

QUARTERLY REPORT - period ending 30 June 2023

HIGHLIGHTS FOR THE JUNE 2023 QUARTER

FORTUNA TO ACQUIRE CHESSER

- On 9 May 2023, Chesser announced that it had entered into a binding Scheme Implementation Deed ("SID") under which, Fortuna Silver Mines Inc. ("Fortuna") will, subject to the satisfaction (or waiver) of various conditions, acquire all of the fully paid ordinary shares of Chesser by way of a Board recommended scheme of arrangement ("Scheme").¹
- If the Scheme is approved by Chesser shareholders and the Federal Court of Australia, Chesser shareholders will receive scheme consideration comprised of 0.0248 of a New Fortuna Share per Chesser Share held on the Record Date². The implied value of the scheme consideration is dependent on Fortuna's share price and foreign exchange rates, which can change on a daily basis. In the Scheme Booklet released on ASX on 20 July 2023, the implied value of the scheme consideration was A\$0.124 per share³ (based on Fortuna's VWAP for the five trading days ended 14 July 2023) and represented:
 - a 69.9% premium to the last closing price of Chesser Shares of A\$0.073 on 8 May 2023 (being the last trading day prior to 9 May 2023 ("Scheme Announcement Date")); and
 - a 59.2% premium to the VWAP of Chesser shares over the 30 ASX trading days prior to the Scheme Announcement Date.
- If the Scheme is approved, Chesser shareholders (other than ineligible foreign shareholders and electing small shareholders) will receive their scheme consideration on the Implementation Date, which is expected to occur on or about 21 September 2023. Based on Fortuna's last closing share price on 28 July 2023 (the last day prior to release of this quarterly report), the implied value of the scheme consideration was A\$0.129 per share⁴.
- The Chesser Directors continue to unanimously recommend that Chesser shareholders vote in favour of the Scheme at the Scheme Meeting (scheduled to be held on 25 August 2023), in the absence of a Chesser Superior Proposal and subject to the Independent Expert continuing to conclude in the Independent Expert's Report that the Scheme is in the best interests of Chesser Shareholders⁵. Subject to those same qualifications, each Chesser Director intends to cause to be voted all Chesser Shares in which they have a relevant interest in favour of the Scheme at the Scheme Meeting.

¹ Capitalised terms in this announcement that are not otherwise defined have the same meanings as in the Scheme Booklet released on ASX on 20 July 2023 ("Scheme Booklet").

² Other than ineligible foreign shareholders and electing small shareholders who will have the Fortuna Shares they would otherwise have been issued sold through a sale facility and will be remitted their pro rata share of the net cash proceeds, as described in the Scheme Booklet lodged on the ASX on 20 July 2023.

³ Implied value is based on Fortuna's C\$4.48 VWAP on the TSX over the 5 trading days up to and including 14 July 2023 converted to an Australian dollar VWAP of \$5.00 using a 0.90 Canadian dollar to Australian dollar FX rate. The implied value will change based on movements in the Fortuna share price and the Canadian dollar to Australian dollar FX rate.

⁴ Implied value is based on Fortuna's C\$4.59 closing price on the TSX on 28 July 2023 converted to an Australian dollar price of \$5.22 using a 0.88 Canadian dollar to Australian dollar FX rate. The implied value will change based on movements in the Fortuna share price and the Canadian dollar to Australian dollar FX rate.

⁵ In addition to their holdings of Chesser Shares, Mr Mark Connelly holds 2,435,505 Chesser zero exercise price options (ZEPOs), Mr Simon O'Loughlin holds 1,213,532 ZEPOs and 82,429 Chesser salary sacrifice rights (SSRs), Mr Simon Taylor holds 1,213,532 ZEPOs, Mr Robert Greenslade holds 1,213,532 ZEPOs and 90,260 SSRs and Mr Andrew Grove holds 10,797,557 ZEPOs issued under the terms of the Chesser Resources Limited Employee Incentive Plan approved by Chesser shareholders on 14 July 2020. These ZEPOs and SSRs have a nil exercise price. Any unvested ZEPOs will vest upon the Scheme becoming effective. Despite the Chesser Directors' personal interests in the outcome of the Scheme and their obligations as directors, it is important and appropriate for them to provide a recommendation to Chesser shareholders in relation to the Scheme. Further details of the Chesser Directors' recommendation and interests in relation to the Scheme are included in the Scheme Booklet.

- The Scheme Booklet was despatched to Chesser shareholders on 24 July 2023 and is also available on Chesser's website at www.chesserresources.com.au and from Chesser's share registry, Computershare's Investor Centre (Control Number: 132738) at www.investorvote.com.au. For further information, Chesser shareholders can also contact the Chesser Information Line on 1300 918 427 (within Australia) or +61 3 9946 4441 (outside Australia) Monday to Friday between 8:30am and 5:00pm (AEST).
- Further information about the proposed Scheme, including the reasons for the Chesser Directors' recommendation, the conclusion in the Independent Expert's Report, the provision of Scheme Consideration and details of the Scheme Meeting (including how to vote) is contained in the Scheme Booklet, which was registered with the Australian Securities and Investments Commission ("ASIC") and released on the ASX on 20 July 2023.

DRILLING DEMONSTRATED RESOURCE GROWTH POTENTIAL KASSASSOKO, DIAMBA SUD

- Drilling below the Kassassoko artisanal workings returned numerous mineralised intervals, intercepts including:
 - **DSR480: 21m @ 2.4 g/t gold from 39m and 2m @ 5.6 g/t gold from 74m**
 - **DSR470: 35m @ 1.2 g/t gold from 34m**
 - **DSR467: 21m @ 1.3 g/t gold from 12m and 10m @ 1.4 g/t gold from 50m**
 - **DSR473: 5m @ 2.8 g/t gold from 21m**
 - **DSR476: 7m @ 2.4 g/t gold from 67m and 16m @ 0.6 g/t gold from 85m**
- Mineralisation appears to be open along strike to the northeast and southwest and at depth with a similar structural setting persisting for at least 700m to the northeast to the Southern Arc prospect.
- Kassassoko will likely add significantly to the resource growth at Diamba Sud.

