

## QUARTERLY ACTIVITIES REPORT

### QUARTER ENDED 30 JUNE 2018

**Chesser Resources Limited** ("Chesser" or the "Company") is pleased to present its Quarterly Activities Report for the period ending 30 June, 2018. During the quarter the Company's activities were focussed on completing the initial shallow geochemical auger drilling campaign that has been conducted across its five exploration projects located in Senegal, West Africa.

#### HIGHLIGHTS

##### *Diamba Sud Project*

- Results returned from a 12,600m infill geochemical auger drilling program confirmed a large, significant gold anomalous trend extending over 5km in length and up to 2km in width.
- Assays from 26 auger holes, all ending in mineralisation, returned greater than 1g/t gold, including:
  - **3 metres at 8.11 g/t gold**
  - **2 metres at 6.82 g/t gold**
  - **2 metres at 6.12 g/t gold**
  - **3 metres at 5.37 g/t gold**
  - **3 metres at 5.13 g/t gold**
- Significant high-grade gold assays obtained from **rock channel** samples within the trend including:
  - **4 metres at 10.80 g/t gold**
  - **1 metre at 7.28 g/t gold**
  - **1 metre at 4.95 g/t gold**
- Gold assay results from 58 rock chip samples from artisanal workings include 23 samples over 1.0g/t gold with a maximum assay of 12.3g/t gold.
- Post-quarter end a limited number of deeper auger drill holes (max depth 28m) tested priority targets - with those assays pending.
- The Company is, as a priority, collating and interpreting all current and previous exploration results to define a drilling program that will best define both the shallow (saprolite) and deeper (hard rock) gold mineralisation.

##### *Diamba Nord Project*

- A first-pass auger geochemical drilling program totalling 13,459 metres from 1,682 holes was undertaken across the Diamba Nord project with assays pending. Geological mapping and rock chip sampling (1,200 samples) was completed with assays pending.

