

## QUARTERLY ACTIVITIES REPORT QUARTER ENDED 31 MARCH 2018

Chesser Resources Limited ("Chesser" or the "Company") is pleased to present its Quarterly Activities Report for the period ending 31 March, 2018.

### HIGHLIGHTS

#### Diamba Sud Project

- Assays received from the first phase auger geochemical drilling program have defined an anomalous gold zone trending NNE for over 5km with numerous results over 0.3g/t gold and up to 4.9g/t gold.
- Within the anomalous gold zone (>500ppb gold), drilling identified ten mineralised envelopes each up to 1.4km long and up to 400m wide.
- A follow-up infill auger geochemical drilling program comprising 12,625 metres from 1,465 holes was completed to better define and constrain gold anomalism post the quarter with assay results pending.

#### Garaboureyia and Woye Project

- First pass auger geochemical drilling totalling 13,459 metres was completed across the Garaboureyia and Woye tenements late in the quarter. Assay results are pending.



Figure 1 – Auger drilling at Diamba Sud

### DIRECTORS

Simon O'Loughlin  
Non-Executive Chairman

Simon Taylor  
Non-Executive Director

Stephen Kelly  
Executive Director and Company  
Secretary

**ASX:CHZ**

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## SENEGAL EXPLORATION PROJECTS

Chesser's permits are located within the Birimian-age Kedougou-Kenieba Inlier close to the Senegal-Mali border in a richly auriferous district. Diamba Sud and Garaboureyia are along the Senegal-Mali Shear zone, near the 5.4 Moz Goukoto mine, 12.5Moz Loulo Mine and north of 5.15Moz Fekola Project. Woye and Youboubou are within the Woye-Sabodala trend, with Woye near several mines including the 4.6Moz Massawa mine, 1.4Moz Kawsara Mine and 0.5 Moz Tombo Mine.

The Diamba Nord permit is located along a northern extension of the Woye-Sabodala trend at the north-western edge of the Kedougou-Kenieba Inlier. The permit is close to the Sadiola (15Moz) and Yatela (3Moz) Mines in Mali, and with a similar interpreted geology.

Previous exploration identified gold anomalism in those projects through initial soil sampling, rock chip sampling and limited drilling.

The 2017-2018 multi-licence semi-regional auger program comprises some 40,000 metres of auger drilling in 4,000 holes with line spacing of 400 metres and 100 metres distance along drill lines and is providing geochemical access to prospective zones that were blind to soil sampling due to areas of hard laterite cover. The aim of the auger program is to systematically and rigorously define the gold mineralisation potential of the Company's Diamba Sud, Woye and Garaboureyia licences.