CORPORATE

- Cash on hand at the end of the quarter totalled approximately A\$3.5 million.
- Fortuna A\$3m bridging loan fully drawn during the quarter.

Chesser Resources Limited ("Chesser" or the "Company", ASX:CHZ) is pleased to present its Quarterly Activities Report for the three months ended 30 June 2023. The Company's primary focus during the quarter was on the Company's proposed scheme of arrangement for the acquisition of Chesser by Fortuna, as well as the advancement of Chesser's gold exploration projects in Senegal, West Africa which includes its flagship Diamba Sud Project.

FORTUNA TO ACQUIRE CHESSER

On 9 May 2023, Chesser announced that it had entered into a binding Scheme Implementation Deed ("SID") under which TSX/NYSE listed Fortuna Silver Mines Inc. ("Fortuna") will, subject to the satisfaction (or waiver) of various conditions, acquire all of the fully paid ordinary shares of Chesser by way of a Board recommended scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) ("Scheme").

Under the Scheme, Fortuna will issue 0.0248 of a New Fortuna Share per Chesser Share for each Chesser Share on issue as at the record date of the Scheme (which is currently expected to be 14 September 2023) which implies a value of the Scheme Consideration of A\$0.124 per Chesser share (based on the five-day VWAP of Fortuna Shares up to and including 14 July 2023)⁶ and values Chesser at approximately A\$77.7 million on a fully diluted basis.

The Scheme is subject to approval by Chesser Shareholders at a Scheme Meeting to be convened on 25 August 2023 and is also subject to conditions that are customary for a transaction of this nature (including Court approval, no Chesser Material Adverse Change, no Chesser Regulated Event and Chesser representations being materially true and correct).

On 9 May 2023, Chesser and Fortuna entered into a secured bridging loan agreement pursuant to which Fortuna agreed to provide Chesser with up to A\$3 million to assist with Chesser's transaction costs and general corporate purposes during the Scheme implementation ("Bridging Loan"). The Bridging Loan is secured by all of Chesser's present and after-acquired property, accrues interest at a rate of 7.5% per annum and is repayable in the following circumstances:

- i. if any event of default has occurred and while it is continuing, immediately on written demand from Fortuna (and then the unpaid principal amount of the Bridging Loan shall accrue interest at 9.5% per annum);
- ii. if the SID is terminated by Chesser for any reason which gives rise to an obligation that Chesser pay the break fee under the SID, within 30 days after the date of such termination;
- iii. if the SID is terminated by Chesser for any reason that does not give rise to an obligation that Chesser pay the break fee under the SID, within four months after the date of such termination; or
- iv. if implementation occurs, such date as notified by Fortuna to Chesser in writing after the Implementation Date (as defined in the SID).

The Bridging Loan was drawn down in full by Chesser during the quarter.

Further detail on the Bridging Loan and the associated security arrangements is included in the Scheme Booklet provided to Chesser shareholders and available on Chesser's website.

⁶ Implied value is based on Fortuna's C\$4.48 VWAP on the TSX over the 5 trading days up to and including 14 July 2023 converted to an Australian dollar VWAP of \$5.00 using a 0.90 Canadian dollar to Australian dollar FX rate. The implied value will change based on movements in the Fortuna share price and the Canadian dollar to Australian dollar FX rate.

Post quarter end, the Company announced that:

- i. the Federal Court of Australia made orders on 19 July 2023 that Chesser convene the Scheme Meeting on 25 August 2023 and approving the dispatch of the Scheme Booklet. The Scheme Booklet includes a copy of the Independent Expert's Report, which concludes that the Scheme is fair and reasonable and in the best interests of Chesser Shareholders, in the absence of a Chesser Superior Proposal (as defined in the Scheme Booklet);
- ii. ASIC registered the Scheme Booklet on 20 July 2023; and
- iii. the Scheme Booklet and accompanying Notice of Meeting were dispatched to Chesser Shareholders on 24 July 2023.

The Chesser Directors continue to unanimously recommend that Chesser shareholders vote in favour of the Scheme at the Scheme Meeting (scheduled to be held on 25 August 2023), in the absence of a Chesser Superior Proposal and subject to the Independent Expert continuing to conclude in the Independent Expert's Report that the Scheme is in the best interests of Chesser Shareholders. Subject to those same qualifications, each Chesser Director intends to cause to be voted all Chesser Shares in which they have a relevant interest in favour of the Scheme at the Scheme Meeting.

A copy of the Scheme Booklet is available for viewing and downloading on Chesser's website at www.chesserresources.com.au and from Chesser's share registry, Computershare's Investor Centre at www.investorvote.com.au.

The key dates and times for the Scheme are as follows:

Event	Date ⁷
Latest time and date for lodgement of completed Proxy Forms for the Scheme Meeting (including Proxy Forms lodged online)	Wednesday, 23 August 2023 at 9:00am (AWST)
Time and date for determining eligibility of Chesser shareholders to vote at the Scheme Meeting	Wednesday, 23 August 2023 at 5:00pm (AWST)
Time and date of the Scheme Meeting	Friday, 25 August 2023 at 9:00am (AWST)
Second Court Hearing for approval of the Scheme	Wednesday, 6 September at 9:15am (AWST)
Effective Date of the Scheme	Thursday, 7 September 2023
Election Time for small shareholders	Tuesday, 12 September 2023 at 5:00pm (AWST)
Record Date	Thursday, 14 September 2023 at 5:00pm (AWST)
Implementation Date	Thursday, 21 September 2023*
Termination of official quotation of Chesser Shares on ASX and Chesser to be removed from the official list of ASX	Friday, 22 September 2023
Dispatch of DRS Advice for New Fortuna Shares issued as Scheme Consideration	Tuesday, 26 September 2023

* Due to the time zone differences between Canada and Australia, certain acts relating to the implementation of the Scheme may occur on Wednesday, 20 September 2023 during Canada's business hours so as to enable implementation to occur on Thursday, 21 September 2023 during Australia's business hours.

