

ASX Announcement & Media Release

31 October 2014



Quarterly Activities Report for the Quarter Ended 30 September 2014

HIGHLIGHTS

- Sale of the Kestanelik gold project in North West Turkey for \$US40 million cash consideration announced on 25 July 2014 and completed on 24 October 2014.
- Directors to seek shareholder approval for a Return of Capital of \$0.15 per share.
- If approved at AGM on 20 November 2014, proposed Return of Capital anticipated to occur on 12 December, 2014.
- Company is well positioned to pursue new growth opportunities.

FOCUS OF ACTIVITIES FOR DECEMBER QUARTER 2014

Generative

- Identify a short list of new growth projects to add to the Company's exploration portfolio and commence negotiations to acquire an ownership interest in those projects.

Sisorta

- Complete geological re-interpretation and commence JORC Resource update.

Catak

- Complete initial program of mapping, surface sampling and geophysics.

Corporate

- Annual general meeting to be held on 20 November 2014.
- Tax ruling being sought from the Australian Tax Office (ATO) regarding the tax treatment of proposed return of capital.
- Complete the return of capital (if approved by shareholders) on 12 December 2014.
- Complete the process of reducing the Company's corporate cost structures in Australia and Turkey to ensure its staffing and corporate overheads are appropriate for the future strategic direction of the Company.

SALE OF THE KESTANELIK GOLD PROJECT

On 24 October 2014, the Company received US\$40 million in cash from the sale of the Kestanelik Gold Project to Nurol Holdings A.S., a leading Turkish industrial group (**the Transaction**).

Initially announced on 25 July 2014, the Transaction was overwhelmingly endorsed by shareholders at an ordinary general meeting of the Company held on 13 October 2014. More than 98% of proxies received for the meeting were cast in favour of the sale.

The sale of the Kestanelik project delivered significant benefits for Chesser shareholders. Pitched at a significant premium to the prevailing share market valuation of the company, the sale has crystallised the value of the project for shareholders, reduced development and funding risks and provides the opportunity for a significant capital return to be made.

EXPLORATION

KESTANELIK Gold

(Chesser 100% - sold on 24 October 2014)

Mineral Reserves and Resources estimate

Mining Associates Ltd completed a Mineral Resource and Ore Reserve estimate for the Kestanelik Gold Deposit in accordance with the 2012 JORC Code, the full details of which were provided in the Company's ASX release dated 4 September 2014.

Table 1 - Kestanelik Mineral Resource estimate using a 0.5 g/t gold cut off

Resource Category	Mineralised	Grade (g/t)		Metal (oz)	
	Tonnes	Gold	Silver	Gold	Silver
Indicated	2,680,000	2.74	2.46	236,000	212,000
Inferred	9,789,000	1.62	1.65	510,000	518,000
Total	12,469,000	1.86	1.82	746,000	730,000

Note: Totals may appear different from the sum of the components because of rounding

Scoping Study Update

In August 2013 the Company released an Updated Scoping Study for the Kestanelik Project and announced that Company's Directors had approved the commencement of a pre-feasibility study for the Project. The Company commenced the pre-feasibility study in October 2013.

The Company had planned to complete and report the outcomes in the September 2014 quarter however in light of the proposed transaction for the disposal of the Kestanelik Project, a decision was taken to suspend all study related work.

CATAK Gold

(Chesser earning up to 100%)

During the September quarter the Company undertook a limited work program at the Catak Project which included an initial program of mapping, surface sampling and geophysics at the Catak Project. The program is to be completed in the December quarter.

The Company also continued 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.

SISORTA Gold (Chesser 51%)

During the September quarter the Company focused its resources and efforts on completing the sale of the Kestanelik project and as a consequence no work was undertaken in relation to the Sisorta Project during the quarter.

CORPORATE

During the quarter the Company completed the sale of the third and final tranche of 312,500 Pilot Gold Inc shares that were received pursuant to the sale of the Karaayi Project in September 2013.

The Company commenced the process of reducing its corporate cost structure in Australia and in Turkey to ensure that its staffing levels and corporate overheads are appropriate for the future strategic direction of the Company.

FUTURE ACTIVITIES

Following completion of the sale of the Kestanelik Project Chesser will have estimated cash (after tax and transaction costs) of approximately A\$42.05 million prior to any distribution of proceeds from the Transaction to Shareholders. The Company intends to utilise these funds for the following purposes.

a. Return of funds to shareholders

Chesser Directors will seek shareholder approval for a capital return of A\$0.15 per share (approximately A\$33.15 million), with shareholders to vote on the proposal at the forthcoming Annual General Meeting ("AGM") in Brisbane on November 20, 2014. Details of the proposed return of funds are set out in the Notice of AGM that is available at www.chesserresources.com.au.

Set out below is an indicative timetable for the Return of Capital (if the Resolution is approved by Shareholders):

Event	Date
Latest date for lodgement of proxies	11:00 am (Brisbane time), Wednesday, 19 November 2014
Date of AGM of Shareholders to Approve Return of Capital	11:00 am (Brisbane time) Thursday, 20 November 2014
Trading in Shares on an 'ex Return of Capital basis' (Ex Date)	Wednesday 26 November 2014
Record Date for determining entitlement to participate in the Return of Capital	6:00 pm (Brisbane time) Friday, 28 November 2014
Implementation of the Return of Capital - anticipated date of distribution of funds and distribution statements to Shareholders	Friday, 12 December 2014

* All dates and times are indicative only. The Company reserves the right to vary these dates and times. All dates and times refer to Brisbane time. The Company will make an announcement to ASX of any changes if they occur.

