



chesser  
resources limited

# **Half-year Financial Report**

**31 December 2016**

**ABN 14 118 619 042**

## Directors' Report

The directors present their report on the consolidated entity consisting of Chesser Resources Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

### Directors

The following persons were directors of Chesser Resources Ltd during the whole of the half-year under review and up to the date of this report, unless otherwise stated:

Mr Simon O'Loughlin, Non-Executive Chairman  
Mr Simon Taylor, Non-Executive Director  
Mr Stephen Kelly, Executive Director

### Company Secretary

Mr Stephen Kelly was the Company Secretary during the whole of the half-year under review and up to the date of this report.

## REVIEW AND RESULTS OF OPERATIONS

The consolidated entity realised a loss after tax for the half-year of \$209,112 (2015: loss after tax of \$250,399).

The significant activities undertaken by the Company during the half-year are summarised below.

### *Farm In Agreement for the Kurnalpi Nickel Project*

On 15 October 2015, the Company announced that it had executed a Binding Agreement Letter (Agreement) with Mithril Resources Ltd (ASX: MTH) to earn up to an 80% interest in two tenements (EL28/2506 and PL28/1271) located at Kurnalpi, approximately 60 kilometres north east of Kalgoorlie.

The Kurnalpi Project tenements are wholly-owned by Mithril and cover Archaen ultramafic / mafic sequences which are prospective for both nickel sulphide and lode gold mineralisation.

The terms of the farm-in agreement are as follows:

- Chesser has reimbursed Mithril its tenement acquisition costs amounting to \$17,389.
- Chesser can earn an initial 51% interest in EL28/2506 and PL28/1271 by completing expenditure of \$150,000 over 2 years.
- Chesser can elect to earn an additional 29% interest through further expenditure of \$100,000 over a further 2 years (in total 80% by spending \$250,000 over 4 years).
- Once Chesser has earned its 80% interest, Mithril has the right to contribute on a pro rata basis or dilute as per industry standard formula. If Mithril's interest dilutes below 10% it will be deemed to have withdrawn and will be entitled to receive a 1.5% Net Smelter Royalty on all minerals.
- Chesser is required to keep the tenements in good standing at all times and can withdraw from the Agreement with 30 days' notice provided the tenements are in good standing.

During the half-year, the Company has undertaken the following activities in relation to the Kurnalpi Project:

- Chesser conducted a program of auger geochemical sampling and EM geophysics over a gold and separate nickel sulphide target that had been identified from a review of historical exploration data.
- Analysis of data obtained from the auger geochemical sampling program and EM geophysics conducted in the September quarter was also undertaken. The results of the analysis that identified new auger anomalies potentially indicative of bedrock gold mineralisation were released to the ASX on 31 January 2017.

In addition to work undertaken to advance the Kurnalpi Project, the Chesser Board continued to review other investment opportunities, predominantly in the resources sector available to the Company.

## Future Strategy

Chesser plans to carry out a program of geological mapping during the March 2017 Quarter to better understand the significance of the targets identified from the recently completed program of auger geochemical sampling and EM geophysics announced in the Company's release to the ASX on 31 January 2017. The new auger anomalies are potentially indicative of bedrock gold mineralisation and will be followed-up as a matter of priority. The Company looks forward to updating the market on the progress of this work.

In addition to the Company's investment in the Mithril JV, the Chesser Board is continuing to review other investment opportunities that are available to the Company. The focus of this review is to identify investment opportunities that meet the Company's investment criteria with an emphasis on opportunities in the resources sector.

## EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 31 January 2017, the Company announced the results of the program of auger geochemical sampling and EM geophysics that was completed in the half year. The new auger anomalies reported in that announcement are potentially indicative of bedrock gold mineralisation.

No other matter or circumstance has arisen since the end of the half-year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs.

## SCHEDULE OF TENEMENTS

As at 31 December 2016 the Group did not have an interest in any mining tenements.

## AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This report is made in accordance with a resolution of directors.



**Stephen Kelly**  
**Executive Director**  
Brisbane  
15 March 2017



**PITCHER PARTNERS**  
ACCOUNTANTS • AUDITORS • ADVISORS

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The Directors  
Chesser Resources Ltd  
Suite 1, 47 Park Road  
MILTON QLD 4064

Dear Sirs

**Auditor's Independence Declaration**

As lead auditor for the review of Chesser Resources Ltd for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Chesser Resources Ltd and the entities it controlled during the period.