⁷ All stated dates and times are indicative only. The actual timetable will depend on many factors outside the control of Chesser and Fortuna, including the Court approval process and the satisfaction or waiver (where applicable) of the conditions precedent to the completion of the Scheme by each of Chesser and Fortuna. Any changes to this timetable will be announced to ASX and will be available under Chesser's profile on ASX at <https://www2.asx.com.au/>.

DIAMBA SUD PROJECT

Phase 10 drill program was completed and released during the quarter and included:

- Kassassoko: 15 Reverse Circulation ("RC") holes, totalling 1,699m
- Gamba Gamba Nord: four RC holes, totalling 402m

KASSASSOKO

Kassassoko is located 2.5km south of Karakara (Figure 1) and the area has been actively exploited by the local artisanal miners.

15 RC holes were drilled to follow up and to better understand the previously reported⁸ drilling (Figure 2).

The geology at Kassassoko is characterised by a series of late-stage NE-SW oriented aphanitic diorite dykes, clearly delineated in red within the magnetic image (Figure 2), intruding, near vertically, into the granite host, and an amorphous porphyritic diorite which appears to have intruded sub-horizontally from the SE of the area.

The mineralisation is hosted within the granite which has undergone alteration to varying degrees of intensity by albite/hematite/pyrite/silica alteration minerals. Mineralisation is typically observed adjacent to the diorite dykes within granite, indicative of a relationship between these intrusive contacts and the distribution of gold within the deposit. Recent geological mapping within the NE-SW trending artisanal pit and surrounding area has delineated the weathered granite host at surface adjacent to aphanitic diorite dykes. Furthermore, the granite has been mapped in the surrounding area along strike approximately 700m to the NE, towards the Southern Arc prospect (Figure 1) and to the SE of Kassassoko.

The additional drilling has confirmed multiple NE-SW oriented mineralised structures with wide mineralised intersections which suggests that a significant mineralised system is being defined at Kassassoko that should add materially to the Mineral Resources at Diamba Sud.

Drilling intercepts included:

- DSR480: 2m @ 2.2 g/t gold from 28m, 21m @ 2.4 g/t gold from 39m, 2m @ 5.6 g/t gold from 74m and 4m @ 0.6 g/t gold from 88m (Figure 3)
- DSR470: 35m @ 1.2 g/t gold from 34m (Figure 4)
- DSR467: 21m @ 1.3 g/t gold from 12m and 10m @ 1.4 g/t gold from 50m (Figure 5)
- DSR473: 5m @ 2.8 g/t gold from 21m
- DSR476: 7m @ 2.4 g/t gold from 67m and 16m @ 0.6 g/t gold from 85m
- DSR468: 6m @ 1.3 g/t gold from 14m, 4m @ 2.6 g/t gold from 36m and 10m @ 0.9 g/t gold from 54m

⁸ Refer to ASX announcements 7 June 22, 31 August 22 and 23 February 23 for reported drilling results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

- DSR479: 6m @ 0.5 g/t gold from 15m, 7m @ 1.4 g/t gold from 28m and 1m @ 3.7 g/t gold from 65m
- DSR475: 12m @ 0.7 g/t gold from 28m, 3m @ 0.9 g/t gold from 54m, 1m @ 4.9 g/t gold from 83m and 5m @ 1.0 g/t gold from 103m (Figure 3)

