

DECEMBER 2018 QUARTERLY ACTIVITIES REPORT

QUARTER ENDED 31 DECEMBER 2018

Chesser Resources Limited (“Chesser” or the “Company”) is pleased to present its Quarterly Activities Report for the three months ended 31 December 2018.

HIGHLIGHTS

- Appointment of Managing Director Michael Brown and Exploration Manager Gareth O’Donovan
- Share placement with firm commitments received to raise gross proceeds of ~A\$790,000
- The Directors have committed to investing additional funds totalling \$110,960 (subject to shareholder approval)
- Funds to be used for ~10,000m RC drilling program at Flagship Diamba Sud Gold Project (Senegal), expected to commence Q1 2019
- Completed planning for two phase maiden RC drill program for Diamba Sud, where multiple high-grade drill targets were defined by auger drilling

Chesser Resources Limited (“Chesser” or the “Company”) is pleased to present its December 2018 Quarterly Activities Report. The primary activities for the Quarter were key appointments and a capital raising, with funds to be used for the Company’s planned RC drilling program expected to commence Q1 2019 at its Flagship Diamba Sud Gold Project, located in Senegal.

With the successful capital raising and appointments of highly regarded Managing Director Michael Brown and a high calibre Exploration Manager in Gareth O’Donovan, the Company is building momentum towards its 2019 drilling program at our Diamba Sud Project. 2019 is shaping up to be an exciting year for Chesser and we expect a steady stream of results and announcements.” – commented Chesser Chairman Simon O’Loughlin.

APPOINTMENT OF MANAGING DIRECTOR MICHAEL BROWN

During the Quarter, Chesser appointed internationally experienced, Mr Michael (Mike) Brown¹ to the role of Managing Director and CEO effective 5 November 2018.

Mr Brown has over 25 years’ experience in exploration, mining, energy, finance and capital markets. He has held senior executive roles with Kinross Gold and Austral Gold and has local and international experience as an exploration and mine geologist. Mr Brown was most recently a member of the executive team at ASX listed Austral Gold (ASX: AGD), a junior producer with mines in Chile and Argentina. Prior to that, he was CEO of Argentex Mining, a TSX Listed precious metals explorer acquired by AGD.

¹ Refer ASX Announcement dated 5 November 2018.

Mr Brown has an MBA from Melbourne Business School, and a double BSc (Honours-Geology), BA from The University of Melbourne. He is a member of the Australian Institute of Geoscientists and is fluent in Spanish. He has considerable experience in negotiating with local authorities, government agencies and communities and worked in West Africa in his time with Kinross Gold. Mr Brown currently resides in Canada and brings strong links to the North American investment community. He will relocate to Sydney early in 2019.

APPOINTMENT OF EXPLORATION MANAGER GARETH O'DONOVAN

During the Quarter, Chesser appointed experienced geologist Gareth O'Donovan to the role of Exploration Manager².

Mr O'Donovan (MSc, FGS, FIOM, CEng) has a wealth of experience in West Africa including a direct involvement in Senegal and regionally on West African Birimian terranes and is a fluent French speaker.

Mr O'Donovan joined SRK Consulting in 1997 and founded SRK's exploration consulting business in 2003. Mr O'Donovan was Managing Director of SRK Exploration until 2018 when he was appointed as Chairman. Prior to that he led exploration efforts for a number of junior explorers in West Africa following more than 10 years with Anglo American Gold working in various regions in Africa, including Senegal.

Mr O'Donovan's knowledge and experience will be of significant benefit to Chesser in maximising exploration activity at the Diamba Sud Project.

2019 DRILLING PROGRAM – PHASE 1

Drill testing at the Company's Flagship Diamba Sud Project is expected to commence Q1 2019. The Reverse Circulation (RC) drilling will focus on locating the bedrock source of the multiple high grade and extensive gold anomalies on the northern block of the Diamba Sud Project (DS1). Auger drilling identified a large number of significant gold anomalies in saprolite, with the most significant located on the northern contact of an inferred granitoid (Figure 1). These form a broad 4 km by 4.5 km ring-like gold geochemical anomaly (Figure 2).

