



## Quarterly Report – June 2010

### Highlights

#### Exploration

##### Kestanelik

- A follow-up program of 15 Reverse Circulation (RC) holes, for 1,194 metres, confirms historical and February 2010 high-grade drill results which included a best intersection of **30 metres at 4.41 g/t gold** from 3metres, significant results from the previously reported April program include:
  - **23 metres at 2.30 g/t gold** from 12m in hole KERC-17, including **5 metres at 3.29 g/t gold** from 22m, and a maximum assay of **8.65 g/t gold** over 1metre;
  - **29 metres at 1.30 g/t gold** from 10m in hole KERC-18, with a maximum assay of **6.85 g/t gold** over 1 metre.
- Geophysical survey extends the epithermal vein system to a total length of more than 21 km of veins, with true widths of up to 28 metres.
- Followup rock and soil sampling initiated, focusing on sampling and prioritisation of new vein zones detected in the geophysics.
- Permitting approvals for an additional 136 drill holes imminent.

##### Karaayi

- Field mapping, sampling and spectral alteration studies carried out on bulk tonnage copper-gold porphyry prospect.
- Ground magnetic survey carried out over main target area, with a number of new anomalies detected.

##### Sisorta

- Work continued on legal and environmental permits and studies following on from the operating permit granted in 2009.

#### Corporate

- Placement raising \$8 million (before costs) of 26.6 million new shares at \$0.30ps to high quality institutional share holders completed in July 2010.
- Turkish Parliament passes new Mining Law enabling the Forestry Department to resume processing requests for drilling and access permits.
- Cash \$4.3 million as at 30 June 2010 (before Tranche #2 above). Proceeds from Tranche #2 of the placement, being \$4,326,500, were received on 12 July 2010.

#### Activities for September Quarter 2010

##### Kestanelik

- An extensive drill program, of 135 holes, to commence in early August once permits are issued by the Forestry Department.

- Drilling program will initially test previously undrilled targets with strong surface sampling results (K2 vein: 7.7m @ 23.4 g/t Au) and also step-outs from previous high-grade drill intercepts.
- Ground magnetic surveying and additional field-based follow-up and geochemical sampling of new veins detected in geophysics.

#### **Karaayi**

- IP survey over main target area.
- Continued mapping as well as rock and soil sampling.
- Drill decision in September quarter.

#### **Sisorta**

- Continued low-level scoping studies
  - Intensify search for potential development partners.
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## Exploration

### KESTANELIK, Turkey Gold

(Chesser earning up to 100%, Turkish Partner 100%)

The Kestanelik property consists of a series of epithermal quartz vein zones of up to 28 metres true thickness, with a total strike length of more than 21 kilometres, the major proportion of these veins remain untested by drilling. Some 18 kilometres of veins are covered by a post-mineral sequence of sediments, volcanics and alluvium. Mineralisation on the property is typical of low-sulphidation epithermal vein systems, examples of which include Vera Nancy in Queensland (North Queensland Metals) and the Eureka project in Argentina (Andean Resources).

#### Drilling Results to date

Two drill campaigns have been conducted on a limited strike exposure of the Karakovan, K1 and K3 vein sets during February and April 2010. The Company has drilled a total of 31 holes, focusing on areas where historical surface chip channel sampling and shallow drilling have returned high gold grades over significant intervals. Full exploration drilling results were reported in March and May 2010, highlights from these programs include:

Hole No.	Intercept Length (m)	Grade (g/t Au)	From (m)	Est. True Thickness (m)
<b>KERC-01</b>	30	4.41	3	28.1
incl.	6	15.44	21	5.6
and also incl.	10	10.32	20	9.4
<b>KERC-02</b>	22	3.47	7	20.1
incl.	4	8.37	23	3.7
and also incl.	7	5.58	22	6.4
<b>KERC-03</b>	14	3.46	14	11.2
incl.	4	8.6	24	3.2
and also incl.	2	14.79	26	1.6
<b>KERC-08</b>	10	3.05	33	6.4
incl.	4	6.1	37	2.6
<b>KERC-10</b>	9	6.27	27	6.4
incl.	3	9.81	32	2.1
<b>KERC-12</b>	12	3.49	38	7.8
incl.	3	8.23	43	2
<b>KERC-13</b>	8	3.42	65	5.2
incl.	4	5.94	67	2.6
<b>KERC 17</b>	23	12	2.34	3.02
incl.	3	15	5.93	5.27
incl.	5	22	3.29	4.80
incl.	6	29	2.19	2.77
<b>KERC 18</b>	29	10	1.30	1.36
incl.	4	18	1.66	2.20
incl.	3	24	3.86	2.93
incl.	4	34	1.76	1.63

Table 1: Highlights from February and April drilling programs.

