

ASX Announcement & Media Release

31 July 2014



Quarterly Activities Report for the Quarter Ended 30 June 2014

HIGHLIGHTS

- Potential sale of Kestanelik Project negotiated during the quarter. Non-binding Letter of Intent signed with Turkish Nurol Group for the sale of Kestanelik for \$US40 million in cash.
- Kestanelik Scoping Study progressed, with process plant design capacity increased from 850 Ktpa to 1.15 Mtpa
- Exploration and Resource Development
 - Results from sawcut sampling within the existing resource area gave increased confidence in the near surface part of the resource. Significant gold intersections included:
 - 7.2 metres at 20.4 g/t, including 5.5 metres at 26.1 g/t
 - 3.3 metres at 19.5 g/t, including 1.7 metres at 28.1 g/t
 - 3.5 metres at 18.9 g/t, including 1.9 metres at 34 g/t
 - 6.2 metres at 14.3 g/t, including 0.9 metres at 32.3 g/t
 - Results from sawcut sampling outside the existing resource area were aimed at extending areas of known mineralisation to the south and south west. Significant gold intersections included:
 - 8.9 metres at 12.9 g/t including 3.6 metres at 19.6 g/t
 - 3.1 metres at 9.5 g/t
 - 1.1 metres at 14.8 g/t

FOCUS OF ACTIVITIES FOR SEPTEMBER QUARTER 2014

Corporate

- Complete definitive agreement for the proposed sale of the Kestanelik Project and commence process to seek shareholder approval

Kestanelik

- Advance planning for next phase of drilling to follow anticipated receipt of required drilling permits
- Complete mine planning and design and the related capital and operating cost estimates.
- Submit Environmental Impact Assessment application.
- Complete updated Scoping Study based on revised and optimised project design and progress planning for a definitive feasibility study

Sisorta

- Complete geological re-interpretation and commence JORC Resource update

Catak

- Commence initial program of mapping, surface sampling and geophysics

EXPLORATION

KESTANELIK Gold

(Chesser 100%)

Chesser's 100% owned Kestanelik property consists of a series of more than 88 epithermal quartz vein zones of up to 28 metres true thickness, with a total strike length of more than 30 kilometres. The veins are covered in some areas by a post-mineral sequence of sediments, volcanics and alluvium. Approximately 75 per cent of these veins have not been subject to systematic drilling.

Exploration highlights for the June quarter included:

- Results from a sawcut sampling program commenced in the March quarter were released in the June quarter¹. The program was designed to provide a more closely spaced surface sample dataset which will improve confidence in the near surface part of the resource. The results of the sampling that lie within the modelled pit areas have been used as part of the current resource update due in the September 2014 quarter. Significant gold intersections included:
 - 7.2 metres at 20.4 g/t, including 5.5 metres at 26.1 g/t
 - 3.3 metres at 19.5 g/t, including 1.7 metres at 28.1 g/t
 - 3.5 metres at 18.9 g/t, including 1.9 metres at 34 g/t
 - 6.2 metres at 14.3 g/t, including 0.9 metres at 32.3 g/t
- A sawcut sampling program was conducted within the K4 and Topyurt South zones outside the area of the current JORC resource, with positive results released in May¹. This sampling was designed to extend areas of known mineralisation to the south and south west of the current resource where recent geological reviews have highlighted strong potential for additional resource growth. Significant gold intersections included:
 - 8.9 metres at 12.9 g/t including 3.6 metres at 19.6 g/t
 - 3.1 metres at 9.5 g/t
 - 1.1 metres at 14.8 g/t

A further phase of drilling for new targets is being planned based on additional permits the Company received in April and a further batch of permits that the Company anticipates receiving in the September quarter.

The planned drill program follows recent geological reviews of the Kestanelik resource and exploration models. These reviews highlighted potential high grade targets outside the current resource and significant scope for optimisation of the resource by further interpretation of the numerous high grade shoots contained within the Kestanelik vein system.

