

QUARTERLY ACTIVITIES REPORT

QUARTER ENDED 30 SEPTEMBER 2018

Chesser Resources Limited ("Chesser" or the "Company") is pleased to present its Quarterly Activities Report for the three months ended 30 September, 2018.

HIGHLIGHTS

- Chesser concluded its multi-licence exploration program over its five exploration licences in Senegal during the quarter with all assay results now received.
- The Company's deep saprolite auger drilling program at the Diamba Sud Project confirmed the continuity and extended the depth of the large, significant anomalous gold trend that extends over 5km in length and up to 2km in width.
- 59 individual one-metre assays were greater than 1g/t gold, with the highest result of **1m at 21.1 g/t gold**. Significant intercepts include:
 - **16m at 2.57 g/t gold** (from 3-19m in hole DSA2861T) **including 8m at 4.83 g/t gold**.
 - **9m at 2.87 g/t gold** (from 8-17m in hole DSA2798W) **including 2m at 4.93 g/t gold**.
 - **10m at 2.75 g/t gold** (from 11-21m in hole DSA2798T) **including 3m at 4.03 g/t gold**.
 - **9m at 2.31g/t gold** (from 9-18m in hole DSA2796S) **including 5m at 3.95 g/t gold**.
 - **6m at 2.11 g/t gold** (from 12-18m in hole DSA2798N) **including 3m at 3.74 g/t gold**.
- The late-season opportunity to deepen defined mineralisation at Diamba Sud has enhanced the prospectivity of the project and provided priority targets for deeper drilling in the 2019 field season.
- As the wet season in Senegal draws to a close, the company expects to commence follow up drilling at Diamba Sud imminently and will update the market once drilling budgets and programs have been finalised.

SENEGAL EXPLORATION PROJECTS

Chesser's Senegal exploration tenements are located within the prolific Kedougou-Kenieba Inlier close to the Senegal-Mali border in a richly auriferous district (Figures 1 and 2).