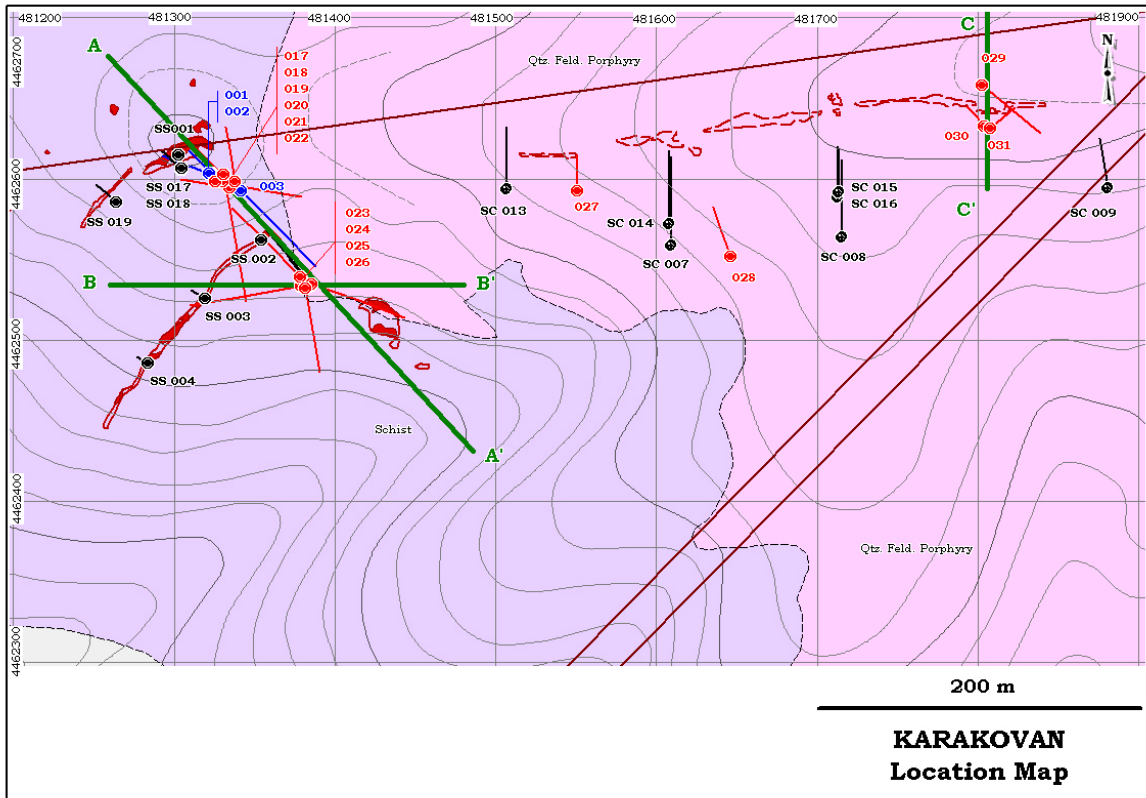


Figure 1: Drill hole location plan

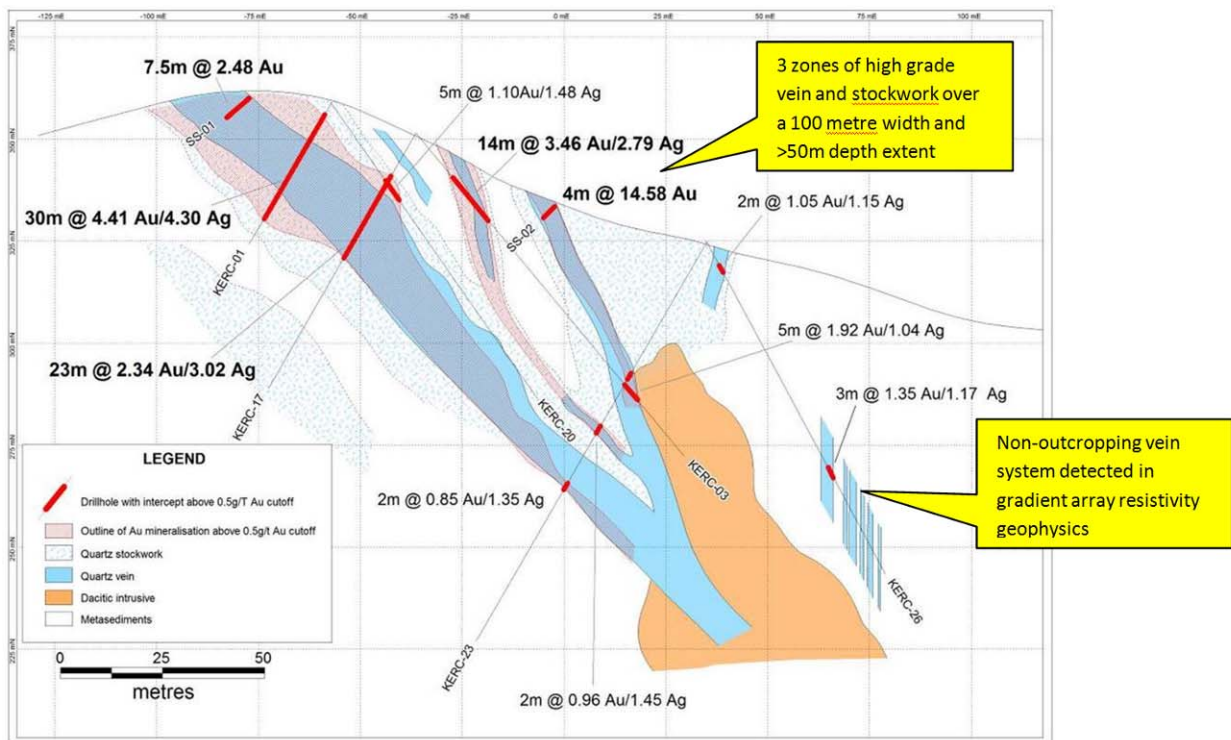


Figure 2: Section A-A'

## Geophysical Surveying

A program of Gradient Array IP Resistivity surveying was completed in mid-April on the Kestanelik property. The aim of this survey was to assist in defining the position of covered extensions of the interpreted vein system. The survey covered an area of 4.1 square kilometers surrounding the area of outcropping veins and continuing to the southwest and to the east. Survey data were collected on 50 metre-spaced north-south lines with a station spacing of 25 metres.

Interpretation of the Gradient Array Resistivity data has resulted in the identification of approximately 18.5 additional kilometres of potentially mineralised vein targets (Figure 3). The majority of the new targets occur in covered areas, but some also occur in areas of outcrop where the veins do not appear to be exposed at surface.