¹ For full details of drilling results refer to the Company's ASX releases dated 10 April 2014, 6 May 2014 and 25 June 2014

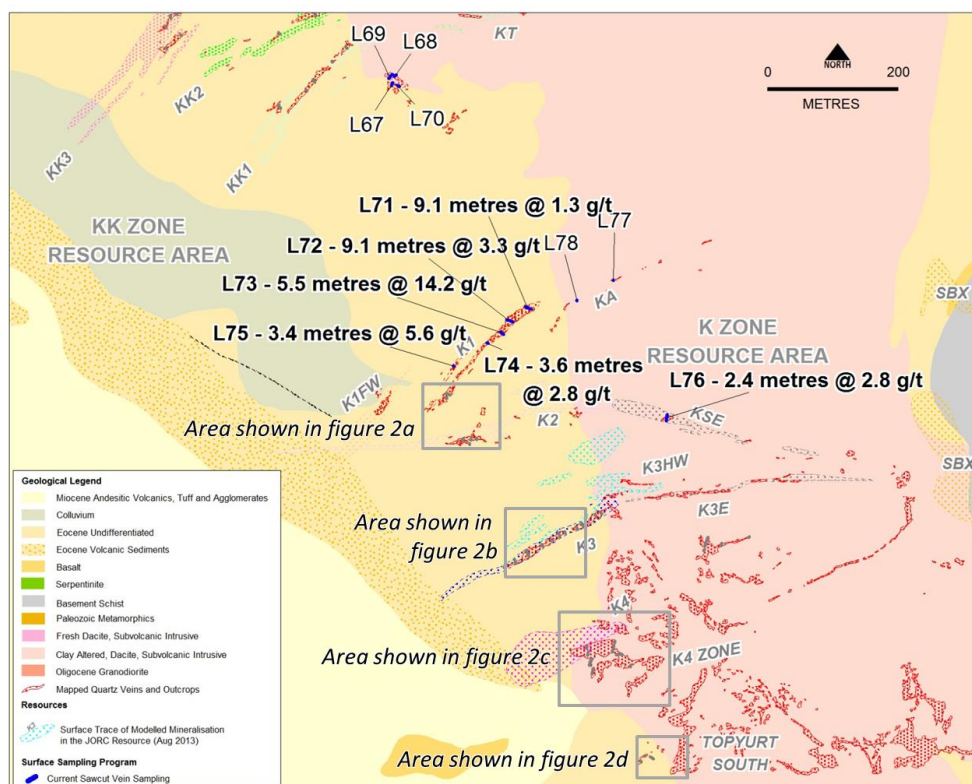


Figure 1 Plan view showing location of reported sawcut samples for the June 2014 quarter, along with the location of detailed inset maps showing further June 2014 quarter sawcut sampling results

