

31st July 2008

June 2008 Quarterly Report

Highlights

- **Drilling began on the Sisorta project, with three diamond rigs in operation by the end of the quarter. This is the start of a program of at least 8,000 metres, aimed at drill definition of a substantial open pit, leachable and bulk mineable JORC resource by the end of 2008. The drill program is designed to test a 1.6km by 0.5km target zone with established high grade gold drill intersections, strong alteration and gold in rock chip samples and soils.**
- **Initial results were received for five drillholes, with significant gold intersections in four out of five holes, including 9.1 metres at 1.16 g/T Au in Sis-21, 5.6 metres at 1.47 g/T Au in Sis-23, and 19.8 metres at 0.86 g/T Au in Sis-19.**
- **In addition, Sis-22 produced the best copper intersection to date on the property: 13.5 metres at 2.24% Cu and 0.13g/T Au. Ongoing exploration will also develop and test for bulk tonnage porphyry copper-gold mineralisation which often occurs in association with gold mineralisation of the style occurring at Sisorta.**
- **Ongoing rockchip sampling during the quarter has identified a new area of surface gold mineralisation to the northwest of the main zone of activity, with surface chip channel samples returning up to 1.72 g/T Au.**
- **A 24 line, 64 line-kilometre Induced Polarisation and Magnetics ground geophysical survey began over the Sisorta project and adjacent areas. The survey will aid in ongoing refinement of the drill program and will help in the identification of targets for bulk-tonnage porphyry copper-gold mineralisation.**
- **Initial reconnaissance work commenced on the 15 licenses which were acquired in Northeastern Turkey during the March Quarter. More detailed follow-up work on these properties will take place during the remainder of 2008.**
- **The company has continued to assess more project opportunities, particularly in the gold sector.**

Chesser Resources Limited ("Chesser") (ASX Code: CHZ) is pleased to report on its activities for the quarter ended June 30, 2008. The most notable milestone achieved during the quarter was the initiation of the Sisorta exploration program. The program began in April and has made solid progress since then, with activities scheduled to continue well into the 4th quarter of 2008. The

company has also made significant advances in its strategy to develop a portfolio of advanced gold exploration projects, as well as advancing exploration on its existing projects.

Projects

Sisorta, Turkey

Gold

(Chesser earning up to 70%, Eurasian 100%)

The Company commenced its 2008 drill program on the Sisorta project during the quarter. The planned 2008 program comprises a minimum of 8000 metres of diamond drilling and approximately 62 kilometres of dipole-dipole IP.



Sis-19



Sis-20



Sis 21



Drill road construction

Figure 1. Selected photos of drilling and road preparation from the Sisorta project.

The Sisorta property is a volcanic-hosted high sulphidation epithermal project, in which drilling to date has demonstrated the existence of a significant body of near-surface oxide gold mineralisation with surface chip-channel sample fire assay grades of up to 14 grams per tonne gold reported by Eurasian Minerals. The project has a large footprint of outcropping mineralisation and anomalous soil geochemistry, only a small portion of which has been drilled.

Mineralisation on the Sisorta project is associated with a 2500m by 800m northwest-trending topographic high. The 28 drillholes carried out to the end of 2007 have shown the clear existence of a large zone of high grade oxide gold mineralisation which remains open to the northwest and southeast.

In the June quarter, nine holes were completed for a total of 1314.9 metres, and assays were received for the first five holes. A third drill rig arrived at the project near the end of the quarter resulting in an acceleration of core production. The fourth drill rig is scheduled to arrive during the September quarter.

Significant new drill results from the quarter include:

