

QUARTERLY ACTIVITIES REPORT

QUARTER ENDED 31 DECEMBER 2020

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

HIGHLIGHTS

Commencement of 20,000m drill program

- The Company commenced a 20,000m drill program, focused on further exploration of the shallow, high grade Area D discovery at depth and along strike and extensions at Area A, where the alteration and mineralisation indicate a large hydrothermal system. The Company reported further spectacular high-grade assay results from the drill program at the Area D, which was the focus of drilling during the quarter.

Drill results – Area D

- Drilling at Area D intercepted widespread intervals of thick, shallow, high-grade oxide mineralisation, significantly extending zones from previous drilling in multiple directions, and remains open to the northwest and northeast.
- Results returned the highest gram-metre intercepts to date, including;
 - **16m at 23.38 g/t gold** from 40m, including
 - **4m at 74.23 g/t gold** from 45m
 - **35m at 9.81 g/t gold** from 2m, including
 - **20m at 15.48 g/t gold** from 14m
 - **44m at 4.37 g/t gold** from 18m, including
 - **4m at 13.29 g/t gold** from 20m
 - **4m at 9.96 g/t gold** from 54m, and
 - **1m at 13.30 g/t gold** from 60m
 - **49m at 3.64 g/t gold** from 10m, including
 - **8m at 10.75 g/t gold** from 34m
 - **38m at 4.36 g/t gold** from 2m, including
 - **22m at 6.66 g/t gold** from 10m,
 - **27m at 2.71 g/t gold** from 34m, including
 - **3m at 11.82 g/t gold** from 54m
 - **26m at 2.56 g/t gold** from 17m

- **17m at 2.42 g/t gold** from 54m
- Deeper drilling returned sulphide mineralisation from structural zones and hydrothermal breccias in fresh rock as likely feeder zones to overlying oxide mineralisation. Results include;
 - **15m at 2.91 g/t gold** from 60m
 - **6.25m at 2.77 g/t gold** from 67.75m
 - **7m at 2.40 g/t gold** from 82m
 - **15m at 1.33 g/t gold** from 67m
 - **6.6m at 2.20 g/t gold** from 65m
 - **10m at 1.51 g/t gold** from 65m
 - **17.9m at 2.36 g/t gold** from 82.3m, including
 - **0.95m at 19.40 g/t gold** from 89.35m
- The drilling identified two very encouraging targets; a shallow high-grade, apparently flat lying oxide zone, and underlying fresh rock sulphide mineralisation in breccias and stockworks. These appear associated with northwest and northeast trending structures, which are likely to also factor in the orientation of the oxide zones.
- The mineralisation remains open to the north, northeast and to northwest in the central area, with planning for follow up drilling to test these areas underway.

Metallurgical test work

- Initial bottle roll test work on ten sulphide mineralisation fresh rock samples collected from Area A drilling highlighted straightforward, non-refractory metallurgical characteristics, with a likely processing route incorporating a simple, industry standard cyanide leach circuit.
- The results returned 48-hour direct cyanide leach average gold recovery of 96%.
- The mineralisation was clean, with very low presence of toxic elements such as arsenic and mercury and low levels of base metals, indicating a pyrite dominated sulphide phase.

Placement & option exercise

- Cash reserves of approximately \$12.96 million at 31 December 2020 following a strongly supported share placement to sophisticated and institutional investors to raise gross proceeds of \$8.0 million and proceeds of \$0.43 million received from the exercise of options.

Corporate

- Subsequent to the end of the quarter, experienced resources executive Mr. Andrew Grove was appointed as Chief Executive Officer, effective 1 February 2021.

Next steps

- The Company is well funded to progress exploration activities at Diamba Sub, with reverse circulation (RC) and diamond drill (DD) rigs are currently drilling at Area A on the two structures trending

southwest-northeast and the southeast extension. Greenfield targets at Western Splay and Southern Arc are also planned to be tested.

- The Company is expecting a steady flow of results until at least late April 2021.

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DIAMBA SUD – 20,000M DRILL PROGRAM

During the December quarter the Company commenced a circa 20,000m drilling program with a scope of work of ~5,000m of DD and ~15,000m of RC drilling.

The program is initially focused on further exploration of the shallow, high grade Area D discovery at depth and along strike and extensions at Area A, where the alteration and mineralisation indicate a large hydrothermal system. Area D appears to be the offset continuation of Area A, offering significant strike potential to extend mineralisation within the Diamba Sud tenement.

The Company also plans to conduct initial exploration traverses on Area H and the Western Splay. Both are greenfield targets and display strong geochemical and geophysical anomalies.

