

QUARTERLY ACTIVITIES REPORT

QUARTER ENDED 31 MARCH 2020

Chesser Resources Limited ("Chesser" or the "Company", ASX:CHZ) is pleased to present its Quarterly Activities Report for the three months ended 31 March 2020. The Company's primary focus during the reporting period continued to be the advancement of its Diamba Sud gold Project in Senegal.

HIGHLIGHTS

Exploration – Phase 3 results

- **Phase 3 drilling program successfully completed at Diamba Sud**, including 13 diamond drill (DD) holes and 24 reverse circulation (RC) holes for ~2,000m and ~2,500m respectively.
- Assays **confirmed a high-grade gold discovery at Diamba Sud**; extending Area A at depth and in multiple directions, including the **discovery of a likely feeder structure**.
- Structure identified as host for high-grade mineralisation including **16m at 8.51 g/t gold** from 86m in fresh rock (**incl. 10m at 13.11 g/t gold**), with strong indications of continuity at depth, including **21m at 2.29 g/t gold** from 156m (**incl. 2.5m at 6.07 g/t gold**).
- The likely feeder structure intersected in drilling has a **total strike length of ~275m** and remains **open and untested to the southeast towards Barrick's Bambadji JV**.
- DD identified **multiple thick mineralised intervals within sedimentary breccias and minor carbonates**. The Company believes mineralising fluids flowed up the feeder structure into these units, with intense alteration and brecciation visible.
- The **sediments and alteration style show similarities to host rocks at the operating Loulo-Gounkoto (Barrick: 18Moz) and Fekola (B2Gold: 7.6Moz) gold mines**. Significant results included:

DSD004

- **6m at 4.91 g/t gold** from 70m
- **11.5m at 3.48 g/t gold** from 83m
- **2.9m at 2.55 g/t gold** from 99.6m
- **5m at 4.07 g/t gold** from 146m

DSD008

- **9m at 2.22 g/t gold** from 94m
- **7m at 3.73 g/t gold** from 118m
- **14m at 1.83 g/t gold** from 130m

DSR115

- **10m at 3.41 g/t gold** from 78m
- **4m at 13.28 g/t gold** from 103m, including
- **2m at 24.43g/t gold** from 103m
- **Significant potential to extend the gold mineralisation at Area A** along the untested trend of the likely feeder structure (approximately 750m) to the tenement boundary with Barrick's Bambadji JV.

- The discovery exhibits an alteration style that is analogous to other large systems and Tier 1 operations on the Senegal Mali Shear Zone (SMSZ) with **strong indications it is part of, or proximal to, a large hydrothermal system.**

Exploration – Phase 4 program

- Phase 4 drilling is designed to further test prospective targets identified to date including; extensions of the high-grade structure identified at Area A towards Barrick's Bambadji JV tenement boundary, the mineralised structure at Area D that is parallel to the apparent mineralisation trend and the untested Western Splay.
- Subsequent to the end of the quarter, the Company executed contracts for the Phase 4 drilling program planned to comprise of approximately 4,000 metres of RC drilling.
- The Company expects to complete this program before the onset of the wet season in mid-July, subject to receiving the necessary Mining Ministry approvals.

Regional Activity

- Barrick announced significant early drilling results from the Bambadji JV, which is adjacent to the east of Diamba Sud and is currently being drilled. Oriole Resources reported that IAMGOLD are undertaking a 10,000m drill program on their Fare prospect on the Senala JV, which lies to the west of Diamba Sud.

Corporate

- Cash reserves of approximately \$2.1 million following a **strongly supported share placement to raise gross proceeds of \$1.7 million**, completed in early April.
- **Fully funded for a planned 4,000 metre Phase 4 RC drilling program** to advance the high-grade gold discovery at Diamba Sud Gold Project.
- Subsequent to the end of the quarter, the Company announced the appointment of experienced investment banking professional Mr Robert Greenslade as a Non-Executive Director.

FOR FURTHER INFORMATION PLEASE CONTACT:

Mike Brown*Managing Director*

Email: Mikeb@chesserresources.com.au

Ph: +1 778 822 4345

Stephen Kelly*Company Secretary*

Email: Stephenk@chesserresources.com.au

PH: 0415 719 695

DIAMBA SUD – EXPLORATION ACTIVITIES

During the March quarter the Company completed its Phase 3 DD and RC drilling program at Area A and Area D within the Northern Arc target.

The Northern Arc target within Chesser's flagship Diamba Sud Project is located adjacent to the prolific Senegal-Mali shear zone (SMSZ) and proximal to both Barrick's world class Loulo-Gounkoto mine and the Barrick / IAMGOLD Bambadji Joint Venture. (Figure 1).