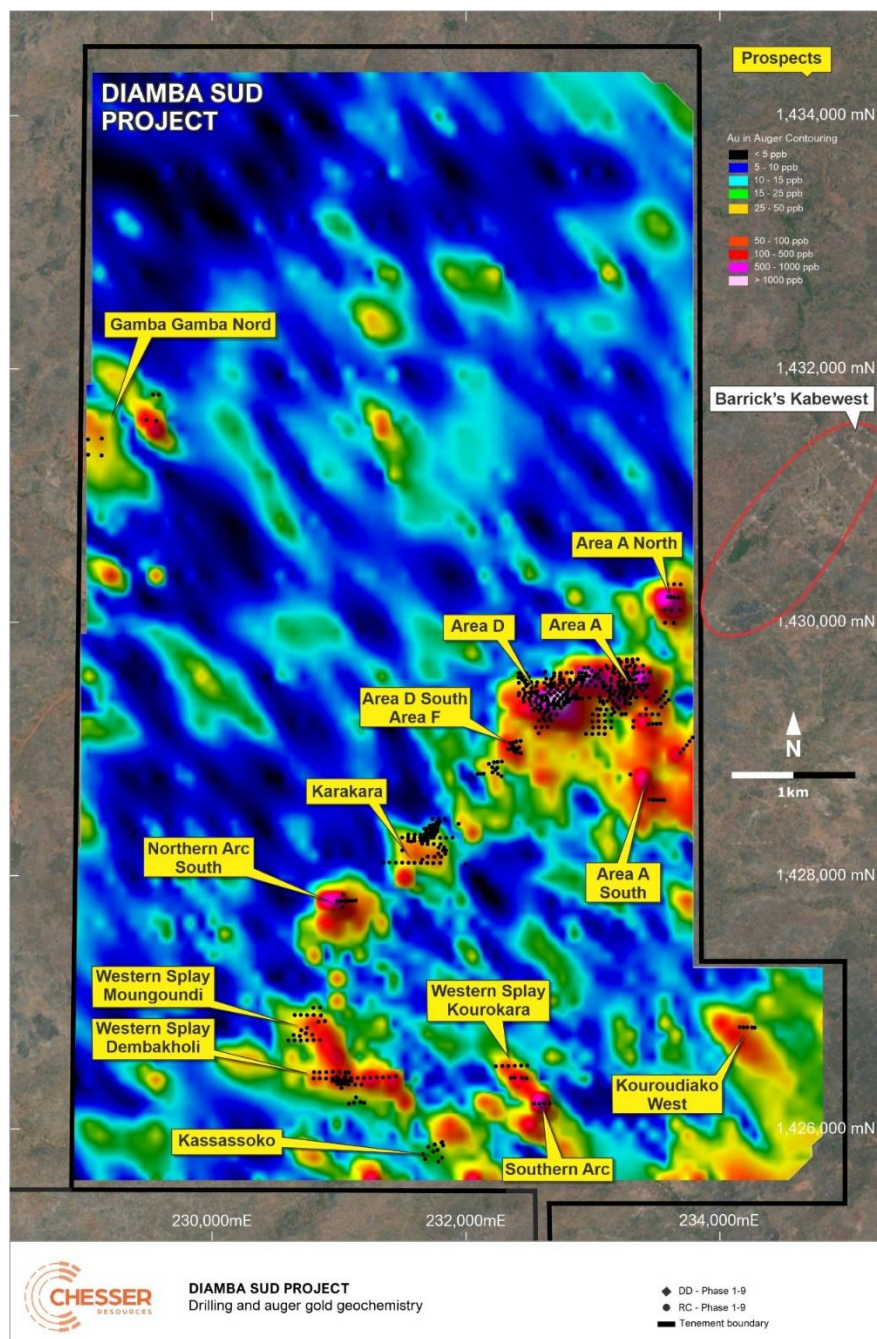


Figure 1: Prospect locations Diamba Sud with drilling locations and auger geochemical anomalies.

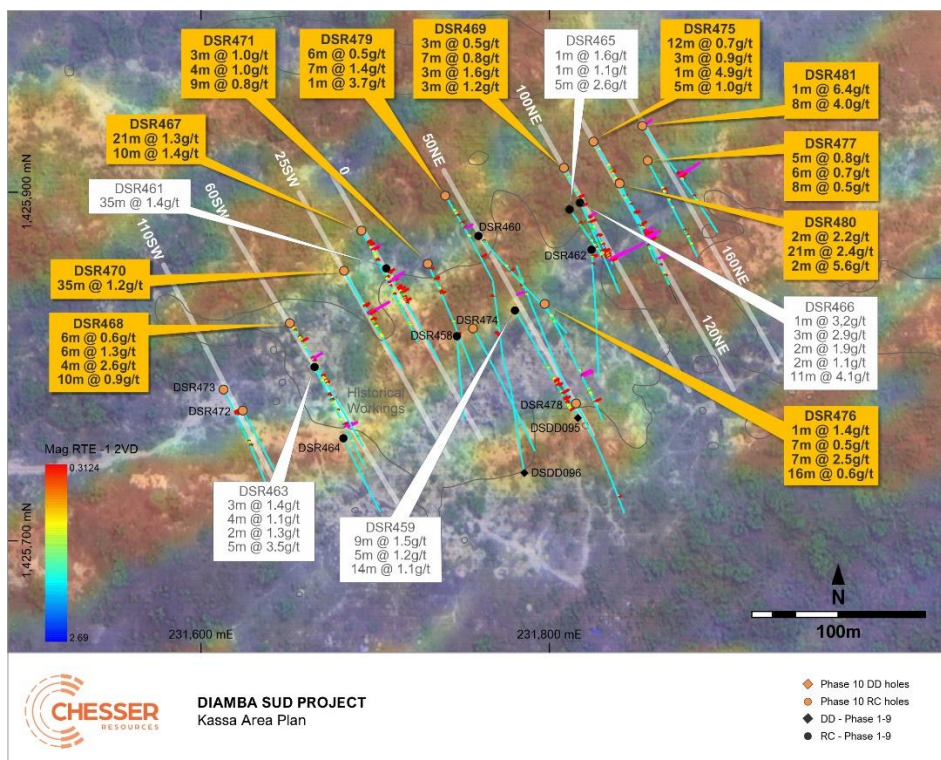


Figure 2: Kassassoko plan view showing historical drilling and holes reported in this quarter with selected significant results⁹ and magnetic geophysics.

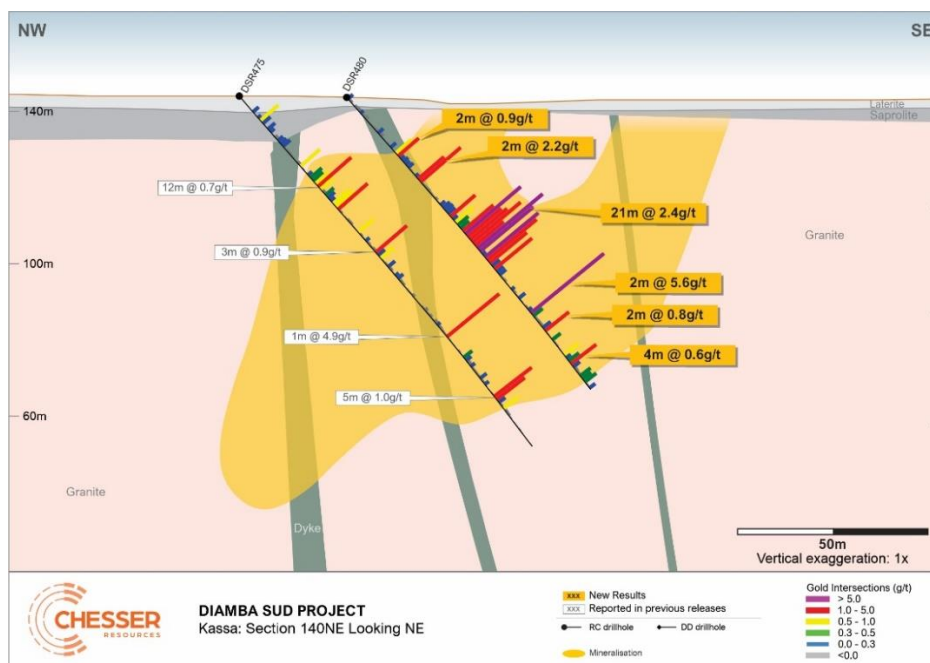


Figure 3: Kassassoko Section 140NE showing historical drilling, holes reported in this quarter, selected significant results¹⁰ and interpreted geology.