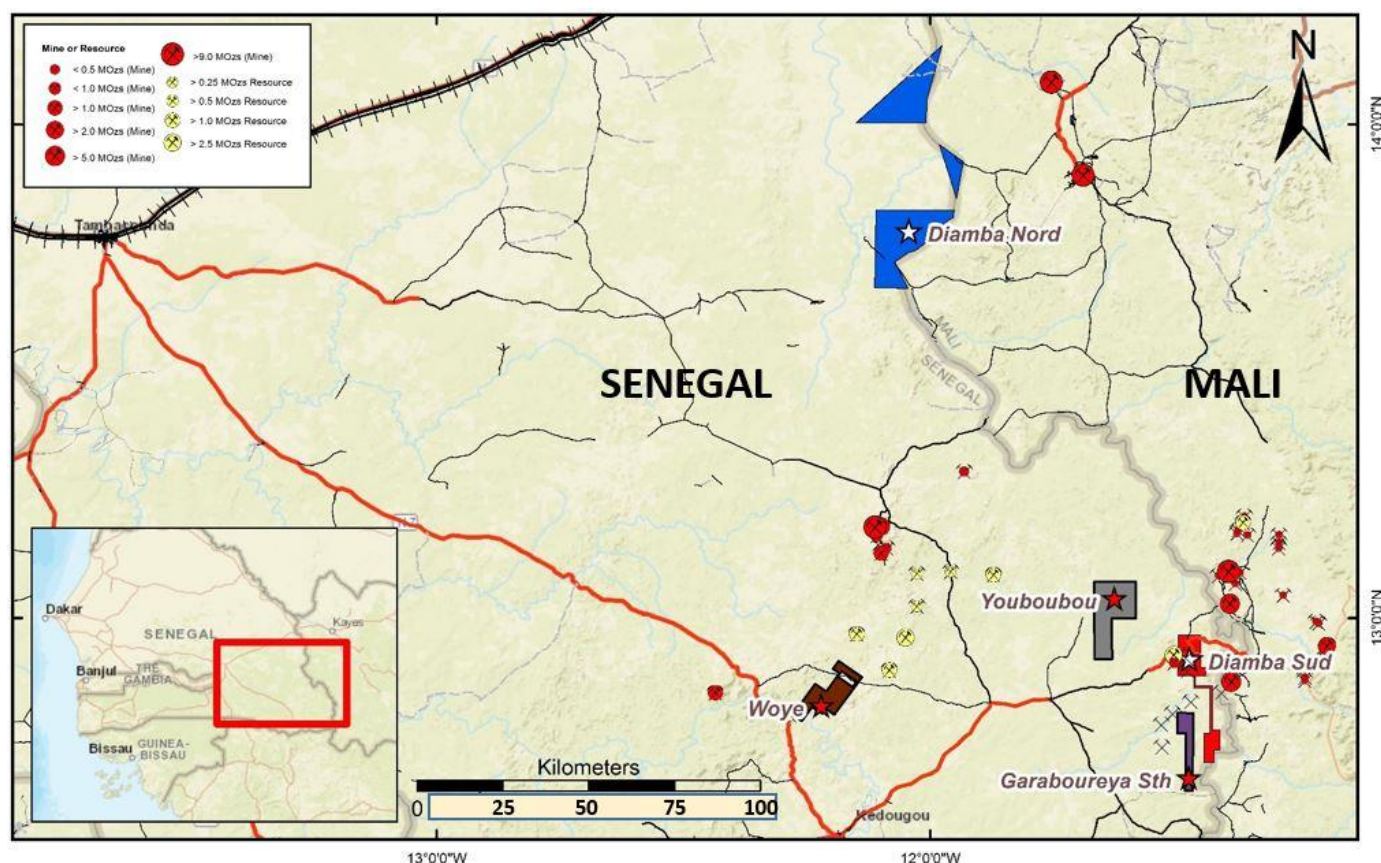


Figure 2 Chesser's Senegal portfolio of exploration tenements

## DIAMBA SUD

Diamba Sud comprises two rectangular blocks joined by a corridor that creates a contiguous tenement (see Figure 1). The northern segment of Diamba Sud (termed DS-1) has an open pit gold mine (Kharakhene) operated by Afrigold located along its western margin and has had soil geochemistry, rock chip sampling and limited drilling (AC and RC) holes undertaken by previous owners.



Auger drilling commenced on the Diamba Sud licence in November 2017 and the semi-regional phase was completed on January 4, 2018. At the end of the first pass program, 1,651 auger holes had been completed on the licence for a total of 14,308 metres at an average depth of 8.7m.<sup>1</sup>

The assay results from 3,398 samples returned for DS-1 were plotted and the bulk of anomalous gold assays are contained within the southern half of DS-1 in a swath trending roughly NNE to SSW (Figure 2). The assay results outline an anomalous gold zone within Diamba Sud trending NNE for over 5km with numerous results over 0.3g/t gold and up to 4.9g/t gold<sup>1</sup>.

The apparent trends of gold anomalism between drill lines suggests a coherent zone of gold anomalism. Within the inferred anomalous zone (>100ppb gold), identified “mineralised envelopes” are each 800m to 1.4km long and up to 400m wide. The orientation of these envelopes is interpreted as dilational structures branching off structural splays derived from the Senegal-Mali shear zone. Dilational structures may preferentially allow the passage of mineralising fluids, and host gold mineralisation. A full discussion of the Diamba Sud first pass results and interpretation is included in the Chesser release to ASX dated February 22, 2018