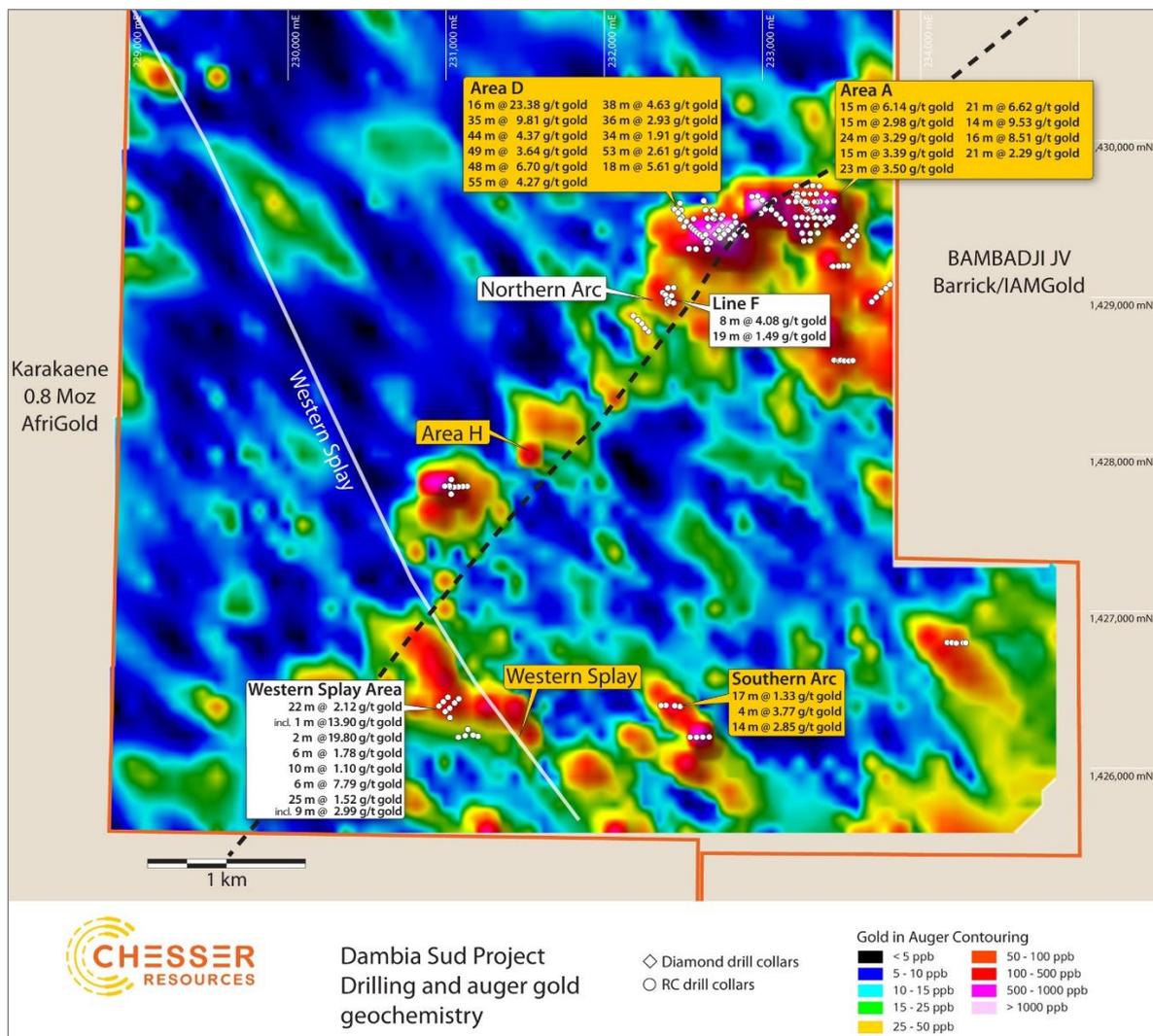


Figure 1: Diamba Sud Gold Project showing location of drilling, select highlights of drilling results, auger geochemical anomalies map and target areas for current 20,000m drill program (yellow areas).¹

¹ Refer to ASX announcements on 3 April 2017, 25 March 2019, 10 April 2019, 6 May 2019, 14 May 2019, 26 August 2019, 3 September 2019, 21 January 2020, 21 March 2020, 17 June 2020, 21 July 2020, 28 July 2020, 24 November 2020 and 16 December 2020 for details of previously released exploration results for the Diamba Sud project. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

Area D drilling

Drilling commenced in Area D during the Quarter to follow-up the significant shallow oxide mineralisation intersected in all 5 holes on a NE-SW traverse “Discovery Traverse” reported by the Company on the 28th July. Based on inferred structural controls trending northwest and northeast holes were drilled on an east-west azimuth to intersect both these trends. During the Quarter a total of 13 DD holes for 3049m and 54 RC holes for 7723m were drilled, sampled and reported from Area D.

The drilling has confirmed two very encouraging targets at Area D; a high-grade apparently flat lying oxide zone, and an underlying fresh rock sulphide mineralisation in breccias and stockworks. These appear associated with northwest and northeast trending structures, which are likely to also factor in the orientation of the oxide zones.

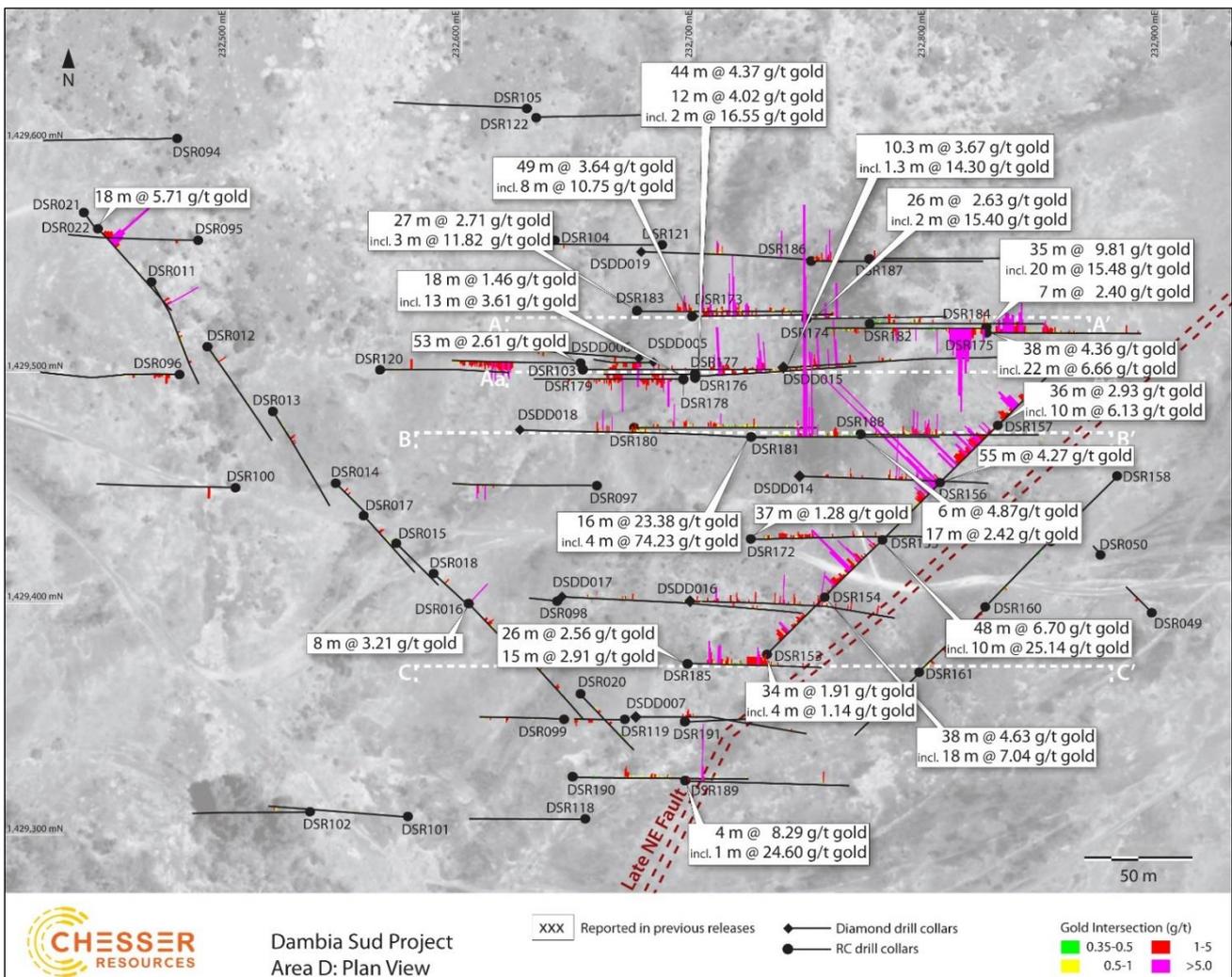


Figure 2: Area D plan view showing drilling locations with select significant results.?

² Refer to ASX announcements on 25 March 2019, 10 April 2019, 6 May 2019, 14 May 2019, 26 August 2019, 3 September 2019, 21 January 2020, 21 March 2020, 17 June 2020, 28 July 2020, 24 November 2020 and 16 December 2020 for drilling results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

Drilling results have significantly extended the thick mineralised zones intersected by previously reported holes at Area D. Most RC holes intersected significant wide oxide mineralisation within saprolitic material from shallow depths.