PITCHER PARTNERS

N. Batters  
Partner

Brisbane, Queensland  
15 March 2017

## Consolidated Income Statement

		Half-year	
	Notes	2016 \$	2015 \$
<b>Revenue and other income from continuing operations</b>	3	<b>2,000</b>	90,225
Employee benefits expense		<b>(80,850)</b>	(70,976)
Depreciation		-	(19,312)
Consultants and professional fees		<b>(46,619)</b>	(84,559)
Auditors remuneration		<b>(12,000)</b>	(22,500)
Rental expense for office lease		-	(39,607)
Share registry and listing fees		<b>(34,477)</b>	(67,541)
Other expenses		<b>(37,166)</b>	(36,129)
<b>Loss before income tax</b>		<b>(209,112)</b>	(250,399)
Income tax expense		-	-
<b>Loss for the half-year</b>		<b>(209,112)</b>	(250,399)
Loss attributable to:			
Owners of the parent		<b>(209,112)</b>	(250,399)
		<b>(209,112)</b>	(250,399)
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted (loss)		<b>(0.17)</b>	(0.14)

*The above consolidated income statement should be read in conjunction with the accompanying notes*

## Consolidated Statement of Comprehensive Income

	Notes	Half-year	
		2016 \$	2015 \$
<b>Loss for the half-year</b>		<b>(209,112)</b>	<b>(250,399)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations			
Exchange differences arising during the half-year		1,010	-
Income tax relating to these items		-	-
<b>Other comprehensive income for the half-year net of tax</b>		<b>1,010</b>	<b>-</b>
<b>Total comprehensive income for the half-year</b>		<b>(208,102)</b>	<b>(250,399)</b>
Total comprehensive loss attributable to:			
Owners of the parent		(208,102)	(250,399)
		<b>(208,102)</b>	<b>(250,399)</b>

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

## Consolidated Statement of Financial Position

	Note	31 December 2016 \$	30 June 2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		3,693,866	3,964,589
Trade and other receivables		9,886	-
Other current assets		-	12,306
<b>TOTAL CURRENT ASSETS</b>		<b>3,703,752</b>	<b>3,976,895</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		-	-
Exploration and evaluation assets	4	70,780	38,820
<b>TOTAL NON-CURRENT ASSETS</b>		<b>70,780</b>	<b>38,820</b>
<b>TOTAL ASSETS</b>		<b>3,774,532</b>	<b>4,015,715</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		78,808	111,889
<b>TOTAL CURRENT LIABILITIES</b>		<b>78,808</b>	<b>111,889</b>
<b>TOTAL LIABILITIES</b>		<b>78,808</b>	<b>111,889</b>
<b>NET ASSETS</b>		<b>3,695,724</b>	<b>3,903,826</b>
<b>EQUITY</b>			
Issued capital	5	5,838,418	5,838,418
Accumulated losses		(4,057,563)	(3,848,451)
Reserves		1,914,869	1,913,859
<b>TOTAL EQUITY</b>		<b>3,695,724</b>	<b>3,903,826</b>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes.*

**Consolidated Statement of Changes in Equity**

**2016**

**Balance at 1 July 2016**

Loss for the half-year

Other comprehensive income

**Total comprehensive loss for the half-year**

**Transactions with owners in their capacity as owners**

**Balance at 31 December 2016**

Issued Capital Ordinary \$	Accumulated Losses \$	Reserves \$	Total Equity \$
5,838,418	(3,848,451)	1,913,859	3,903,826
-	(209,112)	-	(209,112)
-	-	1,010	1,010
-	(209,112)	1,010	(208,102)
-	-	-	-
5,838,418	(4,057,563)	1,914,969	3,695,724

**2015**

**Balance at 1 July 2015**

Loss for the half-year

**Total comprehensive loss for the half-year**

**Transactions with owners in their capacity as owners**

Equal access buy back

**Balance at 31 December 2015**

Issued Capital Ordinary \$	Accumulated Losses \$	Reserves \$	Total Equity \$
9,325,822	(3,395,526)	1,913,859	7,844,155
-	(250,399)	-	(250,399)
-	(250,399)	-	(250,399)
(3,487,403)	-	-	(3,487,403)
5,838,419	(3,645,925)	1,913,859	4,106,353

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

## Consolidated Statement of Cash Flows

	Half-year	
	2016	2015
	\$	\$
<b>Cash flows from operating activities</b>		
Interest received	1,913	39,866
Payments to suppliers and employees	(241,190)	(354,950)
<b>Net cash outflows used in operating activities</b>	<b>(239,277)</b>	<b>(315,084)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation expenditure	(31,959)	(18,903)
<b>Net cash outflows provided by / (used in) investing activities</b>	<b>(31,959)</b>	<b>(18,903)</b>
<b>Cash flows from financing activities</b>		
Capital return paid to shareholders	-	(3,487,403)
<b>Net cash inflows provided used in financing activities</b>	<b>-</b>	<b>(3,487,403)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(271,236)</b>	<b>(3,821,390)</b>
Cash and cash equivalents at the beginning of the half-year	3,964,589	7,894,885
Effects of exchange rate changes on cash and cash equivalents	513	57,408
<b>Cash and cash equivalents at the end of the half-year</b>	<b>3,693,866</b>	<b>4,130,903</b>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## Notes to the Financial Statements

### 1 Significant Accounting Policies

#### Statement of compliance

These general purpose financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 *Interim Financial Reporting*.