| Drillhole | Easting (UTM35) | Northing (UTM35) | Azimuth (degrees) | Dip (degrees) | Total Depth (metres) | From (metres) | To (metres) | Length (metres) | Intercept | |
|-----------|-----------------|------------------|-----------------------------------|---------------|----------------------|----------------------------------|-----------------------|-----------------|-----------|-----------------------|
| SIS19 | 418500 | 4477900 | 270 | 60 | 125 | | | | | |
| | | | | | | Gold intercept in sulphide zone* | 41.3 | 64.5 | 23.2 | 0.75 g/t Au |
| | | | | | | including* | 44.7 | 64.5 | 19.8 | 0.86 g/t Au |
| | | | | | | including | 58.4 | 62.0 | 3.6 | 1.16 g/t Au |
| | | | Gold intercept in sulphide zone | 69.0 | 92.2 | 23.2 | 0.42 g/t Au | | | |
| SIS20 | 418500 | 4478000 | 270 | 60 | 125 | | | | | |
| | | | | | | Gold intercept in sulphide zone | 17 | 23.6 | 6.6 | 0.54 g/t Au |
| | | | | | | Gold intercept in sulphide zone | 33.0 | 44.5 | 11.5 | 0.42 g/t Au; 0.29% Cu |
| | | | Copper intercept in sulphide zone | 102.0 | 110.4 | 8.4 | 0.25% Cu; 0.09 g/t Au | | | |
| SIS21 | 418500 | 4478200 | 270 | 60 | 125 | | | | | |
| | | | | | | Gold intercept in sulphide zone | 0 | 38.3 | 38.3 | 0.62 g/t Au |
| | | | | | | including | 13.9 | 27.3 | 13.4 | 0.95 g/t Au |
| | | | | | | including | 18.2 | 27.3 | 9.1 | 1.16 g/t Au |
| | | | Copper intercept in same zone | 8.3 | 38.3 | 30 | 0.57% Cu; 0.64 g/t Au | | | |
| SIS22 | 418500 | 4477800 | 270 | 60 | 113.9 | | | | | |
| | | | Chalcocite-enargite zone | 85 | 98.5 | 13.5 | 2.24% Cu; 0.13 g/t Au | | | |
| SIS23 | 418200 | 4478000 | 270 | 60 | 197.5 | | | | | |
| | | | | | | Gold intercept in oxide zone | 42.1 | 63 | 20.9 | 0.65 g/t Au |
| | | | including | 42.1 | 47.7 | 5.6 | 1.47 g/t Au | | | |

Table 1. Significant gold and copper intercepts from the June quarter
(* a solution cavity was encountered in SIS19 between 47.5 and 51.3 metres)

Additional surface rockchip sampling was carried out during the quarter in areas newly exposed by road construction. Notable results were obtained from a zone approximately 1.3 kilometres to the northwest of the main area of drilling, where three 2 to 3 metre chip channel samples from a zone of siliceous breccia with a hematitic matrix produced assay results between 1.41 and 1.72 grams per tonne Au. The results illustrate the broader potential of the project which has not yet been systematically tested. Drilling of a number of the outlying target zones on the project is scheduled for later in 2008.

Other significant activities during the June quarter included completion of all drill roads, initiation of metallurgical pit excavations, and commencement of the property-scale Induced Polarization and Ground Magnetic Survey. Approximately 70% of the survey lines had been completed by the end of June, with the remainder to be completed soon thereafter.