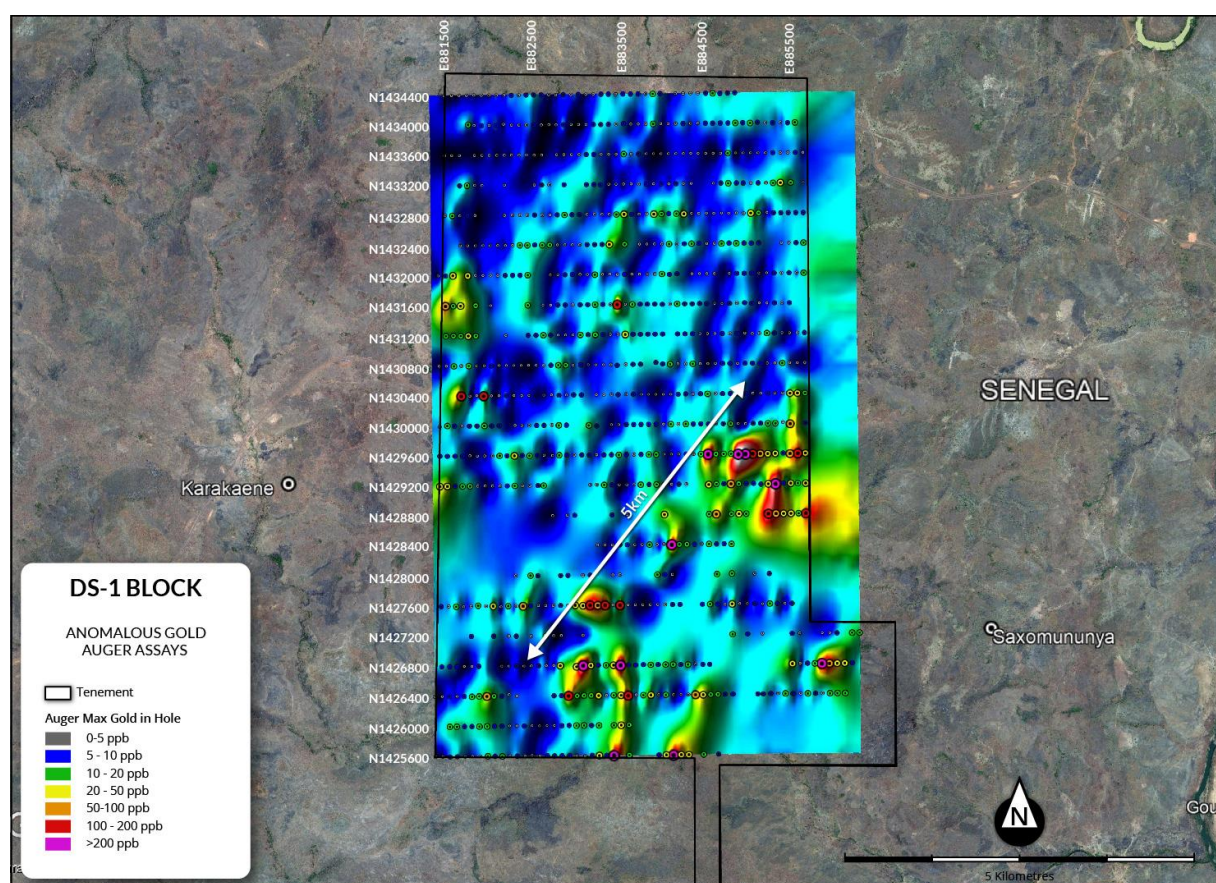


Figure 3: Anomalous gold -in-soil auger assay results plotted on google earth, DS-1 block

Following the success of the first phase auger drilling, an infill priority program targeting 12,625 metres from 1,465 holes at a nominal 200m by 50m spacing was undertaken. The objective of the infill program was to more tightly constrain gold anomalism within the existing wide-spaced sampling in DS-1. Auger rigs commenced the infill program on February 15 and completed the program after the end of the quarter on April 3. A total of 2,960 samples were sent to SGS in Bamako for analysis and Chesser awaits their return to commence an interpretation.

<sup>1</sup> See ASX Announcement 22 February 2018. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

### GARABOUREYA

Auger drilling was undertaken at Garaboureyia during the quarter, with a total of 656 holes drilled for a cumulative 6,210 metres at an average hole depth of 5.5m. A total of 1,890 samples were sent to SGS in Bamako and Chesser awaits their return to undertake an interpretation.

### WOYE

A first pass auger drilling programme was undertaken at Woye during the quarter. A second pass to sample previously inaccessible locations was undertaken post the reporting period, between April 5 to 8. A total of 1,098 holes has been drilled at Woye for 7,249 metres. The Woye samples have been dispatched to SGS in Bamako and Chesser awaits their return.

### DIAMBA NORD

The soil sampling work in the Diamba Nord tenement originally planned for the March quarter will be replaced by a wide-spaced semi-regional auger program to be undertaken by Sahara. The thick transported soil cover was not amenable to soil sampling and impenetrable by hand augers. The Diamba Nord auger work commenced on April 14 and will continue throughout the June quarter.

### YOUBOUBOU

The Company completed a soil sampling program over the Youboubou licence. A total of 1,600 soil samples was collected on a semi-regional grid spacing from the areas considered most prospective within the permit. This was along the eastern-edge, along strike from anomalism previously identified in the north east. None of the Youboubou samples indicated any gold anomalism beyond a relatively low background level. Chesser will review the recent Youboubou results and compile them with historic data to determine what course of action to follow.

### FARM IN AGREEMENT FOR THE KURNALPI NICKEL PROJECT

No activity was undertaken in the Kurnalpi JV area during the March quarter.