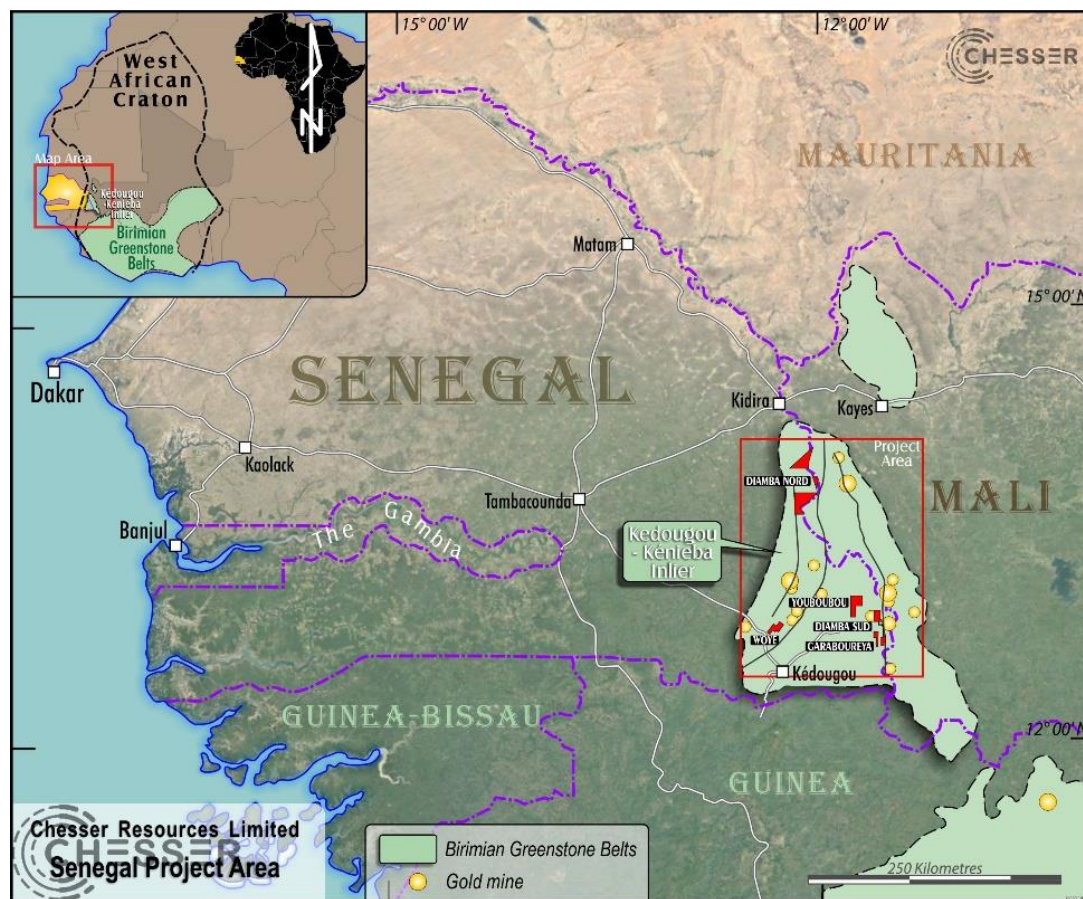


Figure1: Chesser's Senegal exploration tenements lie within the prolific Kedougou-Kenieba inlier

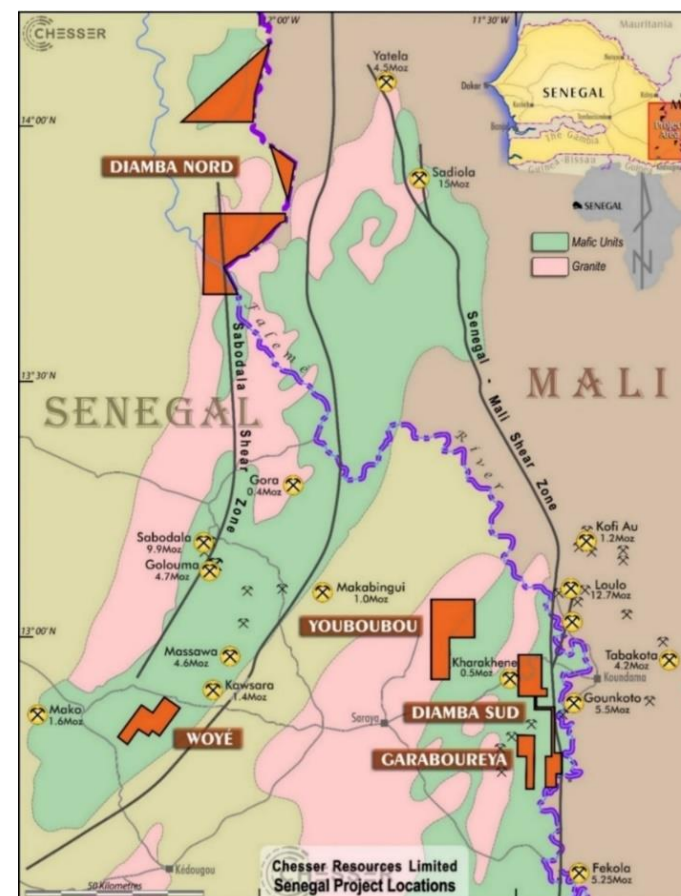


Figure 2: Detailed location of Chesser's Senegal tenements in eastern Senegal

DIAMBA SUD

The Diamba Sud project is located along the Senegal-Mali Shear zone, near the 5.4Moz Goukoto mine, 12.7Moz Loulo Mine and north of 5.15Moz Fekola Project.

The Project comprises of two rectangular blocks joined by a corridor to create a contiguous tenement (Figure 3). The northern segment of Diamba Sud (DS-1) has an open pit gold mine (Kharakhene) operated by Afrigold along its western margin and has had previous programs of soil geochemistry, rock chip sampling and drilling. Shallow auger drilling identified a significant gold anomaly in the June Quarter 2018.