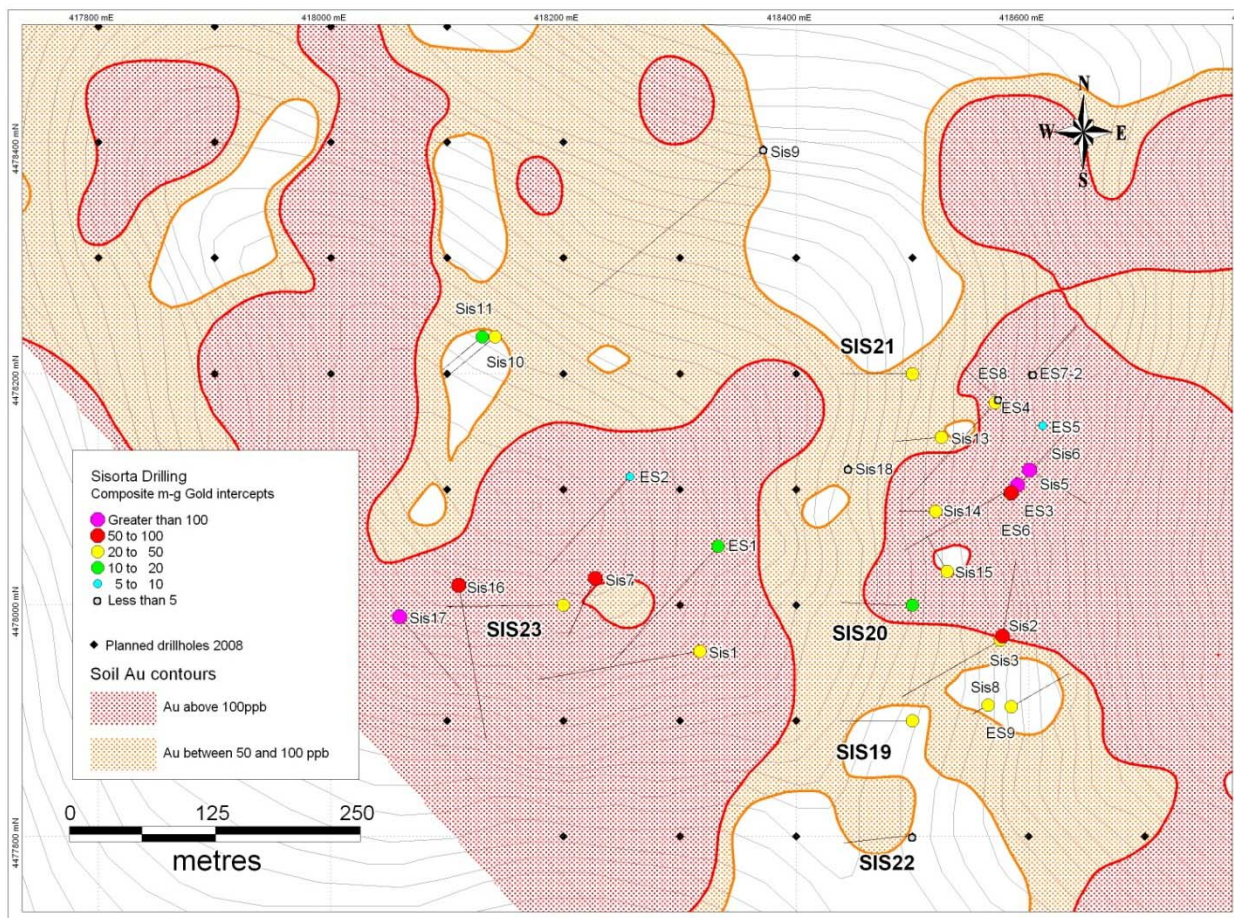


Figure 1. Sisorta project showing all drilling up to the end of the June 2008 quarter (drillholes SIS19 to SIS23 completed during the June quarter) over topography and contours of soil geochemistry

The drill results indicate that mineralisation continues in between the East and West Zones that have received most drilling to date, but that the depth of oxidation is shallower in those intervening zones. A number of strong copper intercepts reinforce the copper potential of the project in addition to its gold potential. Results from the IP survey will help in targeting deeper holes aimed at pursuing porphyry copper-gold targets within the project area.

Turkey Regional (Chesser 100%)

Copper- Gold

During the March quarter, the company acquired 15 licenses on four separate project areas with potential for epithermal gold and porphyry copper-gold. Some preliminary ground work was carried out during the current quarter, and is expected to continue for the remainder of the year.

Field visits were carried out to a number of projects made available to the company for option and/or joint venture. Some projects were expected to advance to the stage of negotiation in the September quarter.

Wynbring SA

(Chesser earning up to 80%, PlatSearch 100%)

Copper- Gold – Nickel

During the June quarter, the company informed Platsearch of its intention to withdraw from the Wynbring Project.

Cedric Bore SA

(Chesser 100%)

Copper-Gold–Uranium

Cedric Bore has the potential for Olympic Dam or Prominent Hill style IOCG deposits, orogenic lode gold deposits and palaeochannel hosted roll-front uranium deposits in the Tertiary sediment cover.

The company is continuing to advance the compilation and interpretation of ground gravity, magnetic data and geochemistry.

All queries to be directed to
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The exploration data and results contained in this report are based on information compiled by Dr Rick Valenta, a fellow of the Australian Institute of Mining and Metallurgy. He is a non executive 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 2004 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.