⁹ Refer to ASX announcements dated 7 June 22, 31 August 22, 23 February 23, 19 April 23 and 5 May 23 for previously reported exploration results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

¹⁰ Refer to ASX announcements dated 7 June 22, 31 August 22, 23 February 23, 19 April 23 and 5 May 23 for previously reported exploration results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

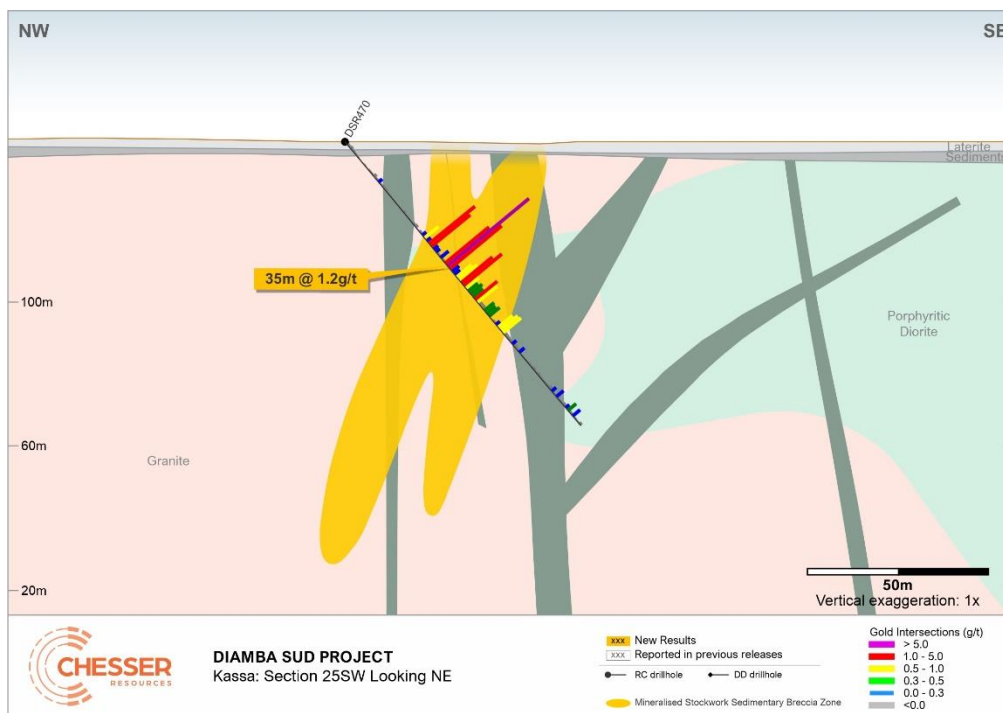


Figure 4: Kassassoko Section 25SW showing historical drilling, holes reported in this quarter, selected significant results¹¹ and interpreted geology.

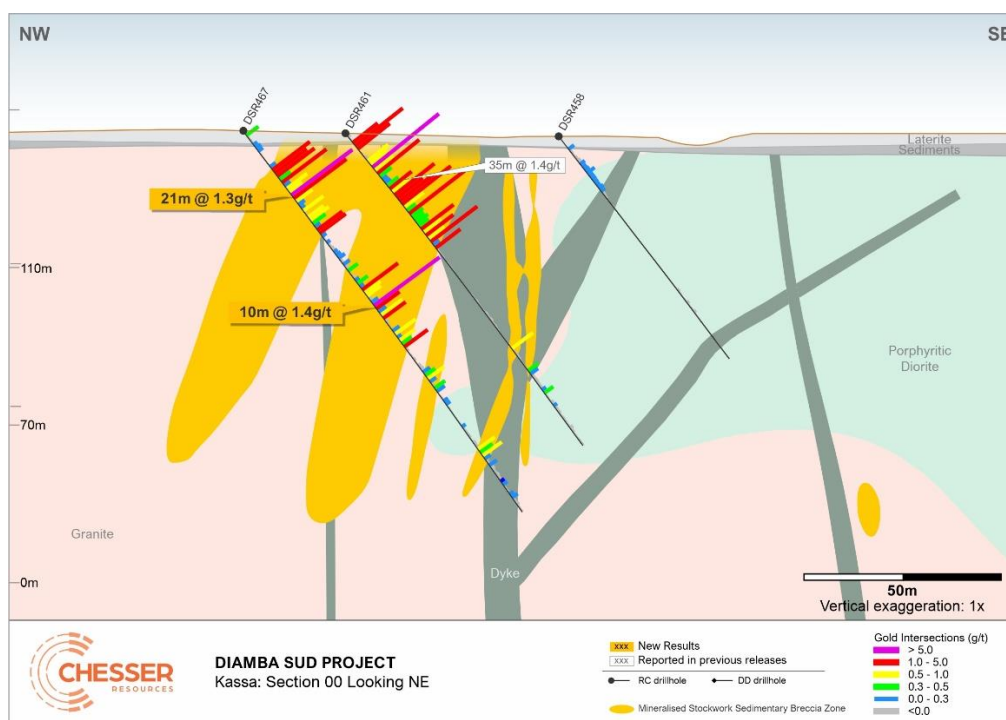


Figure 5: Kassassoko Section 00 showing historical drilling, holes reported in this quarter, selected significant results¹² and interpreted geology.

¹¹ Refer to ASX announcements dated 7 June 22, 31 August 22, 23 February 23, 19 April 23 and 5 May 23 for previously reported exploration results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

¹² Refer to ASX announcements dated 7 June 22, 31 August 22, 23 February 23, 19 April 23 and 5 May 23 for previously reported exploration results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

GAMBA GAMBA NORD

Gamba Gamba Nord is located 3.9km northwest of Area D (Figure 1).

Four RC holes were drilled at Gamba Gamba Nord (Figure 6) to follow up on the previous drilling.

High-grade mineralisation was identified immediately below the previous best intercept in DSR445 (Figure 7) with narrower mineralisation identified along strike. Additional drilling will be required at Gamba Gamba Nord to fully define the mineralisation potential.

