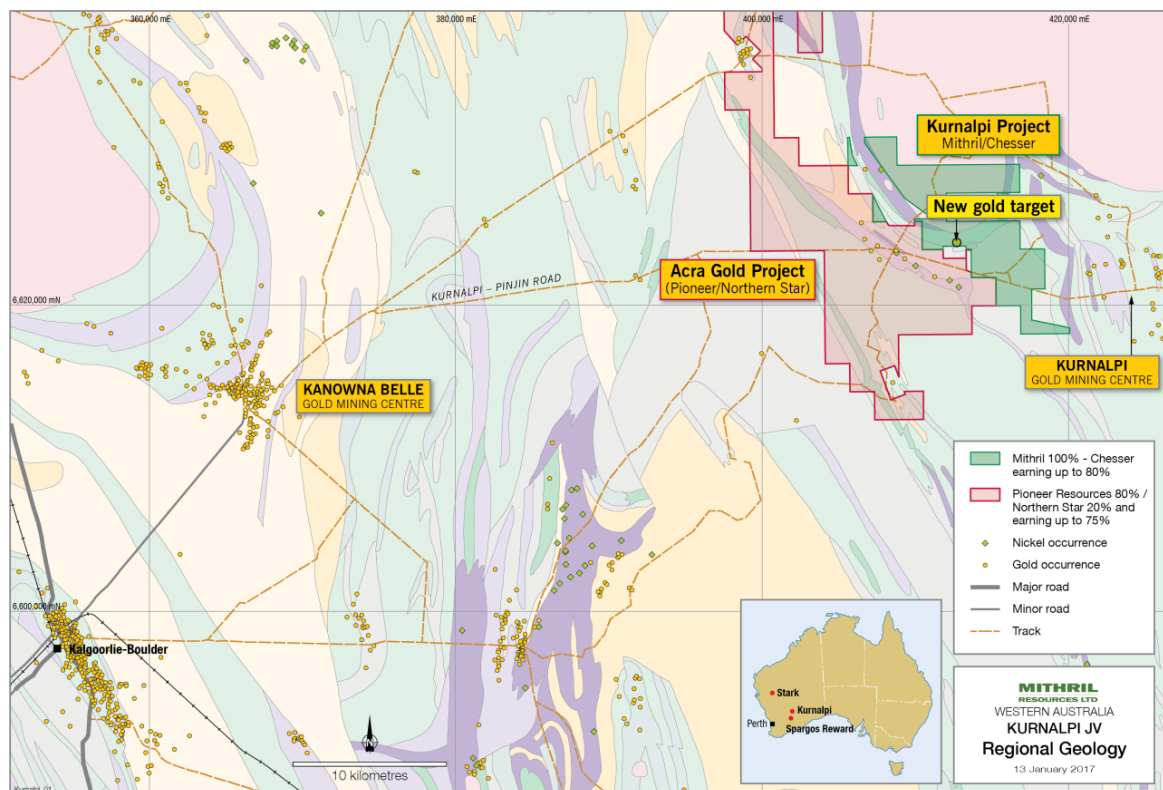


Figure 1: Kurnalpi Project Location showing location of the new gold target announced in the Company’s ASX release dated 30 January 2017

Proposed acquisition of Senegal exploration projects

On 3 April 2017 Chesser announced to the ASX that it had executed a Binding Agreement (“Agreement”) to acquire 100% of the issued capital of each of Boya Gold Pty Ltd (“Boya”) and Erin Mineral Resources Pty Ltd (“Erin”) (“the Transaction”). Boya is a privately owned Australian minerals exploration company. Erin is a wholly owned subsidiary of ASX listed company MGC Pharmaceuticals Ltd (ASX: MXC).

Boya and Erin own interests in five exploration projects in Senegal with a total area of 624 Km², as summarised in Table 1.