Phase 1 program will focus on the two principal anomalies on this structure (Figure 3);

- A. A 2.5km by 1km ENE striking high grade gold anomaly, with gold in saprolite returning up to 21 g/t³ (Northern Arc target);
- B. A 2.5 km by up to 250m wide northerly striking anomaly along the north eastern margin of the ring structure (Eastern Flank target);

No bedrock drilling has been previously conducted on either of the first two anomalies. No follow-up drilling was ever undertaken on the intercept on the western anomaly.

The anomalies are very significant both in the scale and strength; comprising numerous high to mid-order anomalies that form the ring structure, as well as other linear lower order anomalies on DS1. The Company

² Refer ASX Announcement dated 17 December 2018.

³ Refer ASX Announcement dated 27 August 2018. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

is prioritising the three high order anomalies as walk-up targets, whilst the other anomalies provide significant scope for further exploration drill targets. Rock channel sampling of artisanal workings returned up to 10.8g/t Au on the southwestern flanks of the ring⁴.

Diamba Sud remains largely underexplored with no drilling in the strongest northern part of the anomaly, beyond a few historical aircore holes testing the top of saprolite. Due to transported cover in the northern portion of the ring-like anomaly, there are no artisanal workings.

Phase 2 of the drilling is expected to be completed prior to the arrival of the wet season, and following analysis of the Phase 1 results.

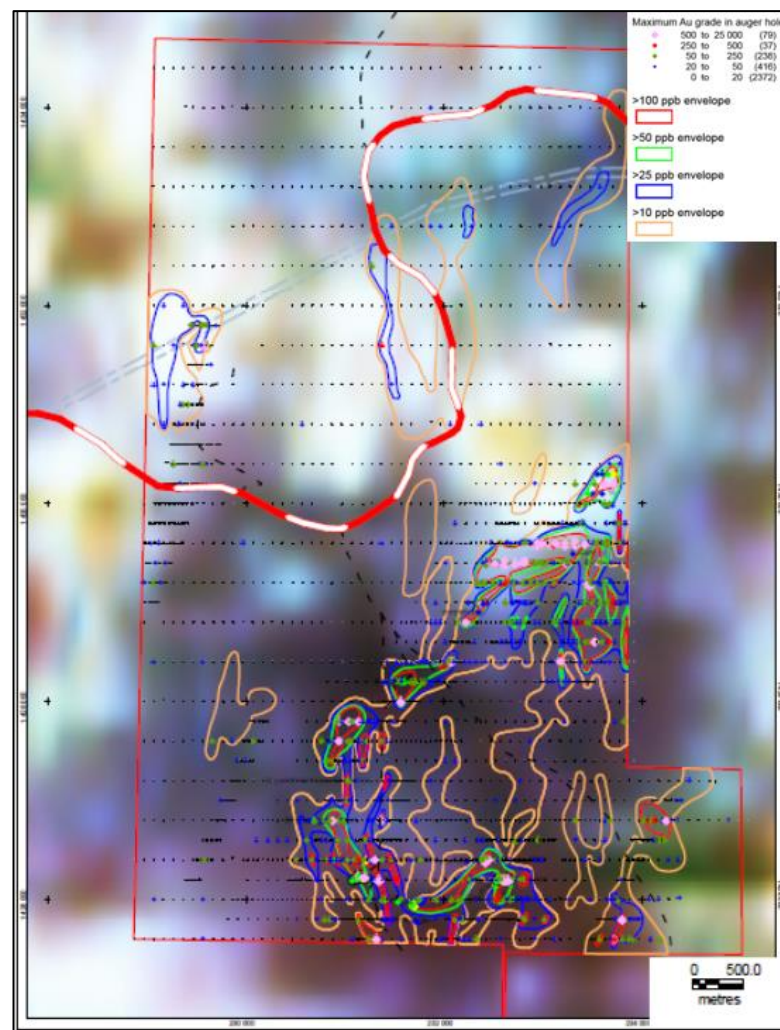


Figure 1: Multiple gold geochemical anomalies from auger drilling at Diamba Sud. Dark purple in the electromagnetic survey area is the inferred buried granitoid with low resistivity.