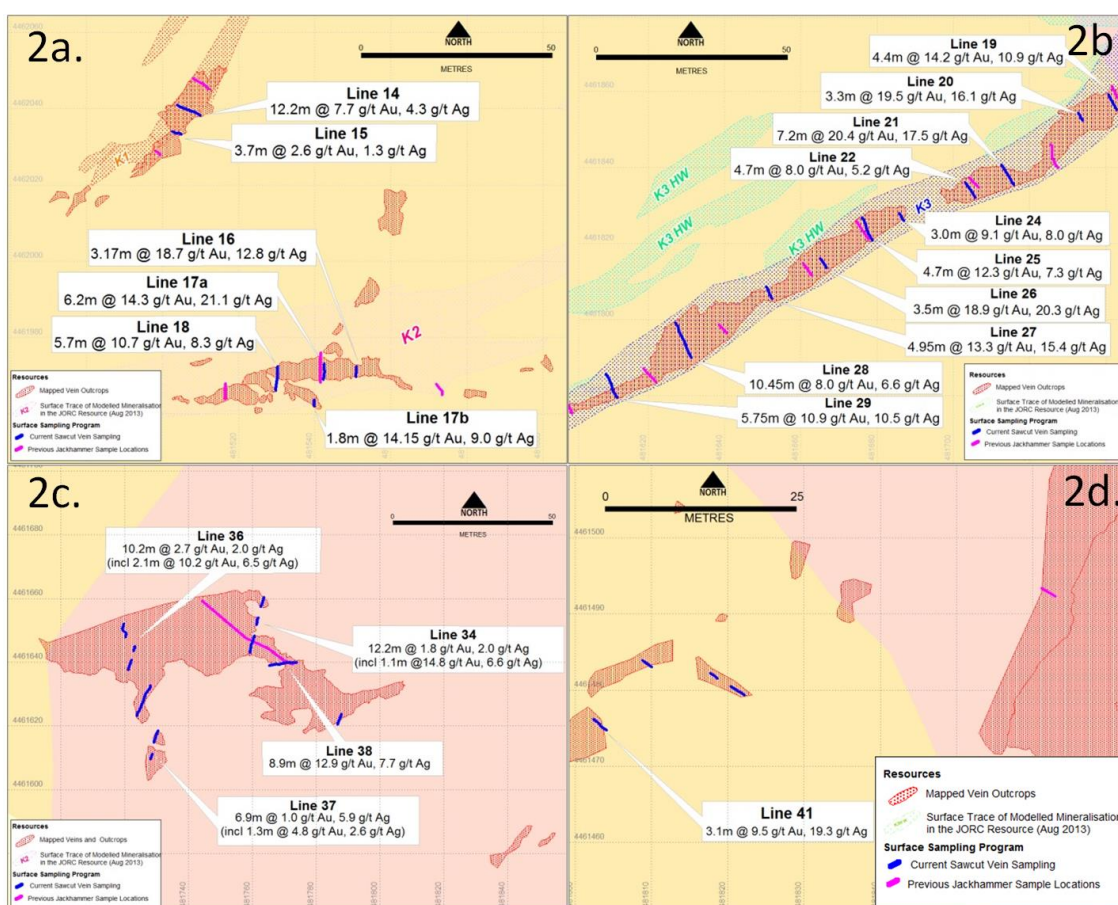


Figure 2 Detailed inset maps showing further composite results from sawcut sampling at Kestanelik released during the June 2014 quarter.

Scoping Study

During the June quarter significant progress was made towards feasibility assessments of the Kestanelik project.

Process Plant design

Process plant design is now complete, and the base case throughput has been increased from 0.85 Mtpa to 1.15 MTPA for an additional cost of \$US2.7 million, taking the total capital cost to \$US91.6 million, including a contingency of approximately 15%. The increase in plant throughput capacity will lead to increased production at low incremental capital cost.

Mining

Geotechnical information on the mine pit areas and recommendations for mine pit slopes have been forwarded to Australian Mine Design and Development (AMDAD) for updated mine designs.

AMDAD commenced the process of redesigning the mine pits.

Environmental Impact Assessment

The final flora and fauna study report has been received and has confirmed that no threatened species are to be affected by the development.

Waste rock and mill feed ARD testwork is completed, showing minimal ARD potential.

SISORTA Gold

(Chesser 51%, Eurasian 49%)

A total of 46 diamond holes for 5,546.3 metres were drilled at the Sisorta Project from December 2011 to December 2012 by Asia Minor pursuant to an option they held to acquire up to 100% of the Sisorta project. Asia Minor surrendered the option in March 2013. The results of the program have not yet been incorporated into a JORC resource update.

During the June quarter the Company commenced a geological reinterpretation of the Sisorta Project taking into consideration these drilling results, which included new near-surface high grade intervals such as diamond hole EVT0032, which intersected 32.4 metres at 8.38 g/t gold and 32.9 g/t Ag from surface².

This geological reinterpretation will form the basis of a JORC Resource Update for the Sisorta Project that is expected to be completed in the December 2014 quarter.

² For full details of drilling results refer to the Company's ASX Release dated 19 June 2013