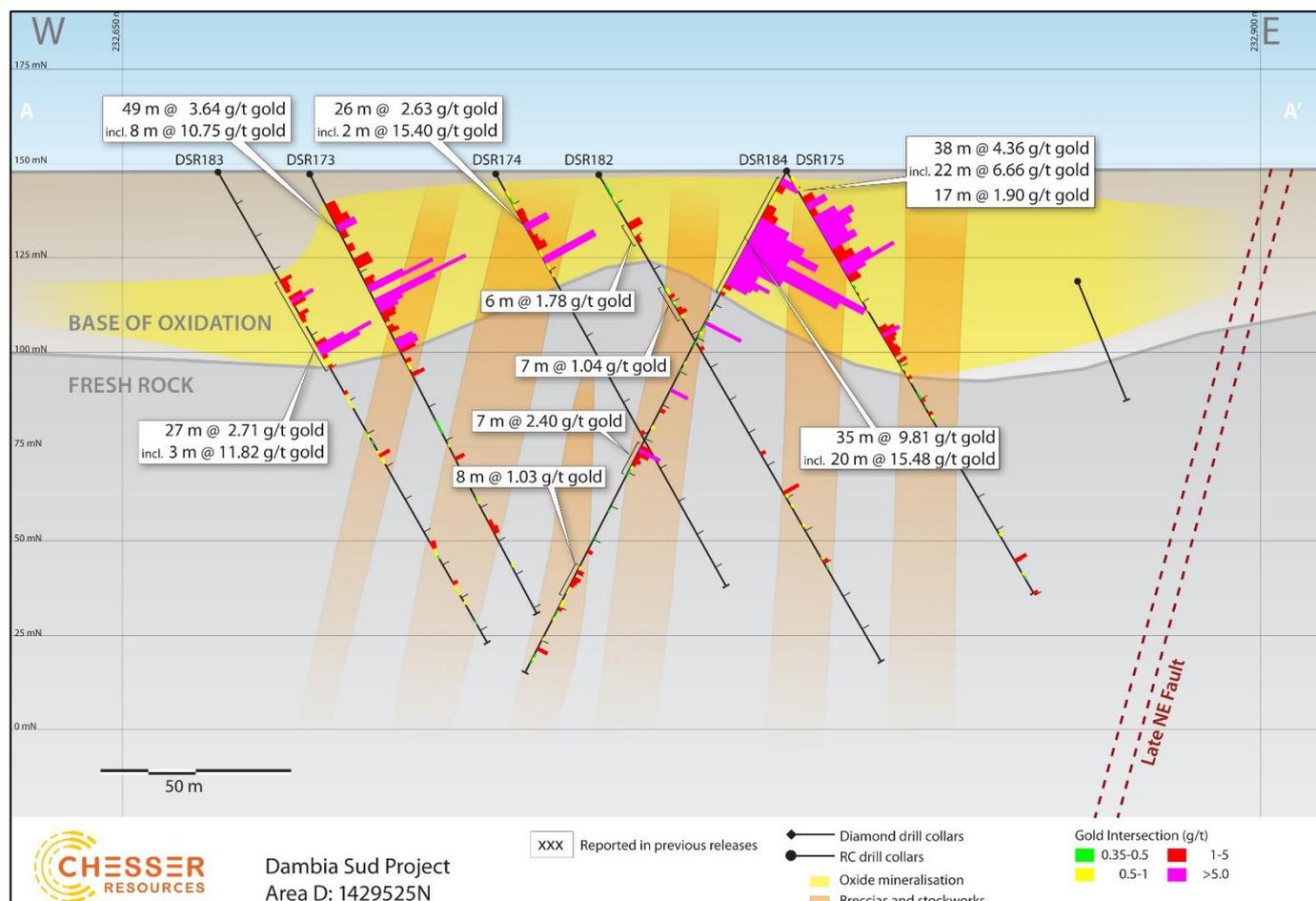


Figure 3: Section 1429525 showing drill holes and select significant intersections. Drilling has confirmed a thick and likely horizontal oxide mineralisation, with underlying subvertical breccias and stockworks.³

RC Holes **DSR182**, **DSR183** and **DSR184** on the 1429525 Line have confirmed the continuity of oxide mineralisation across section A – A' (Figure 3).

Select significant RC intersections included;

Hole ID	Interval (m)	Gold (g/t Au)	From (m)	Oxidation State
DSR184	35	9.81	2	Oxide
incl	20	15.48	14	Oxide
	7	2.40	82	Fresh

³ Refer to ASX announcements on 25 March 2019, 10 April 2019, 6 May 2019, 14 May 2019, 26 August 2019, 3 September 2019, 21 January 2020, 21 March 2020, 17 June 2020, 28 July 2020, 24 November 2020 and 16 December 2020 for drilling results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

Hole ID	Interval (m)	Gold (g/t Au)	From (m)	Oxidation State
	8	1.03	118	Fresh
DSR182	6	1.78	16	Oxide
	7	1.04	38	Fresh
	2	2.66	98	Fresh
DSR183	27	2.71	34	Oxide
incl	3	11.82	54	Oxide
	4	1.36	86	Fresh
	4	1.03	114	Fresh

This area is interpreted by the Company as the intersection of a northeast-southwest trending structure and a northwest trending structure. Numerous structures with narrow 1-5 g/t gold intercepts within broader mineralised zones in fresh rock were intersected. These are thought to represent breccia and stockwork-like zones of structures.

Hole **DSR186** marks the northern most section drilled in this zone of Area D and intersected moderately thick oxide mineralisation, indicating mineralisation likely remains open to the north-northeast (Figure 2).

Select significant RC intersections included;

Hole ID	Interval (m)	Gold (g/t Au)	From (m)	Oxidation State
DSR186	8	1.44	2	Oxide
	6	4.60	13	Oxide
incl	1	13.00	16	Oxide

Diamond drill hole **DSDD019** was collared to the west of DSR186 and returned **6.6m at 2.20 g/t gold** from 65m in a pyritic veinlet zone and **1m at 11.30 g/t gold** from 123m.

Diamond hole **DSDD018** and RC holes **DSR180**, **DSR181** and **DSR188** were drilled on the 1429475N section that DSR157 was collared (**36m at 2.93 g/t gold**, including **10m at 6.13 g/t gold**)⁴. Drilling has confirmed the presence of a wide and thick horizontal oxide zone. It appears to be underlain by vertical to sub vertical breccia and veinlet zones with a northwest structure appearing to control these (Figure 4).

DSDD018 appears to have intersected the mineralised northwest-southeast trending structure (Figure 2) intersected in DSR103 (53m at 2.61 g/t gold)⁵. **DSDD018** intersections included:

⁴ Refer to ASX announcement on 28 July 2020 for drilling results. 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 for drilling results. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

Hole ID	Interval (m)	Gold (g/t Au)	From (m)	Oxidation State
DSDD018	6.25	2.77	67.75	Fresh
	4.95	1.50	76.75	Fresh
	7.00	1.55	98.00	Fresh