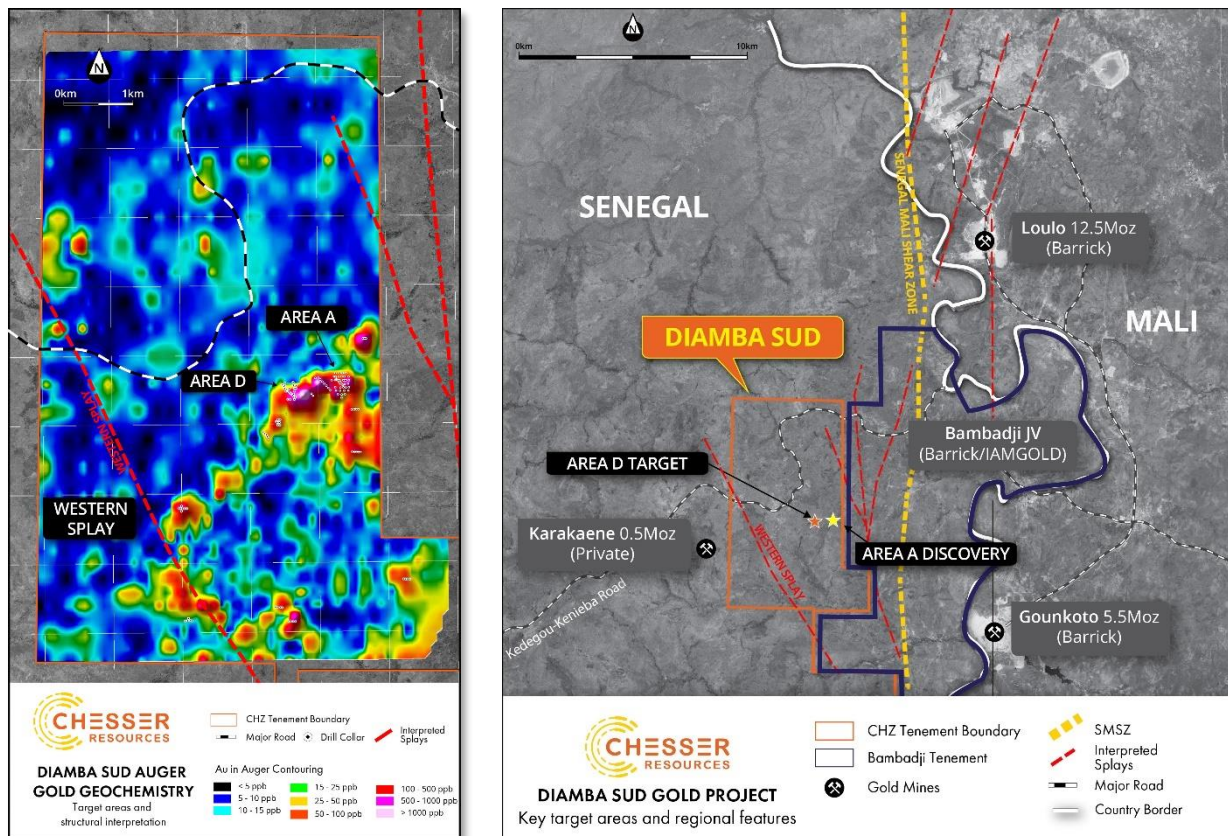


Figure 1: Diamba Sud Gold Project location (RHS), auger geochemical anomalies with respect to significant mining operations, the SMSZ and associated splay structures (LHS)¹

Area A: Extended at depth, along strike to southeast and to the east

During the quarter the Company released assay results from 10 DD holes and 19 RC holes that were successfully completed as part of the Phase 3 DD and RC drilling program in the central part of Area A, where previous RC drilling had intersected thick and high-grade gold mineralisation in fresh rock.

¹ Refer to ASX announcements 22 February 2018, 28 May 2018 and 27 August 2018 and 25 March 2019 for details of exploration results for the Diamba Sud auger drilling program. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

Depth and Continuity of Main Zone Confirmed (likely Feeder Structure)

- Hole DSDD001, the first DD hole drilled on the project, twinned a previous RC hole (DSRC092) and intersected:
 - **4m at 9.36 g/t gold from 14m**, in saprolite, including
 - **2m at 18.20 g/t gold** from 14m
 - **16m at 8.51 g/t gold** from 86m, in fresh rock, including
 - **10m at 13.11 g/t gold** from 86m
 - **5m at 1.54 g/t gold** from 111m
- DSDD013 was drilled to test the potential for a feeder structure down dip of the main zone of high-grade gold mineralisation reported in holes DSR092, DSR093 and DSDD001 and successfully intersected altered and mineralised sedimentary breccias in the upper section and an intensely altered and brecciated structural zone at depth (likely feeder structure).
- Within the sedimentary breccia, significant intersections included **3.5m at 1.00 g/t gold** from a downhole depth of 110m, **10.5m at 1.34 g/t gold** from 115.5m, and **2m at 1.12 g/t gold** from 142.5m.
- From 156m the hole was marked by strong brecciation, intense carbonate (iron rich)-quartz alteration and minor visible gold. This zone returned **21m at 2.29 g/t gold**, including **2.5m at 6.07 g/t gold** from 162.5m, and is interpreted as a likely sub-vertical conduit for fluids. The gold mineralisation occurs within the structure and also in the adjoining sedimentary breccia units, characterised by intense to strong carbonate-quartz-pyrite alteration, country rock alteration and hydrothermal brecciation.
- Below this structural zone, further gold mineralisation was intersected in strongly fractured and marbleised carbonate units associated with pyrite±hematite. Significant intersections included; **13.5m at 1.12 g/t gold** from 181.5m, **2.5m at 3.31 g/t gold** from 215.5m, **2m at 1.86 g/t gold** from 221m and **3m at 1.46 g/t gold** from 227m, within an envelope of 0.1-0.3 g/t gold. It is noteworthy that carbonate units are hosts to the gold mineralisation at the nearby, multimillion-ounce Loulo and Fekola gold deposits.
- RC hole DSR107 successfully intersected the up-dip expression of the feeder structure in saprolite from 10m to 34m downhole, returning **24m at 1.28 g/t gold**. No sample recovery was recorded between 12m and 16m due to voids within the saprolite zone (grade of 0 g/t gold assigned to this interval). This supported the Company's interpretation of the likely feeder structure to be steeply east-dipping with a southeast-northwest strike.
- The strike length of the structure is currently estimated to be at least 275m with **approximately 750m of untested apparent strike to the southeast to the Bambadji tenement boundary**.