Drilling intercepts included:

- DSR482: 4m @ 0.7 g/t gold from 86m and 6m @ 3.2 g/t gold from 96m, hole ended in mineralisation (Figure 7)
- DSR484: 1m @ 6.5 g/t gold from 55m

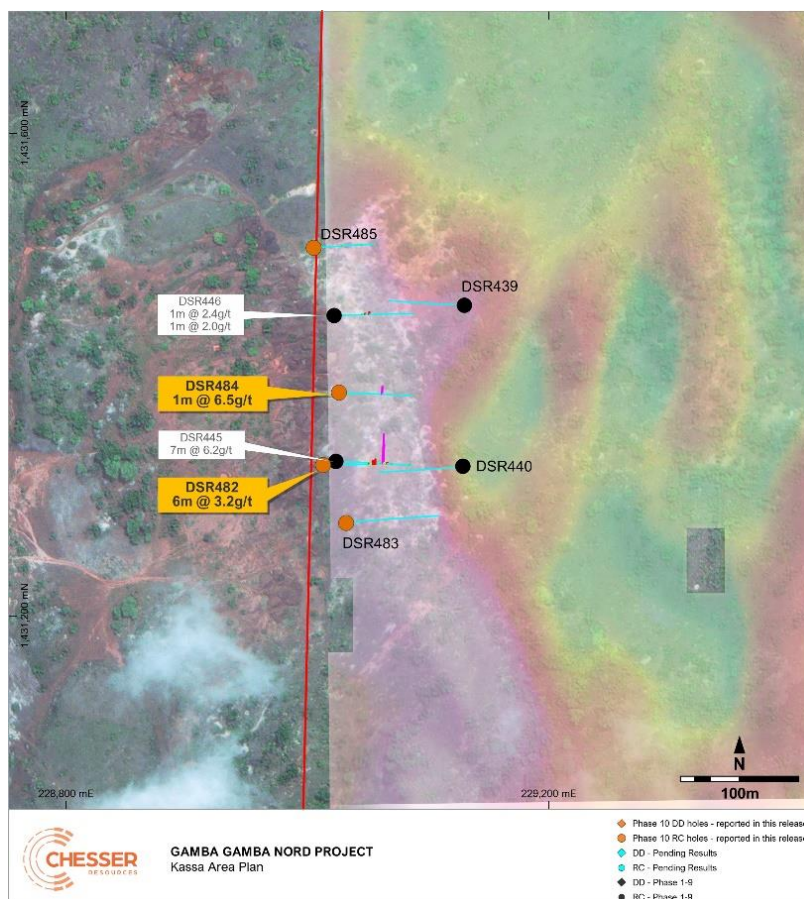


Figure 6: Gamba Gamba Nord showing historical drilling and drilling holes reported in this release with selected significant results¹³ and chargeability IP geophysics.

¹³ Refer to ASX announcement dated 23 February 23 for previously reported exploration results. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

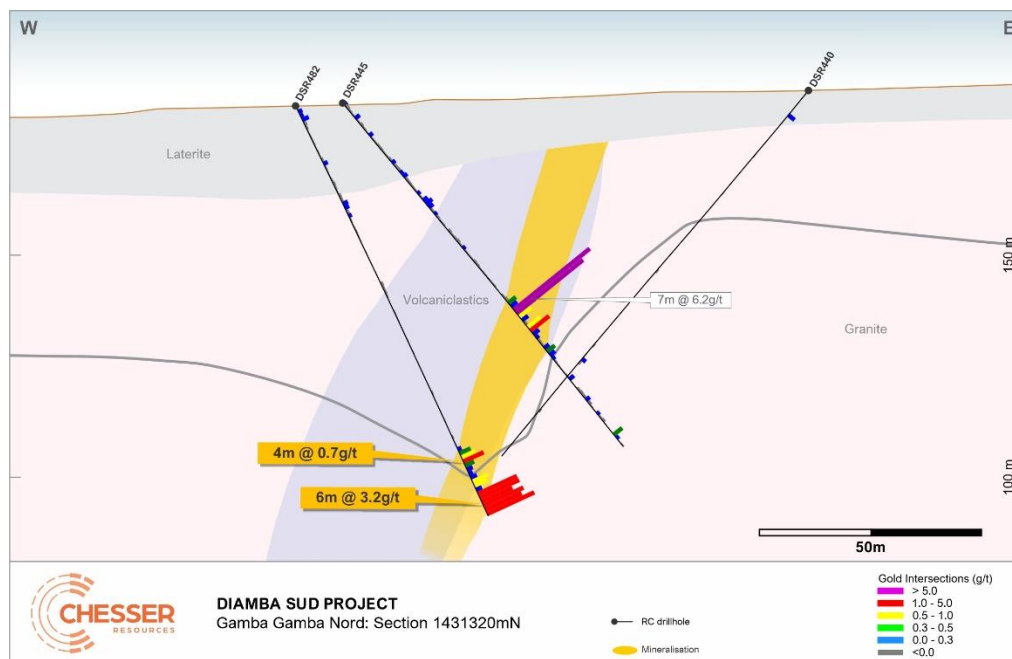


Figure 7: Gamba Gamba Nord Section 1431320mN showing historical drilling, holes reported in this quarter, selected significant results¹⁴ and interpreted geology.

BOTTLE ROLL TESTWORK

Fifteen samples were collected from RC drill samples over a number of prospects that have not yet been subject to metallurgical testwork. Bottle roll testwork was undertaken at ALS to identify any potential metallurgical issues that would need to be addressed once these prospects enter the mine plan.

Kassassoko, Bougouda and Gamba Gamba Nord all returned over 90% recoveries. Western Splay and Mougoundi returned lower recoveries averaging 83%.

CORPORATE AND ADMINISTRATION

- Chesser held cash of approximately \$3.5 million as at 30 June 2023 (\$3.1 million as at 31 March 2023).
- During the quarter, the Company made payments totalling \$1.7 million (March 2023 quarter \$2.3 million) the majority of this expenditure being for the costs of drilling program, results of which are summarised in this quarterly report.
- During the quarter, the Company made payments totalling \$125 thousand to related parties and their associates representing Director and Chief Executive Officer remuneration.
- Fortuna A\$3m bridging loan fully drawn during the quarter.