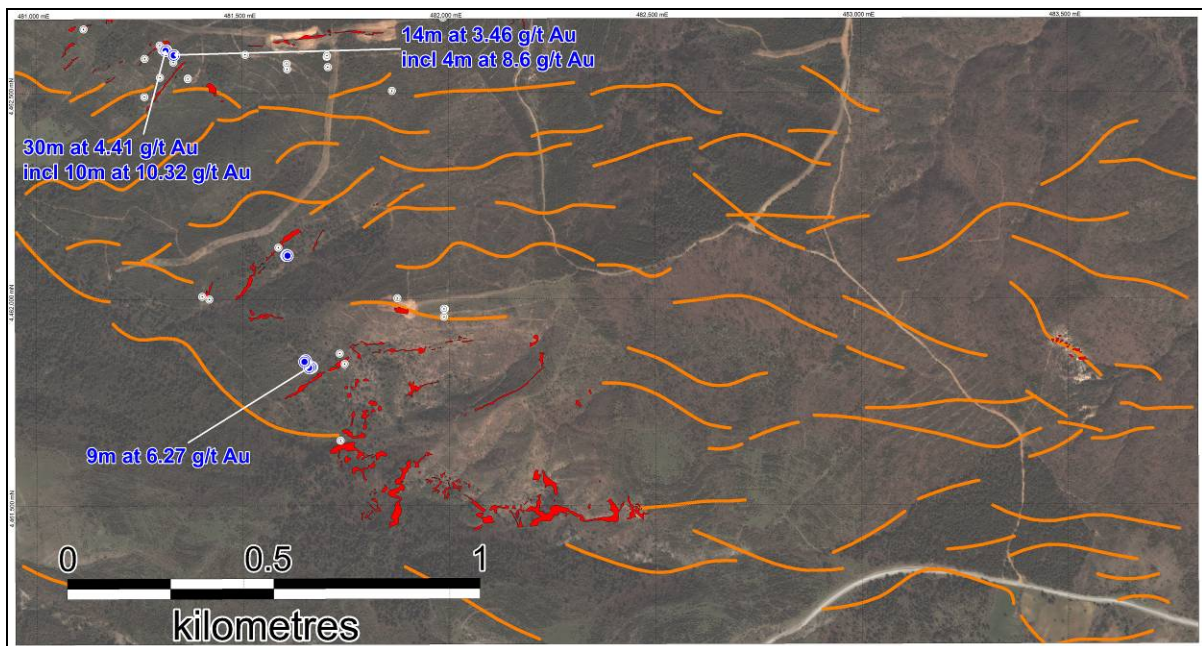


Figure 3: Satellite image of the Kestanelik area with mapped veins shown in red and vein targets interpreted from the gradient array resistivity data shown in orange. Chesser February drillholes with selected intervals shown in blue; previous holes in white.

Comparison of the resistivity results with the known positions of outcropping veins, and particularly larger zones of veining and silicification, show a strong correlation with linear zones of high resistivity. Examples of this include the K3 vein, the zone of veining and silicification at Meydan Zone, and the isolated outcrop of veining and silicification at the eastern end of the area (E) (Figure 4). Preliminary field follow-up and drilling has already confirmed the presence of additional, previously unmapped veins.