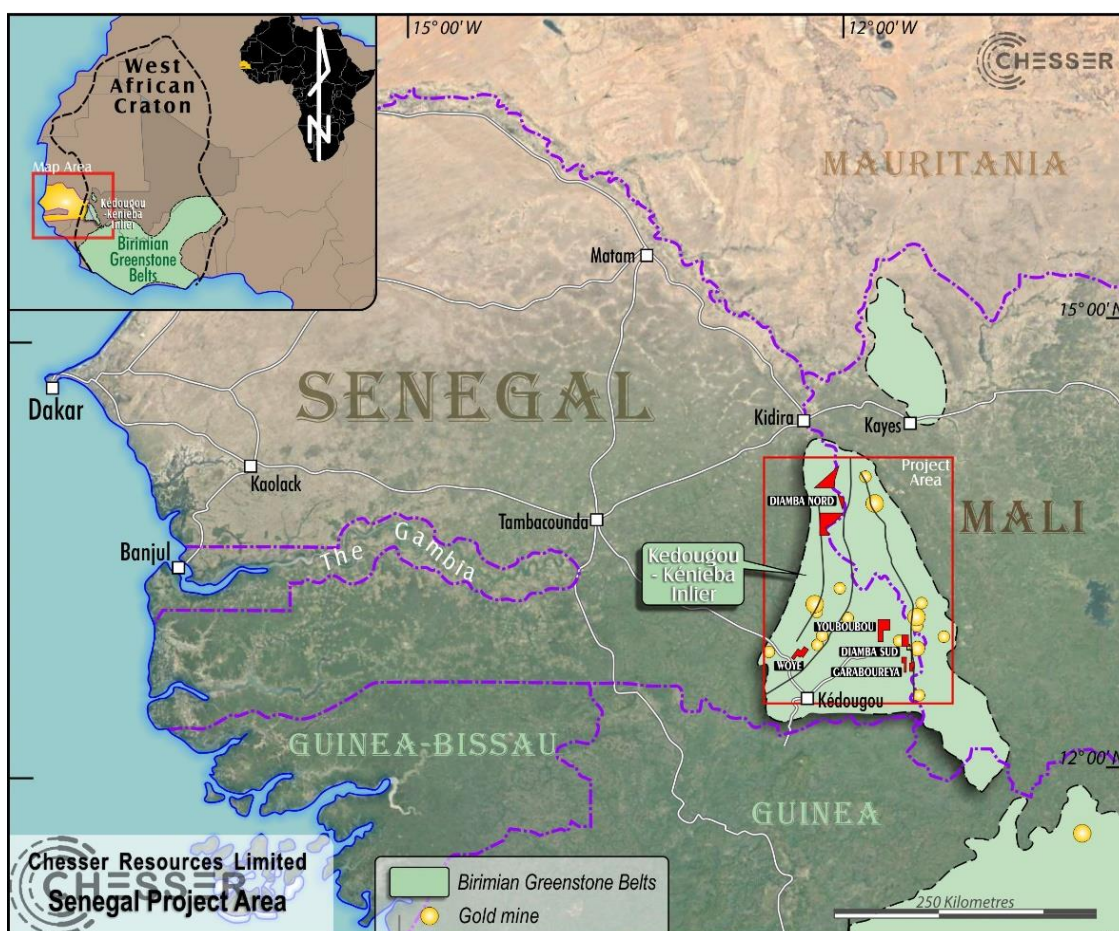
## SENEGAL EXPLORATION PROJECTS

Chesser's Senegal exploration permits are located within the Kedougou-Kenieba Inlier close to the Senegal-Mali border in a richly auriferous district (**Figure 1**).

The Diamba Sud project is located along the Senegal-Mali Shear zone, near the 5.4Moz Goukoto mine, 12.5Moz Loulo Mine and north of 5.15Moz Fekola Project.

The Diamba Nord project is located along the northern extension of the Sabodala Shear Zone 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 has a similar interpreted geology.

