

QUARTERLY REPORT



HIGHLIGHTS - DECEMBER QUARTER 2009

- **Chesser Resources Limited ("Chesser") continues to focus on the gold sector**
- Operating licenses have now been received for the Kestanelik high grade epithermal gold project and title to the licenses has been transferred to Chesser's Turkish subsidiary.
- Permits have now been received for all proposed drill sites for the planned drill program at Kestanelik comprising 1200 metres of reverse circulation drilling in 17 holes
- Drill rig now expected to arrive in the first week of February
- Geophysical survey now under way, with encouraging initial results
- Historical chip channel sampling at Kestanelik returned **4.5 metres at 31.48 g/t gold** and **6.1 metres at 20.23 g/t gold** from the K3 vein, **7.7 metres at 23.4 g/t gold** from the K2 vein and **8 metres at 10.75 g/t gold** from the K1 vein.
- Permitting and baseline activities continued at Sisorta, with initiation of a number of applications and studies required for eventual operation.
- Operating licenses have now been received for the Karaayi porphyry-related gold-copper prospect and title to the licenses has been transferred to Chesser's Turkish subsidiary.
- **The Company continues to assess advanced project opportunities to add to its Turkish gold portfolio.**

Chesser Resources Limited (ASX Code: CHZ) is pleased to report on its activities for the quarter ended December 31, 2009.



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KESTANELIK PROJECT UPDATE

KESTANELIK, Turkey

Gold

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

Permits have now been received for all proposed drill sites for the planned drill program at Kestanelik comprising 1200 metres of reverse circulation drilling in 17 holes.

The Kestanelik property consists of a series of epithermal quartz veins of up to 10 metres thickness, outcropping over an aggregate strike length of approximately 2550 metres.

The host sequence is partially covered by a post-mineral sequence of sediments, volcanics and alluvium.

The company has previously reported a number of high-grade historical gold intercepts from surface sampling and drilling, the details of which are contained in previous press releases (dated 2 March 2009 and 27 March 2009)

The company plans to drill approximately 17 holes as part of the first phase program, focusing on areas where historical surface chip channel sampling and shallow drilling have returned high gold grades over significant intervals.

Sites for proposed drilling include:

- The K3 vein, which is exposed over a strike length of 520 metres, where drilling is planned to test for extensions under existing chip channel samples of **4.5metres at 31.48 g/t Au**, **6.1metres at 29.23 g/t Au** and **6 metres at 8.56 g/t Au** and an existing historical drill intersection of **5.6 metres at 10.20 g/t Au**;
- The K2 vein, which is exposed over a strike length of 100 metres, where drilling is planned to test for extensions under a chip channel sample of **7.7 metres at 23.4 g/t Au**; and
- The K1 vein, which is exposed over a strike length of 235 metres, where drilling is planned to test for extensions under a chip channel sample of **8 metres at 10.75 g/t Au**, and an existing drill intersection of **8.5metres at 3.47 g/t Au** including **3metres at 6.64g/t Au**.
- The KARAKOVAN- W vein, which is exposed for approximately 200m along a NNE-SSW trend where drilling is planned to test for the extensions under a chip channel sample of **4 metres at 19.44 g/t Au** and a historic drill intersection of **4 metres at 14.58g/t Au**.

A program of Gradient Array IP Resistivity surveying commenced late in the quarter on the Kestanelik property, with the aim of defining the position of covered extensions of the proposed vein system. The preliminary results of this work have been encouraging, with indications that the vein systems do continue under cover. The geophysics will provide further constraints for the larger drill program planned to begin in the second quarter of 2010. Chesser can earn a 51% interest in the Kestanelik property by spending \$USD1.3 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 \$USD750,000 and issuing 250,000 additional shares in year 4, and can reach 100% by spending an additional \$USD750,000 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 \$USD250,000.