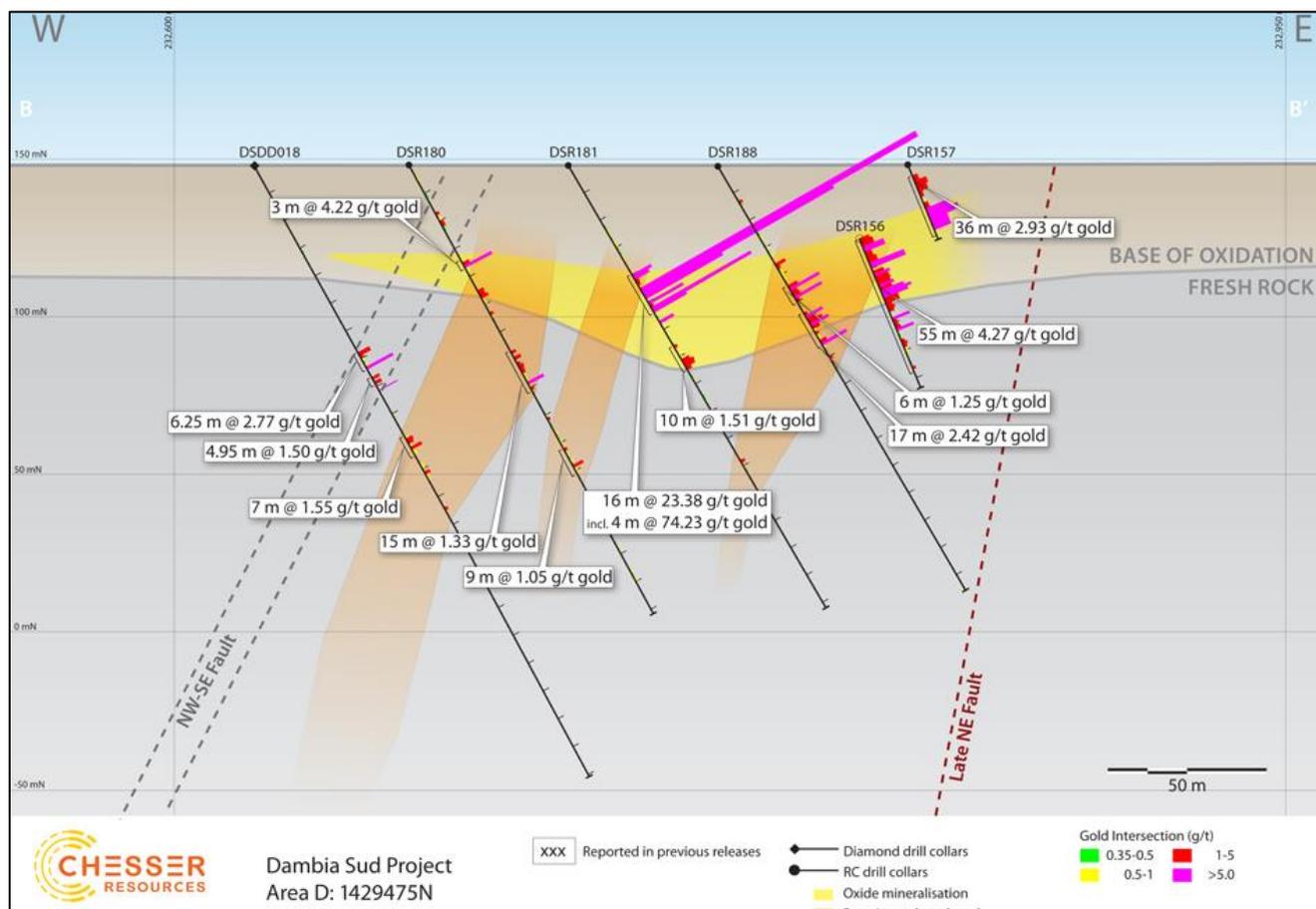


Figure 4: Section 1429475N showing drilling and selected significant results. Drilling has confirmed a thick and likely horizontal oxide mineralisation with a northeast-southwest trend. A mineralised northwest-southeast fault dipping to the west cuts DSD018.⁶

Holes DSR180, DSR181 and DSR188 were collared to the east of DSDD018 (Figure 4). Select significant RC intersections included;

Hole ID	Interval (m)	Gold (g/t Au)	From (m)	Oxidation State
DSR181	16	23.38	40	Oxide
incl	4	74.23	45	Oxide

⁶ Refer to ASX announcements on 25 March 2019, 10 April 2019, 6 May 2019, 14 May 2019, 26 August 2019, 3 September 2019, 21 January 2020, 21 March 2020, 17 June 2020, 28 July 2020, 24 November 2020 and 16 December 2020 for drilling results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

Hole ID	Interval (m)	Gold (g/t Au)	From (m)	Oxidation State
and	2	24.00	52	Oxide
	10	1.54	65	Oxide
DSR188	6	4.87	44	Oxide
incl	1	10.60	45	Oxide
	17	2.42	54	Oxide/Fresh

DSR181 returned two assays at the upper detection limit of **100 g/t gold from intervals 45-46m and 46-47m**, which were re-assayed at the SGS laboratory at Bamako. They returned 105.01 g/t gold and 126.00 g/t gold respectively via a 50g fire assay with a gravimetric finish. However, they are reported with a top-cut of 100 g/t gold.

Hole **DSDD017** was collared to the west of **DSR153** and **DSR154**, and intercepted numerous narrow zones of narrow gold mineralisation in fresh rock within slightly wider mineralised zones. The control on these zones is being analysed. Intercepts included **1.3m at 2.30 g/t gold** from 64.35m, **1.1m at 2.90 g/t gold** from 123.9m.

Drilling in the southern area returned mineralisation in holes **DSR185**, **DSR189** and **DSR190**, likely associated with the northeast trending structural zone. **DSR185** returned **26m at 2.56 g/t gold** from 17m in oxide and **15m at 2.91 g/t gold** from 60m in fresh rock, confirming both the upper oxide mineralised zone and the mineralised northeast trending brecciated zone (Figure 5). **DSR190** intercepted oxide mineralisation, **6m at 2.24 g/t gold** from 44m and a broad sulphide zone in fresh rock of **8m at 1.02 g/t gold** from 66m. **DSR189** was collared to the east of **DSR190** returning high-grade oxide mineralisation of **4m at 8.29 g/t gold** from 17m, including **1m at 24.60 g/t gold** from 17m and **3m at 1.96 g/t gold** from 129m in fresh rock. **DSR191** encountered problems and was abandoned at 60m.

