

## QUARTERLY ACTIVITIES REPORT QUARTER ENDED 31 DECEMBER 2017

**Chesser Resources Limited** ("Chesser" or the "Company") is pleased to present its Quarterly Activities Report for the period ending 31 December 2017. The Company's primary focus during the quarter has been the commencement of field activities on its recently acquired gold exploration projects in Senegal, West Africa.

### HIGHLIGHTS

- An auger drilling program that will cover three licences commenced at Diamba Sud in late November.
- Auger drilling will continue sequentially on the Diamba Sud, Garaboureira and Woye blocks and is planned for completion within the March 2018 quarter.
- A regional soil sampling program on the Youboubou and Diamba Nord blocks has commenced and is planned for completion in the March 2018 quarter.
- Based on the interpretation of forthcoming auger and historical soil assay results, CHZ may undertake further auger work during the current field season.

### SENEGAL EXPLORATION PROJECTS

Chesser commenced an extensive auger geochemical drilling program in late November, 2017 with drill contractor Sahara Mining mobilising four auger rigs, each mounted on a Toyota tray back.

The initial program comprises 40,000 metres of auger drilling - from some 4,000 holes with line spacing of 400 metres and an average depth of 10 metres.

The aim of the current drilling program is to systematically and rigorously define the gold mineralisation potential of the Company's Diamba Sud, Woye and Garaboureira licences (Figure 1). Previous historical activities identified gold anomalism in those projects by initial soil sampling, limited rock chip sampling and through limited follow-up auger, RAB and RC drilling.

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

### DIRECTORS

Simon O'Loughlin  
Non-Executive Chairman

Simon Taylor  
Non-Executive Director

Stephen Kelly  
Executive Director and Company  
Secretary

### ASX:CHZ

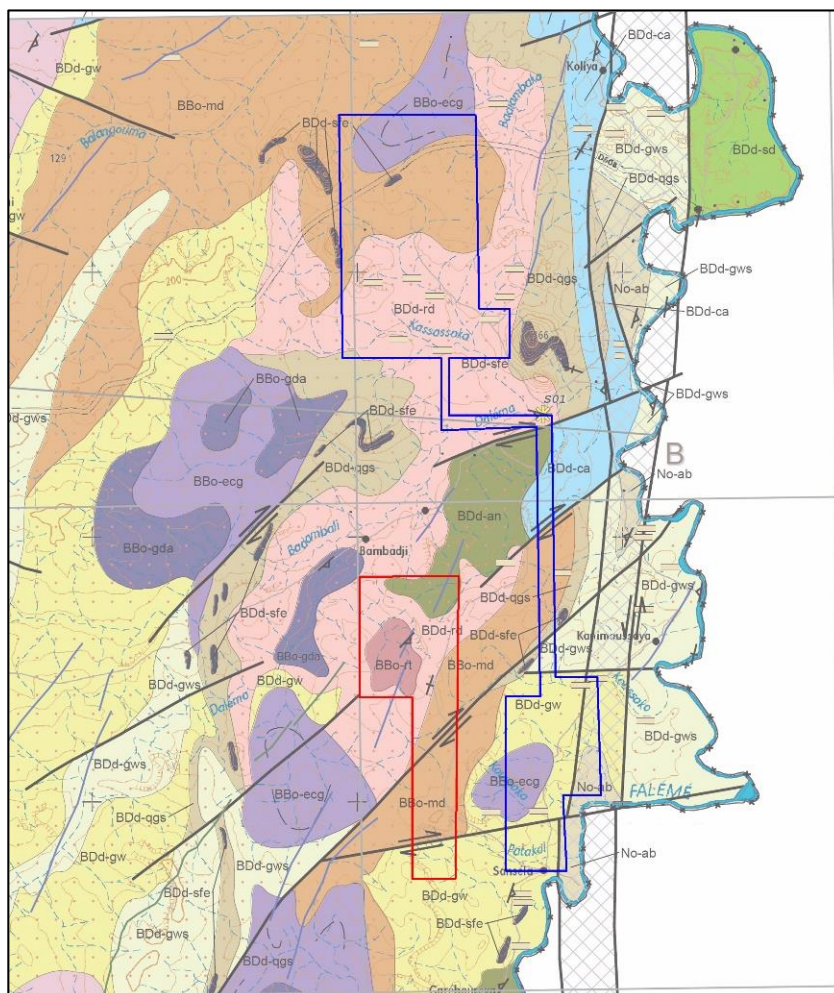
✉ [info@chesserresources.com.au](mailto:info@chesserresources.com.au)