⁴ Refer ASX announcements dated 22 February 2018, 28 May 2018 and 27 August 2018. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

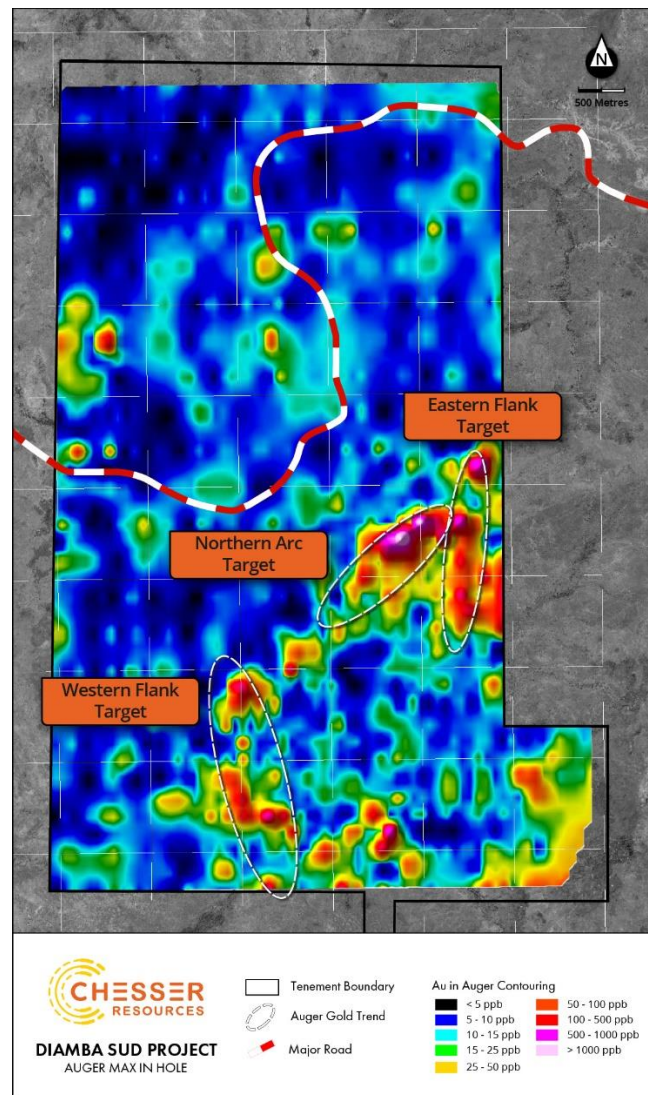


Figure 2: Auger gold geochemistry, with broad ring-like structure being formed by three principal anomalies

COMPLETED FIELD RECONNAISSANCE & EXPLORATION PLANNING

In advance of the upcoming drilling program, newly appointed exploration manager Gareth O'Donovan completed an initial trip to review the Diamba Sud Project to finalise planning for Phase 1 of the drilling program which will consist of ~5,000m of RC drilling, targeting a nominal average depth of 100m.

Following interpretation of the results from the Phase 1 program, a follow-up phase of ~5,000m is planned to be completed prior to the onset of the wet season. The second phase will focus on testing the extent of any bedrock gold mineralisation encountered in the Phase 1 program and continue testing the gold auger anomalies.

The Company expects drilling to commence at the Diamba Sud Project in Q1 2019.

