

ASX Announcement & Media Release

31 October 2017



Quarterly Activities Report Quarter Ended 30 September 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

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Chesser Resources Limited:
ACN: 118 619 042

Highlights

- Acquisition of Senegal Projects ("projects") completed on 12 July, 2017.
- The projects are located adjacent 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, Gounkoto and Fekola.
- A fully underwritten 1-for-3 rights issue closed on 13 July, 2017 and raised \$1.59 million (before costs).
- A private placement to raise \$500,000 (before costs) at an issue price of \$0.04 per share was completed during the quarter as a condition of the acquisition of the Senegal Projects.
- Funds raised pursuant to the rights issues and private placement will be utilised to fund auger drilling and soil sampling programs that are to be undertaken in the period November 2017 to March 2018.

SENEGAL EXPLORATION PROJECTS

Acquisition of Senegal exploration projects

On 12 July 2017 Chesser Resources Limited (“Chesser” – **ASX: CHZ**) completed the acquisition of 100% of the issued capital from each of Boya Gold Pty Ltd (“Boya”) and Erin Mineral Resources Pty Ltd (“Erin”) (“the Transaction”).

Chesser’s wholly-owned Senegalese subsidiaries - Boya SA and Erin Resources SAU - own interests in five exploration projects in Senegal with a total area of more than 434.2 Km², as summarised in Table 1.

Table 1 Projects being acquired by CHZ pursuant to the Transaction

Project	Ownership	Interest
Diamba Sud	Boya	100%
Diamba Nord	Boya	100%
Youboubou	Erin	100%
Woye	Erin	80%
Garaboureira South	Erin	80%

All the projects are located within the Birimian-age greenstone belts of the Kédougou- Kéniaba 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 suture that hosts numerous major gold projects. The projects are located close to significant operating gold mines: Yatela (3Moz), Sadiola (15Moz), Sabodala (10Moz), Loulo (12.7Moz) and Goukoto (5.5Moz) (Figure 1).

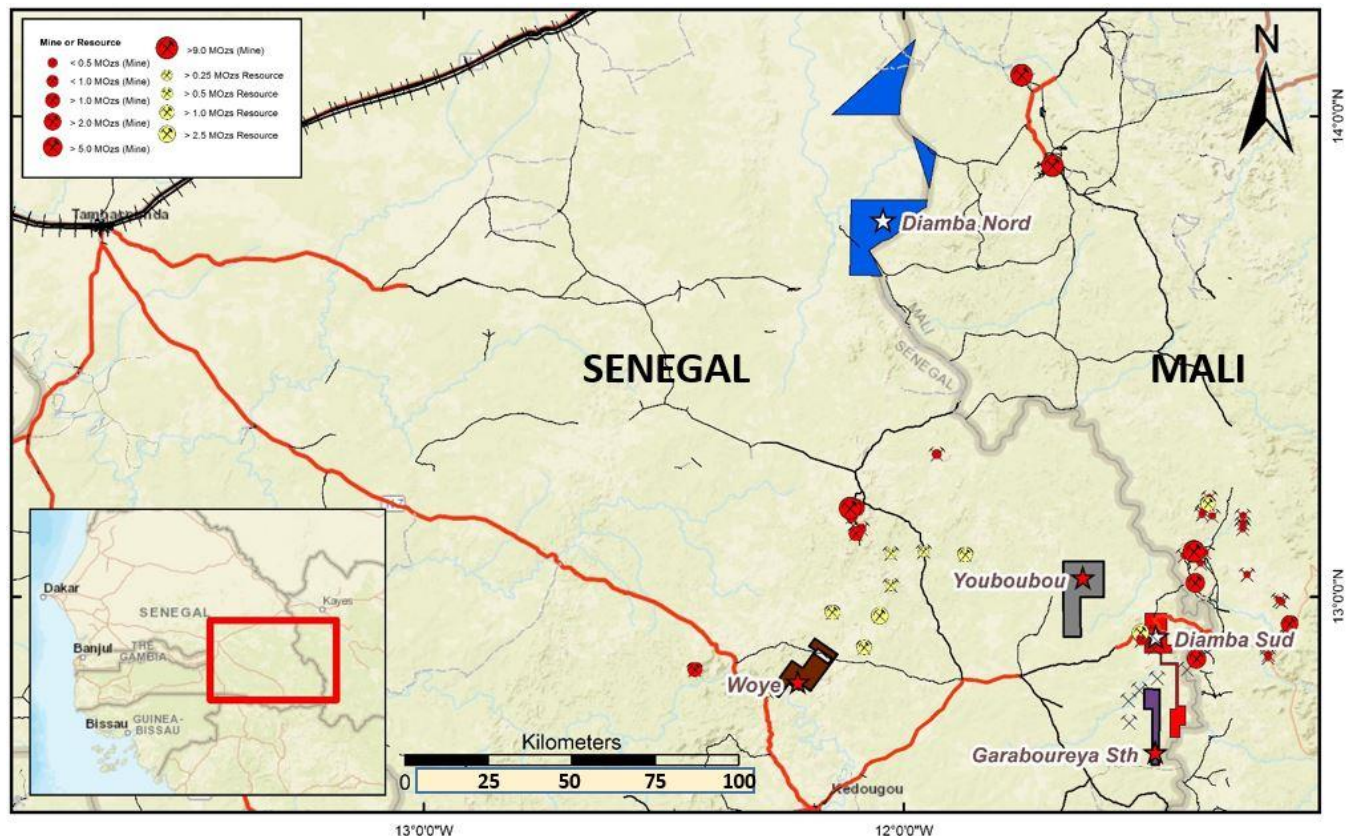


Figure 1: Location of Chesser exploration properties in Senegal and major gold projects along the Senegal-Mali Shear Zone

As consideration for the Transaction, CHZ issued the following securities to the Vendors and third-party facilitators or their nominees:

1. 27,071,429 fully paid ordinary shares in Chesser ("Settlement Shares"). Other than 2,380,952 Settlement Shares which are not be subject to an escrow period, the Settlement Shares are subject to an escrow period of 12 months from date of issue. 26,767,858 Settlement Shares were issued on 12 July 2017 and 303,571 Settlement Shares were issued on 11 September, 2017.
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.