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 0.5Moz Tombo Mine.



**Figure 1: Chesser's portfolio of Senegal exploration tenements**

The Company acquired its interests in the Senegal projects in July 2017. Limited exploration work undertaken by previous project owners had identified gold anomalism through initial soil and rock chip sampling and limited drilling.

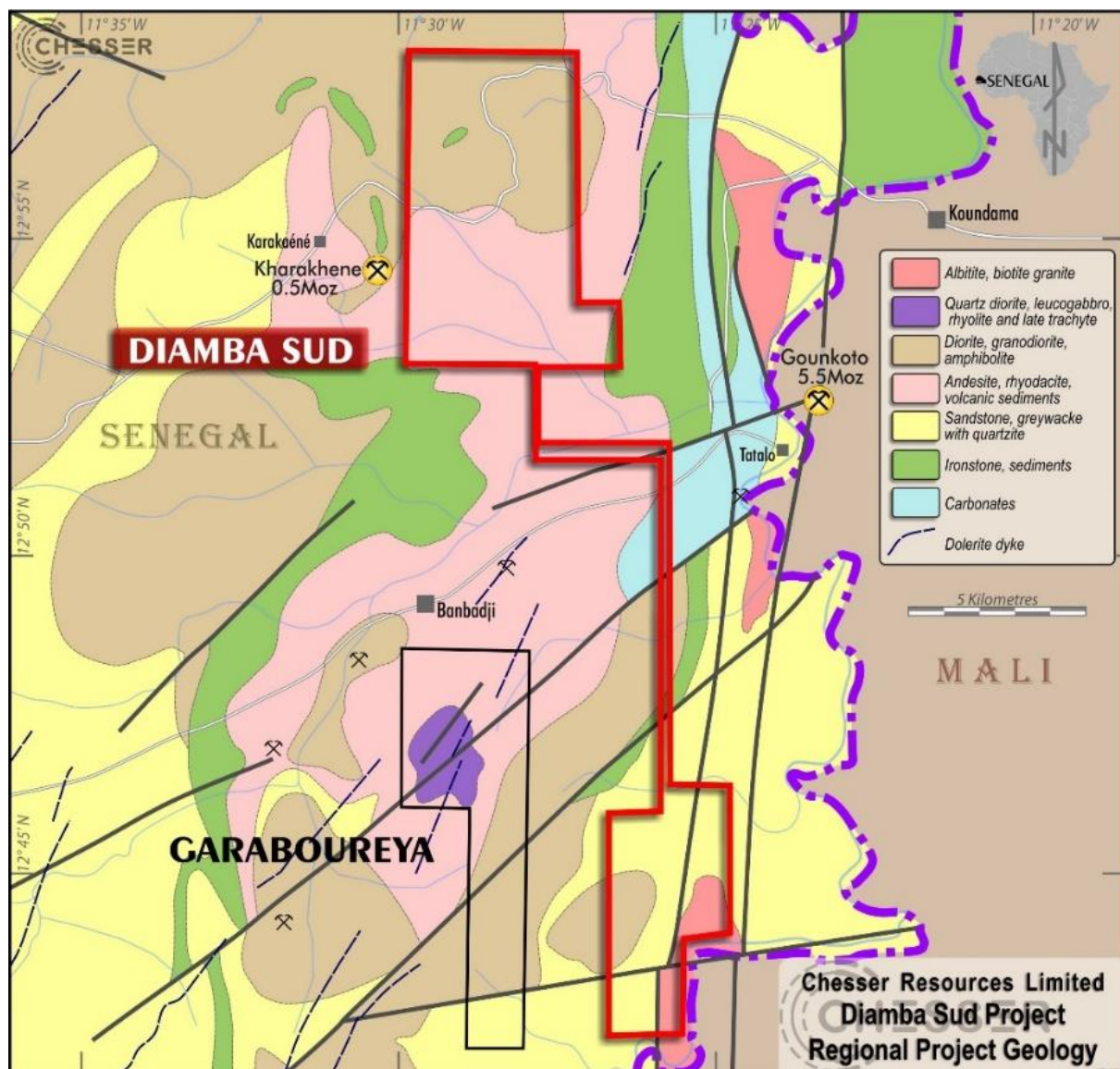
In November 2017, Chesser initiated a planned 4,000-hole, 40,000 metre shallow geochemical auger drilling program to be conducted across the Diamba Sud, Garabouraya and Woye projects. This program was subsequently