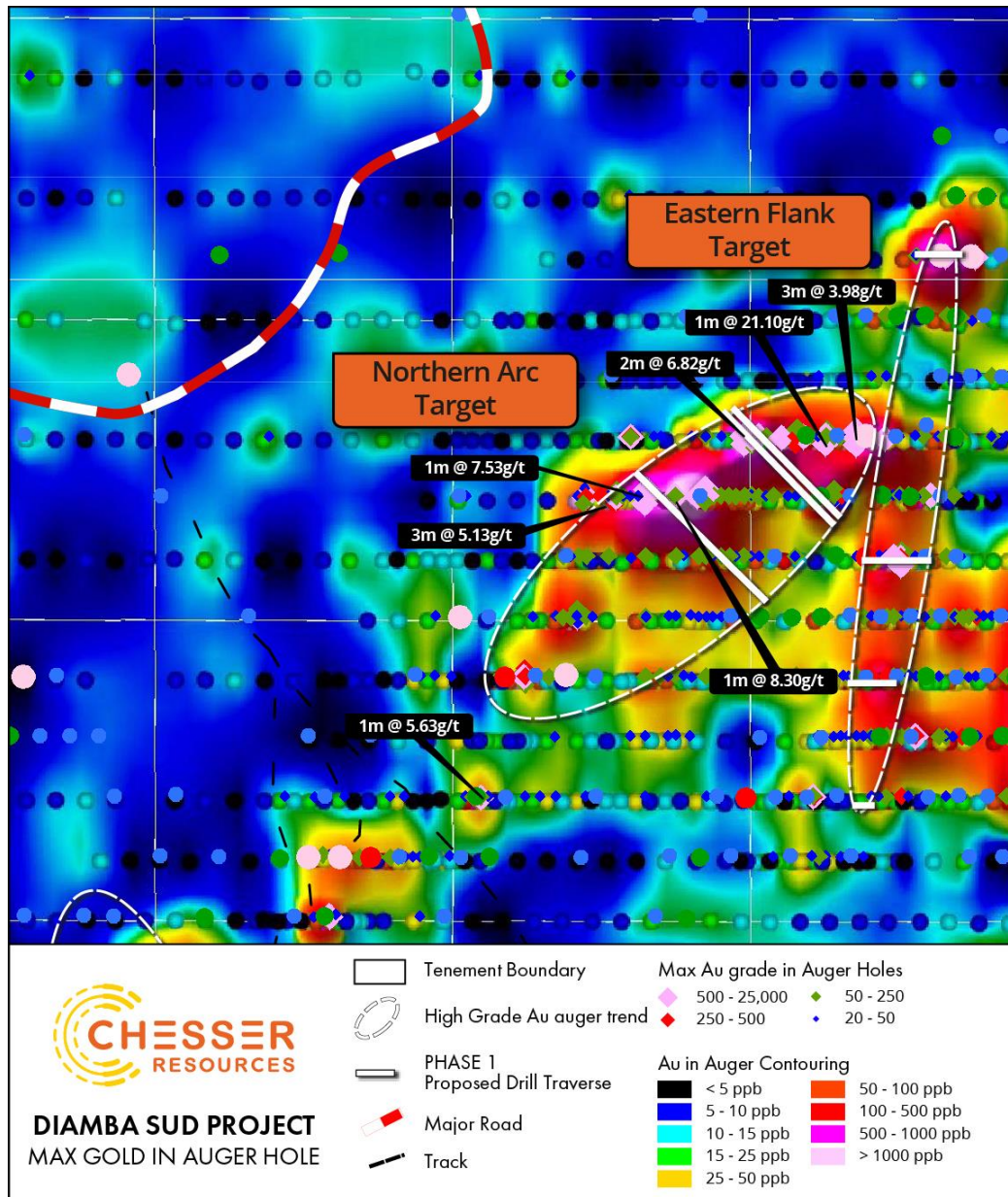


Figure 3: Phase 1 RC drilling focussed on Northern Arc and Eastern Flank gold auger anomalies⁵

OTHER TENEMENTS & APPLICATIONS

During the Quarter, the Company made application for two tenements, Bondala and Morichou, strategically located in the northern part of the Birimian Kedougou-Kenieba inlier.

The Kedougou-Kenieba inlier is host to several multi-million-ounce gold deposits, with first commercial production commencing in 2009. When information becomes available, the company will announce the outcome of these applications.

⁵ Refer ASX announcements dated 22 February 2018, 28 May 2018 and 27 August 2018. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

The Company had earlier planned to relinquish the Youboubou tenement. This tenement is now under review. The Company has withdrawn from the joint venture vehicle holding the Woye tenement (which expires early in 2019).

PLACEMENT COMPLETED

During the quarter Chesser received firm acceptances for the placement of ~20.8 million shares⁶ at an issue price of A\$0.038 per share to raise approximately \$790,000 before costs. Net proceeds from the placement will be used for the ~5,000m RC drilling program, planned for the Diamba Sud Project in Q1 2019.

The raising was completed with strong demand from sophisticated investors including the principals of major global resource institutions and private equity resource funds. The new shares (issued post quarter end) rank equally with existing fully paid ordinary shares.

The Placement, managed by Taylor Collison, was offered to investors satisfying the requirements of either s708(8), 708(10) or 708(11) of the Corporations Act, and will be issued using the Company's placement capacity under ASX Listing Rule 7.1. Post quarter end, settlement of the Placement Shares occurred on 2 January 2019, as expected. Taylor Collison, or their nominees, will receive a placement fee of 6% of the funds raised to be settled through the issue of 1,246,800 fully paid ordinary shares at an issue price of \$0.038 per share and 2 million unlisted options.