Table 1 Projects being acquired by CHZ pursuant to the Transaction

Project	Ownership	Interest	Project Area
Diamba Sud	Boya	100%	71.3 km ²
Diamba Nord	Boya	100%	332.5 km ²
Youboubou	Erin	100%	113.0 km ²
Woye	Erin	80%	70.9 km ²
Garaboureyea South	Erin	80%	36.6 km ²

All the projects are located within the Birimian-age greenstone belts comprising the Kédougou Inlier, from which more than 45 million ounces of gold has been discovered to date. The projects are located along or nearby the Senegal-Mali Shear Zone, a major structural boundary that hosts the major gold projects shown below. The projects are located close to significant operating gold mines: Yatela (3Moz), Sadiola (15Moz), Sabodala (10Moz), Loulo (12.7Moz), Gounkoto (5.5Moz) (Figure 2).

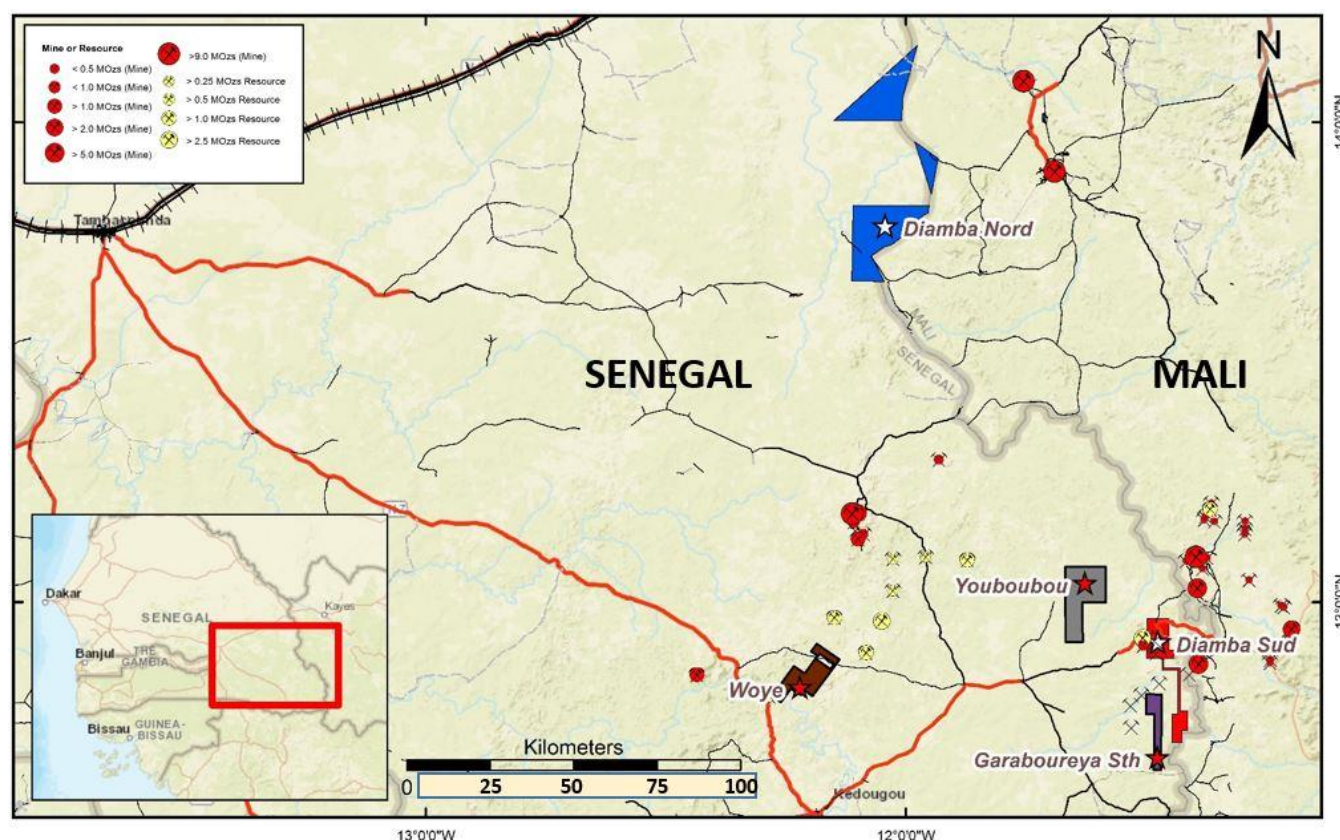


Figure 2: Location of proposed Chesser properties in Senegal; major gold projects along the Senegal-Mali Shear Zone

Chesser will inherit a highly experienced in-country technical and corporate team and an office in Dakar.