Figure 1. *View along Vein 2 wall to the North East*

PROJECT UPDATE



Figure 2. Shaded Topographic map of Turkey showing the location of Chesser's Turkish projects, along with the locations of a number of other significant Turkish mines and prospects

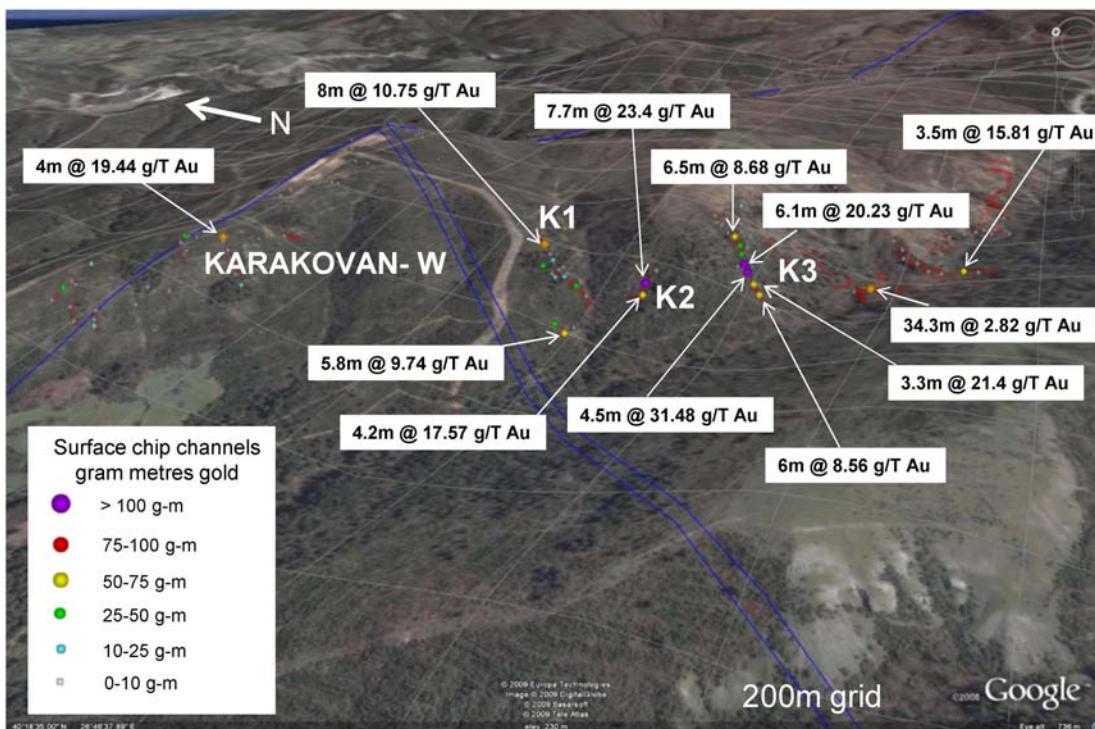


Figure 3. Oblique view of Kestanelik project looking to the northeast, with vein locations and gram-metre surface chip channel sampling results

SISORTA PROJECT UPDATE

SISORTA, Turkey

Gold

(Chesser 51%, Eurasian 49%)

At Sisorta, activities during the quarter were focused on permitting and baseline studies. In accordance with the requirements of the recently awarded operating permit, a number of new permitting activities were initiated. These include the commencement of an Environmental Impact Study, application to the Forestry Department for a land use permit for the identified Sisorta Operation Area, and application to local government authorities for recognition of the Sisorta Operation area as an identified Work Place. Permitting was also initiated for pilot extraction activity in a small portion of the Sisorta resource near drillholes SIS5 and ES9 in order to comply with the terms of the Operating License. In addition, extension permits for all existing roads and drill sites were applied for and received, and additional water quality baseline studies were carried out.

About Sisorta

The Sisorta property is located in close proximity to the Black Sea coast in northern Turkey. Geologically, Sisorta is a volcanic-hosted high sulphidation epithermal project within the Tethyan Belt that extends from the Balkans in the west to Iran and Pakistan in the east. The Belt hosts a number of significant gold and base metals deposits and has a large endowment of gold and copper including a number of significant recent discoveries.