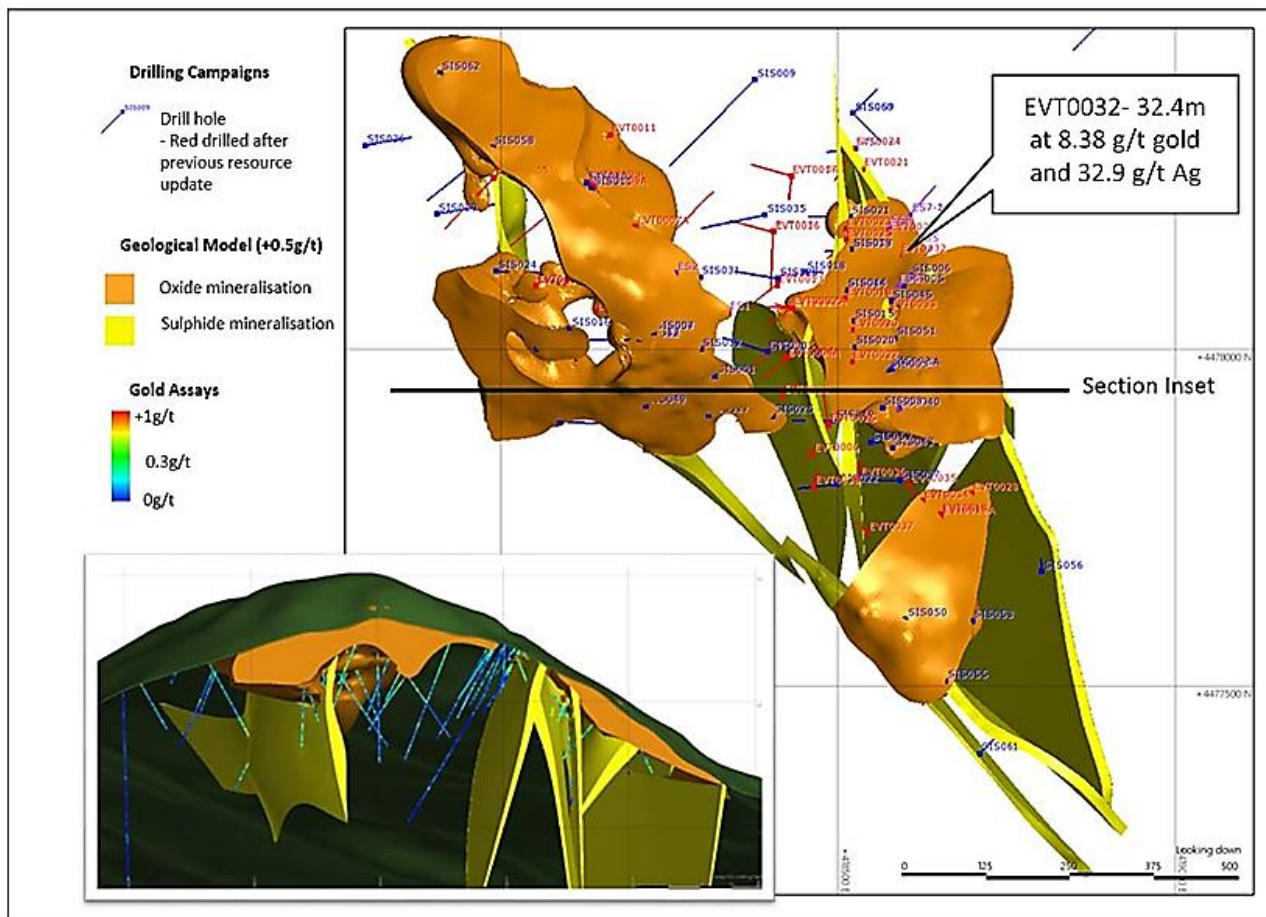


Figure 3 Top view and sectional view of updated geological model for Sisorta based on updated drill database

CATAK Gold

(Chesser earning up to 100%)

During the quarter the Company commenced preparations for an initial program of mapping, surface sampling and geophysics at the Catak Project to be conducted in the September and December quarters this year.

The Company also carried out a surface sampling program aimed at collecting a representative suite of high grade and low grade vein material for petrographic analysis. The aim of this program is to better constrain target depths in the various mineralized vein structures exposed on the Catak property.

ENVIRONMENTAL APPROVALS

As previously disclosed by the Company, a group of minor NGO's outside of the local Kestanelik area has instigated legal action in Turkey seeking to annul a provisional Environmental Impact Assessment for a test scale mining project for the Kestanelik Project ("provisional EIA") granted to the Company by the Turkish Ministry of Environment and Urban Planning ("MEUP").

During the quarter the MEUP (the named defendant in the lawsuit) was notified that its appeal against the interim order of the Cannakale Administrative Court cancelling the EIA and suspending any mining activities conducted in accordance with the Provisional EIA was unsuccessful. The MEUP has indicated that it will appeal to the 14th Council of Chamber of State to have the decision to cancel the provisional EIA reversed.

Completion of a definitive feasibility study, including any required exploration and geotechnical drilling programs for the Kestanelik project is not dependent on the Provisional EIA.

CORPORATE

As at 30 June 2014 the Company owned 312,500 Pilot Gold Inc shares with a market value of \$447,368. These shares will be released from escrow during the September 2014 quarter. In addition, the Company had approximately \$155,000 in Turkish VAT receivables that are expected to be received during the September Quarter.

POTENTIAL SALE OF THE KESTANELIK PROJECT

On 2 July 2014 the Company's shares entered a trading halt and a subsequent period of voluntary suspension pending an announcement in relation to a potential sale of the Kestanelik Project. On 25 July 2014, the Company announced that it has executed a conditional, non-binding Letter of Intent with Nurol Holdings, a leading Turkish industrial group for the sale of the Kestanelik Project for cash consideration of USD40 million, or approximately AUD42.25 million³, receivable on closing of the transaction.