expanded to include the Diamba Nord Project and a follow-up infill auger drilling program at the Diamba Sud Project.

The program was concluded in the June 2018 quarter following the onset of the wet season, with approximately 53,000 metres of auger drilling in 5,500 holes being completed. The 2017-2018 multi-licence auger program has provided geochemical access to prospective zones that were blind to soil sampling and in areas of hard laterite cover and has systematically defined the gold mineralisation potential of the Company's Senegal projects.

### DIAMBA SUD

Diamba Sud comprises two rectangular blocks joined by a corridor to create a contiguous tenement (**Figure 2**). The northern segment of Diamba Sud (termed DS-1) has an open pit gold mine (Kharakhane) operated by Afrigold along its western margin and has had previous programs of soil geochemistry, rock chip sampling and drilling.



**Figure 2: Location of Diamba Sud project**



### *Auger Sampling*

Semi-regional first-pass auger drilling was undertaken over all of Diamba Sud. 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 hole depth of 8.7m. First-pass assay results indicated a coherent anomalous zone in the northern part of Diamba Sud block (DS-1) with numerous results over 0.3g/t gold and a maximum assay of 4.9g/t gold<sup>1</sup>. Within the anomalous gold zone (>500ppb gold), drilling identified ten mineralised envelopes each up to 1.4km long and up to 400m wide.

An infill auger program comprising a further 12,625 metres from 1,465 holes at a nominal 200m by 50m spacing was completed during the June quarter. First -pass holes with an assay of over 500ppb (0.5 g/t gold) had additional infill holes drilled 25m either side.

The objective of the infill program was to define gold anomalism within the existing wide-spaced sampling in DS-1. Assay results from 2,960 samples were announced to ASX on May 28 2018<sup>2</sup> with 50 samples reporting over 500ppb (0.5g/t) gold and 26 samples reporting over 1,000ppb (1.0g/t) gold, forming a coherent mineralised trend that extends 5km in length and up to 2km in width (**Figure 3**).

There are several high tenor gold zones within the mineralised trend which are obvious priority targets for deeper drill testing (**Figure 4**). During the program, auger holes were routinely stopped three metres into the saprolite, so mineralisation is effectively open and untested at depth.

Post-quarter end a limited number of deeper auger drill holes (max depth 28m) tested priority targets - with those assays pending.