Exploration activities – Senegal projects

No field activities in Senegal were undertaken during the reporting period due to the monsoon season which occurs in the project area from June to October. Planning for exploration in the forthcoming dry season began as soon as the acquisition of the Senegal projects was completed.

Subsequent to the end of the reporting period, fieldwork commenced in mid-October with line clearing and community relations activities underway as at date of reporting. These activities are in preparation for extensive auger drilling programs that will be commence in November.

The aim of the forthcoming programs is to systematically and rigorously define the gold mineralisation potential of all five licences through robust exploration programs. Previous activities identified gold anomalism in the advanced Diamba Sud, Woye and Garaboureyia South projects during initial soil sampling and through limited follow-up auger, RAB and RC drilling.

The full depth and strike-extent of identified gold-in-soil anomalism was, however, never completed across each licence at the deeper palaeosol and saprock (weathered bedrock) layers. Previous soil sampling was unable to penetrate areas of hard laterite cover; the forthcoming auger drilling should access prospective zones that were blind to soil sampling.

The systematic use of auger drilling with geochemical analysis and interpretation will allow Chesser to fully appraise the existing mineralisation identified within its licences, as has been shown successfully in projects on both sides of the abundantly gold-bearing Mali-Senegal Shear zone.

After completing the auger program Chesser will undertake an initial regional soil geochemistry program over the Diamba Nord and Youboubou licences.

FARM IN AGREEMENT FOR THE KURNALPI NICKEL PROJECT

Chesser is entitled to earn up to an 80% interest in two tenements (EL28/2506 and PL28/1271) located at Kurnalpi - 60 kilometres north-east of Kalgoorlie by reimbursing Mithril's tenement acquisition costs and completing exploration expenditure of \$250,000 over 4 years.

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

CORPORATE ACTIVITIES

Appointment of Simon McDonald as Chief Executive Officer

Following the acquisition of the Senegal Projects the Company appointed Dr Simon McDonald as its Chief Executive Officer.

Simon McDonald has a B.Sc.(Hons) - USyd (1984) and PhD - UTS (1993) and is a geologist with over 30 years' experience in the resources industry. He is a Fellow of the Geological Society (London) and a member of the Australian Institute of Geoscientists. He has consulted in exploration programs for international minerals and energy clients with experience ranging from frontier exploration to feasibility studies. He has corporate experience in joint ventures, mergers & acquisition activities including listing and managing a seafloor minerals exploration company on the AIM market. He has worked as an equities analyst and an investor relations manager.

The key terms of Dr McDonald's appointment are

- Annual salary of \$192,000 p.a. inclusive of superannuation.
- Contract may be terminated by the Company or Dr McDonald with one month's written notice.

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.

Private placement

On 12 September 2017 Chesser completed a private placement to raise \$500,000 (before costs) through the issue of 12,500,000 fully paid ordinary shares at an issue price of \$0.04 per share.

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

SCHEDULE OF MINING TENEMENTS

As at 30 September 2017, the Company had interest in the following tenements, all of which were acquired during the September quarter

Project	Location	Interest
Diamba Sud	Senegal	100%
Diamba Nord	Senegal	100%
Youboubou	Senegal	100%
Woye	Senegal	80%
Garabourea South	Senegal	80%

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 exploration results, is based on information compiled by Dr Simon McDonald, BSc (Hons), PhD, who is a Fellow of the Geological Society of London and Member of the Australian Institute of Mining and Metallurgy and who is employed as the Chief Executive Officer of Chesser Resources Ltd (ACN 602 425 981). Dr McDonald has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which Chesser 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.' Dr McDonald consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears. Dr McDonald has an indirect ownership in 2,000,000 unlisted options to acquire ordinary shares in the Company.

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 SEPTEMBER 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(160)	(160)
(b) development	-	-
(c) production	-	-
(d) staff costs	(86)	(86)
(e) administration and corporate costs	(64)	(64)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	11
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	(80)	(80)
1.9 Net cash from / (used in) operating activities	(379)	(379)
2. Cash flows from investing activities		
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 (3 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)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	2,090	2,090
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	(186)	(186)
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	1,904	1,904

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,312	3,312
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(379)	(379)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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)	1,904	1,904
4.5	Effect of movement in exchange rates on cash held	(6)	(6)
4.6	Cash and cash equivalents at end of period	4,831	4,831

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	4,831	3,312
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)	4,831	3,312

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**

51

-

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.

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	46
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	

Included in costs of the Senegal acquisition are legal fees totalling \$46,539 paid to O'Loughlins lawyers. Mr Simon O'Loughlin, the Non-Executive Chairman of the Company is a partner in O'Loughlins lawyers

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	(865)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(116)
9.5	Administration and corporate costs	(104)
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	(1,085)

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	Refer below	Refer below – all consideration is share based consideration	Refer below	Refer below

Item 10.2 – Mining tenements in Senegal acquired by Chesser in the September quarter:

Project	Ownership	Interest
Diamba Sud	Boya	100%
Diamba Nord	Boya	100%
Youboubou	Erin	100%
Woye	Erin	80%
Garaboureyia South	Erin	80%

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: 31 October 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.