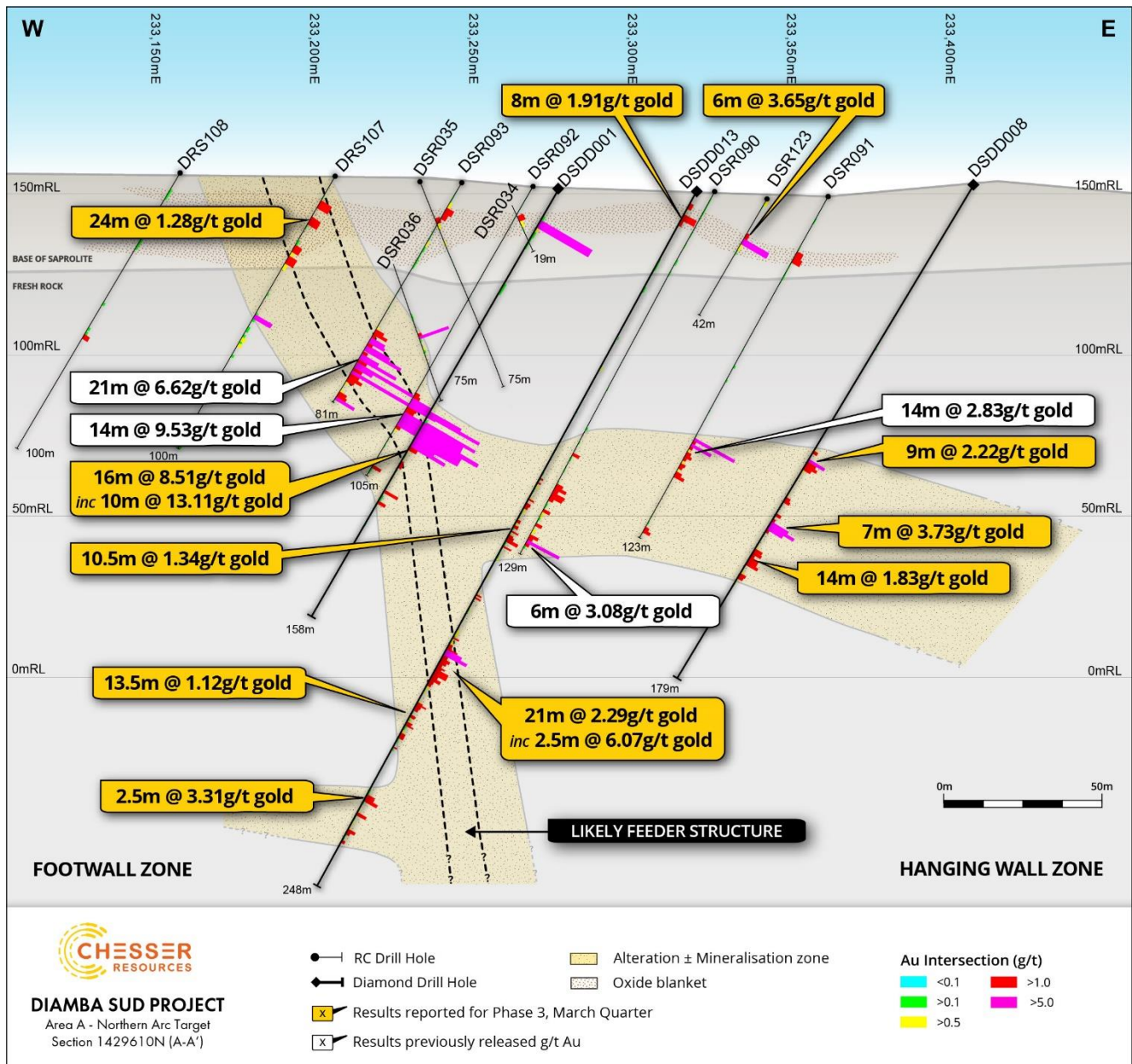


Figure 2: Section 1429610 showing selected Phase 3 drilling results, a potential deep structure and mineralised alteration halo. The feeder structure is a likely path (feeder) for mineralising fluids that have bled off into favourable lithologies, causing intense albite-carbonate-quartz alteration, brecciation and mineralisation.²

Step-Out Drilling Confirms Extensions

Southerly and northerly step outs

3 DD and 12 RC step-out holes to the north and south extended the gold mineralisation up-dip and along strike for at least 275 metres. Significant results included:

² Refer to ASX announcements on 25 March 2019, 10 April 2019, 6 May 2019 and 14 May 2019 for details of the 2019 RC Phase 1 drill results, 26 August 2019 and 3 September 2019 ASX announcements for Phase 2 results and to ASX announcements on 21 January 2020 and 2 March 2020 for Phase 3 results. The Company is not aware of any new information or data that materially affects the information contained in these announcements.

- DD hole DSDD002 intersected a high-grade zone in laterite/saprolite from surface, returning **14m at 5.18 g/t gold** from 0m, including **4m at 15.44 g/t gold** from 8m.
- Results from an intensely altered and brecciated zone in fresh rock similar to that seen in DSDD001 returned **6m at 5.11 g/t gold** from 90m, including **3m at 6.76 g/t gold** from 93m.
- Other alteration zones in fresh rock returned **3m at 3.04 g/t gold** from 99m, and **5m at 2.09 g/t gold** from 111m.
- RC hole DSR112 drilled 100m to the south returned multiple gold intercepts within granite, including **8m at 1.46 g/t gold** from 6m (saprolite), **4m at 2.05 g/t gold** from 60m (fresh rock), **10m at 1.90 g/t gold** from 78m (fresh rock) and **9m at 1.84 g/t gold** from 90m (fresh rock).
- DD hole DSDD003, drilled to the east of DSR112, intersected 3 wide albite-carbonate alteration zones in fresh rock from 84m to 103m, 111m to 120m and 131m to 151m. The gold mineralisation was generally low-grade with **4m at 1.08 g/t gold** returned from 86m and **4m at 1.59 g/t gold** from 90m. The mineralisation is interpreted to lie in the footwall zone, and the hole did not intersect the inferred feeder structure.
- RC hole DSR115 drilled 200m to the south successfully intersected two wide zones of albite-carbonate altered breccia, returning:
 - **10m at 3.41 g/t gold** from 78m
 - **4m at 13.28 g/t gold** from 103m, including
 - **2m at 24.43g/t gold** from 103m
- DD hole DSDD004 drilled 50m to the north intersected four wide albite-carbonate alteration zones with gold mineralisation returned from two of these zones including:
 - **6m at 4.91 g/t gold** from 70m
 - **11.5m at 3.48 g/t gold** from 83m
 - **2.9m at 2.55 g/t gold** from 99.6m
 - **2.5m at 1.54 g/t gold** from 112m
 - **5m at 4.07 g/t gold** from 146m
- A further 3 step-out RC holes were drilled 100m north of line 1429610N with hole DSR110 returning **3m at 3.45 g/t gold** from 82m downhole. Holes DSR109 and DSR111 intersected the same lithologies as DSR106 to the southwest, supporting interpreted faulting of the mineralisation. Further drilling and interpretation are required to determine the strike of this faulting, but it appears to be northeast, coinciding with the geophysical survey results³.

³ Refer to ASX announcement on 14 October 2019 for results of geophysical survey. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

Easterly zone

Five DD holes were drilled at a 50m spacing along the 233,400mE line, marking the easternmost extent of drilling to date at Area A. Three of the DD holes intersected significant gold mineralisation associated with multiple zones of albite-carbonate-quartz altered sedimentary breccia, supporting a potential flat-lying lithological control to the mineralisation.