At Sisorta drilling to date has demonstrated the existence of a significant body of near-surface oxide gold mineralisation. In mid 2009, Chesser reported a maiden JORC Code Mineral Resource estimate for the Sisorta Project, comprising an Indicated and Inferred Resource of 14.55Mt at 0.6g/t gold for 303,000oz at a 0.40 g/t Au Cutoff. The oxide zone at Sisorta contains an Indicated and Inferred Mineral Resource of 10.03Mt at 0.7g/t gold containing 223,000oz of gold, almost all of which occurs at a depth of 50m or less. The reported grade is well within the range of current operating open pit heap leach gold operations. Worldwide, this style of deposit has hosted multi-million ounce bulk tonnage mining operations. Deposits of this type, while low grade (0.5-2g/t gold), often have excellent economics due to their open-pittable geometry and simple

metallurgy, examples of which include Rosia Montana, Romania, Agi Dagi/Kirazli, Turkey, and Yanacocha, Peru.

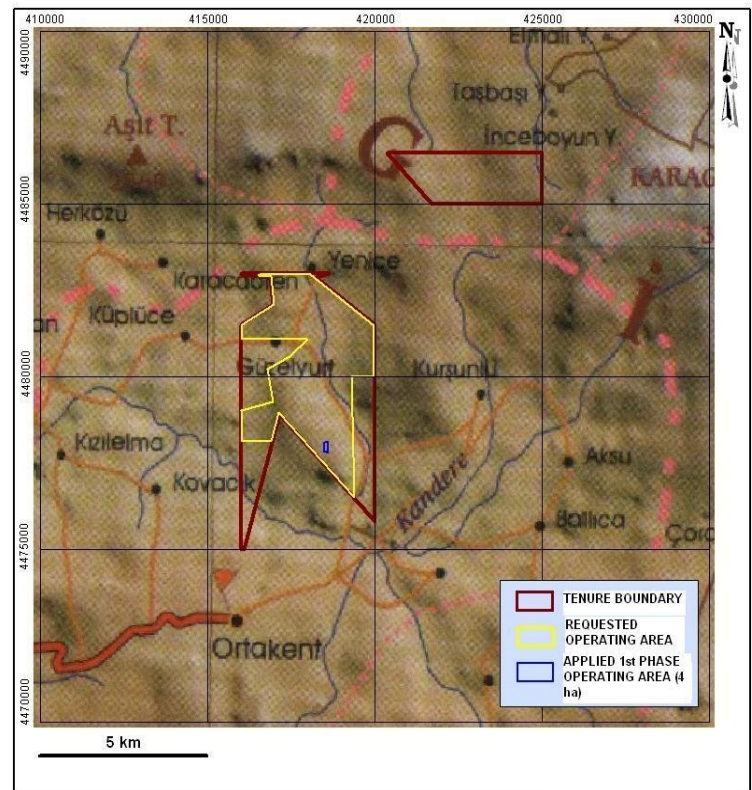


Figure 4. The location map of the Sisorta tenement and boundaries of 1) Tenure (red), 2) Requested Operating Permit Area from the Mines Dept. (yellow) and 3) The area recently applied for small scale operation approx 4 ha where Sis5 and ES9 are located (blue)

Class	Metallurgy	Cutoff	Tonnes	Au	Ag	Au_oz	Ag_oz
Indicated	Oxide	0.4	2,280,000	0.9	3.5	69,000	254,000
Indicated	Sulphide	0.4	890,000	0.8	4.2	22,000	120,000
Indicated	Total	0.4	3,170,000	0.9	3.7	91,000	374,000
Inferred	Oxide	0.4	7,750,000	0.6	1.2	154,000	289,000
Inferred	Sulphide	0.4	3,630,000	0.5	2.6	58,000	300,000
Inferred	Total	0.4	11,380,000	0.6	1.6	212,000	589,000
TOTAL OXIDE			10,030,000	0.7	1.7	223,000	543,000
TOTAL OXIDE AND SULPHIDE			14,550,000	0.6	2.1	303,000	963,000

Table 1. Sisorta Resource quoted for blocks with grades greater than 0.4 g/t gold. Differences may occur due to rounding errors.

OTHER PROJECT UPDATES & OUTLOOK

KARAAYI, Turkey

Gold/ Copper

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

During the quarter, all operating permits were received for the Karaayi prospect and the licenses were transferred to Chesser's Turkish subsidiary. Geophysics and drilling are scheduled to begin at Karaayi during the second quarter of 2010.

The Karaayi prospect is a porphyry-related gold-copper target hosted in altered Lower Miocene volcanics that are underlain by medium to high level Mesozoic granodiorite intrusions.