The proposed cash consideration is equivalent to AUD19.12 cents per share representing a 92.74% premium to the 20 day volume weighted average price (VWAP) of the Company's shares immediately prior to the Company's shares entering the trading halt on 2 July 2014.

The LOI is non-binding on both Chesser and Nurol and is subject to the completion of final due diligence by Nurol and the finalisation of definitive legal documentation. In addition, the proposed sale would require the approval of Chesser shareholders in accordance with ASX Listing Rule 11.2, and would be conditional on Nurol receiving routine approval from the Turkish Competition Board.

The Company and Nurol are seeking to complete Nurol's due diligence and to finalise definitive legal agreements, both of which are well advanced, as soon as possible. It is intended that a general meeting of the Company's shareholders to vote on the transaction will be held in late September / early October 2014. There is however no guarantee that an agreement capable of being put to shareholders will eventuate.

SCHEDULE OF MINING TENEMENTS

As at 30 June 2014 the Group had an interest in the following tenements, all of which are located in Turkey:

Project	Licence Number	Area (ha)	Expiry
Kestanelik ¹	1009155	186	4 September 2019
Kestanelik ¹	1036944	1,275	4 September 2019
Catak ²	2520562	3,410	19 January 2022
Catak ²	2395163	1,400	19 January 2022
Sisorta ³	2199971	2,669	8 September 2019

¹ The Group has a 100% interest in the Kestanelik Project.

² The Group has the option to earn up to a 100% interest in the Catak Project.

³ The Group has a 51% interest in the Sisorta Project.

³ Calculated using an AUD/USD exchange rate of 0.9467 as at 24 July 2014

About Chesser Resources Limited



Chesser is an Australian-based ASX-listed exploration company (ASX: CHZ), exploring for gold and base metals in Turkey. The Company is currently conducting an aggressive, but focused, exploration program on its Kestanelik epithermal gold project. The Company's flagship project, Kestanelik, is situated in western Turkey, some 10 kilometres southeast of the Dardanelles, and enjoys good access together with excellent infrastructure. It hosts low sulphidation epithermal quartz veining with identified high-grade gold mineralisation and bonanza grades. Kestanelik has an indicated resource of 183,000 ounces of gold at a grade of 3.53 g/t Au, and total resource of 703,000 ounces of gold at 2.15 g/t Au, 65% of which lies within 50 metres of the surface at an average grade of 2.54 g/t Au. The Company has declared a 303,000 oz gold resource (91,000 oz Indicated and 212,000 oz Inferred) on its Sisorta project in north-eastern Turkey. The Board and management of Chesser, backed by the Company's major shareholders, are committed to unlocking value from this highly prospective portfolio of projects and the Company is committed to advancing its existing portfolio while continuing to seek new advanced opportunities.

Company Directors & Management		Company Information	Top Shareholders
Rob Reynolds	Chairman	ABN: 14 118 619 042 Address: 96 Stephens Road South Brisbane Qld 4101 Australia Telephone: +61 7 3844 0613 Contact: info@chesserresources.com.au Chesser Website: www.chesserresources.com.au	Management
Rick Valenta	Managing Director		Macquarie MEC
Simon O'Loughlin	Non-Executive Director		Acorn Capital
Simon Taylor	Non-Executive Director		Baker Steel
Peter Lester	Non-Executive Director		Institutions – 30%
Morrice Cordiner	Non-Executive Director		Top 40 ≈ 62%
Stephen Kelly	CFO/Company Secretary		
Nigel Ricketts	Project Director Kestanelik		
Cem Yuceer	Exploration Manager		

The exploration data and results contained in this report are based on information reviewed by Dr Rick Valenta, a Fellow of the Australian Institute of Mining and Metallurgy. He is Managing Director of the Company and has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which 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 JORC Code). Dr Valenta has consented to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Kestanelik in-situ Mineral Resources is based on information compiled by Mr. Ian Taylor of Mining Associates Ltd. Mr. Taylor is the competent person for the Kestanelik resource estimate and takes overall responsibility for it. He is a Fellow of the Australian Institute of Geoscientists and a Chartered Professional of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity 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' (JORC Code). Mr. Taylor consents to the inclusion of such information in this Report in the form and context in which it appears.