- Hole DSDD008 intersected:
 - **9m at 2.22 g/t gold** from 94m
 - **4m at 1.29 g/t gold** from 110m
 - **7m at 3.73 g/t gold** from 118m
 - **14m at 1.83 g/t gold** from 130m

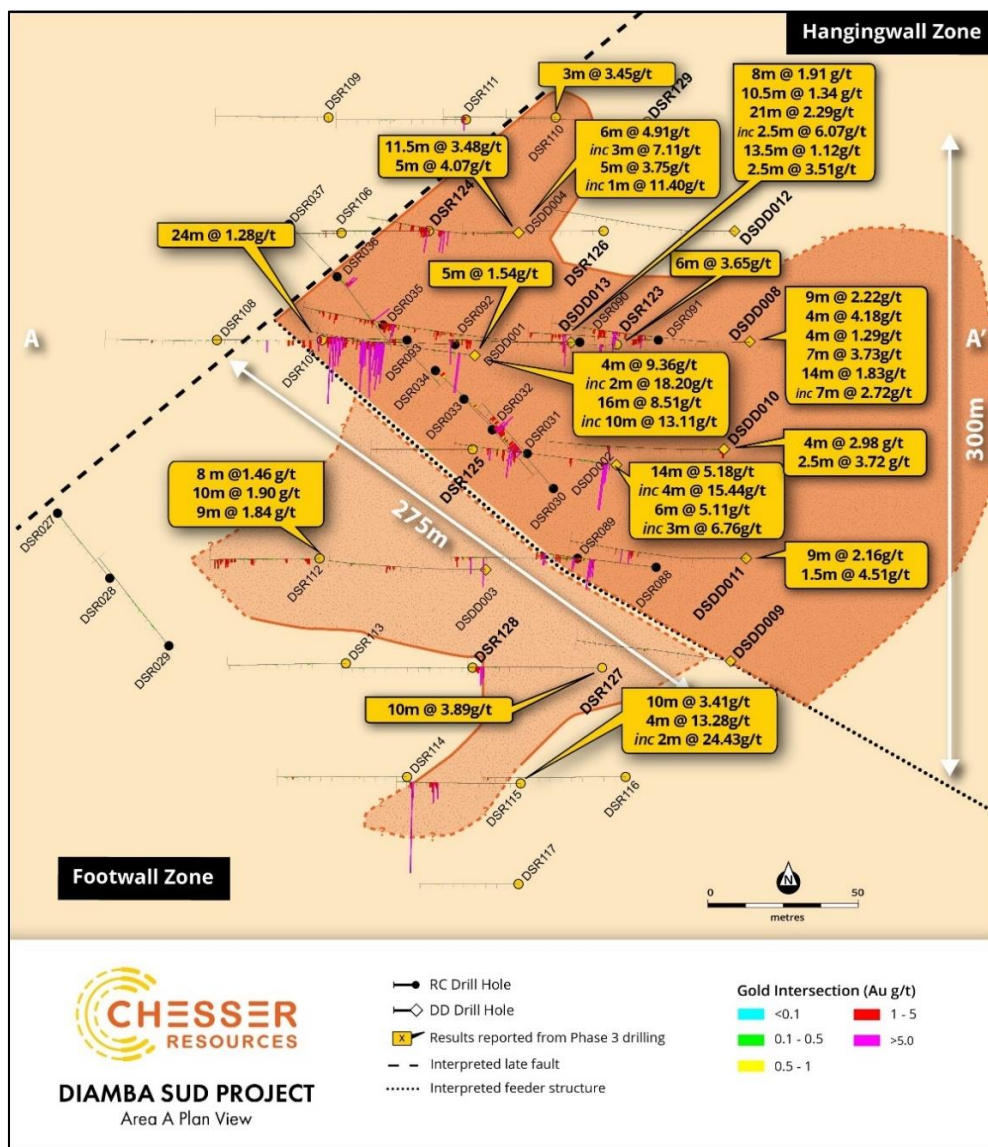


Figure 3: Drilling at Area A, showing SE striking inferred feeder structure, extent of mineralisation encountered in sedimentary breccias and carbonate units in the footwall and hanging wall zones with respect to the feeder structure and the northwest trending interpreted late fault (dashed line).

Hole DSDD010 drilled 50m to the south (Figure 3) intersected **4m at 2.98 g/t gold** from 0m and **2.5m at 3.72 g/t gold** from 107.5m across the brecciated contact of altered sedimentary breccia and carbonates. The carbonate unit was marbleised with hematite/pyrite.

Hole DSDD011, drilled a further 50m to the south intersected two zones of altered sedimentary breccia, returning **9m at 2.16 g/t gold** from 101.5m and **1.5m at 4.51 g/t gold** from 116.5m.

Encouragingly, significant gold mineralisation was intersected in RC hole DSR127, which returned **10m at 3.89 g/t gold** from 114m, drilled 50m to the west of DSDD009. This hole is located between the interpreted feeder structure and the significant gold mineralisation previously intersected in hole DSR115 (10m at 3.41 g/t gold and 4m at 13.28 g/t gold)⁴, confirming continuity to the southwest.

Area D: northwest strike indicated

The Phase 3 drilling at Area D drilling (3 DD holes and 5 RC holes) was focused on determining the nature of the significant gold mineralisation previously intersected in hole DSR103 (53m at 2.61 g/t gold)⁵ and the potential for a north-south strike related to a gradient array induced polarisation (GAIP) geophysical anomaly. Drilling confirmed the presence of a structure striking northwest-southeast, which previous drilling has not intersected. This is coincident with a similarly striking linear low resistivity anomaly in the GAIP.

Hole DSDD005, drilled as a twin to DSR103, was terminated prematurely due to a technical issue, however it did intersect **8m at 5.16 g/t gold** from 10m in oxide. This hole was re-drilled as DSDD006 and returned **6m at 1.15 g/t gold** from 20m and **5.6m at 1.04 g/t gold** from 84m. Both holes intercepted a structure in the upper sections, interpreted as dipping to the southwest and striking to the northwest.