Mineralisation in the area is characterized by disseminated or fracture-controlled pyrite, variable amounts of silicification, hematite/pyrite matrix breccias produced by intense fracturing of siliceous rocks and moderate to weak saccharoidal to crystalline quartz stringer stockwork veining in small breccia pipes.

The company has previously reported a number of wide, low-grade historical gold intercepts from the property, the details of which are contained in previous press releases (dated 2 March 2009 and 27 March 2009). Recent soil surveys have highlighted a new area of strong gold anomalism untested by previous exploration, and this will be the focus of future exploration.

Chesser can earn a 51% interest in the Karaayi property by spending \$USD1.0 million on exploration over three years and issuing 300,000 shares to the property owner. Chesser can earn a further 24% by spending an additional \$USD750,000 and issuing 250,000 additional shares in year 4, and can reach 100% by spending an additional \$USD750,000 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 \$USD150,000.

DISCLAIMER

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.

The information in this report that relates to 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.

TURKEY REGIONAL

Gold/ Copper

Field visits were carried out to a number of projects made available to the company for option and/or joint venture. In addition, a number of projects are currently at advanced negotiation stage.

CORPORATE

In the December quarter, Chesser entered into an agreement to raise \$1,350,000 by placement of 9,000,000 shares at \$0.15 per share.

OUTLOOK MARCH QTR 2010

The highest priority activity for the March 2010 Quarter will be the Kestanelik drill program, which is scheduled to begin in early February. In addition, electrical geophysical surveying at Kestanelik will be concluded in the coming quarter, and will provide important constraints for followup drilling later in 2010.

The company also intends to finalise details of planned exploration at the Karaayi project, with a view to commencing geophysical surveys and drilling in the second quarter of 2010. Activities at Sisorta will be focused on permitting at least until the end of the winter season in April. The company will also continue low level exploration activities on its 100%-owned exploration projects.

Chesser also intends to continue to pursue other advanced drill-stage to resource-stage projects, and expects to bring a number of advanced opportunities to decision point in the March Quarter.

QUARTERLY REPORT



CORPORATE INFORMATION

Chesser Resources Limited is an ASX listed company with a primary focus on gold projects in Turkey. Chesser is steadily building a portfolio of gold assets targeting known mineralised systems that have growth potential to become multi million ounce deposits.

This quarterly report covers both Chesser Resources Limited (ABN 14 118 619 042) as an individual entity and the consolidated entity comprising Chesser Resources Limited and its subsidiary, Chesser Arama ve Madencilik Limited Sirketi.

DIRECTORS

Mr Stephen Evans, Non-Executive Chairman
 Dr Richard Valenta, Managing Director
 Mr Simon O'Loughlin, Non-Executive Director
 Mr Simon Taylor, Non-Executive Director
 Mr Creagh O'Connor, Non-Executive Director

COMPANY SECRETARY

Mr Donald Stephens

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SHARE REGISTER

Computershare Investor Securities Pty Ltd
 Level 5, 115 Grenfell Street
 ADELAIDE SA 5000

ISSUED CAPITAL

As at 21 January 2010 Chesser Resources Limited had the following shares on issue:

- 81,663,750 ordinary shares
- 2 million (unlisted) 35¢ options expiring 28/05/2011
- 3 million (unlisted) 25¢ options expiring 30/05/2011
- 1.5 million (unlisted) 25¢ options expiring 19/09/2011
- 500,000 (unlisted) 30¢ options expiring 19/09/2011
- 500,000 (unlisted) 35¢ options expiring 19/09/2011
- 292,500 (unlisted) 40¢ options expiring 21/02/2013

CASH as at 31 Dec 2009 \$A2.2 million

AUSTRALIAN STOCK EXCHANGE

ASX CODE: CHZ

INTERNET ADDRESS and CONTACT DETAILS

All Company announcements, reports and presentations are posted on our website www.chesserresources.com.au. If you would like to receive news releases by email please register your details on our website by going to the "Contact" tab and entering your details. Alternatively send an email to info@chesserresources.com.au with your request.

All queries can also be directed to Dr Rick Valenta (Managing Director) on +61 7 3369 4000 or info@chesserresources.com.au



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