¹⁴ Refer to ASX announcements dated 23 February 23 and 5 May 23 for previously reported exploration results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

SEPTEMBER 2023 QUARTER PLANNED ACTIVITIES

Completion of the Scheme as detailed in the timetable provided above. If the Scheme is implemented, Chesser will become a wholly-owned subsidiary of Fortuna and, as set out in the Scheme Booklet, Fortuna's intention is that Chesser apply to be removed from the official list of the ASX.

JUNE 2023 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 and scoping study results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

- Kassassoko demonstrates resource potential at Diamba Sud 19 April 2023
- Kassassoko continues to grow 5 May 2023
- Fortuna Silver to acquire Chesser Resources 9 May 2023
- Drawdown of Fortuna loan facility 1 June 2023

These announcements are available for viewing on the Company's website at www.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 30 June 2023, the Company had interests in the following tenements:

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

This release was authorised by the Board of Directors of Chesser Resources Limited.

-END-

For Further information, please contact:

Andrew Grove

Managing Director and CEO

andrewg@chesserresources.com.au

Mobile: +61 414 011 383

Media Inquiries

Michael Vaughan

Fivemark Partners

Mobile: +61 422 602 720

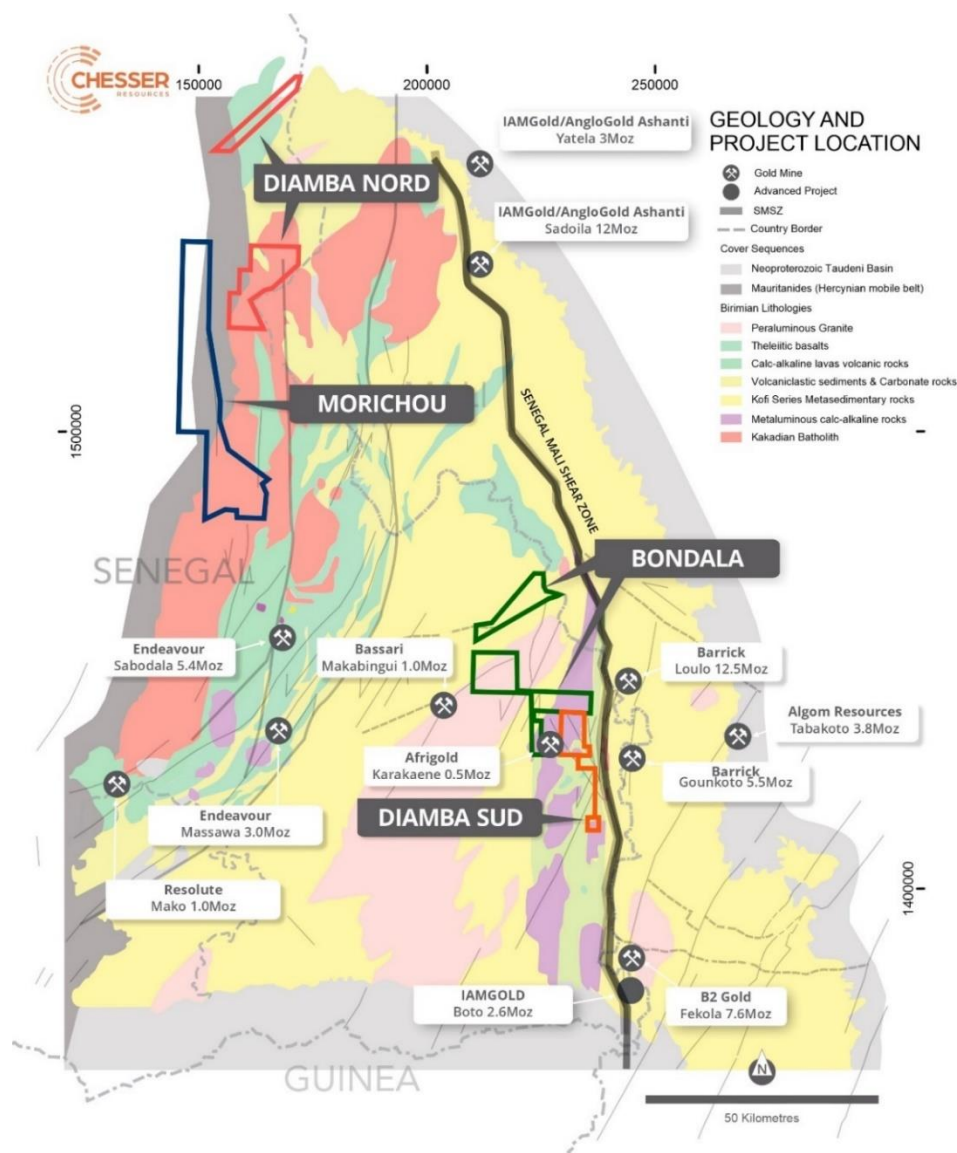


Figure 8: Schematic regional geology of eastern Senegal, showing Chesser's Project locations including the Diamba Sud Project and its proximity to both the SMSZ and the major gold operations and projects.

ABOUT CHESSER RESOURCES

Chesser Resources is an ASX listed gold exploration company with projects located in Senegal, West Africa. Chesser has discovered three high-grade gold Projects (Areas A and D and Karakara) at its flagship Diamba Sud Gold Project. The Company currently holds 872km² of highly prospective ground in this underexplored world-class gold region. The Company has corporate offices located in Brisbane and Perth, Australia and a corporate and technical team based in Dakar, Senegal.

Diamba Sud, covers an area of 53.2km² and is located ~2km to the west of the Senegal Mali Shear Zone ("SMSZ"), a major regional structure that hosts numerous multimillion-ounce world class gold deposits including: B2Gold's 7.6Moz Fekola mine, Barrick's 18Moz Loulo-Goukoto complex and Allied Gold's Sadiola and Yatela mines. Diamba Sud lies just 7km to the west of Barrick's 5.5Moz Goukoto mine and to the immediate east of the privately owned 0.5Moz Karakaene mine.