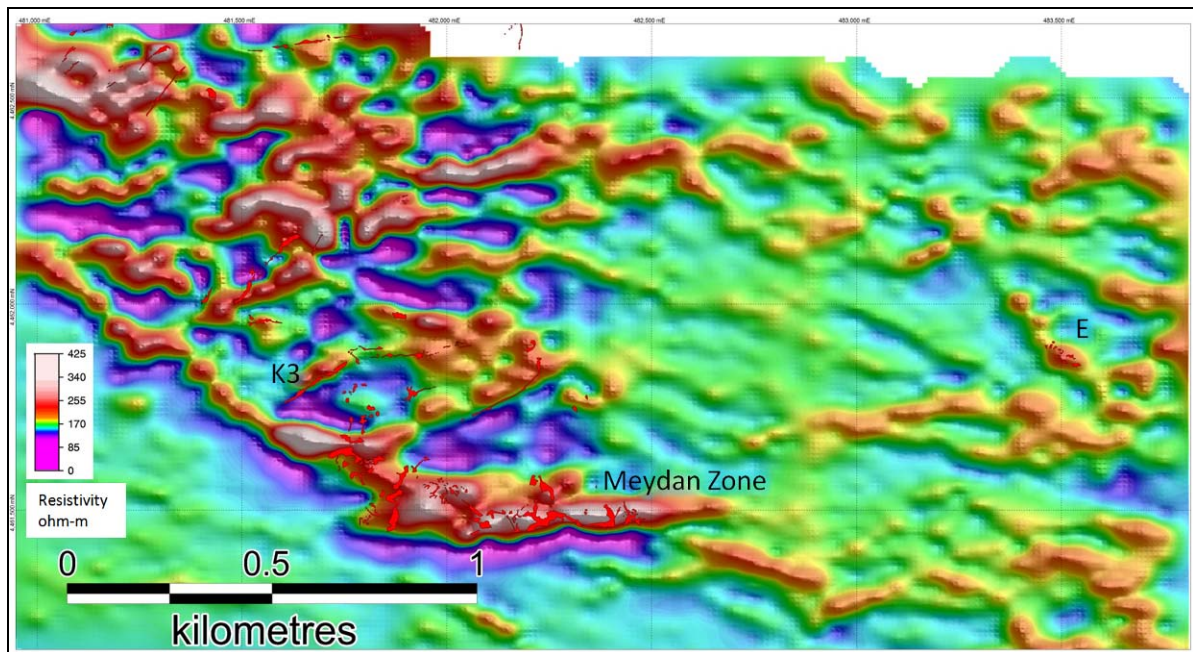


Figure 4: Residual gradient array resistivity, with positions of outcropping veins shown in red. The positions of the K3 vein, Meydan Tepe, the eastern zone of veining (E) are shown on the diagram and referred to in the text.

The new program will initially focus on step-outs from existing high-grade intersections on the Karakovan and K3 veins, as well drill testing of previously untested areas of strong surface gold results such as the K2 vein. Drilling will be mainly focused on the first 100 metres below surface, except in areas such as Kara Tepe, where existing drill results and vein textures suggest that good grades are likely to be at greater depths (up to 200 metres). Follow-up drilling of strong results in other areas may also extend to depths of 200 metres or more. Some drilling will also take place on new veins detected from the geophysics, once they have been prioritised through surface follow-up and geochemical sampling. Chesser has reserved two drill rigs for the program, which is anticipated to consist of approximately 80 holes of mixed Reverse Circulation and Diamond drilling. The program is anticipated to last at least until the end of October 2010.