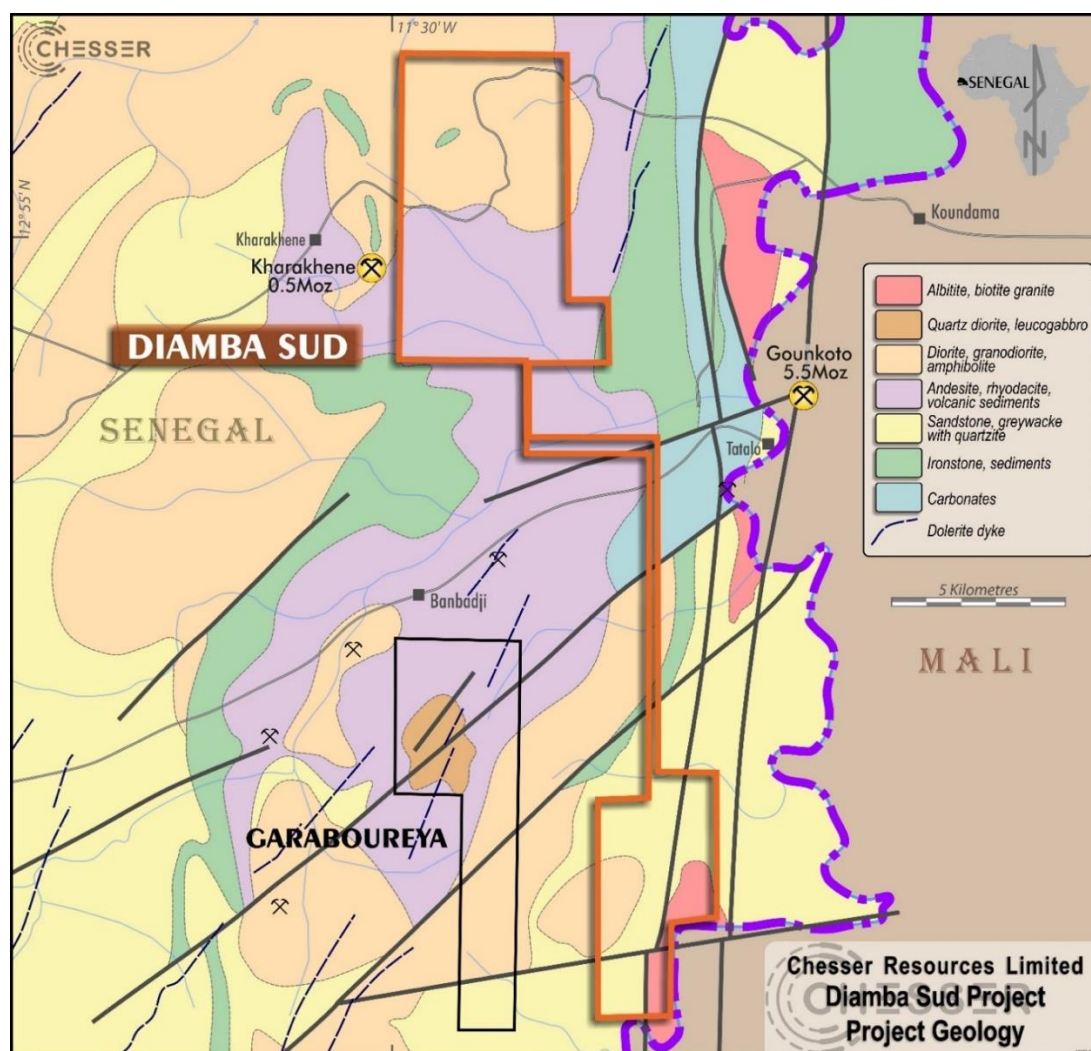


Figure 3: Diamba Sud Licence

In the first-pass and infill geochemical auger programs completed previously, auger holes were routinely stopped when three metres into the weathered bedrock (saprolite) zone.

A short program to twin and deepen previous auger intersections with composite assays over 0.5 g/t gold was undertaken in July 2018. Each first pass and infill auger assay over 0.5 g/t gold was twinned by a new hole and drilled to auger bit refusal. Previous holes with assays over 1.0 g/t gold were twinned with a new hole and also had step-out holes drilled 25m distant to the north, south, east and west of the twin-hole location. The program comprised 72 holes for a total of 1,010 metres with one-metre samples collected for assay from within both the mottled and saprolite layers. The deepest penetration to bit refusal was 28 metres, with an average hole depth of 14m.

The best downhole intersections were **16m at 2.57 g/t gold** in hole DSA2861T and **10m at 2.75 g/t gold** in hole DSA2789T. Figure 4 shows those downhole sections with a mineralised intersection averaging over 1.0 g/t gold and cross sections are shown in Figures 5 and 6, overleaf.