Narrow intervals of low to medium grade gold mineralisation were returned from the remaining step-out holes, which are now believed to be off the interpreted trend of the structure. Significant intersections included:

- Hole DSDD007 intersected:
 - **8m at 1.51 g/t gold** from 41m
 - **3m at 4.93 g/t gold** from 101m
- Hole DSR120 intersected:
 - **4m at 2.78 g/t gold** from 26m
- Hole DSR121 intersected:
 - **2m at 1.19 g/t gold** from 84m

⁴ Refer to ASX announcement on 21 January 2020. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

⁵ Refer to ASX announcement on 3 September 2019. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

The identified orientation of the structure intersected in Area D is parallel to the mineralised structure at Area A and also the splay structures identified in regional airborne geophysics (Western Splay). These are seen by the company as highly prospective features given the importance of splays as controlling features on the major deposits in the SMSZ belt and may represent the favourable trend for mineralisation at Diamba Sud.

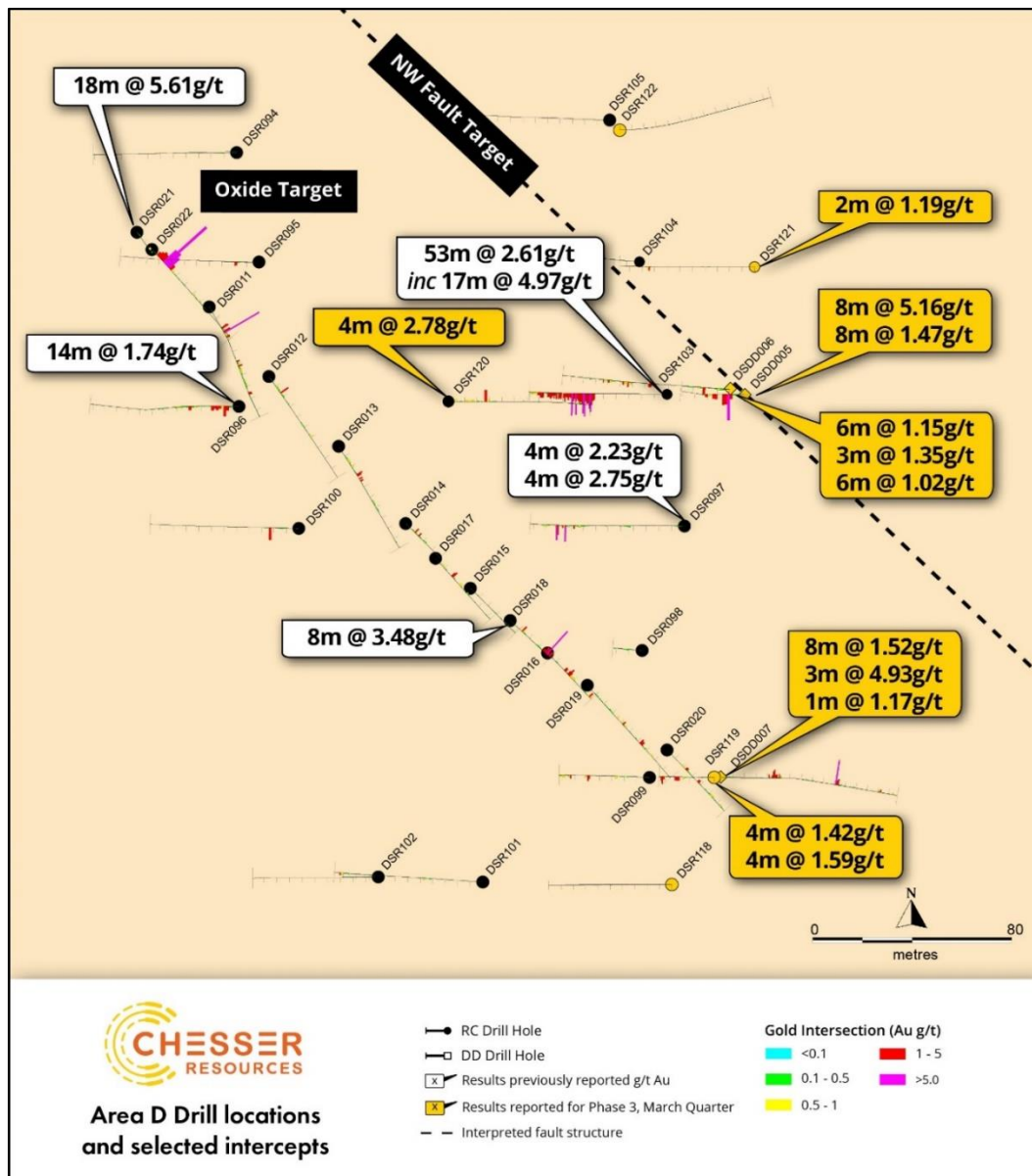


Figure 4: Area D drilling, with interpreted northwest-southeast striking structure (dashed line), which is dipping west and is untested in both directions⁶.

⁶ Refer to ASX announcements on 25 March 2019, 10 April 2019, 6 May 2019 and 14 May 2019 for details of the 2019 RC Phase 1 drill results and 26 August 2019 and 3 September 2019 ASX announcements for Phase 2 results. The Company is not aware of any new information or data that materially affects the information contained in these announcements.

REGIONAL EXPLORATION ACTIVITY

Diamba Sud is strategically located adjacent to the SMSZ within the Loulo-Gounkoto belt, which is an intense focus of exploration activity for Barrick⁷. The Loulo mine is 12km away and the Gounkoto mine is 7km away. Barrick has a JV with IAMGOLD (Bambadji JV) to the east and south east of Diamba Sud, and also holds the ground to the immediate south.