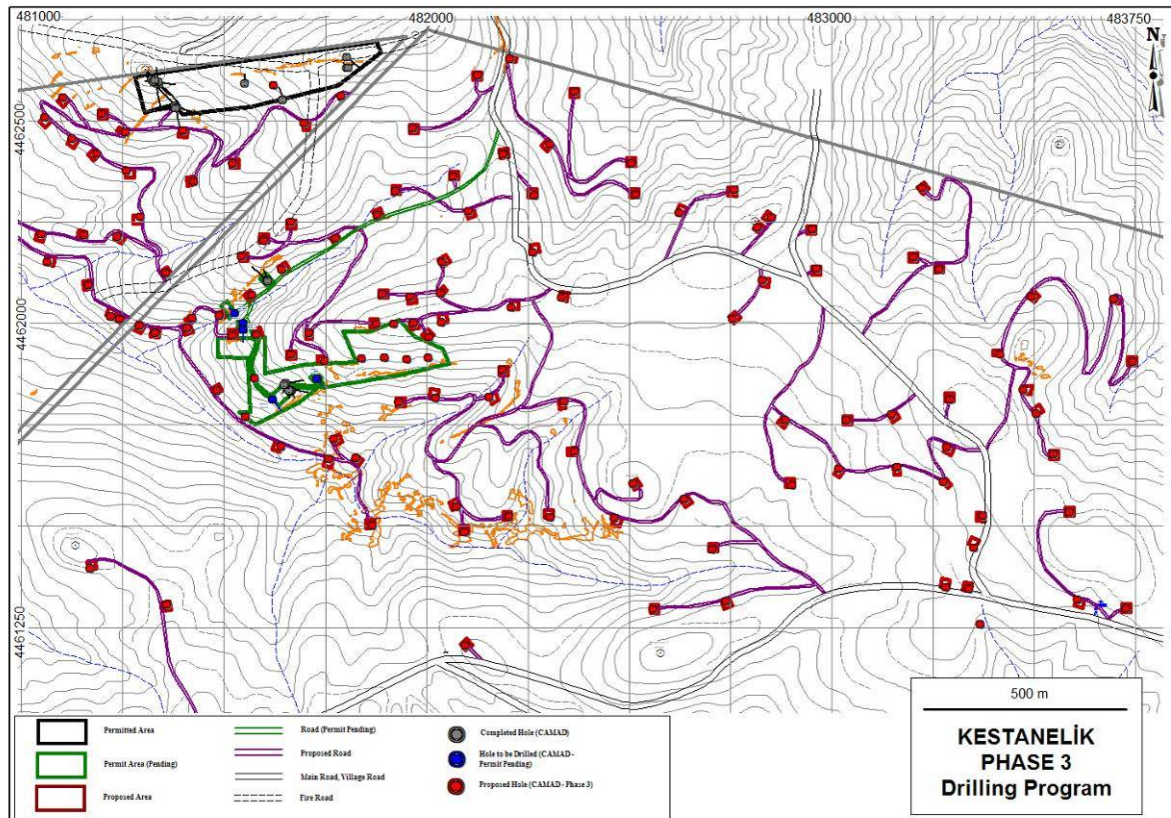


Figure 5. New drill locations (red) and permit areas (green) expected to be granted in late July 2010.

Chesser can earn a 51% interest in the Kestanelik property by spending US\$1.3 million on exploration over three years and issuing 500,000 shares to the property owner. Chesser can earn a further 24% by spending an additional US\$750,000 and issuing 250,000 additional shares in year 4, and can reach 100% by spending an additional US\$750,000 and issuing 250,000 additional shares in year 5, at which point the property owner will retain a 2.5% Net Smelter Return royalty. Chesser's minimum expenditure before withdrawal is US\$250,000. As at 30 June 2010, Chesser has expended US\$0.725 million under the terms of this agreement.

### **KARAAYI, Turkey Gold/ Copper**

*(Chesser earning up to 100%, Turkish Partner 100%)*

Fieldwork mainly focused on improving the geological map, in key areas of the Karaayi License, in order to help constrain sampling, geophysics, and potentially drilling. Mapping concentrated on areas recommended by an external consultant and on three dome structures which have been observed in the satellite image and on the Northern part of the tenement where Au-Cu soil anomalism has been newly defined.

During the September quarter additional mapping and soil sampling will be carried out, along with an induced polarization geophysical survey designed to detect sulphide alteration associated with gold and copper mineralization.

## **SISORTA, Turkey Gold**

(Chesser 51%, Eurasian 49%)

Work continued on legal and environmental permits and studies following on from the operating permit granted in 2009. The other related permits are anticipated to be awarded in a timely manner following the release of the new mining law.

## **TURKEY REGIONAL**

**Gold/ Copper**

The company continues to assess additional exploration opportunities with an emphasis on drill-stage high-grade gold opportunities.

## **CORPORATE**

In June, the Turkish parliament passed the new Mining Law, which was subsequently promulgated by the President. Consequently, the Forestry Department is expected to soon issue permits to allow Chesser to access the 160 drill sites, from which the 10,000 metres drilling program has been planned. The passing of this new law was highly significant as no new permits had been issued by the Department since the end of 2009.