### *Rock Channel Sampling*

Rock channel samples were collected from an area of artisanal workings along a proposed drill traverse (1426200N) which proved inaccessible to the auger rigs. The rock channel samples, as proxies for auger holes in those locations, were collected as continuous channel samples down the walls of abandoned workings and assayed as composites. The samples assayed 1m @ 4.95 g/t gold, 1@7.28 g/t gold and 4m @ 10.8 g/t gold, confirming this area as a priority target.

### *Rock Chip Sampling*

Rock chip samples were acquired from an area of artisanal workings adjacent to the auger traverse line 1,426,600N. Fifty-eight rock chip samples were collected from a 200m x 150m area of which twenty-three samples assayed over 1g/t gold with the highest assay of 12.5g/t gold.

### *Proposed Future Activity*

The Company is, as a priority, collating and interpreting all current and previous exploration results. The aim is to define a drilling program that will best define both the shallow (saprolite) and deeper (hard rock) gold mineralisation within DS-1.

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

<sup>2</sup> Refer ASX Announcement dated 28 May 2018 for a full listing of all significant intercepts. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

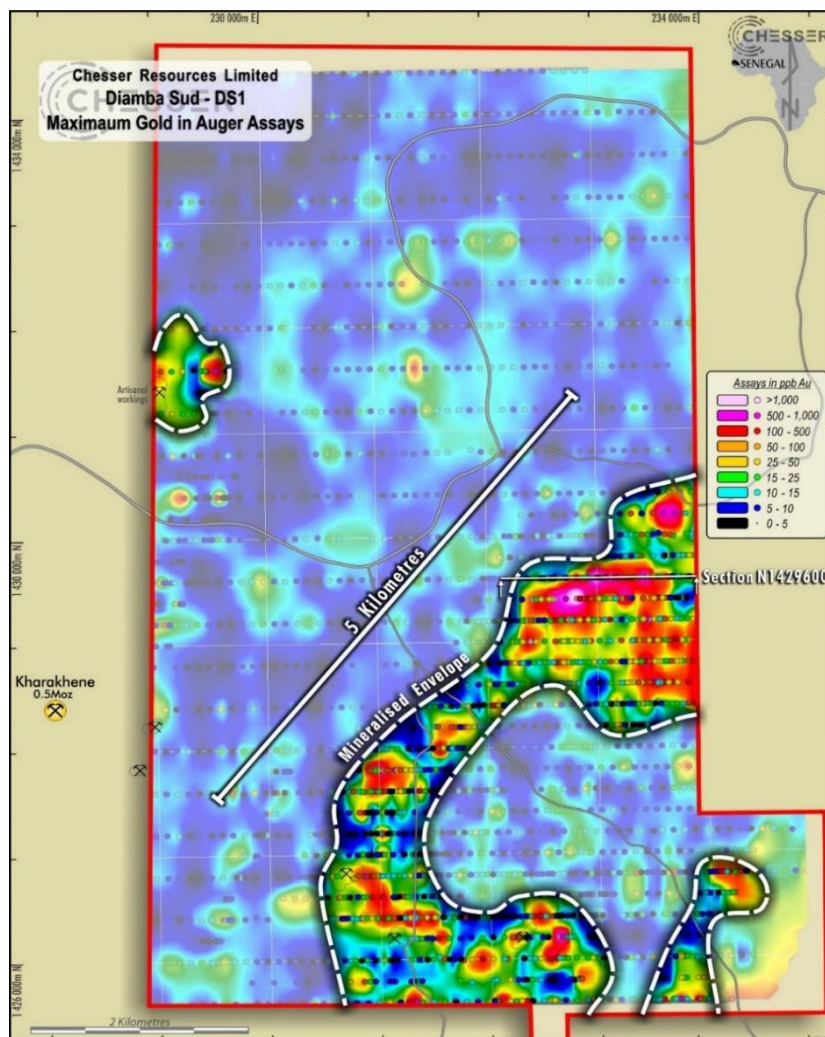


Figure 3: Anomalous gold -in-soil auger assay results DS-1 block

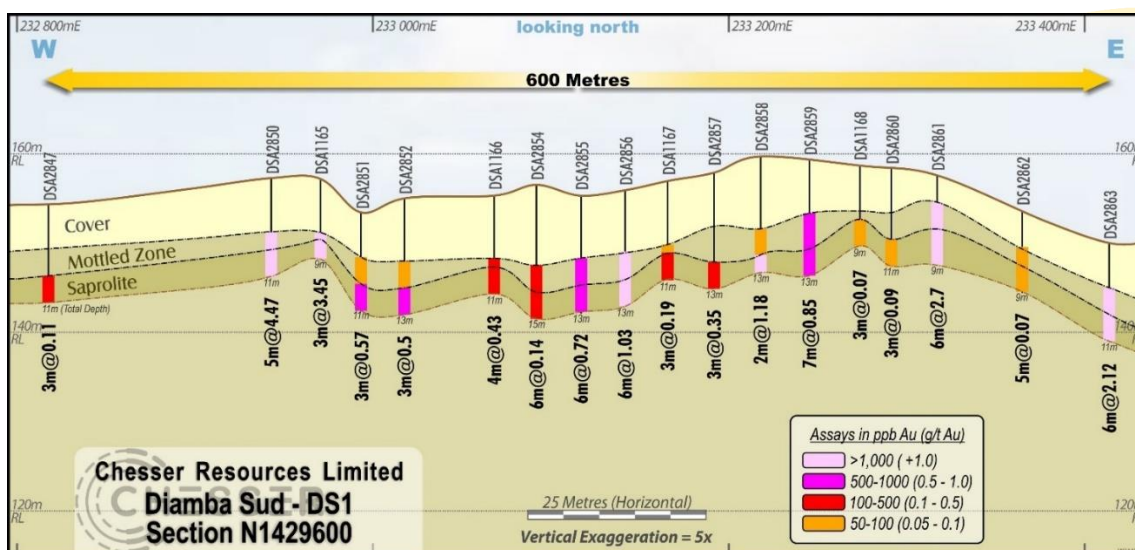


Figure 4: Cross-section of auger assays and intersected intervals along traverse N1429600

**DIAMBA NORD**

The planned semi-regional soil sampling work in Diamba Nord licence (in three parts called DN-1, DN-2, DN-3) was replaced by a semi-regional auger program. The thick transported soil cover was not amenable to soil sampling and proved impenetrable by hand augers. The auger program commenced on April 14 and continued until June 28 when the onset of rains made the area inaccessible. All of DN-1 & DN-2 and 25% of DN-3 was completed by auger drilling totalling 13,459 metres from 1,682 holes with an average hole depth of 8m.

During the June quarter all three of the DN blocks were mapped north of the Faleme River (running through the lower third of DN-3 block), including a sampling program of rock chips and termite mounds.

The Company is awaiting complete assays for the auger, rock chip and termite mound samples. These will be interpreted as a high priority.

**GARABOUREYA**

First pass auger drilling was undertaken at Garaboureyia with 656 holes drilled for a cumulative 6,210m at an average hole depth of 9.5 metres. Assay results are pending.

**WOYE**

First pass auger drilling was undertaken at Woye with 1,045 holes drilled for a cumulative 6,928m at an average hole depth of 6.6 metres. Assay results are pending.

Rough and inaccessible terrain precluded the complete auger sampling program as planned and those locations missed by auger are being tested with deep soil sampling and hand augers in the September quarter.

**YOUBOUBOU**

The soil sampling program over Youboubou comprised 1,600 soil samples collected in a semi-regional grid. This project has a lower priority and results are pending.

**FARM IN AGREEMENT FOR THE KURNALPI NICKEL PROJECT**

On 14 June 2018, Chesser announced that it had formally notified Mithril Resources Limited of Chesser's intention to withdraw from the Kurnalpi Farm-In Agreement. The effective date for the termination of the Farm-In Agreement was 11 July 2018.