The information in this report that relates to Sisorta in-situ Mineral Resources is based on information compiled by Mr. Gary Giroux of Giroux Consultants Ltd. Mr. Giroux is the competent person for the Sisorta resource estimate and takes overall responsibility for it. He is a Member in good standing of the Association of Professional Engineers and Geoscientists of the Province of British Columbia (a "Recognised Overseas Professional Organisation" under the JORC code) and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a "Competent Person" as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) and has the appropriate relevant qualifications, experience and independence to qualify as a "Qualified Person" under National Instrument 43-101 - "Standards of Disclosure for Mineral Projects" (NI 43-101). Mr. Giroux consents to the inclusion of such information in this Report in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

For further details please contact:

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Further information is available at: www.chesserresources.com.au

Appendix 5B

Mining 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

Name of entity

Chesser Resources Limited

ABN

ACN 118 619 042

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (Twelve months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,188)	(5,450)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(570)	(2,467)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	71
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(1,753)	(7,846)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	(258)
	(b) equity investments	-	-
	(c) other fixed assets	-	(39)
1.9	Proceeds from sale of: (a) prospects	-	316
	(b) equity investments	-	1,155
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	-	1,174
1.13	Total operating and investing cash flows (carried forward)	(1,753)	(6,672)

		Current quarter \$A'000	Year to date (Twelve months) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(1,753)	(6,672)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	6,772
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	6,772
	Net increase (decrease) in cash held	(1,753)	100
1.20	Cash at beginning of quarter/year to date	2,888	1,224
1.21	Exchange rate adjustments to item 1.20	54	(135)
1.22	Cash at end of quarter	1,189	1,189

Note: As at 30 June 2014, the Company had Turkish VAT refunds of A\$150,000 receivable from the Turkish government. The Company also held 312,500 Pilot Gold Inc shares with a market value of A\$446,875 that will be available to be sold during the September quarter.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	\$155
1.24	Aggregate amount of loans to the parties included in item 1.10	NIL

1.25 Explanation necessary for an understanding of the transactions

Payment of Director's fees to Non-Executive Directors and salaries and other payments made to the Managing Director.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

NIL

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

NIL

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	73 ²
4.2 Development	-
4.3 Production	-
4.4 Administration	393
Total	1,125

Notes:

- As at 30 June 2014, the Company had Turkish VAT refunds of A\$150,000 receivable from the Turkish government. The Company also held 312,500 Pilot Gold Inc shares with a market value of A\$446,875 that will be available to be sold during the September quarter.
- Exploration and evaluation expenditure for the September quarter includes
 - A\$116,000 in tenement and permit renewal fees.
 - A\$361,000 in payments related to the Updated Scoping Study for the Kestanelik Project.
 - A\$255,000 being the cost of the personnel and infrastructure necessary to maintain the Company's projects in Turkey.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,189	2,888
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – Term Deposits	-	-
Total: cash at end of quarter (item 1.22)	1,189	2,888

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NIL		
6.2	Interests in mining tenements acquired or increased	NIL		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3) (cents)
7.1	Preference ⁺ securities (description)	NIL	NIL	NIL	NIL
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	NIL	NIL	NIL	NIL
7.3	+Ordinary securities	220,007,161	220,007,161		Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,100,000	1,100,000	Fully paid	Fully paid
7.5	+Convertible debt securities (description)	NIL	NIL	NIL	NIL
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	NIL	NIL	NIL	NIL
		NIL	NIL	NIL	NIL

7.7	Options <i>(description and conversion factor)</i>	105,000 500,000 1,000,000 1,500,000 1,000,000 1,000,000 1,000,000 200,000 200,000 200,000		<i>Exercise price</i> \$0.18 \$0.50 \$0.55 \$0.60 \$0.65 \$0.70 \$0.75 \$0.35 \$0.40 \$0.45	<i>Expiry date</i> 2/03/2015 13/12/2016 13/12/2016 13/12/2016 13/12/2016 13/12/2016 13/12/2016 31/01/2017 31/01/2017 31/01/2017
7.8	Issued during quarter	NIL		<i>Exercise price</i> NIL	<i>Expiry date</i> NIL
7.9	Exercised during quarter	NIL	NIL	NIL	NIL
7.10	Expired during quarter	NIL	NIL	<i>Exercise price</i>	<i>Expiry date</i>
7.11	Debentures <i>(totals only)</i>	NIL	NIL		
7.12	Unsecured notes <i>(totals only)</i>	NIL	NIL		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Director)

Date: 31 July 2014

Print name: Richard Valenta