Diamba Sud (100%) is a priority project with drill ready targets. Previous RC drilling intercepts include:

- 32m @1.29 g/t gold from 29m in the SE Zone
- 14m @2.85 g/t gold from 2m in the RH Zone

Woye (80%) has similar geology to the nearby 580Koz Tombo deposit (Randgold) with recent RAB drilling results including:

- 22m @0.44 g/t gold from surface.

Further information of each of the projects to be acquired are presented in Chesser's release to the ASX on 3 April 2017 *"Chesser Executes Binding Term Sheet To Acquire Highly Prospective Gold Exploration Projects In Senegal"*.

Acquisition consideration

Subject to the satisfaction of the conditions precedent referred to below, CHZ will acquire a 100% interest in each of Erin and Boya. CHZ shall, on the Completion Date, issue the following CHZ securities to the Vendors and third party facilitators or their nominees:

1. 28,571,429 fully paid ordinary shares ("**FPOS**") in CHZ ("**Settlement Shares**"). Other than 2,380,952 Settlement Shares to be issued to which shall not be subject to an escrow period unless required by the ASX, the Settlement Shares shall be subject to an escrow period of 12 months from date of issue (or such longer escrow period that may be required by the ASX).
2. The following unlisted options ("**Settlement Options**"):
 - (a) 1,000,000 unlisted options each with an exercise price of 6 cents per share and an expiry date of 31 December 2019; and
 - (b) 1,000,000 unlisted options each with an exercise price of 10 cents per share and an expiry date of 31 December 2020.
3. The following performance shares ("**Performance Shares**"):
 - (a) 23,809,524 Class A performance shares which will convert into FPOS upon certification by an independent Competent Person of a JORC Mineral Resource of 0.5Moz Au with an average grade of at least 2.0g/t gold in relation to the Projects; and
 - (b) 23,809,524 Class B performance shares which will convert into FPOS upon certification by an independent Competent Person of a total JORC Mineral Resource of 1.0Moz Au with an average grade of at least 2.0g/t gold in relation to the Projects.

The conversion of all or part of the Performance Shares into fully paid ordinary shares is subject to CHZ obtaining all necessary regulatory and shareholders approvals required by the Corporations Act 2001 (C'th) and the ASX Listing Rules which may then be required at the time of conversion.

MGC Pharmaceuticals Ltd (ASX: MXC) will receive 2,724,286 CHZ ordinary shares, 95,000 6 cent options, 95,000 10 cent options, 2,261,905 class A performance shares, and 2,261,905 class B performance shares as consideration for the sale of its 100% interest in Erin.

Conditions precedent

Completion of the Transaction is subject to the satisfaction or waiver (in writing and agreed by all parties) of the following conditions precedent:

1. on or before 28 June 2017, each of Boya, Erin and CHZ obtaining all required regulatory and

shareholder approvals for the Transaction;

2. on or before 28 June 2017, the Vendors of Boya procuring that the other remaining shareholders of Boya who are not parties to the Agreement ("**Minority Boya Vendors**") enter short form share sale agreements with CHZ ("**Short Form Sale Agreements**") for the sale of their shares in Boya to CHZ;
3. CHZ completing due diligence to its satisfaction of all legal, financial and technical aspects of Erin, Boya and the Projects; and
4. the Vendors completing due diligence to their satisfaction of all legal, financial and technical aspects of CHZ.

The Term Sheet provided for Completion of the due diligence by each party to be completed by 29 April 2017, however the parties subsequently agreed to extend the due diligence period to 27 May 2017.

Placement and rights issue

On the Completion Date CHZ shall undertake a Placement of 12,500,000 CHZ shares for a cash consideration of \$0.04 per Share ("**Placement**") to raise a total of \$500,000 before costs. The Vendors and/or their nominees shall subscribe for a total of 6,250,000 CHZ shares for cash consideration of \$0.04 per share in the Placement.

Prior to Completion, CHZ will also undertake a non-renounceable rights issue ("**Rights Issue**") of Shares at the same price as the Placement on the basis of one (1) Share for every three (3) Shares held to raise \$1,591,115 before costs.