As disclosed in the AGM Notice of Meeting, the Company is seeking a ruling from the Australian Taxation Office confirming that the return to shareholders will be treated as a capital return for taxation purposes.

If shareholders wish to receive their Return of Capital distribution by direct bank transfer, the Company advises Shareholders to provide their Australian bank account details to the Share Registry by completing the [Tax File Number \(TFN\) and Bank Account Notification Form](#) enclosed with the Notice of AGM . Shareholders who do not provide their bank account details to the Share Registry will receive the Return of Capital distribution via cheque which may delay the receipt of funds.

b. Exploration activities

If shareholders approve the return of capital, Chesser will retain approximately A\$8.9 million in cash to be used to fund exploration activities.

In the short term and subject to continued positive exploration results, Chesser will maintain an exploration presence in Turkey by continuing exploration at its Sisorta and Catak Projects.

In addition, the Company is actively reviewing opportunities to add growth projects to its portfolio, with a focus on precious metals exploration and development in favourable jurisdictions where Directors and senior management can apply their skills and experience to create value for shareholders.

The Company believes that its healthy retained cash balance enables it to differentiate itself from many junior resources companies in the market today, as it is now in the enviable position of having sufficient cash reserves to take advantage of opportunities that develop. In assessing potential opportunities the Company will apply a rigorous and disciplined approach to its evaluation of any potential investments.

SCHEDULE OF MINING TENEMENTS

As at 30 September 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 As at 30 September 2014 the Group has a 100% interest in the Kestanelik Project. The Kestanelik Project was sold to Nurol Holdings A.S.on 24 October 2014.

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.

About Chesser Resources Limited



Chesser Resources is an Australian-based ASX-listed exploration company exploring for gold and base metals in Turkey. The Company has two current projects, one at Catak and one at Sisorta. At Sisorta, the company has declared a 303,000 oz gold resource (91,000 oz Indicated and 212,000 oz Inferred) and has been granted an operating licence for an open pit heap leach gold project. Exploration drilling is ongoing at the project, with a resource update planned for the first half of 2015. Chesser has vested a 51% interest in the project with Turkish company Eurasian. The Catak project is in the Eastern Pontides 70km west-north-west of Sisorta. Catak is a well-preserved epithermal vein system in Andesites, with good indications of high-grade potential and mineable widths of veins. A program of mapping, surface sampling and geophysics is to be conducted at Catak in the first half of 2015. The Board and management of Chesser are committed to unlocking value from these projects while actively reviewing opportunities to add growth projects to its portfolio, with a focus on precious metals exploration and development in jurisdictions where Directors and senior management can apply their skills and experience to create value for shareholders.

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		
Peter Lester	Non-Executive Director		Institutions – 30%
Morrice Cordiner	Non-Executive Director		Top 40 ≈ 62%
Stephen Kelly	CFO/Company Secretary		
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 December 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 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.

Further information is available at: www.chesserresources.com.au or by calling:

Rick Valenta, Managing Director
Stephen Kelly, Company Secretary
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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 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(1,017)	(1,017)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(314)	(314)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
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	(1,331)	(1,331)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	387	387
	(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	387	387
1.13	Total operating and investing cash flows (carried forward)	(944)	(944)

		Current quarter \$A'000	Year to date \$A'000
1.13	Total operating and investing cash flows (brought forward)	(944)	(944)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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	-	-
	Net increase (decrease) in cash held	(944)	(944)
1.20	Cash at beginning of quarter/year to date	1,189	1,189
1.21	Exchange rate adjustments to item 1.20	(34)	(34)
1.22	Cash at end of quarter	211	211

Note: On 24 October 2014 the Company received US\$40 million pursuant to the sale of the Kestanelik Project

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	401
4.2 Development	-
4.3 Production	-
4.4 Administration	36,826
Total	37,227

Notes:

- On 24 October 2014 the Company received consideration of US\$40 million (A\$45.45 million) pursuant to the sale of the Kestanelik Project.
- Included in Administration costs above are the following estimated cash outflows related to the sale of the Kestanelik Project and the proposed A\$0.15 per share return of capital:
 - US\$3 million (A\$3.41 million) in transaction costs.
 - A\$33.151 million to be paid to the Company's shareholders if the return of capital of A\$0.15 is approved at the Company's AGM on 20 November 2014.
- Included in exploration costs is A\$0.15 million in expenditure related to the Company exercising the first option under the agreement to acquire the Catak Project.

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	211	1,189
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)	211	1,189

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	221,007,161	221,007,161		Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	NIL	NIL	NIL	NIL
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

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3) (cents)
7.7 Options (<i>description and conversion factor</i>)			<i>Exercise price</i>	<i>Expiry date</i>
	105,000		\$0.18	2/03/2015
	500,000		\$0.50	13/12/2016
	1,000,000		\$0.55	13/12/2016
	1,500,000		\$0.60	13/12/2016
	1,000,000		\$0.65	13/12/2016
	1,000,000		\$0.70	13/12/2016
	1,000,000		\$0.75	13/12/2016
	200,000		\$0.35	31/01/2017
	200,000		\$0.40	31/01/2017
	200,000		\$0.45	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 October 2014

Print name: Richard Valenta