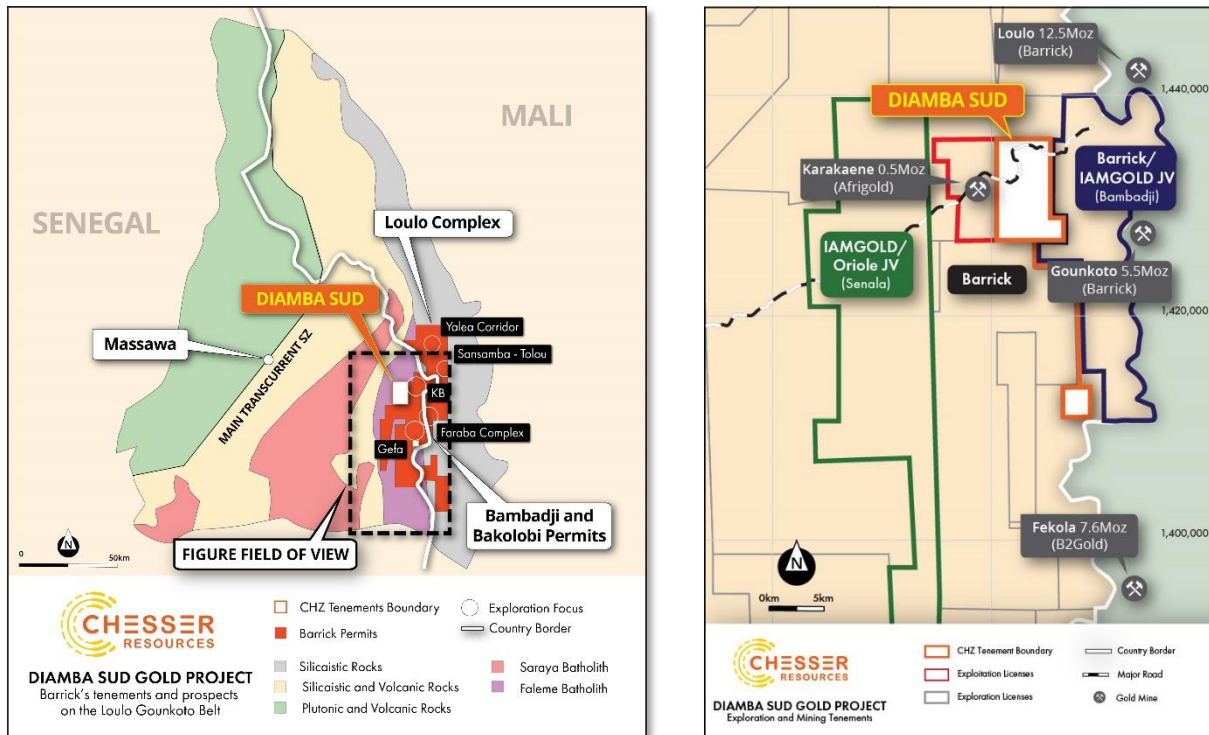


Figure 5: Location of Diamba Sud Gold Project with respect to existing operations and focus of exploration (LHS), and in particular the Bambadji and Senala tenements (RHS), which are being actively explored by Barrick and IAMGOLD respectively.

During the quarter Barrick announced strong early results from a 12km long auger anomaly at its Gefa-Maliki target, within the Bambadji JV⁸. Company employees have observed that drilling is ongoing on the tenement, and Barrick reported it expects to test auger and IP targets in the northern part of the tenement (adjacent to Diamba Sud) in the second quarter⁹. Barrick's KB prospect, which lies immediately east of Diamba Sud within the Bambadji JV tenement, is a potential extension of the mineralisation encountered to date at Area A (Figure 6). Historical drilling by AngloGold Ashanti, IAMGOLD's previous JV partner at Bambadji, reported significant mineralisation at the KB prospect¹⁰. Drill core inspection by the Company of these holes shows similar host rock and alteration to that seen at Area A, although only the drilling area, not exact hole coordinates have been located in the field.

⁷ Barrick Gold 2019 Annual Report. Source <https://www.barrick.com/investors/annual-report/exploration/default.aspx>

⁸ Barrick Gold 2019 Annual Report. <https://www.barrick.com/investors/annual-report/exploration/default.aspx>

⁹ Barrick 2019 Q4 Report and MD&A. www.barrick.com

¹⁰ IAMGOLD news release dated 26 March, 1997, www.sedar.com.

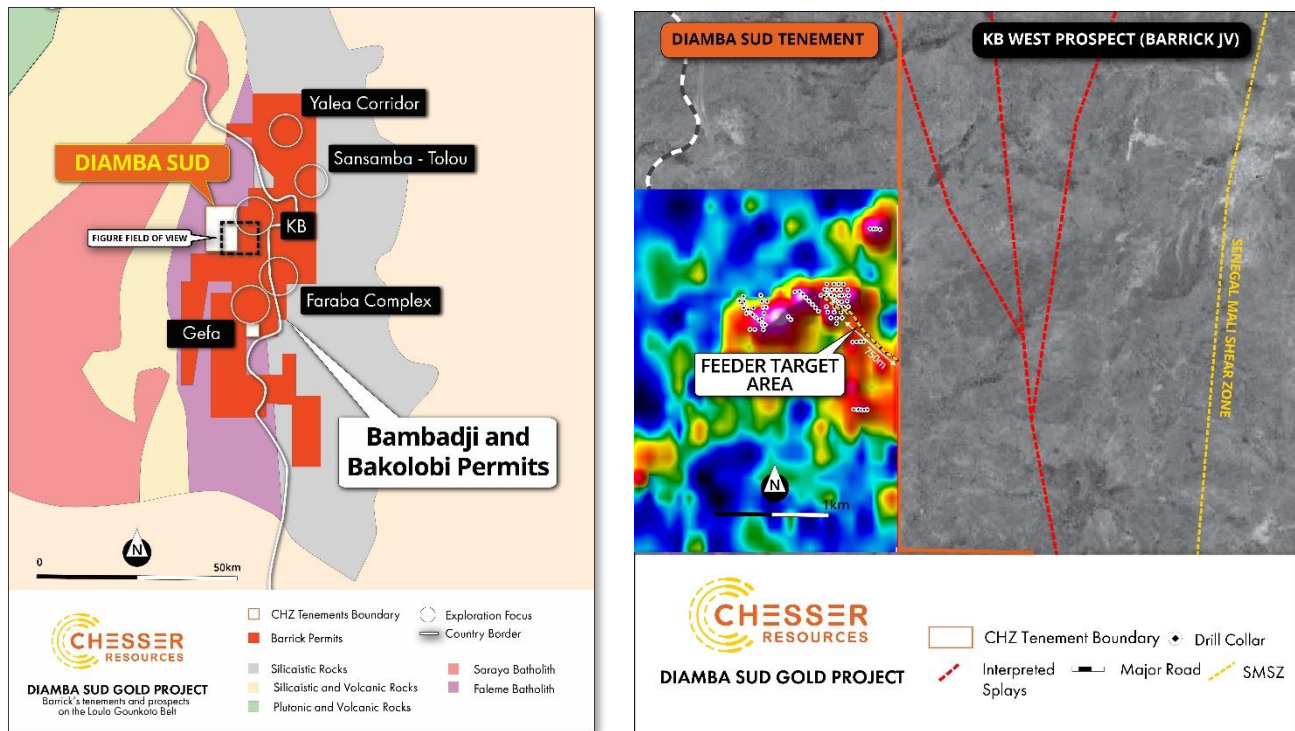


Figure 6: Location of Diamba Sud Gold Project with respect to existing Barrick prospects (LHS) and Northern Arc target area showing gold in auger geochemical anomaly and drilling at the Northern Arc target (RHS). The largely untested feeder structure at Area A is interpreted by the Company to extend into the Bambadji tenement.