🌐 [www.chesserresources.com.au](http://www.chesserresources.com.au)

ACN 118 619 042

📍 Suite 3, Level 7  
100 Edward Street  
BRISBANE QLD 4000

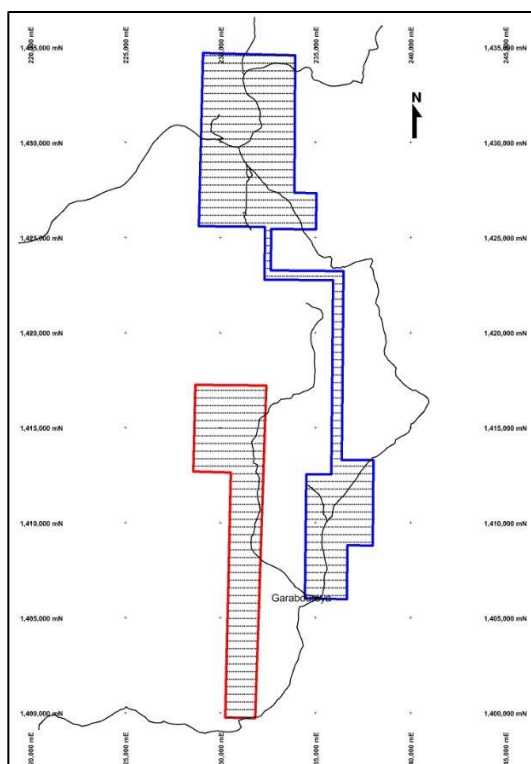
Based on the interpretation of assay results from the auger drilling and soil sampling programmes currently underway, Chesser may undertake a program of infill sampling over anomalous areas prior to the onset of the wet season in June 2018.

**DIAMBA SUD**

Samples were collected along a grid of E-W oriented cleared lines which are 400m apart and with holes 100m apart on those lines. Lines and access tracks were surveyed and cut by local teams managed by Chesser's local managers. (Figure 2)

As at the end of the quarter, 1,330 auger holes had been completed on the Diamba Sud licence for a total of 11,778 metres at an average depth to bit refusal of 8.94m.

Drilling was completed on Diamba Sud subsequent to end of the quarter on January 4, with 1,810 holes drilled for a total of 16,181 metres at an average hole depth of 8.9m.



**Figure 2 Diamba Sud (blue outline) and Garaboureyea (red outline) showing proposed auger points for current program**

### **GARABOUREYA**

Auger drilling commenced at Garaboureyea post the quarter end on 5th January. Drill-hole spacing and sampling protocols were the same as for Diamba Sud (described above).

The auger program was completed at Garaboureyea on 25th January with a total of 945 holes drilled for a cumulative 8,033 metres at an average auger hole depth of 8.5m. The 1,890 auger samples (2 per hole) and regular inserted repeat samples & standards (known gold content) have been dispatched to SGS in Bamako.

### **WOYE**

The auger program moved to Woye and drilling commenced post quarter on the 26th January. There are a total of 1,245 holes planned at Woye for totalling approximately 12,450 metres (Figure 3).





The Company has also commenced a regional soil sampling program over the Diamba Nord and Youboubou licences. Should initial investigation of the regolith reveal a deep transported soil profile, Chesser may instead implement a hand auger program to obtain deeper samples and achieve a valid first-pass geochemical study.

The figure is a geological map of the Bahr el Jebel area, showing various geological units and faults. The map is divided into two panels. The top panel shows units like BSa-grc, Missira Sirigone, BSa-mgm, BSa-lgr, BSa-lm, BSa-ls, BBo-md, BDD-gw, BDD-ca, and Bonmadigui. The bottom panel shows units like BSa-mgm, BSa-lgr, BBo-md, BDD-gw, BDD-ca, and Bonmadigui. A red rectangle highlights a specific area in the top panel.

**Figure 4 – planned soil sampling grid over the Youboubou licence.**

**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 pursuant to a JV with Mithril Resources (ASX:MTH). To earn an 80% interest in the tenements the Company is required to incur exploration expenditure of \$250,000 on or before 15 October 2019.

No activity was undertaken in the Kurnalpi JV area during the December quarter, however MTH reported anomalous cobalt and nickel results from a drilling program in the adjacent tenement. Chesser is currently undertaking a review of the Kurnalpi data with a view to future exploration within the Kurnalpi JV.