### CORPORATE ACTIVITIES

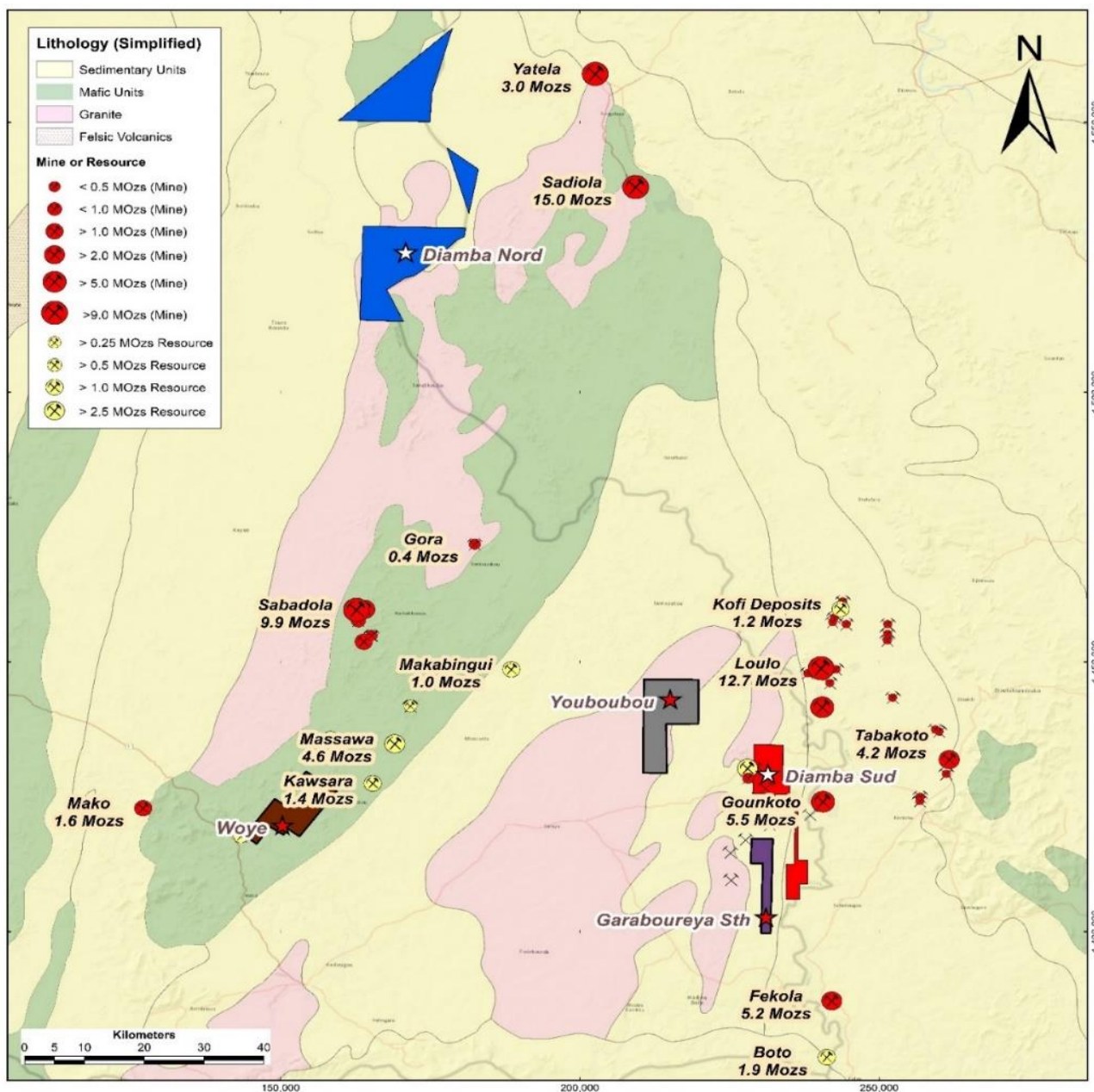
The Group's cash balance at 31 March 2018 amounted to \$3.38 million.

### SCHEDULE OF MINING TENEMENTS

As at 31 March 2018, the Company had interest in the following tenements:

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

TENEMENT MAP



- END -

For further information please contact:

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Chief Executive Officer

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Company Secretary

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**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 March 2018**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(839)	(1,176)
(b) development	-	-
(c) production	-	-
(d) staff costs	(92)	(281)
(e) administration and corporate costs	(10)	(143)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	23
1.5 Interest and other costs of finance paid	(1)	(1)
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>(941)</b>	<b>(1,658)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	(66)	(191)
	(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>(66)</b>	<b>(191)</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	-	(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>-</b>	<b>1,890</b>



<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 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	4,343	3,312
4.2 Net cash from / (used in) operating activities (item 1.9 above)	<b>(941)</b>	<b>(1,658)</b>
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(66)	(191)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	1,890
4.5 Effect of movement in exchange rates on cash held	2	(15)
<b>4.6 Cash and cash equivalents at end of period</b>	<b>3,338</b>	<b>3,338</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	3,338	3,338
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>3,338</b>	<b>3,338</b>

<b>6.</b>	<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	52
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.

<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	

<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	(1,340)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(52)
9.5	Administration and corporate costs	(170)
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>(1,562)</b>

<b>10.</b>	<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 April 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.