In addition to the Placement described above, the Company has entered into agreements to issue 2.92 million shares at the Placement price of \$0.038 per share with Directors (or their nominees) of the Company subject to shareholder approval being received at a general meeting of shareholders to be held on 26 February 2019:

Director	Number of shares to be issued	Price per share	Funds to be received by the Company
Simon O'Loughlin	1,000,000	\$0.038	\$38,000
Simon Taylor	1,000,000	\$0.038	\$38,000
Michael Brown	525,000	\$0.038	\$19,950
Stephen Kelly	395,000	\$0.038	\$15,010
	2,920,000		\$110,960

Chesser anticipates that it will convene a general meeting of shareholders in February 2019 to seek shareholder approval to issue the \$110,960 in shares subscribed for by the Directors.

⁶ Refer ASX announcement dated 20 December 2018.

CORPORATE ACTIVITIES

The Group's cash balance at 31 December 2018 was \$1.13 million, including \$0.135 million in capital raising proceeds that were received prior to 31 December 2018. Post quarter end the Company received approximately A\$0.66 million in settlement of the announced placement.

DECEMBER 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 announcements lodged on the ASX:

- Chesser Appoints Managing Director (5 November 2018)
- Focus Intensifies on Diamba Sud Following Key Appointment (17 December 2018)
- Chesser Completes Placement (20 December 2018)

These announcements are 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 31 December 2018, the Company had interest in the following tenements:

TENEMENT	LOCATION	INTEREST
Diamba Sud	Senegal	100%
Diamba Nord	Senegal	100%
Youboubou	Senegal	100%

-ENDS-

For further information please contact:

Mike Brown, Managing Director
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Mobile: +1 778 822 4345

Stephen Kelly, Company Secretary
Stephenk@chesserresources.com.au
Mobile: 0415 719 695

COMPETENT PERSON STATEMENT

The information in this presentation that relates to Exploration Results is based on information compiled by geologists employed by Boya SAU (a wholly owned subsidiary of Chesser Resources) and reviewed by Mr Michael Brown, who is a member of the Australian Institute of Geoscientists (MAIG). Mr Brown is the Managing Director of Chesser Resources Limited. Mr Brown is considered to have sufficient experience deemed relevant to the style of mineralisation and type of deposit under consideration, and to the activity that he 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" (the 2012 JORC Code). Mr Brown consents to the inclusion in this report of the matters based on this information in the form and context in which it appears. Subject to receiving shareholder approval, Mr Brown has an indirect ownership in 3,000,000 unlisted options to acquire ordinary shares in the Company and 1,195,000 fully paid ordinary shares in the Company.