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 in addition to the expected outcome and timing of the Scheme 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 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; risks related to the implementation of the Scheme, and other risks and uncertainties.

Competent Person's Declaration

The information in this report that relates to the Diamba Sud exploration results is based on information compiled by Mr. Andrew Grove, BEng (Geology), MAIG, who is employed as Managing Director and Chief Executive Officer of Chesser Resources Ltd. Mr. Grove has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which 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', Mr. Grove consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.

The information in this report that relates to previously reported **Exploration Results** has been extracted from the referenced ASX Announcements filed by Chesser Resources Limited (Exploration Results Announcements) available to view at www.chesserresources.com.au and for which Competent Persons' consent were obtained. The Competent Persons' consents remain in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. The Company confirms that it is not aware of any new information or data that materially affects the information included in the Exploration Results Announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Exploration Results Announcements.

The Information in this report that relates to the **Area A and Area D Mineral Resources**, the **Bougouda Mineral Resource** and the **Karakara Mineral Resource** has been extracted from the referenced ASX Announcements filed by Chesser Resources Limited (Mineral Resources Announcements) available to view at www.chesserresources.com.au and for which Competent Person's Consents were obtained. The Competent Persons' consents remain in place for subsequent releases by the Company of the same information in the same form and context, until the consent is withdrawn or replaced by a subsequent report and accompanying consent. Chesser confirms that it is not aware of any new information or data that materially affects the information included in the Mineral Resources Announcements. All material assumptions and technical parameters underpinning the estimates in the Mineral Resources Announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Mineral Resources Announcements.

The Information in this report that relates to **Scoping Study** was first reported in the announcement titled 'Chesser Scoping Study Confirms Robust, Low-Cost Gold Project' released to the Australian Securities Exchange (ASX) on 15 March 2022 (Scoping Study Announcement), amended on 27 October 2022 and updated on 12 December 2022 and available to view at www.chesserresources.com.au and for which a Competent Persons' consent was obtained. The Company is not aware of any new information or data that materially affects the production targets and financial forecasts derived from the production targets in the referenced ASX announcements and confirms that all material assumptions and technical parameters underpinning those production targets and financial forecasts continue to apply and have not materially changed.

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")

30 JUNE 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(416)	(1,356)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(223)	(1,152)
	(e) administration and corporate costs	(341)	(980)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	21	69
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(959)	(3,420)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(9)	(134)
	(d) exploration & evaluation	(1,684)	(7,725)
	(e) investments	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(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	(1,693)	(7,859)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	3,000	3,000
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	3,000	3,000

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,104	11,748
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(959)	(3,420)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,693)	(7,859)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,000	3,000
4.5	Effect of movement in exchange rates on cash held	12	(5)
4.6	Cash and cash equivalents at end of period	3,464	3,464

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	3,464	3,104
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)	3,464	3,104

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	125
6.2	Aggregate amount of payments to related parties and their associates included in item 2	Nil
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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	3,000	3,000
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	3,000	3,000
7.5	Unused financing facilities available at quarter end	0	
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.		
<p>As described in the Quarterly Activities Report accompanying this Appendix 5B, on 9 May 2023, the Company entered into a Scheme Implementation Deed ("SID") with Fortuna Silver Mines Inc. ("Fortuna") pursuant to which Fortuna will, subject to the required Chesser shareholder and other approvals, acquire a 100% ownership interest in the Company. Under the terms of the SID, Fortuna has provided the Company a \$3.0 million Bridging Loan that will be used to assist with Chesser's transaction costs and for general corporate purposes during implementation of the Scheme. The Bridging Loan was fully drawn down by the Company during the quarter. The Bridging Loan is secured by Chesser's present and after-acquired property, will accrue interest at 7.5% per annum and is repayable in the following circumstances:</p> <ol style="list-style-type: none">1. If any event of default has occurred and while it is continuing, immediately on written demand from Fortuna (and then the unpaid principal amount of the Bridging Loan shall accrue interest at 9.5% per annum);2. If the SID is terminated by Chesser for any reason which gives rise to an obligation that Chesser pay the break fee under the SID, within 30 days after the date of such termination;3. If the SID is terminated by Chesser for any reason that does not give rise to an obligation that Chesser pay the break fee under the SID, within four months after the date of such termination; or4. If implementation occurs, such date as notified by Fortuna to Chesser in writing after the Implementation Date (as defined in the SID). Further detail on the Bridging Loan and the associated security arrangements is included in the Scheme Booklet provided to Chesser shareholders.			

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(959)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,684)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,643)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,464
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	3,464
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.31
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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?	
<p>Answer:</p> <p>As described in the Quarterly Activities Report accompanying this Appendix 5B, on 9 May 2023 the Chesser Resources Limited Board authorized Chesser to enter into the SID with Fortuna Silver Mines Inc. pursuant to which Fortuna Silver Mines Inc. will acquire 100% of the shares in Chesser by way of Scheme of Arrangement.</p> <p>Scheme related transaction costs are estimated to be a total of \$1.29 million of which \$0.31M was expended in the June quarter, with the remaining \$0.98 million anticipated to be expended in the September quarter.</p> <p>September quarter exploration and evaluation expenditure and routine operating activities expenditure is expected to be similar to that of the June quarter.</p> <p>Funds on hand are considered sufficient to complete the proposed scheme of arrangement which is forecast to occur in September 2023.</p>	
8.8.2 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?	
<p>Answer:</p> <p>Chesser expects to complete the proposed scheme of arrangement with Fortuna in the September quarter. Post scheme completion, Chesser will become a wholly owned subsidiary of Fortuna and all future funding requirements will be met by Fortuna Silver Mines Inc.</p> <p>Should the transaction not be completed then Chesser will need to raise additional funds to support ongoing activities.</p>	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Refer response to 8.8.2.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

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

Date: **31 July 2023**

Authorised by: **The board of Directors of Chesser Resources Limited**
(Name of body or officer authorising release – see note 4)

Notes

1. 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.
2. 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.