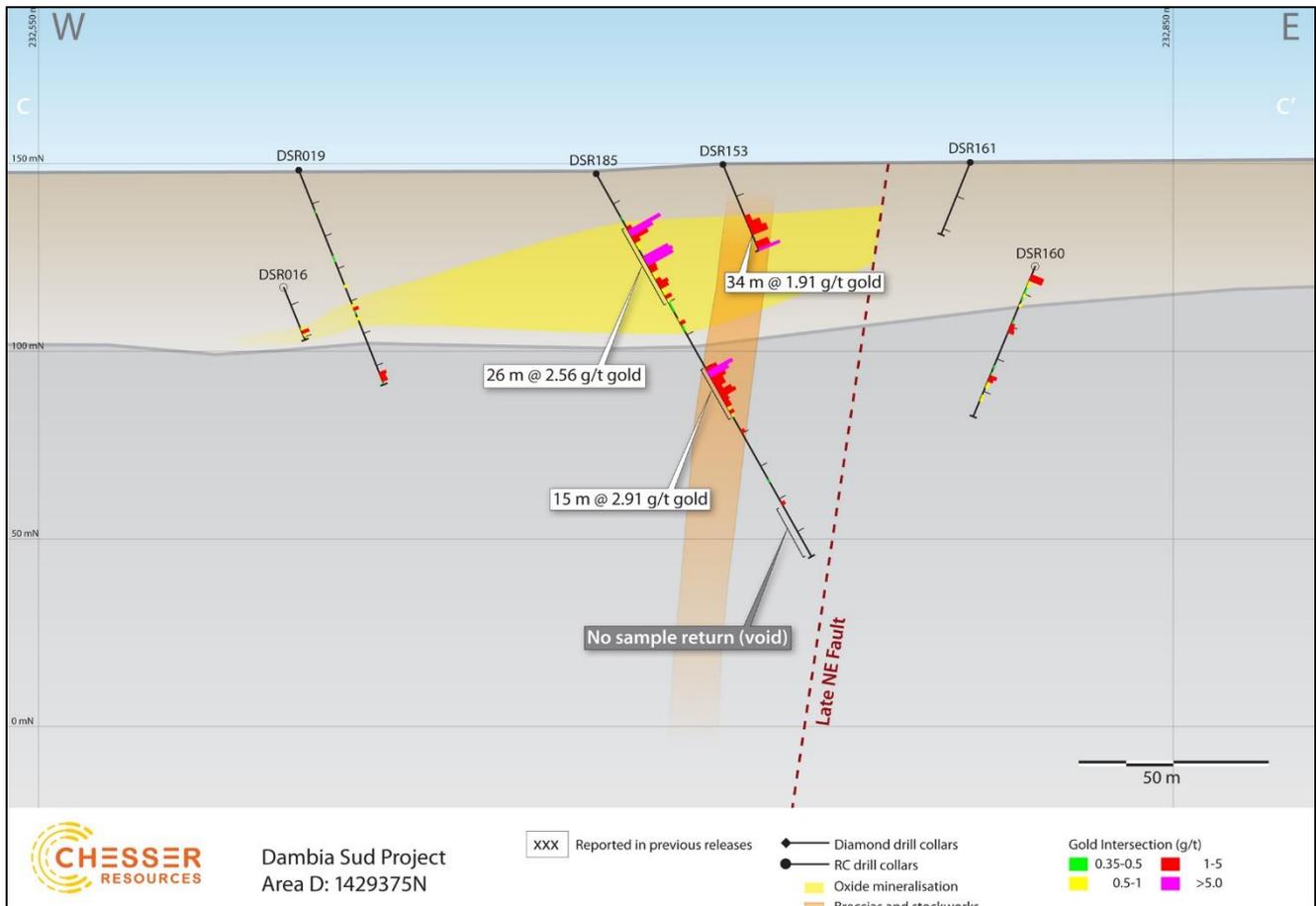


Figure 5: Section 1429375N showing holes drilling and select significant results. It confirms horizontal oxide mineralisation associated with an underlying northeast trending breccia zone. A northeast trending post mineralised fault is interpreted (Figure 1).

RC holes **DSR176**, **DSR177**, **DSR178** and **DSR179** were drilled on an east-west section approximately 100m to the northwest of the discovery traverse (Figure 2). All four holes intersected thick oxidised mineralisation and significant wide zones of pyrite mineralisation in fresh rock (Figure 6). The holes are proximal to previously reported DSR103, which intersected 53m at 2.61 g/t gold.⁷

⁷ Refer to ASX announcement on 3 September 2019 for drilling results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

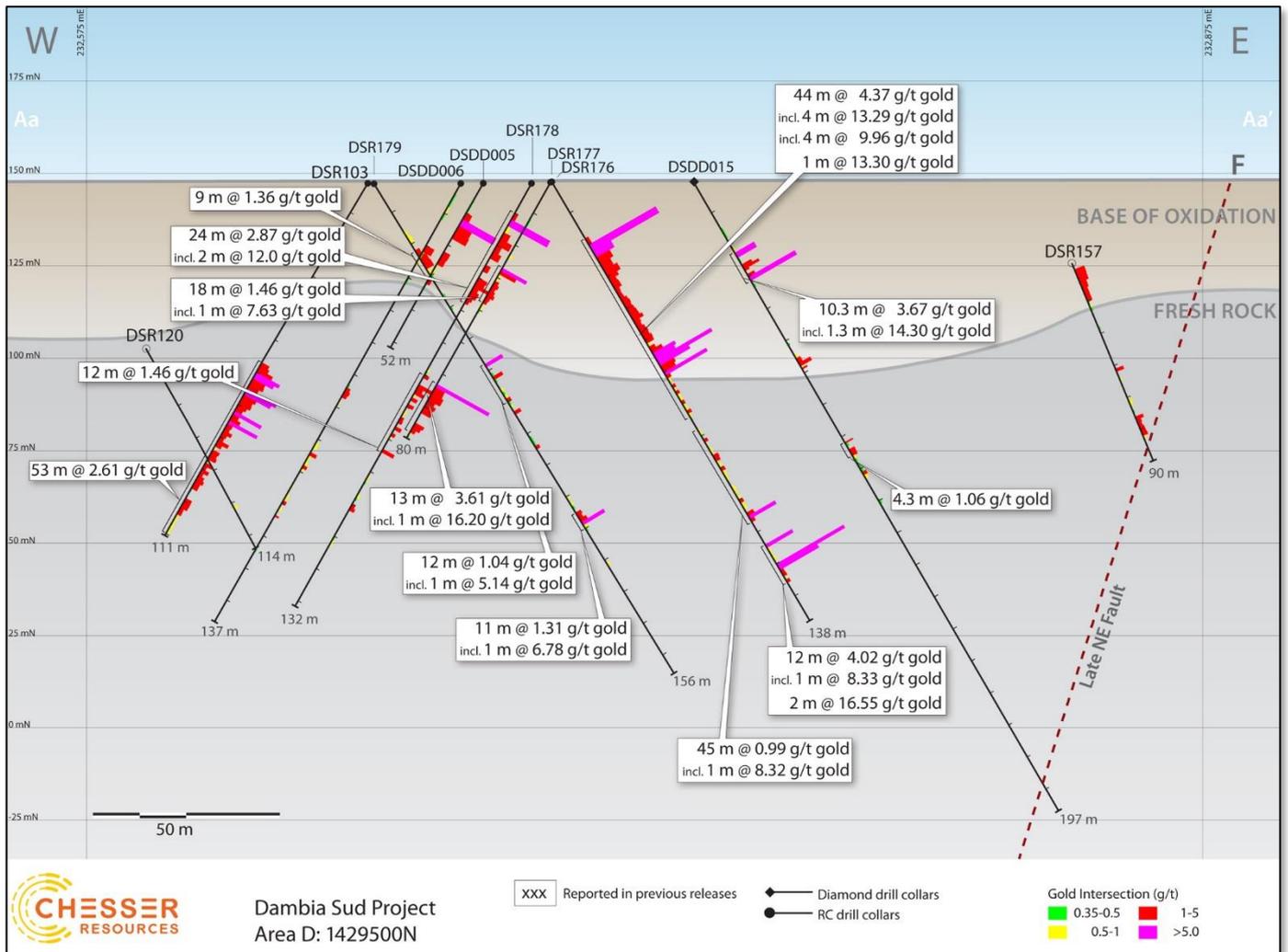


Figure 6: 1429500N section showing select significant intersections of oxide and fresh rock mineralisation from drilling.⁸

Sulphide mineralisation

Drilling points to multiple potential structural controls, including the hydrothermal breccias, as the principal mineralisation system below the oxide mineralisation, which is very encouraging for further exploration work. Multiple intersections of pyrite mineralisation in **DSR179**, **DSR178**, and **DSR176** suggest the mineralisation system may be extensive (Figure 6).

The initial 3 DD holes were drilled to test the depth extent of the high-grade oxidised and fresh rock mineralisation intersected in the Discovery Traverse, and to investigate the nature of a major NE trending structure. The holes encountered saprolitic sediments (fine grained sandstones and carbonates) transitioning into fresh limestones. Mineralisation was encountered in varying zones of extensive hydrothermal breccias with silica and carbonate matrix. Fine grained pyrite in stringers and matrix infill was observed in the breccia zones, with silicification and minor to moderate iron carbonate alteration.