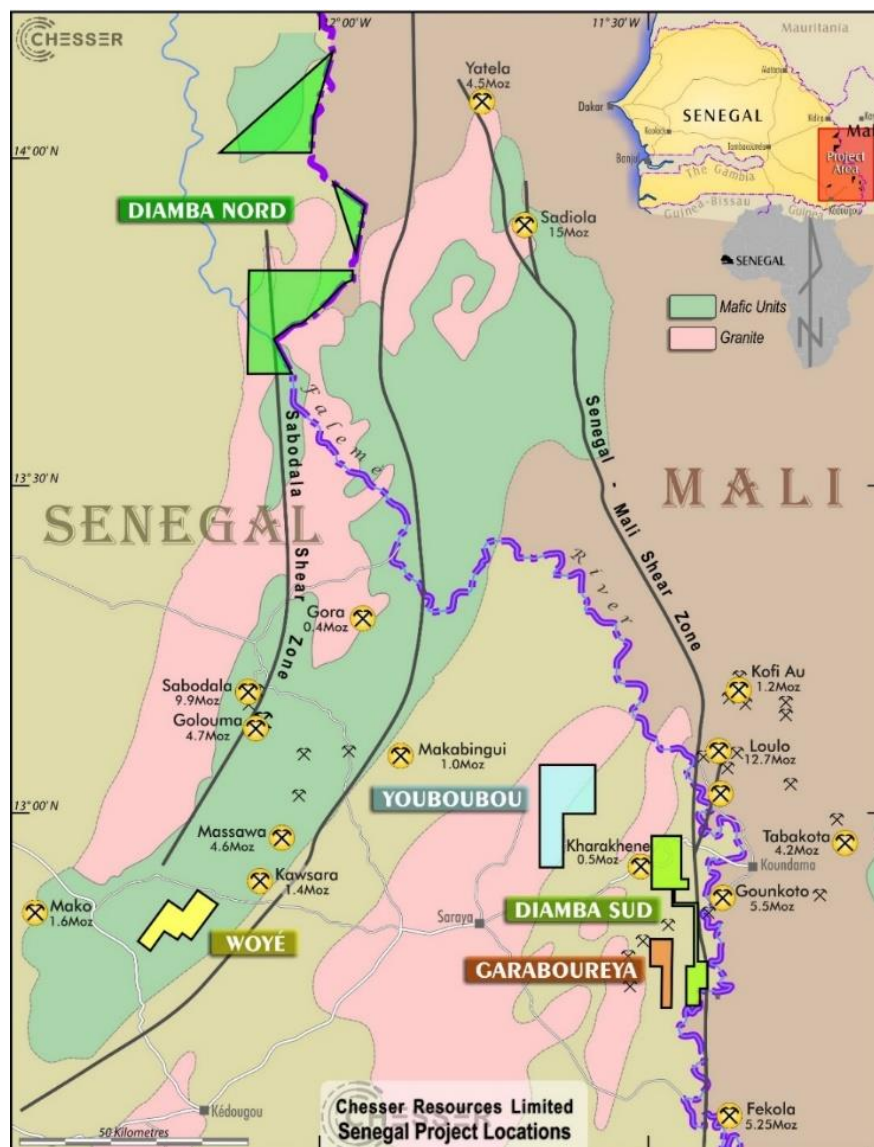
**CORPORATE ACTIVITIES**

The Group's cash balance at 30 June 2018 amounted to \$2.386 million.

**SCHEDULE OF MINING TENEMENTS**

As at 30 June 2018, the Company had interests in the following tenements:

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

**TENEMENT MAP**




**For further information please contact:**

**Stephen Kelly**  
Company Secretary

Phone: + 61 7 3708 1014  
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 Geoscientists and who is employed as 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 June 2018**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(798)	(1,974)
(b) development	-	-
(c) production	-	-
(d) staff costs	(101)	(382)
(e) administration and corporate costs	(51)	(194)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	24
1.5 Interest and other costs of finance paid	(2)	(3)
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>(951)</b>	<b>(2,609)</b>

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(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>(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	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	-	<b>1,890</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	3,338	3,312
4.2	Net cash from / (used in) operating activities (item 1.9 above)	<b>(951)</b>	<b>(2,611)</b>
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(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	(1)	(14)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,386</b>	<b>2,386</b>

<b>5.</b>	<b>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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,386	2,386
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>2,386</b>	<b>2,386</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 and salaries and contracting fees paid to the Executive Director who is also the 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**	(722)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(52)
9.5	Administration and corporate costs	(123)
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>(897)</b>

\*\* Includes settlement of accrued exploration and evaluation liabilities accrued at 30 June 2018 of approximately \$0.5 million.

<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 July 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.