**CORPORATE ACTIVITIES**

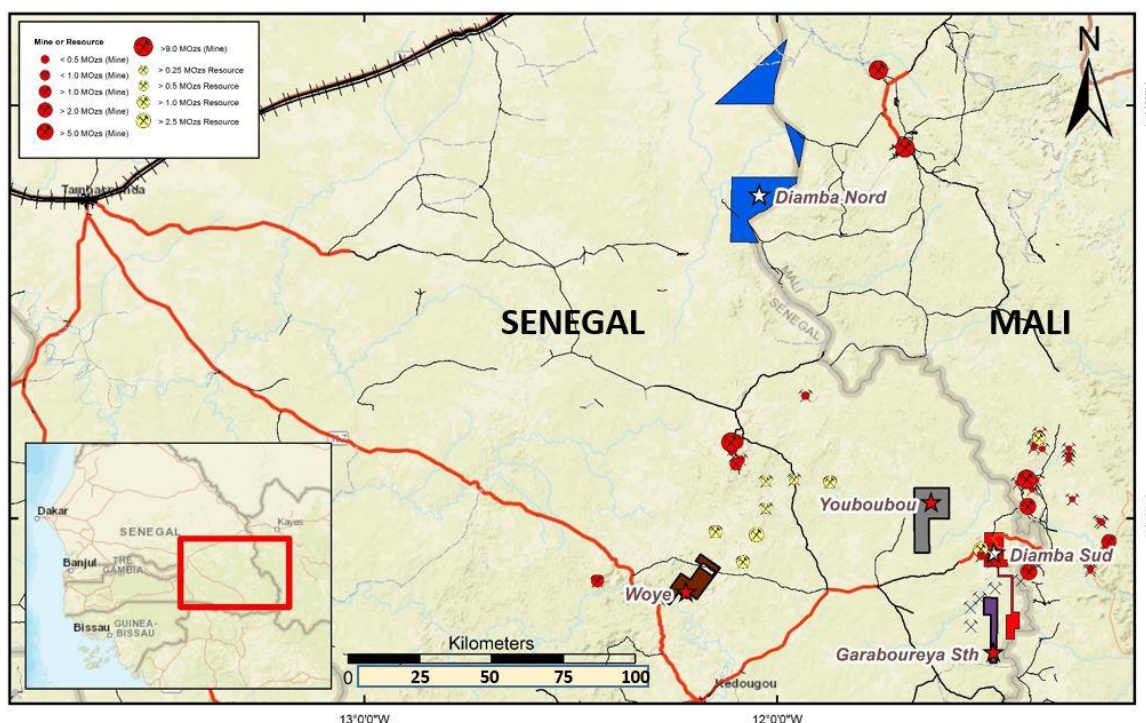
The Group's cash balances at 31 December 2017 amounted to \$4,329,361.

### SCHEDULE OF MINING TENEMENTS

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

TENEMENT	LOCATION	INTEREST
Diamba Sud	Senegal	100%
Diamba Nord	Senegal	100%
Youboubou	Senegal	100%
Woye	Senegal	80%
Garaboureira South	Senegal	80%

### TENEMENT MAP



- END -

**For further information please contact:**

**Stephen Kelly**

Company Secretary

Phone: + 61 7 3708 1014 / + 61 415 719 695

Email: [stephenk@chesserresources.com.au](mailto:stephenk@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")

**31 DECEMBER 2017**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(223)	(383)
(b) development	-	-
(c) production	-	-
(d) staff costs	(104)	(190)
(e) administration and corporate costs	(69)	(133)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	11	22
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)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(385)</b>	<b>(764)</b>



Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(125)	(125)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(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>(125)</b>	<b>(125)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	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	(14)	(200)
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>(14)</b>	<b>1,890</b>

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	4,831	3,312
4.2 Net cash from / (used in) operating activities (item 1.9 above)	<b>(385)</b>	<b>(764)</b>
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(125)	(125)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(14)	1,890
4.5 Effect of movement in exchange rates on cash held	(11)	(17)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>4,296</b>	<b>4,296</b>

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	4,296	4,296
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,296</b>	<b>4,296</b>

6. <b>Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1      Aggregate amount of payments to these parties included in item 1.2	58
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	

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. <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	8
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 \$8,539 paid to O'Loughlins lawyers. Mr Simon O'Loughlin, the Non-Executive Chairman of the Company is a partner in O'Loughlins lawyers

8.	<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
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9.	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	(1,012)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(177)
9.5	Administration and corporate costs	(161)
9.6	Other (provide details if material)	-
9.7	<b>Total estimated cash outflows</b>	<b>(1,350)</b>

10.	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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:

Date: 30 January 2018

(Director/Company secretary)

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.