⁸ Refer to ASX announcement on 25 March 2019, 10 April 2019, 6 May 2019, 14 May 2019, 26 August 2019, 3 September 2019, 21 January 2020, 21 March 2020, 17 June 2020, 28 July 2020, 24 November 2020 and 16 December 2020 for drilling results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

Hole **DSDD014** intersected a mineralised breccia in fresh rock that aligns with the northeast trending structure, that holes **DSR155** and **DSR156** intersected in oxidised material (Figure 7).⁹ Further results and drilling are needed to confirm this interpretation.

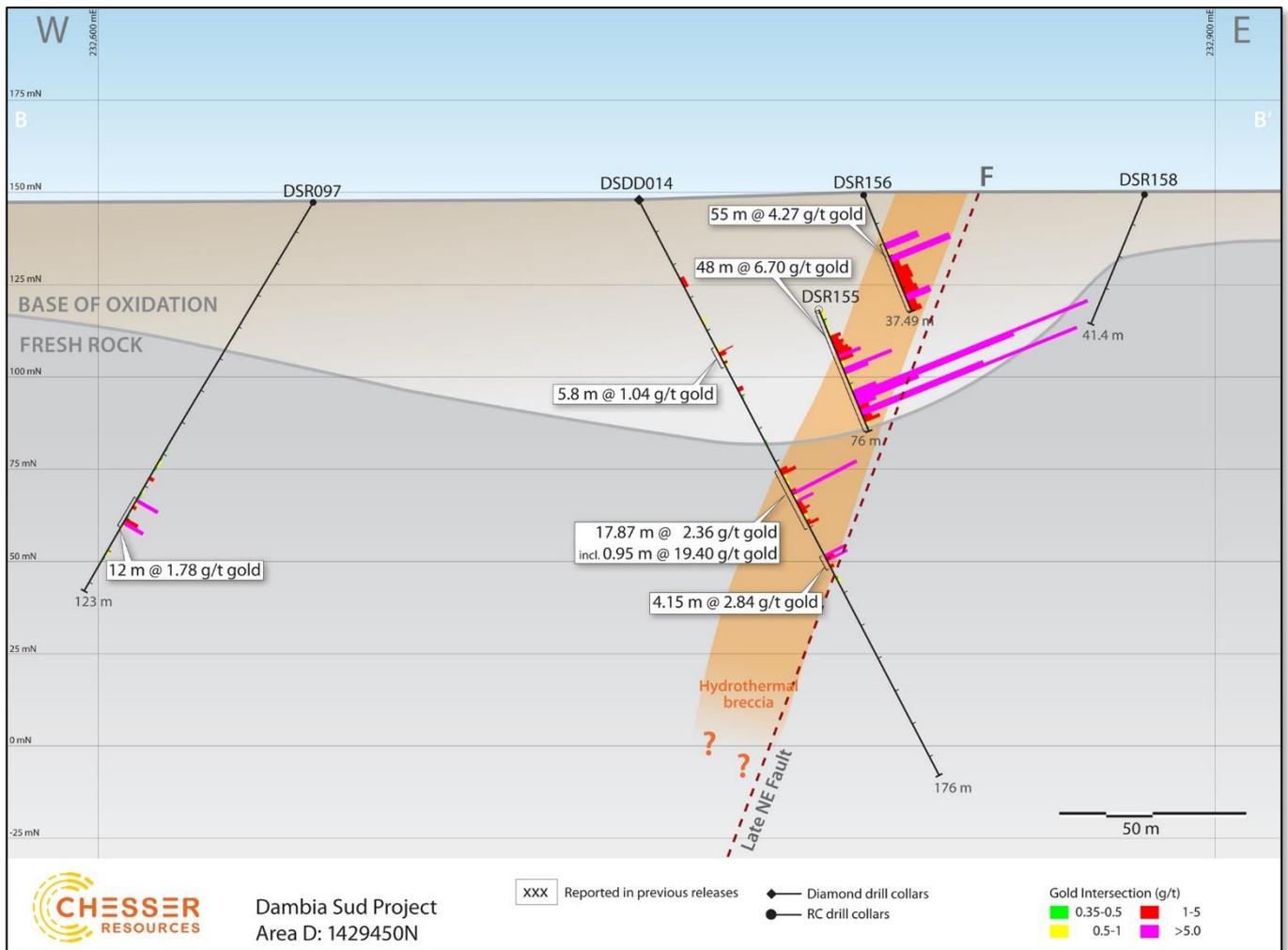


Figure 7: 1429450N section showing drilling intersecting a mineralised hydrothermal breccia, currently interpreted as trending NE, with a late NE regional fault indicated.¹⁰

The oxide and sulphide mineralisation remains open to the northeast and to northwest in the central area, to the west and to the south (Figure 8).

⁹ Refer to ASX announcement on 28 July 2020 for drilling results. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

¹⁰ Refer to ASX announcement on 25 March 2019, 10 April 2019, 6 May 2019, 14 May 2019, 26 August 2019, 3 September 2019, 21 January 2020, 21 March 2020, 17 June 2020, 28 July 2020 for drilling results and 24 November 2020. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