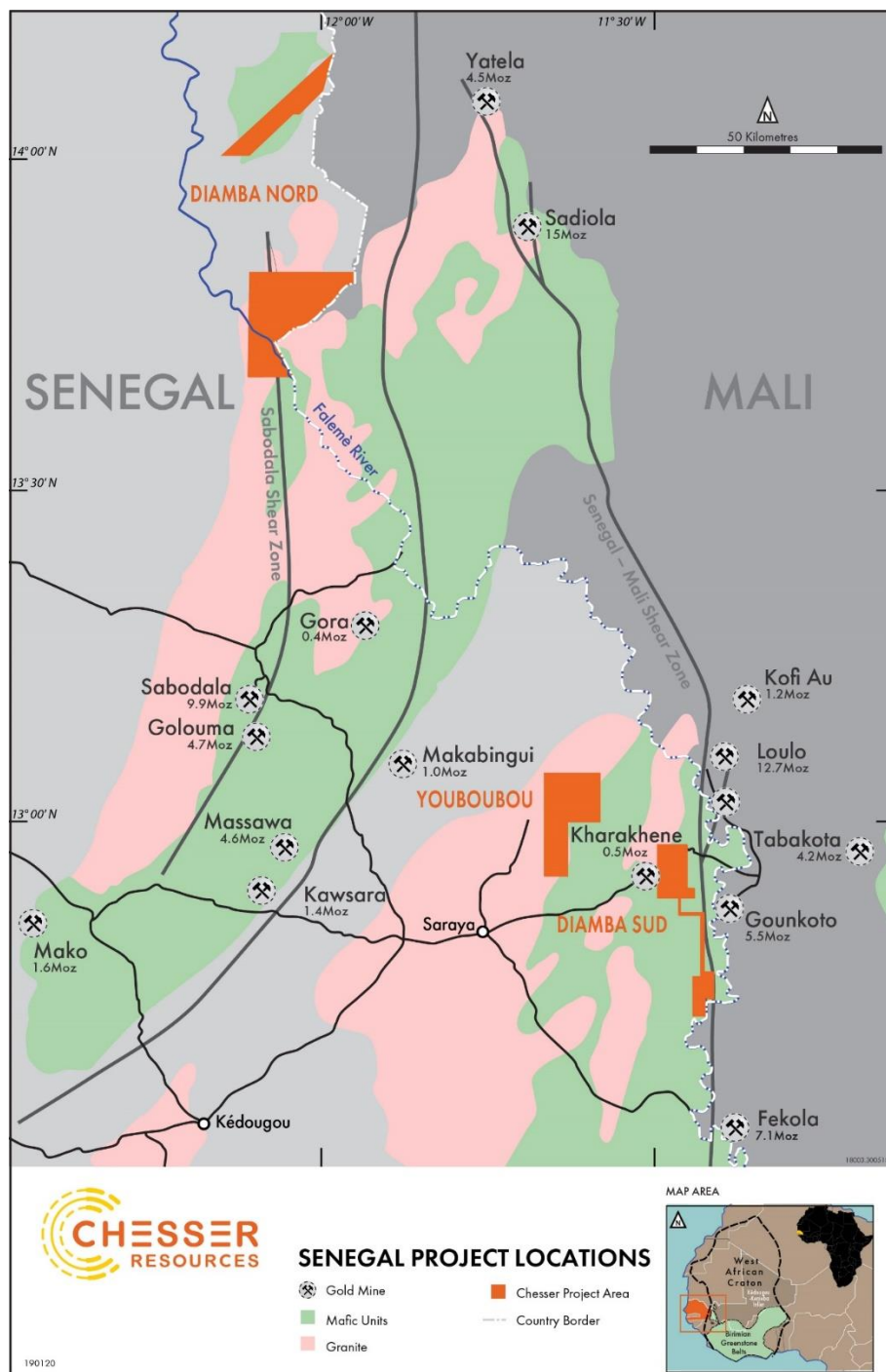
FORWARD LOOKING STATEMENTS

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.

ABOUT CHESSER RESOURCES

Chesser Resources is an ASX listed exploration company with gold projects located in Senegal, West Africa. The Company's focus is its extensive landholding of gold projects within Senegal's most prospective gold belts. The Company has a corporate office located in Brisbane, Australia and a corporate and technical team based in Dakar, Senegal.



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 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(381)	(787)
(b) development	-	-
(c) production	-	-
(d) staff costs	(143)	(247)
(e) administration and corporate costs	(146)	(284)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(3)
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	(671)	(1,321)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(48)
	(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)	-	-
2.6	Net cash from / (used in) investing activities	-	(48)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	135	135
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	(10)	(10)
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 (6 months) \$A'000
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	125	125

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,687	2,386
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(671)	(1,321)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(48)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	125	125
4.5	Effect of movement in exchange rates on cash held	(10)	(11)
4.6	Cash and cash equivalents at end of period	1,131	1,131

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	1,131	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)	1,131	1,687

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	95
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 Non-Executive Directors' fees and remuneration paid to the Executive Directors.

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	

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	(539)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(155)
9.5	Administration and corporate costs	(143)
9.6	Other - proceeds from issue of Shares ^{##}	766
9.7	Total estimated cash outflows	(71)

^{##} Being \$655k in balance of proceeds from the placement completed on 3 January 2019 and \$111k to be received from Director share subscriptions (subject to shareholder approval).

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 (expiry tenement)	Interest held pursuant to a Joint Venture Agreement.	80%	Nil
		Woye, Senegal (withdrawal from Joint Venture agreement)	Interest held pursuant to a Joint Venture Agreement.	80%	Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/a	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: 29 January 2019

(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.