APPENDIX 5B
Mining exploration entity quarterly report

CHESSER RESOURCES LIMITED

ACN 118 619 042

Quarter ended

30-Jun-08

Consolidated statement of cash flows

| | Current quarter | Year to date (12 months) |
|--|-----------------|-----------------------------|
| | \$A'000 | \$A'000 |
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | - | - |
| 1.2 Payments for | | |
| (a) exploration and evaluation | (1,301) | (3,327) |
| (b) development | - | - |
| (c) production | - | - |
| (d) administration | (195) | (639) |
| 1.3 Dividends received | - | - |
| 1.4 Interest and other items of a similar nature received | 52 | 365 |
| 1.5 Interest and other costs of finance paid | - | - |
| 1.6 Income taxes paid | - | - |
| 1.7 Other - Refund of Shire Rates | - | - |
| 1.7 Other - Refund of GST | - | - |
| Net Operating Cash Flows | (1,444) | (3,601) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | (1) | (1) |
| 1.9 Proceeds from sale of: | | |
| (a) prospects | - | - |
| (b) equity investments | - | - |
| (c) other fixed assets | - | - |
| 1.10 Loans to other entities | - | (163) |
| 1.11 Loans repaid by other entities | - | - |
| 1.12 Cash assets of acquired entity | - | - |
| Net Investing cash flows | (1) | (164) |
| 1.13 Total operating and investing cash flows (carried forward) | (1,445) | (3,765) |

| | | |
|--|-------------------------|---------|
| 1.13 Total operating and investing cash flows (brought forward) | (1,445) | (3,765) |
| Cash flows related to financing activities | | |
| 1.14 Proceeds from issues of shares, options, etc | - | 1,005 |
| 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 (Share issue costs) | - | (3) |
| Net financing cash flows | 0 | 1,002 |
| Net increase (decrease) in cash held | (1,445) | (2,763) |
| 1.20 Cash at beginning of quarter / year to date | 4,341 | 5,659 |
| 1.21 Exchange rate adjustments to item 1.20 | - | - |
| 1.22 Cash at end of quarter | 2,896 | 2,896 |
| 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 | 170 | |
| 1.24 Aggregate amount of loans to the parties included in item 1.17 | - | |
| 1.25 Explanation necessary for an understanding of the transactions | | |
| Directors' fees and payments to entities the directors are associated with | | |
| 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 | | |
| | | |

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

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

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 1,443 |
| 4.2 Development | - |
| Total | 1,443 |

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 | 743 | 233 |
| 5.2 Deposits at call | 2,153 | 4,107 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (provide details) - 30 and 60 day term deposits | - | - |
| Total: cash at end of quarter (item 1.22) | 2,896 | 4,341 |

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 | ELA279/06 | - | 100% | - |
| 6.2 Interests in exploration licenses acquired or increased | | | | |

Issued and quoted securities at end of current quarter

| | Total number | Number quoted | Issue price per security (cents) | Amount paid up per security (cents) |
|--|--------------|---------------|----------------------------------|-------------------------------------|
| 7.1 Preference securities <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 Ordinary securities | 35,000,000 | 35,000,000 | 20 cents each | Fully paid |
| Ordinary securities | 2,600,000 | - | 1 cent each | Fully paid |
| Ordinary securities | 500,000 | 500,000 | 6 cents each | Fully paid |
| Ordinary securities | 50,000 | - | 20 cents each | Fully paid |
| Ordinary securities | 2,100,000 | 2,080,000 | 10 cents each | Fully paid |
| Ordinary securities | 500,000 | 500,000 | 48 cents each | Fully paid |
| 7.4 Changes during quarter (a) Increases through issues Release of shares from escrow | 1,250,000 | 1,250,000 | Fully Paid | Fully Paid |
| 7.5 Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | 2,000,000 | | <u>Exercise price</u> 0.35 | <u>Expiry date</u> 28/05/2011 |
| | 3,000,000 | | 0.25 | 30/05/2011 |
| | 1,500,000 | | 0.25 | 19/09/2011 |
| | 500,000 | | 0.30 | 19/09/2011 |
| | 500,000 | | 0.35 | 19/09/2011 |
| | 292,500 | | 0.40 | 21/02/2013 |
| 7.8 Issued during quarter | 292,500 | | 0.40 | 21/02/2013 |
| 7.9 Exercised during quarter | | | | |
| 7.10 Cancelled during quarter | | | | |

| | | | | |
|---|--|--|--|--|
| 7.11 Debentures <i>(totals only)</i> | | | | |
| 7.12 Unsecured notes <i>(totals only)</i> | | | | |

Compliance statement

- 1.0 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2.0 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 31/07/2008

Company Secretary

DONALD STEPHENS

Print name:

Notes

- 1.0 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2.0 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3.0 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4.0 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5.0 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.