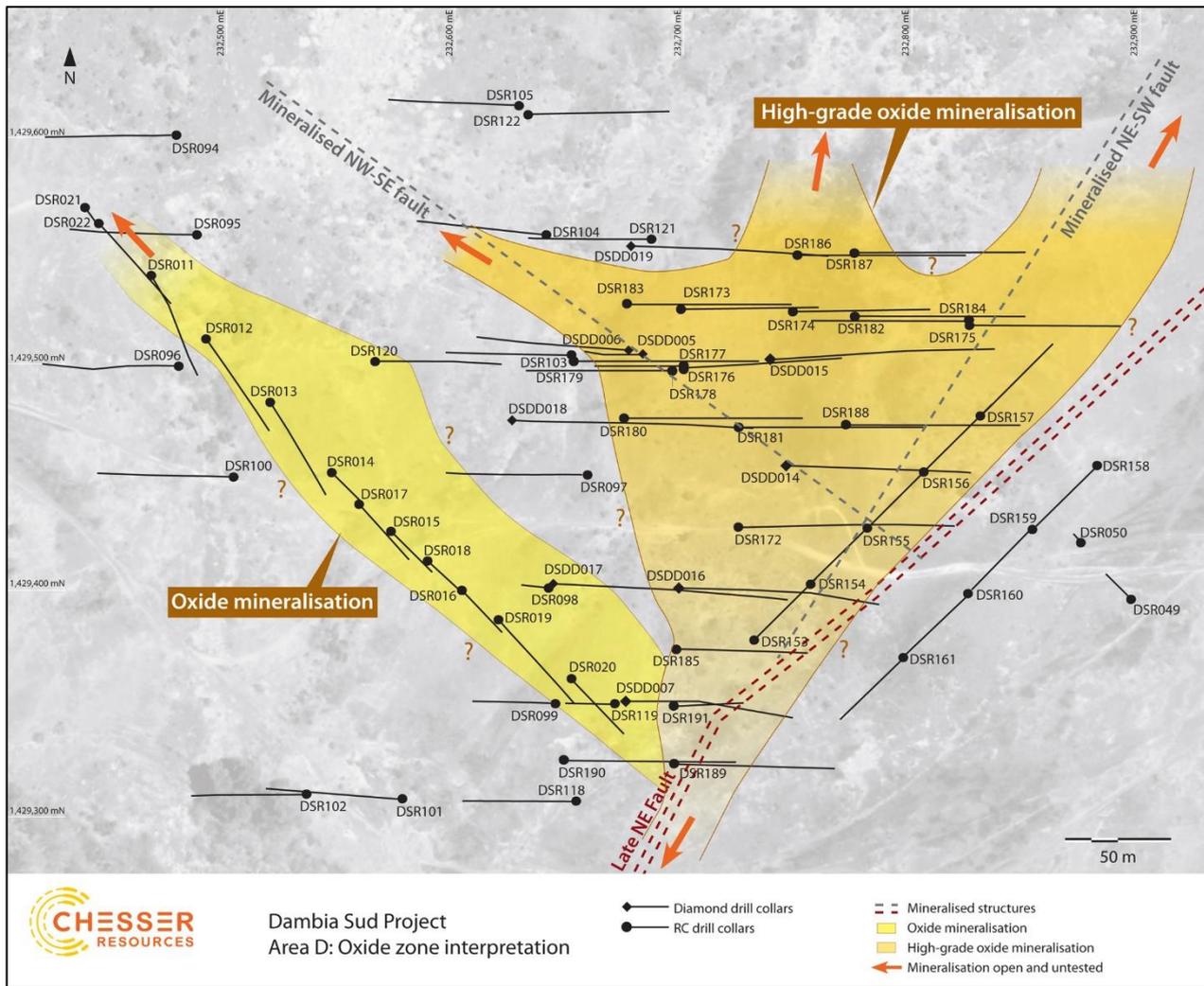


Figure 8: Area D drilling locations and outline of current oxide mineralisation, which is interpreted to be related to two principal mineralisation controls; NE-SW faulting and NW-SE faulting.¹¹ Mineralisation remains open and untested to northeast, northwest and north.

METALLURGICAL RESULTS

During the quarter the Company reported results from staged metallurgical studies being undertaken on its Diamba Sud Gold Project, with initial bottle roll test work undertaken by ALS Metallurgy in Perth, Western Australia under the supervision of Lycopodium Minerals.

Results from the bottle roll testing show very high recoveries from all samples, with low to moderate cyanide and lime consumption (Table 1). Average leach recovery was 96.2%. The high-grade samples returned the highest total recoveries (98.0% - 99.4%). The lowest recovery was returned from the medium grade carbonate sample. The leach residue of this sample and the low-grade sedimentary breccia is being subjected to residue testing to determine the nature of the gold that was not extractable. The high

¹¹ Refer to ASX announcements on 25 March 2019, 10 April 2019, 6 May 2019, 14 May 2019, 26 August 2019, 3 September 2019, 21 January 2020, 21 March 2020, 17 June 2020, 28 July 2020, 24 November 2020 and 16 December 2020 for drilling results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

recoveries show that the gold is likely to be recoverable via a simple cyanide leach process flow sheet, with no indications of refractory gold.

Table 1: Bottle roll direct cyanidation results from sulphide composites from Area A.¹²

Composite	Grind Size P80 (μm)	Gold				Consumption	
		Head Assay	Calc. Feed	Leach Recovery	Residue	NaCN	Lime
		(g/t)	(g/t)	(%)	(g/t)	(kg/t)	(kg/t)
HGBR01	75 μm	12.0 / 10.9	13.39	98.7	0.17	0.22	0.60
HGBR02	75 μm	9.88 / 8.99	7.10	99.4	0.05	0.24	0.63
HGBR03	75 μm	12.1 / 12.6	11.68	98.0	0.23	0.18	0.79
MGBR04	75 μm	2.18 / 2.91	3.12	97.4	0.08	0.15	0.72
MGBR05	75 μm	2.65 / 3.83	2.87	97.2	0.08	0.18	0.86
MGBR06	75 μm	2.32 / 2.26	2.23	97.8	0.05	0.15	0.57
LGBR07	75 μm	1.01 / 0.83	0.96	96.9	0.03	0.18	0.36
LGBR08*	75 μm	0.88 / 1.20	1.09	92.6	0.08	0.18	0.61
MGGR09	75 μm	4.75 / 2.54	2.16	97.7	0.05	0.15	0.94
MGCA10*	75 μm	2.92 / 2.34	2.33	86.3	0.32	0.15	0.37
Average				96.2			

* Sample leach residue is being tested to determine nature of gold not extracted in the leach process.

Leach residence time results over 3 periods (12, 24 and 48 hours) exhibited rapid kinetics, with an average of 99% of total recovered gold achieved within a 12-hour period (Table 2). Future metallurgical testing will look at the impact of grind size and residence times for optimisation of potential plant design.

Table 2: 48-Hr direct cyanidation time leach test - oxygen sparge

Sample	Total Gold Extraction (%)			12hr/48hr
	12 hr	24 hr	48 hr	
HGBR01	97.99	97.77	98.73	99%
HGBR02	98.71	99.58	99.37	99%
HGBR03	96.43	96.05	98.03	98%
MGBR04	95.13	95.13	97.43	98%
MGBR05	98.28	96.20	97.22	100%
MGBR06	97.77	97.11	97.76	100%
LGBR07	96.13	96.13	96.88	99%
LGBR08	94.70	92.64	92.64	100%
MGGR09	95.02	94.33	97.69	97%
MGCA10	84.37	85.02	86.27	98%
Average	95.45	95.00	96.20	99%

Multi-element assaying returned below detection limit for arsenic, low copper and mercury, with generally low organic carbon content also reported. These results are significant for the following reasons;

- a. Indicative of low potential for preg-robbing elements in the mineralisation; and

¹² Refer to ASX announcements on 10 November 2020 for results of metallurgical testing. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

b. Mineralisation is very clean in terms other metals, and in particular potentially toxic ones.

Table 3 highlights the location of the drill holes from which the samples were composited.

Table 3: Source, gold head grade and type of composite.

Composite	Holes	Description	Oxidation state	Average Head Grade (Au g/t)
HGBR01	DSR092, DSR093	High-grade sedimentary breccia	Fresh rock	11.45
HGBR02	DSD008	High-grade sedimentary breccia	Fresh rock	9.44
HGBR03	DSR135	High-grade sedimentary breccia	Fresh rock	12.35
MGBR04	DSR090, DSR092	Medium-grade sedimentary breccia	Fresh rock	2.55
MGBR05	DSR127, DSR138	Medium-grade sedimentary breccia	Fresh rock	3.24
MGBR06	DSR144	Medium-grade sedimentary breccia	Fresh rock	2.29
LGBR07	DSR110, DSR 124, DSR126, DSD004	Low-grade sedimentary breccia	Fresh rock	0.92
LGBR08	DSR089	Low-grade sedimentary breccia	Fresh rock	1.04
MGGR09	DSR112	Medium-grade granodiorite	Fresh rock	3.65
MGCA10	DSD013	Medium-grade carbonate	Fresh rock	2.63

CORPORATE AND ADMINISTRATION

- Chesser held cash of approximately \$12.86 million at 31 December 2020, having completed a placement to institutional and sophisticated investors for 38.1 million fully paid ordinary shares at an issue price of \$0.21 per share to raise \$8.0 million ("Placement"). The funds raised will be used to expand and accelerate drilling programs at the high-grade Diamba Sud Gold Project. The Company received proceeds of \$0.43 million from the exercise of options during the quarter.
- Subsequent to the end of the quarter, experienced resources executive Mr. Andrew Grove was appointed as Chief Executive Officer, effective 1 February 2021. Mr. Grove has over 30 years technical, commercial and financial experience in global resources including 14 years with Macquarie Bank, has significant operational experience across all phases of resources projects and has substantial African gold mining experience including his most recent role as Group General Manager Business Development and Investor Relations at Perseus Mining Limited. Mr. Grove has a Bachelor of Engineering (Mineral Exploration and Mining Geology) and a Masters Degree in Mineral and Energy Economics.
- During the quarter the Company made payments totalling \$0.14 million to related parties and their associates representing Director remuneration.
- During the quarter the Company made payments totalling \$0.9 million related to exploration activities with the majority of this expenditure being for the costs of the ongoing 20,000m drilling program, partial results of which are summarised in this quarterly report.