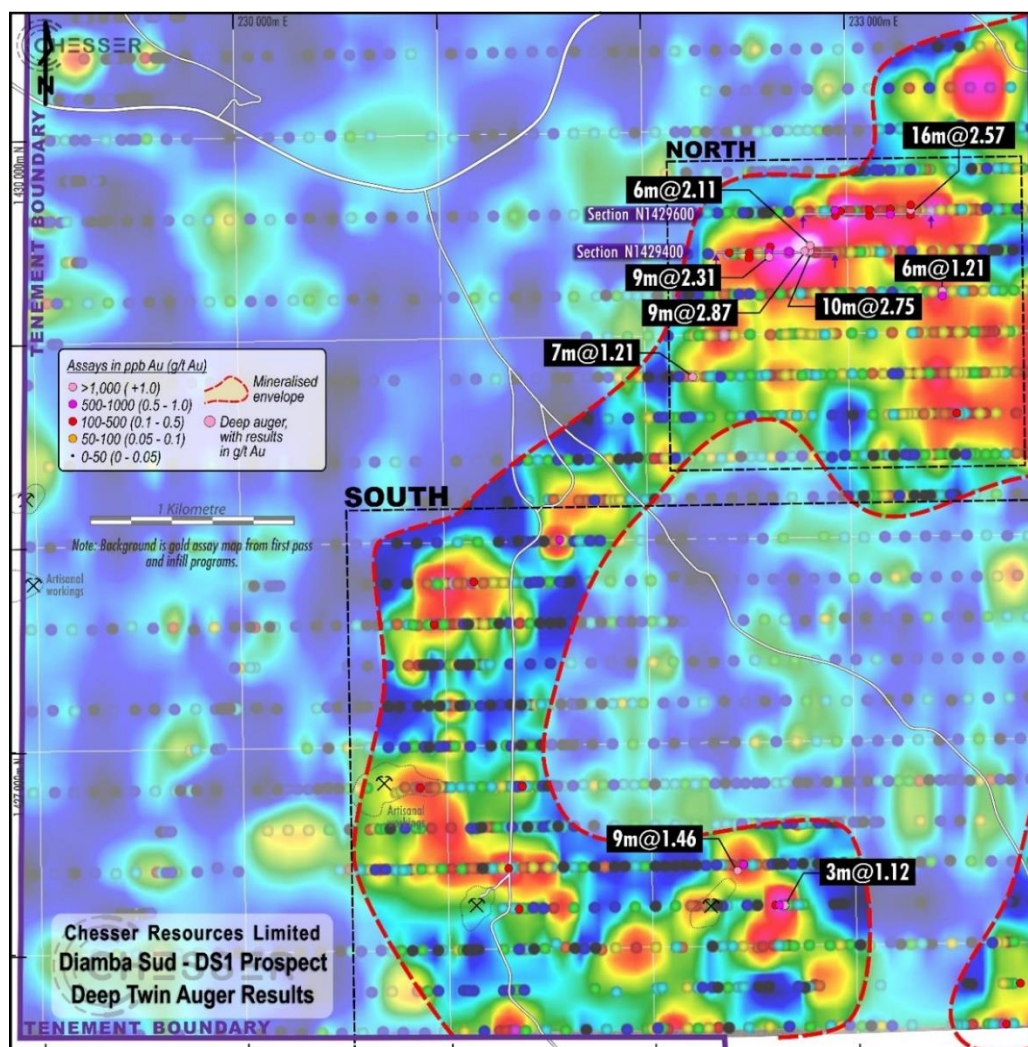


Figure 4: Key assay results from deep saprolite program, over background of anomalous gold trend defined in May, Diamba Sud-1 block