Additionally, Oriole Resources (AIM:ORR) reported that IAMGOLD (TSE: IMG) has committed to the third phase of earn-in on the Senala tenement¹¹, which lies to the west of Diamba Sud. They announced a 10,000m aircore (AC) drilling program to follow up on very encouraging AC, RC and DDH drill results at the Fare prospect.

CORPORATE AND ADMINISTRATION

- Chesser held cash of approximately \$0.93 million at 31 March 2020 which included approximately \$0.28 million in advance of the completion of the placement of 42 million fully paid ordinary shares to raise \$1.68 million (before costs). The Company's cash reserves increased to approximately \$2.1 million on 6 April 2020 following completion of the placement and settlement of costs related to the raising.
- Following completion of the placement on 6 April 2020, the Company is fully funded to complete the proposed RC drilling program of at least 4,000 metres and to meet its working capital requirements for at least the next three quarters.
- During the quarter the Company made payments totalling \$0.12 million to related parties and their associates representing Director remuneration.

¹¹ Oriole Resource's news release by RNS, the news service of the London Stock Exchange, 12 March 2020. (<https://orioleresources.com/investors/rns/>)

- During the quarter the Company made payments totalling \$0.8 million related to exploration activities with the majority of this expenditure being for the costs of the highly successful Phase 3 DD and RC drilling program, the results of which are summarised in this quarterly report.
- Subsequent to the end of the quarter, the Company announced the appointment of Mr Rob Greenslade as a Non-Executive Director. Mr Greenslade has extensive experience in investment banking with over 30 years' experience in mergers and acquisitions, capital raisings and strategic advisory services predominantly in the resources industry.

IMPACT OF COVID-19 PANDEMIC

To date the COVID-19 pandemic has not had any significant impact on the Company's activities.

Chesser's priority is on the health and welfare of all Company employees and stakeholders. Office-based employees have successfully transitioned to a remote working model, with enhanced procedural controls and sanitation protocols implemented for all Company and drilling contractor personnel in advance of the forthcoming Phase 4 drilling program.

In response to COVID-19 pandemic, the Government of Senegal has implemented measures including institution of a daily 8:00 pm to 6:00 am curfew, the closure of international borders and increased regulation on the movement of people, vehicles and goods. Subject to Mining Ministry approval, the Company does not expect these current measures to impact on the planned Phase 4 drilling program (refer Outlook below) as drill rigs are readily available in-country.

JUNE QUARTER PLANNED ACTIVITY

Phase 4 drilling program

Subsequent to the end of the quarter, the Company has executed contracts for the Phase 4 exploration drilling program which is planned to comprise at least 4,000 metres of RC drilling. Subject to receiving the necessary Mining Ministry approvals, the Company expects to complete this program before the onset of the wet season in mid-July.

The drill program is currently being finalised and is expected to test the most prospective of targets identified to date; extensions of the structure identified at Area A high-grade discovery towards the Bambadji JV tenement boundary, testing the structure at Area D and the untested Western Splay.

Cost reduction initiatives

The Company is fully funded to complete the planned Phase 4 exploration program and, whilst the COVID-19 pandemic is not currently anticipated to have a significant impact on the Company's activities, the Board considers it prudent for the Company to take steps to reduce non-essential expenditure pending a return to normal business conditions. Those steps include:

- i. Effective as of 1 April 2020 and until further notice, executive and non-executive Director's cash compensation will be reduced by 50%. In lieu of the reduction in cash compensation, and subject to shareholder approval, the remaining 50% of the Director's remuneration will be compensated via the issue of equity securities.

- ii. All non-essential contracting and consulting services have been suspended.
- iii. Short term reductions in office leasing costs have been negotiated with landlords.
- iv. All capital expenditure that is not essential to support ongoing exploration programs has been deferred.
- v. Business development and marketing expenditure has been significantly reduced.

The above initiatives (subject to required shareholder approvals) are expected to result in cash savings of approximately \$100k per quarter whilst they are in effect.

MARCH 2020 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:

- | | |
|--|-----------------|
| • High grade gold discovery confirmed at Diamba Sud | 21 January 2020 |
| • Drilling success at Diamba Sud, depth continuity confirmed | 2 March 2020 |
| • Corporate Presentation | 4 March 2020 |

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 March 2020, the Company had interests in the following tenements:

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

-ENDS-

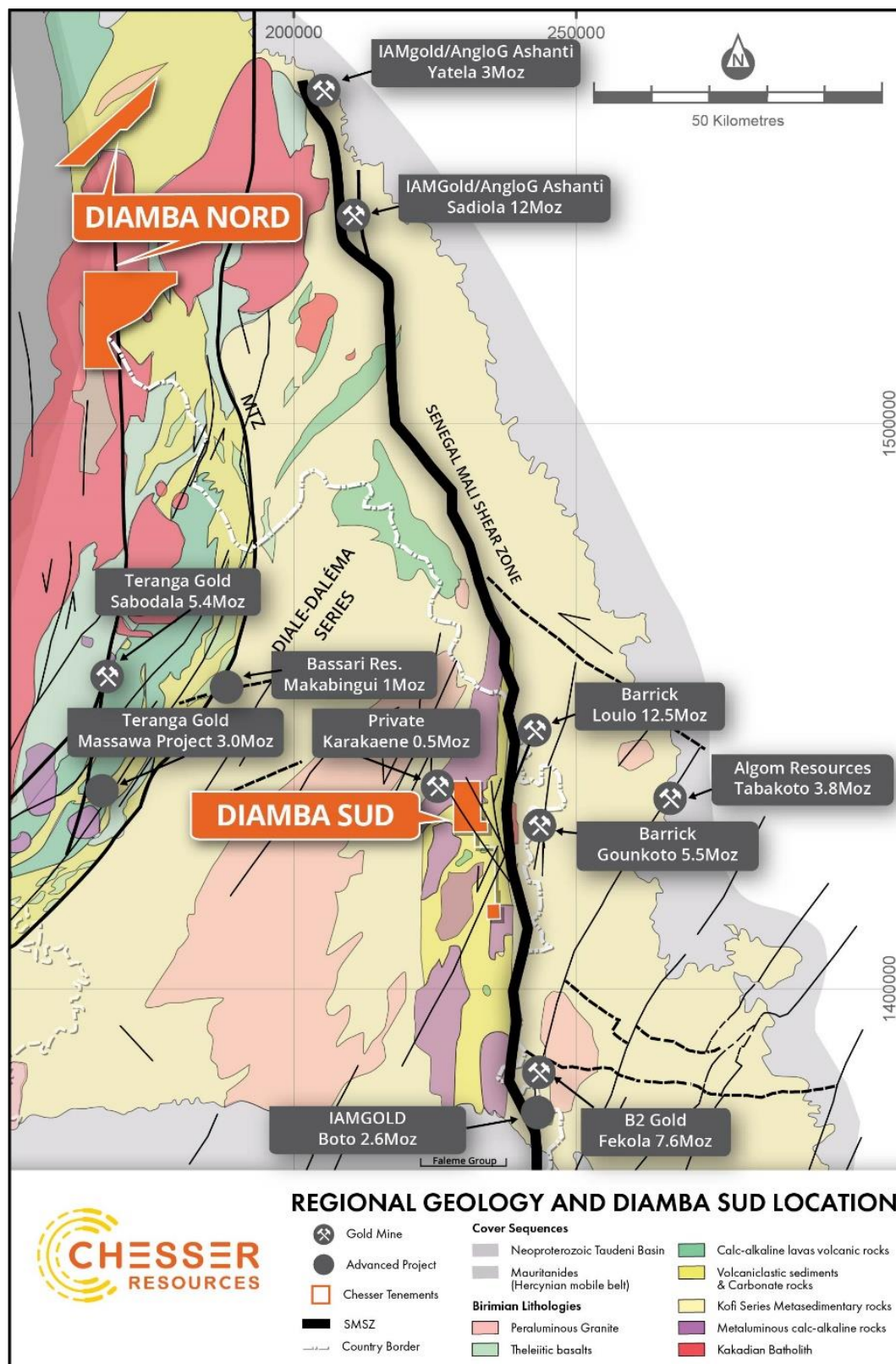


Figure 7: Schematic regional geology of eastern Senegal, showing the Diamba Sud Project and its proximity to both the SMSZ, and the major gold operations and projects on or adjacent to plays off the SMSZ.

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. Mr Brown directly holds 1,125,000 fully paid ordinary shares in the Company and has a direct ownership in 3,000,000 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.

ABOUT CHESSER RESOURCES

Chesser Resources is an ASX listed exploration company with gold projects located in Senegal, West Africa. Chesser has announced a high-grade gold discovery at its Northern Arc target on its flagship Diamba Sud project. The Company currently holds ~300km² of highly prospective ground in this underexplored world-class gold region. The Company has a corporate office located in Brisbane, Australia and a corporate and technical team based in Dakar, Senegal.

Diamba Sud is the Company's flagship project, covering 53.2km² over the gold-bearing Kedougou-Kenieba Inlier. Diamba Sud consists of two blocks referred to as DS1 in the north and DS2 in the south.

The Project is located ~2km to the west of the Senegal Mali Shear Zone (SMSZ), a major regional structure and host to numerous multimillion-ounce gold deposits including; B2Gold's 7.6Moz Fekola mine, Barrick's 18Moz Loulo-Goukoto complex and IAMGOLD/AngloGold Ashantis' Sadiola and Yatela mines. DS1 lies 7km to the west of the 5.5Moz Goukoto mine and to the immediate east of the privately owned 0.5Moz Karakaene mine.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

CHESSER RESOURCES LIMITED

ABN

14 118 619 042

Quarter ended ("current quarter")

31 MARCH 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (Nine months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(96)	(340)
	(e) administration and corporate costs	(41)	(394)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	1	(2)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(136)	(736)
2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(5)	(106)
	(d) exploration & evaluation (if capitalised)	(808)	(1,703)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (Nine months) \$A'000
	(d) investments	-	-
	(e) 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	(813)	(1,809)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	284	2,209
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	156
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(145)
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	284	2,220

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,594	1,249
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(136)	(736)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(813)	(1,809)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	284	2,220
4.5	Effect of movement in exchange rates on cash held	(2)	3
4.6	Cash and cash equivalents at end of period	927	927

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	927	1,594
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)	927	1,594

(a)

6.	Payments to related parties of the entity and their Associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	119
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
Not applicable			

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(136)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(808)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(944)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	927
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	927
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.98

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. **Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?**

Answer:

The Company expects that the average quarterly cash expenditure for the next three quarters will be lower than the March quarterly expenditure for the following reasons:

- (a) *The March quarter includes a significant proportion of the costs for the Phase 3 exploration program that included 4,500 metres of drilling including both RC and DD drilling. The proposed Phase 4 drill program is anticipated to incur lower costs as it is planned to comprise between 3,000 and 4,000 metres of RC drilling and no DD drilling.*
- (b) *Consistent with the seasonality of the Company's exploration activities, the Company expects to significantly reduce exploration expenditure in the months of August to November inclusive which correspond with the wet season in Senegal.*
- (c) *As outlined in the accompanying Quarterly Activities Report, the Company's Board has implemented initiatives to reduce cash expenditure pending the resolution of the COVID-19 pandemic related uncertainties currently impacting financial markets. Those initiatives (subject to required shareholder approvals) are estimated to reduce cash expenditure by approximately \$100k per quarter.*

2. **Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?**

Answer:

On 6 April 2020, the Company completed a placement of 42,000,000 fully paid ordinary shares at \$0.04 per share to raise \$1.68 million before costs. Immediately following completion of the offer, and after the receipt of all raising proceeds, the Company had approximately \$2.1 million in cash reserves.

3. **Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?**

Answer:

Yes. Taking into consideration the factors outlined above the Company believes that it has sufficient funds to undertake the proposed Phase 4 drilling program and to meet its ongoing working capital requirements for at least the next three quarters.

1.2 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.

Date: **29 April 2020**

Authorised by: **By the Board**

(Name of body or officer authorising release – see note 4)

1.3 Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.