MARCH QUARTER PLANNED ACTIVITY

The Company is well funded to progress exploration activities at Diamba Sub, with a 20,000m drill program in progress. RC and diamond drill rigs are currently drilling at Area A on the two structures trending southwest-northeast and the southeast extension. Greenfield targets at Western Splay and Southern Arc are also planned to be tested. The Company is expecting a steady flow of results until at least late April 2021.

The Company is also evaluating options to accelerate further drilling campaigns following the strongly supported \$8m private placement in November, as well as planning to extend gradient array induced polarisation geophysics (GAIP) over large parts of the northern Diamba Sud block (DS1) early in 2021. GAIP has been proved to be effective for identifying structures and certain lithological units.

DECEMBER 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:

- 20,000 metre drilling campaign commences at Diamba Sud 13 October 2020
- Excellent metallurgical results received from Diamba Sud 10 November 2020
- Chesser extends high-grade discovery at Diamba Sud 24 November 2020
- Chesser completes \$8M private placement 30 November 2020
- High grade gold including 16m at 23.28g/t at Diamba Sud 16 December 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 December 2020, the Company had interests in the following tenements:

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

This quarterly activities report was approved by the Board of Directors of Chesser Resources Limited.

-ENDS-

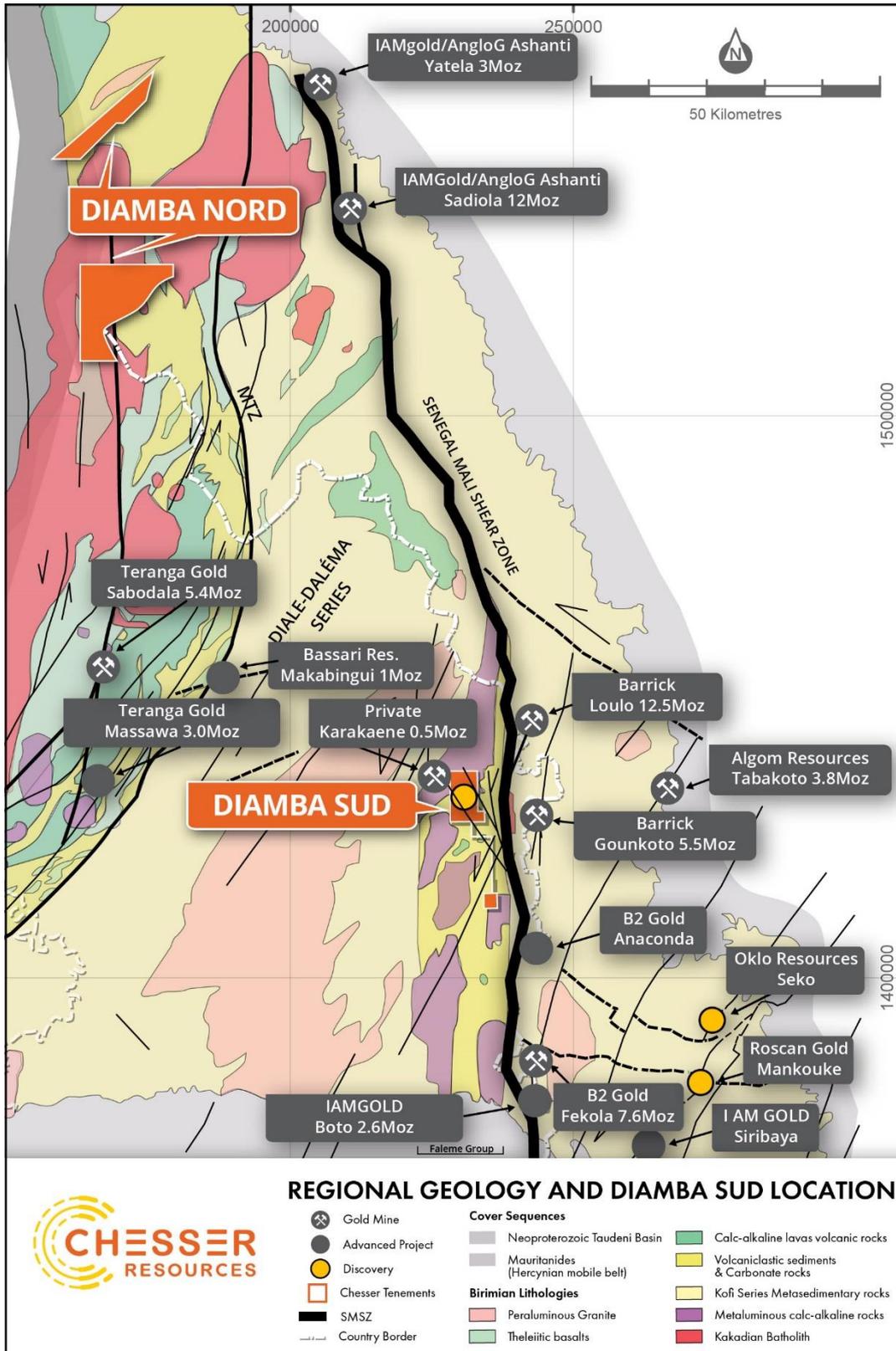


Figure 9: Schematic regional geology of eastern Senegal, showing the Diamba Sud Project and its proximity to both the SMSZ, and the major gold operations and projects on or adjacent to splays off the SMSZ.

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 1,458,000 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 Allied Gold's Sadiola and Yatela mines (acquired from IAMGOLD/AngloGold Ashanti). 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 DECEMBER 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (Six 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	(143)	(211)
(e) administration and corporate costs	(220)	(384)
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	7	16
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(357)	(581)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(107)	(119)
(d) exploration & evaluation (if capitalised)	(922)	(1,364)
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (Six months) \$A'000
	(c) property, plant and equipment	-	-
	(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	(1,029)	(1,483)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	7,963	13,963
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	432	810
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(507)	(937)
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	7,888	13,836

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,549	1,279
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(357)	(581)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,029)	(1,483)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	7,888	13,836
4.5	Effect of movement in exchange rates on cash held	(196)	(196)
4.6	Cash and cash equivalents at end of period	12,855	12,855

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	12,855	6,549
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)	12,855	6,549

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	143
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. 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	-
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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)	(357)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(922)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,279)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	12,855
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	12,855
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	10.05

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:

Not applicable

- 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:

Not applicable

- 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:

Not applicable

1.1 Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: **28 January 2021**

Authorised by: **By the Board of Directors of Chesser Resources Limited**

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

1.2 Notes

- 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.
- 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