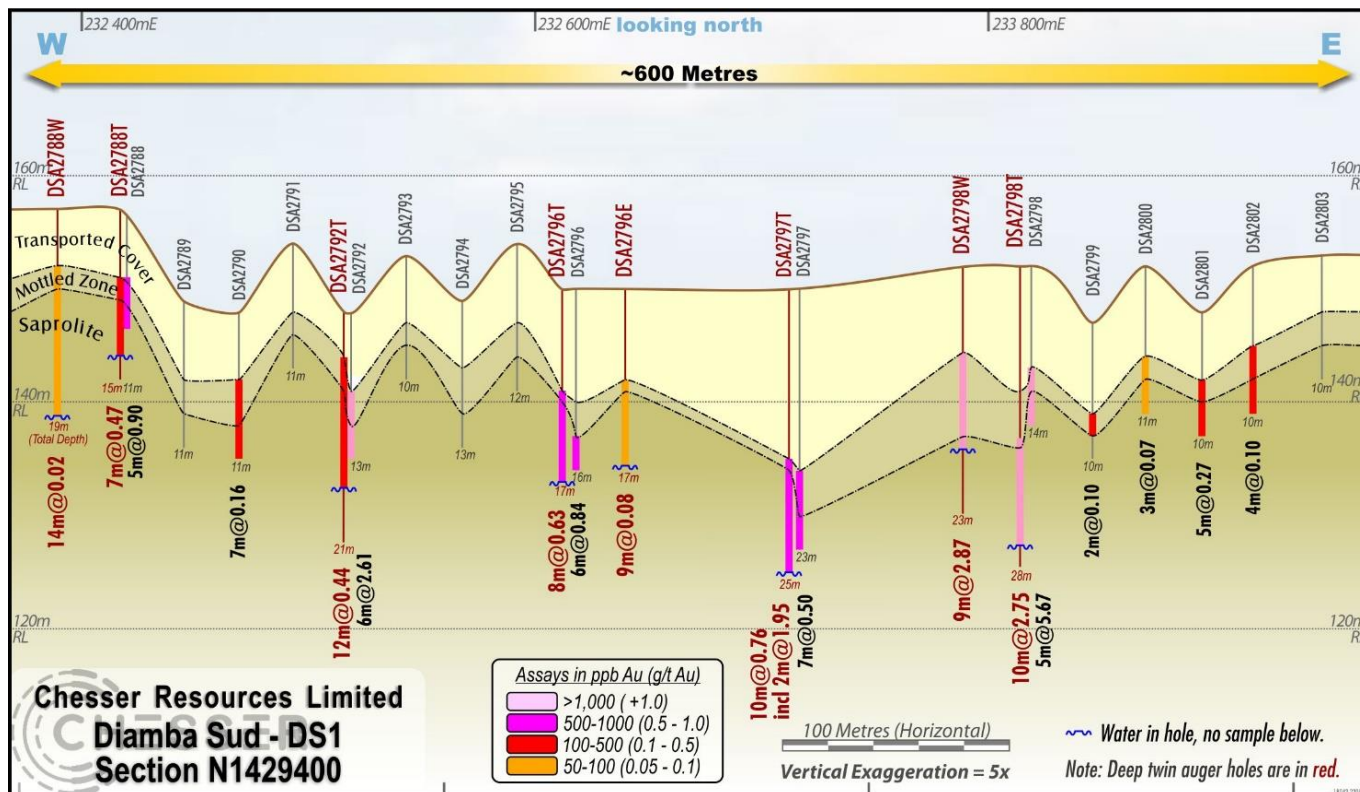


Figure 5: Cross section along N1429400 showing deep twin holes in red

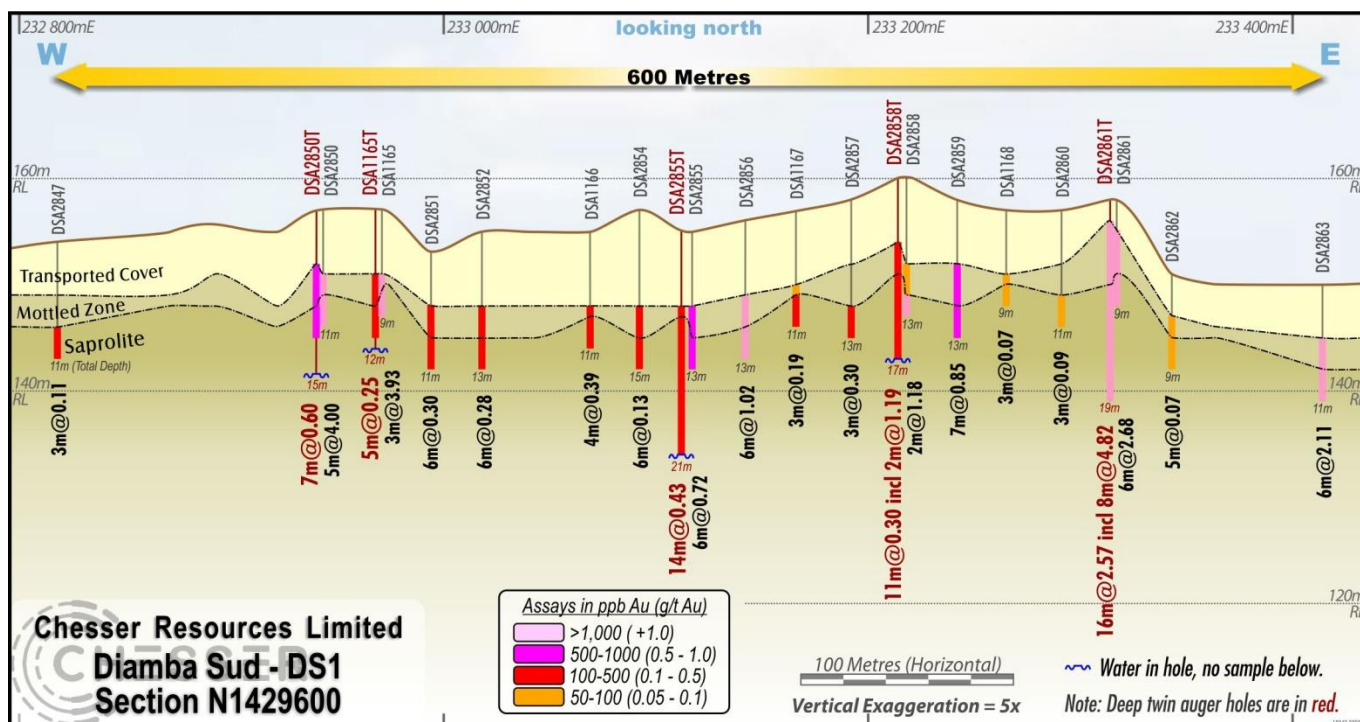


Figure 6: Cross section along N1429600 showing deep twin holes in red

SUMMARY OF MULTI LICENCE EXPLORATION PROGRAM OVER OTHER SENEGAL PROJECTS

Auger holes (7,443 holes for 53,942m) were drilled in four licences (Diamba Sud, Diamba Nord, Garaboureira & Woye). A soil sampling program (797 samples) was completed in Youboubou. All licences were geologically mapped and sampled. Some 650 rock chip samples were collected and assayed (Diamba Sud - announced to ASX in May & Diamba Nord). A summary of the work completed is shown in Table 1.¹ All assays have now been received.

PROJECT	NUMBER OF HOLES	NUMBER OF METRES	AVERAGE DEPTH (M)	NOM. HOLE SPACING	NUMBER OF ASSAYS
Diamba Sud first Pass	1,651	14,308	8.7	400x100m	3,578
Diamba Sud Follow up	1,466	12,646	8.6	200x50m	3,167
DS deep saprolite	75	1,010	13.6	n/a	616
Diamba Sud Sub total	3,192	27,964			7,361
Garaboureira first pass	656	6,210	9.5	400x100m	1,351
Woye first pass	1,095	7,257	6.6	400x100m	2,343
Diamba Nord first pass	2,500	12,511	5	400x200m	3,050
PROGRAM TOTAL	7,443	53,942			14,105

Table 1: Summary of Chesser's 2017-18 auger program

While Diamba Sud exploration clearly delivered the best results and the highest priority follow-up targets, some results from other licences are worthy of further investigation.

DIAMBA NORD

An auger program comprising 2,500 holes for 12,511 metres at a semi-regional spacing of 400x200m was undertaken over the three tenements at Diamba Nord. Auger drilling over DN-1 and 2 was completed but rains associated with the wet season halted work with only 30% coverage of DN-3 completed.

