

## ASX Announcement & Media Release

27 July 2017

# Quarterly Activities Report Quarter Ended 30 June 2017

### DIRECTORS

Simon O'Loughlin  
Non-Executive Chairman

Simon Taylor  
Non-Executive Director

Stephen Kelly  
Executive Director and Company Secretary

ASX Code: CHZ

### CONTACT INFORMATION

Registered Office:  
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Chesser Resources Limited:  
ACN: 118 619 042

### Highlights

#### Acquisition of Senegal Projects

- On 3 April 2017 Chesser announced that it had entered a binding agreement to acquire five highly prospective gold exploration projects in Senegal occupying an area totalling 624 Km<sup>2</sup> ('the Acquisition').
- 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.
- On 13 June 2017, an Extraordinary General Meeting provided the required Shareholder approvals for the acquisition.
- The acquisition completed on 12 July 2017.

### 1 for 3 Rights Issue

- On 22 June 2017 Chesser announced that it would be undertaking a 1 for 3 Non-Renounceable, pro-rata rights issue to raise up to \$1.59 million (before costs).
- The rights issue was fully underwritten by Taylor Collison Limited.
- The Rights Issue closed on 13 July 2017 and the shortfall was placed by the Underwriter on 21 July 2017.

### ***Proposed acquisition of Senegal exploration projects***

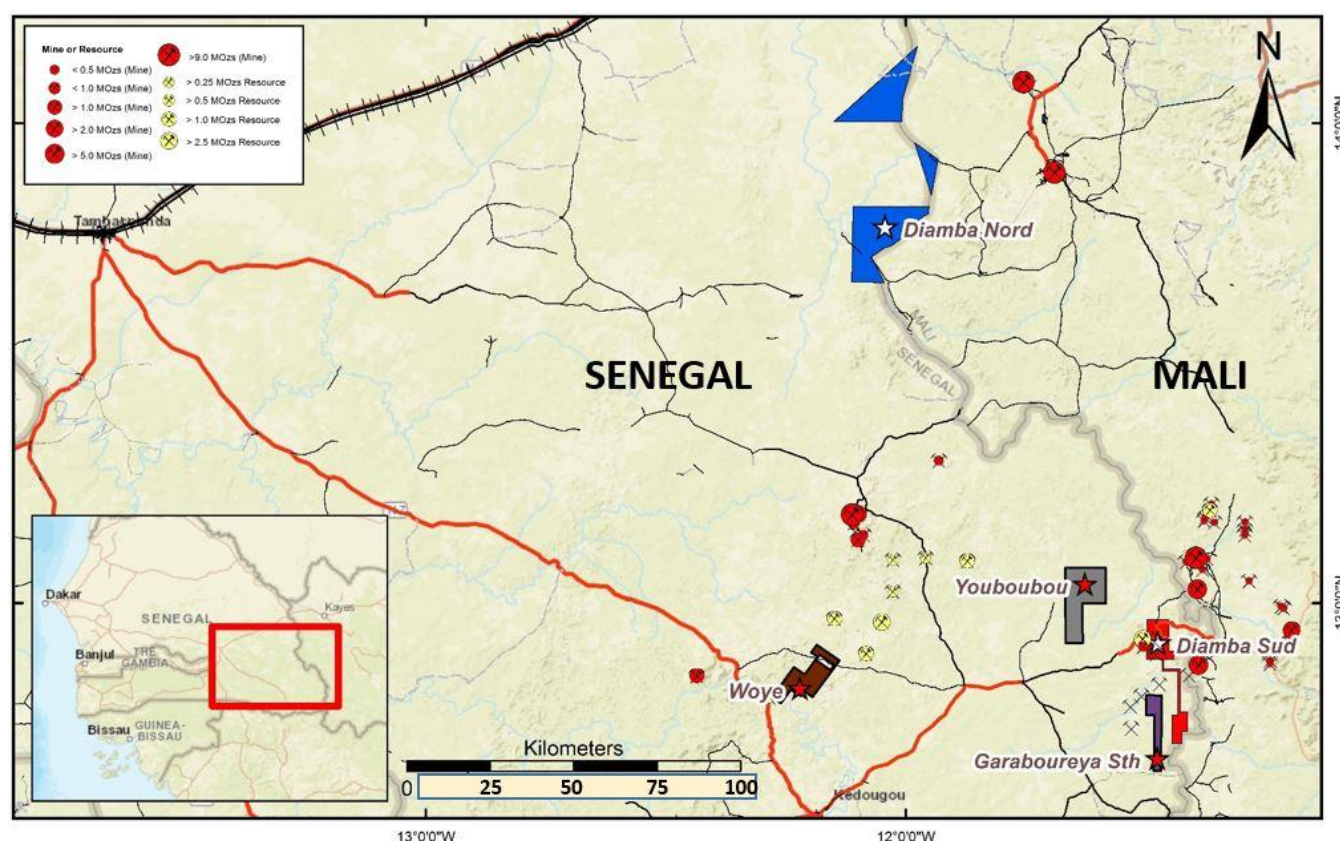
On 3 April 2017 Chesser announced to the ASX that it had executed a Binding Agreement (“Agreement”) to acquire 100% of the issued capital of each of Boya Gold Pty Ltd (“Boya”) and Erin Mineral Resources Pty Ltd (“Erin”) (“the Transaction”). Boya is a privately owned Australian minerals exploration company. 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 Km<sup>2</sup>, 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 <sup>2</sup>
Diamba Nord	Boya	100%	332.5 km <sup>2</sup>
Youboubou	Erin	100%	113.0 km <sup>2</sup>
Woye	Erin	80%	70.9 km <sup>2</sup>
Garaboureyea South	Erin	80%	36.6 km <sup>2</sup>

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 1).