Taylor Collison will act as lead broker to the Placement and Right Issue.

Chieftain Securities Pty Ltd is the corporate advisor to Boya on this transaction and will lead manage the Vendor's participation in the Placement.

Board changes

On Completion, Mr. Nick Castleden shall, subject to him consenting in writing to act, be appointed as a Non-Executive Director of CHZ.

Application of chapters 1 and 2 of the ASX listing rules

CHZ has received advice from the ASX that the Transaction will not require CHZ to re-comply with chapters 1 and 2 of the ASX Listing Rules, nor will shareholder approval be required under ASX Listing Rule 11.1.2.

The issue by CHZ of the agreed equity securities as consideration for the Transaction will, however, require Shareholder approval pursuant to Chapter 7 of the ASX Listing Rules.

Indicative timetable

The indicative timetable for completion of the Transaction is outlined below:

ACTIVITY	DATE
Announcement of Transaction	3 April 2017
Notice of Meeting and Explanatory Memorandum dispatched to CHZ shareholders (to approve equity securities to be issued pursuant to the Transaction)	12 May 2017
Shareholder meeting	13 June 2017
Completion of due diligence	29 April 2017
Commencement of Rights Issue	8 June 2017

ACTIVITY	DATE
Completion of Placement	16 June 2017
Completion of Transaction	16 June 2017

The above dates are indicative only and are subject to change. CHZ will keep shareholders updated on the timing of the implementation of the Transaction as it progresses.

SCHEDULE OF MINING TENEMENTS

As at 31 March 2017, the Company did not have an interest in any mining tenements.

For further information please contact:

Stephen Kelly – Company Secretary

Phone 0415 719 695

Email: skelly@chesserresources.com.au

COMPETENT PERSON STATEMENT

The information in this report that relates to the Diamba Sud and Diamba Nord exploration results, is based on information compiled by Mr Kell Nielsen, BSc (Geol.), MSc (Mineral Econ.) who is a Member of the Australian Institute of Mining and Metallurgy and who is employed as a consultant to Boya Gold Pty Ltd (ACN 602 425 981). Mr Nielsen has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Nielsen consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.

The information in this report that relates to the Erin exploration results, is based on information compiled by Mr Simon McDonald, BSc (Geol.), MSc (Mineral Econ.) who is a Member of the Australian Institute of Mining and Metallurgy and who is employed as a consultant to Chesser Resources Ltd (ACN 602 425 981). Mr Nielsen has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Nielsen consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.

FORWARD LOOKING STATEMENTS

Statements relating to the estimated or expected future production, operating results, cash flows and costs and financial condition of Chesser Resources Limited's planned work at the Company's projects and the expected results of such work are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: expects, plans, anticipates, forecasts, believes, intends, estimates, projects, assumes, potential and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur. Information concerning exploration results and mineral reserve and resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed.

These forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable at the time they are made, are inherently subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility that results of work will not fulfil projections/expectations and realize the perceived potential of the Company's projects; uncertainties involved in the interpretation of drilling results and other tests and the estimation of gold reserves and resources; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of environmental issues at the Company's projects; the possibility of cost overruns or unanticipated expenses in work programs; the need to obtain permits and comply with environmental laws and regulations and other government requirements; fluctuations in the price of gold and other risks and uncertainties.

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/13, 01/09/16

Name of entity

CHESSER RESOURCES LIMITED

ABN

Quarter ended ("current quarter")

14 118 619 042

31 MARCH 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(74)	(141)
(b) development	-	-
(c) production	-	-
(d) staff costs	(26)	(119)
(e) administration and corporate costs	(80)	(219)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(166)	(436)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,694	3,964
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(166)	(436)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,528	3,528

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,528	3,694
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,528	3,694

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

46

-

Payment of Director's fees and consulting fees for additional services provided to Non-Executive Directors and salaries and contracting fees paid to the Executive Director who is also the Company's Company Secretary and Chief Financial Officer

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/a

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities	-	-
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/a

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	(250)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(65)
9.5	Administration and corporate costs	(80)
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	(395)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/a			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/a			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

(Director/Company secretary)

Date: 28 April 2017

Print name: Stephen Kelly

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.