In June Chesser entered into an agreement to place 26,666,667 shares at \$0.30 per share to raise \$8 million, before costs. The Placement was undertaken in two tranches to a number of sophisticated investors. Taylor Collision Limited and Investec Bank (Australia) Limited acted as Joint Lead Managers to the placement. This placement was carried out to fund Chesser's aggressive exploration program at the Kestanelik Project, which is expected to commence in August 2010.

Cash \$4.3 million, as at 30 June 2010. Proceeds from Tranche #2 of the placement, being \$4,326,500, were received on 12 July 2010.

Chesser Resources Ltd is an ASX-listed Exploration company with a focus on the acquisition and exploration of discovery-stage gold projects. The company is committed to advancing its existing portfolio while continuing to seek new advanced opportunities.

### **CHESSER RESOURCES LIMITED**

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*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 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-10

**Consolidated statement of cash flows**

<b>Cash flows related to operating activities</b>	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(375)	(1,744)
(b) development	-	-
(c) production	-	-
(d) administration	(395)	(951)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	58
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - Management & JV reimbursement	-	12
1.7 Other - Refund of GST	-	-
<b>Net Operating Cash Flows</b>	<b>(749)</b>	<b>(2,625)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(4)	(58)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Cash assets of acquired entity	-	-
<b>Net Investing cash flows</b>	<b>(4)</b>	<b>(58)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(753)</b>	<b>(2,683)</b>

1.13 Total operating and investing cash flows (brought forward)	(753)	(2,683)
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc	3,674	5,024
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)	(205)	(272)
<b>Net financing cash flows</b>	<b>3,469</b>	<b>4,752</b>
<b>Net increase (decrease) in cash held</b>	<b>2,716</b>	<b>2,069</b>
1.20 Cash at beginning of quarter / year to date	1,549	2,216
1.21 Exchange rate adjustments to item 1.20	4	(16)
1.22 <b>Cash at end of quarter</b>	<b>4,269</b>	<b>4,269</b>
<b>Payments to directors of the entity and associates of the directors</b>		
<b>Payments to related entities of the entity and associates of the related entities</b>		Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2		111
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.		
<b>Non-cash financing and investing activities</b>		
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
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**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	2,323
4.2 Development	-
4.3 Administration	173
<b>Total</b>	<b>2,496</b>

**Reconciliation of cash**

	Current quarter \$A'000	Previous quarter \$A'000
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.		
5.1 Cash on hand and at bank	519	549
5.2 Deposits at call	3,750	1,000
5.3 Bank overdraft	-	-
5.4 Other (provide details) - 30 and 60 day term deposits	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,269</b>	<b>1,549</b>

**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				
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)
<b>7.1 Preference securities</b> <i>(description)</i>				
<b>7.2 Changes during quarter</b> (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
<b>7.3 Ordinary securities</b>	93,878,750	93,878,750		Fully Paid
<b>7.4 Changes during quarter</b> (a) Increases through issues	12,245,000	12,245,000	\$0.30	Fully Paid
<b>7.5 Convertible debt securities</b> <i>(description)</i>				
<b>7.6 Changes during quarter</b> (a) Increases through issues (b) Decreases through securities matured, converted				
<b>7.7 Options</b> <i>(description and conversion factor)</i>	2,000,000 3,000,000 1,500,000 500,000 500,000 277,500 2,200,000 130,000		<u>Exercise price</u> 0.35 0.25 0.25 0.30 0.35 0.40 0.40 0.18	<u>Expiry date</u> 28/05/2011 30/06/2011 19/09/2011 19/09/2011 19/09/2011 21/02/2013 19/04/2014 2/03/2015
<b>7.8 Issued during quarter</b>	2,200,000		0.40	19/04/2014
<b>7.9 Exercised during quarter</b>				
<b>7.10 Cancelled during quarter</b>	15,000 20,000		0.40 0.18	21/02/2013 2/03/2015

7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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:.....  
Company Secretary

Date: 30/07/2010

Print name: .....  
KERRY ANGEL

### 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.