**Figure 1: 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

On 12 July 2017, all the conditions precedent for the Acquisition had been satisfied and CHZ acquired a 100% interest in each of Erin and Boya. As consideration for the Acquisition, CHZ issued the following securities to the Vendors and third party facilitators or their nominees:

1. 26,767,858 fully paid ordinary shares ("**FPOS**") in CHZ ("**Settlement Shares**"). Other than 2,380,953 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.

#### **1 for 3 Rights Issue**

On 22 June 2017 Chesser announced that it would be undertaking a 1 for 3 Non-Renounceable, pro-rata rights issue to raise up to \$1.59 million (before costs).

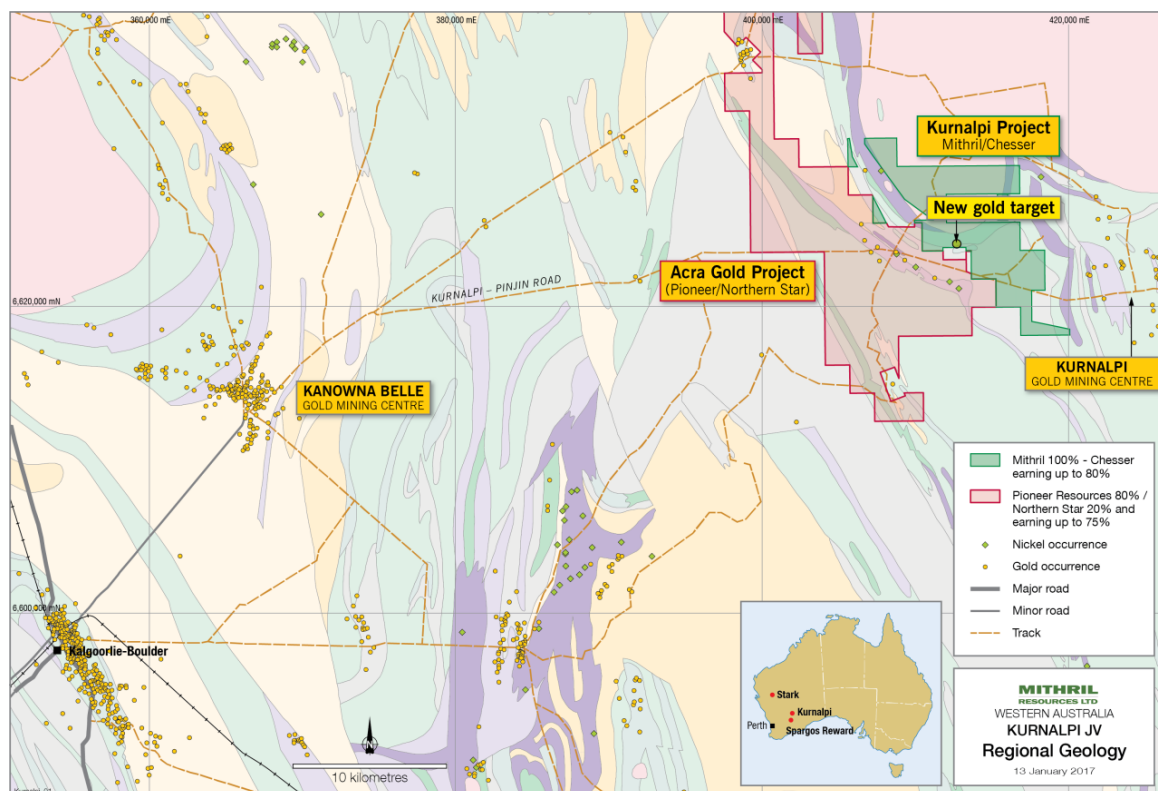
The rights issue was fully underwritten by Taylor Collison Limited.

The Rights Issue closed on 13 July 2017 and the shortfall was placed by the Underwriter on 21 July 2017.

The monies received under the Rights Issues will be utilised by the Company to advance the Senegal exploration projects and for general working capital purposes.

### ***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.



**Figure 2: Kurnalpi Project Location showing location of the new gold target announced in the Company's ASX release dated 30 January 2017**

No work was undertaken on the Mithril Project during the June quarter as Chesser was focussed on progressing the proposed acquisition of the Senegal exploration projects.

Chesser is currently assessing its future strategy in relation to the Mithril Project following the completion of the acquisition of the Senegal projects on 12 July 2017.

### **SCHEDULE OF MINING TENEMENTS**

As at 30 June 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](mailto: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**

**14 118 619 042**

**Quarter ended ("current quarter")**

**30 JUNE 2017**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(7)	(148)
(b) development	-	-
(c) production	-	-
(d) staff costs	(59)	(178)
(e) administration and corporate costs	(70)	(289)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	54
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – costs relating to Senegal acquisition	(91)	(91)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(216)</b>	<b>(652)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) other non-current assets	-	-
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,528	3,964
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(216)	(652)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,312</b>	<b>3,312</b>

<b>5.</b>	<b>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</b>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,312	3,528
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,312</b>	<b>3,528</b>

**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**

59

-

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

<b>7.</b>	<b>Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
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

<b>8.</b>	<b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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

<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	(350)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(75)
9.5	Administration and corporate costs	(80)
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>(505)</b>

Note: The above does not include costs related to the 1for 3 Rights Issue as those costs will be deducted from the proceeds of the offer which are also not included above.

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: 27 July 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.