Chesser's program included geological mapping and sampling of outcrops and termite mounds over an area which had little previous exploration history. All outcrops and termite mounds were sampled to assist with closing up sample density and give a much better first pass approximation of the prospectivity of Diamba Nord. Both sampling techniques effectively assist the geochemical exploration story. Nine scattered rock chips samples assayed between 1.0g/t and 0.1 g/t gold and three termite mounds assayed between 0.13 - 0.4 g/t gold in northern Diamba Nord (Block DN-1).

The plan for Diamba Nord going forward is to complete and interpret the first pass sampling program in (DN-3) in the 2018-19 field season. A follow-up infill auger drilling program may be warranted along the NE-SW trending features mapped in DN-1¹.

¹ Refer ASX Announcement dated 27 August 2018. Except as disclosed in this announcement, the Company is not aware of any new information or data that materially affects the information contained in the 27 August 2018 announcement.

GARABOUREYA

An auger program comprising 656 holes and 6,210 metres at a spacing of 400x100m was completed. The best assay result was 0.63 g/t gold with two samples over 0.5 g/t gold and 10 samples between 0.1-0.5g/t gold. Gold anomalism in the northern part of Garaboureyia appears to be structurally related, specifically to a major transverse fault trending NE-SW.

The semi-regional spacing between the first pass auger lines and the structurally aligned trends of gold anomalism suggests there is potential for a coherent zone of gold anomalism at Garaboureyia. Within the inferred anomalous zone, six mineralised envelopes are interpreted.

The envelopes are each between 800m and 4km long and up to 400m wide. First pass anomalism from the assays at Garaboureyia justifies a program of infill auger drilling to better define gold anomalism.

WOYE

An auger program comprising 1,095 holes for 7,257 metres at a spacing of 400x100m was completed over Woye. The best returned assay result was 0.94 g/t gold.

The wide spacing between the first pass auger lines and the structurally aligned trends of gold anomalism suggest potential for coherent gold anomalism at Woye.

YOUNBOUBOU

A first pass soil sampling program 797 samples collected on a semi-regional grid spacing (400m line space, 200m centres) was carried out along the sedimentary units along the eastern corners of the Licence. The target was a potential mineralised extension in the NE corner of gold anomalism identified within a neighbouring permit. No samples returned an assay over 100ppb. One sample returned an assay over 50ppb, thirteen samples assayed between fifteen and 30 ppb gold and almost half of the samples (373) were below the level of detection.

CORPORATE ACTIVITIES

The Group's cash balance at 30 September 2018 amounted to \$1.69 million.

SEPTEMBER 2018 QUARTER ASX ANNOUNCEMENTS

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcement lodged on the ASX:

Excellent Gold Results from Deeper Drilling at Diamba Sud

27 August 2018

This announcement is available for viewing on the Company's website chesserresources.com.au. Chesser confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

SCHEDULE OF MINING TENEMENTS

As at 30 September 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%

The Garabourea tenement in which the Company had an 80% interest pursuant to a joint venture expired during the quarter. Following the licence expiration, a wholly owned Senegalese Chesser subsidiary made application for a 100% interest in the area comprising the expired Garabourea tenement together with additional adjacent vacant ground.

For further information please contact:

Stephen Kelly
 Company Secretary

Phone: + 61 7 3708 1014

Email: 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 September 2018

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	(406)	(406)
(b) development	-	-
(c) production	-	-
(d) staff costs	(104)	(104)
(e) administration and corporate costs	(138)	(138)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other – costs relating to Senegal acquisition	-	-
1.9 Net cash from / (used in) operating activities	(650)	(650)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(48)	(48)
(b) tenements (see item 10)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(48)	(48)

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,386	2,386
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(650)	(650)

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)	(48)	(48)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	1,687	1,687

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	1,687	1,687
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)	1,687	1,687

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**

52

-

Payment of Non-Executive Director's fees and salaries as well as 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	-
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	

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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	727
9.2	Development	-
9.3	Production	-
9.4	Staff costs	117
9.5	Administration and corporate costs	132
9.6	Other (provide details if material)	-
9.7	Total estimated cash outflows	976

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	Garabourey, Senegal ^{##}	Joint Venture interest	80%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/a			

^{##} The Garabourey Licence expired during the quarter. Following the licence expiration, a wholly owned Senegalese Chesser subsidiary made application for a 100% interest in the area comprising the expired Garabourey tenement together with additional adjacent vacant ground.

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: 31 October 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.