This half-year financial report is intended to provide users with an update of the latest annual financial statements of Chesser Resources Ltd and its controlled entities (the Group). As such, it does not include all the notes of the type normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2016, together with any public announcements made during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

#### Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of assets given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2016 annual financial report for the year ended 30 June 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current reporting period. This adoption has not resulted in any changes to the Group's accounting policies and has no significant effect on the amounts reported in the current and prior periods.

### 2 Operating Segments

#### Identification of reportable segments

The Group has identified its operating segments based on the internal reports that were reviewed and used by the managing director (chief operating decision maker) in assessing performance and determining the allocation of resources during the half-year.

The Group is managed primarily on a geographic basis, that is, the location of the respective areas of interest. Operating segments are therefore determined on the same basis. Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and meet the other aggregation criteria of AASB 8 Operating Segments.

#### Activity by segment

##### *Corporate*

The Managing Director assesses the performance of the operating segments based on a measure of gross expenditure that includes both expenditure that is capitalised in these financial statements and expenditure that is expensed in the income statement in these financial statements. The measurement of gross expenditure does not include the impairment of exploration expenditure but does include non-cash items such as depreciation expense and share based payments expense. Interest revenue is allocated to the Corporate segment.

## 2. Operating Segments (*continued*)

### Basis of accounting for purposes of reporting by operating segments

Any other income and expenditure as per the statement of comprehensive income consists of incidental revenue including interest and corporate overhead expenditure which is not allocated to the Group's operating segments.

All operating segments are in the exploration and development phase and did not generate any revenue in the current or prior half-year.

#### (i) Segment performance

	Kurnalpi Project \$	Corporate \$	Total \$
<b>Half-Year 31 December 2016</b>			
Total segment revenue	-	1,913	1,913
Segment expenditure	(31,959)	(211,112)	(243,071)
<b>Segment result</b>	(31,959)	(209,199)	(241,158)
<i>Reconciliation of segment result to Group loss before tax</i>			
• Capitalised expenditure			31,959
• Other income			87
Net loss before tax			(209,112)
	Kurnalpi Project \$	Corporate \$	Total \$
<b>Half-Year 31 December 2015</b>			
Total segment revenue	-	32,629	32,629
Segment expenditure	(18,903)	(321,312)	(340,215)
<b>Segment result</b>	(18,903)	(288,683)	(307,586)
<i>Reconciliation of segment result to Group loss before tax</i>			
• Capitalised expenditure			18,903
• Depreciation			(19,312)
• Other Income			57,596
Net loss before tax			(250,399)

## 2 Operating Segments (*continued*)

### (ii) Segment assets

The segment information presented to the managing director does not include the reporting of assets and liabilities or cash flows by segment. Due to a significant increase in the proportion of assets held in Australia during the half-year following the sale of the Kestanelik Project, Australia has been shown as a separate geographical segment.

	Australia \$	Other \$	Total \$
<b>31 December 2016</b>			
Segment assets	<u>3,774,532</u>	-	<u>3,774,532</u>
<b>31 December 2015</b>			
Segment assets	<u>4,187,861</u>	<u>5,632</u>	<u>4,193,493</u>
	<b>Half-year 2016 \$</b>	<b>Half-year 2015 \$</b>	

## 3 Revenue and Other Income

Interest	1,913	32,629
Foreign exchange gains	87	57,596
	<u>2,000</u>	<u>90,225</u>

## 4 Exploration and evaluation assets

	31 December 2016 \$	30 June 2016 \$
<b>Capitalised costs – exploration and evaluation phase</b>		
At cost	<u>70,780</u>	30,820
		31 December 2016 \$
Carrying amount at beginning of period		30,820
Additions		<u>31,960</u>
Carrying amount at end of period		<u>70,780</u>

The ultimate recoupment of capitalised exploration and development expenditure is dependent on the successful development and commercial exploitation, or alternatively sale, of the respective areas of interest. The Company's continued development of its mineral property interests is dependent upon the determination of economically recoverable reserves, the ability of the Company to obtain the financing necessary to maintain operations, successfully complete its exploration and development programs and the attainment of future profitable production.

## 5 Contributed Equity

### (a) Contributed Equity

Ordinary shares – fully paid

31 December 2016 \$	30 June 2016 \$
<b>5,838,419</b>	5,838,419

### Movements in contributed equity

Balance at the start of the half-year  
Movements  
Balance at the end of the half-year

31 December 2016 No. of Shares	\$
119,333,598	5,838,419
-	-
<b>119,333,598</b>	<b>5,838,419</b>

### (b) Share Options

Employee and Director options

31 December 2016 Number	30 June 2016 Number
<b>1,100,000</b>	7,100,000

## 6 Events Occurring After Balance Sheet Date

On 31 January 2017, the Company announced the results of the program of auger geochemical sampling and EM geophysics that was completed in the half year. The new auger anomalies reported in that announcement are potentially indicative of bedrock gold mineralisation.

No other matter or circumstance has arisen since the end of the half-year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs.

## Directors' Declaration

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



**Stephen Kelly**  
Executive Director

**Brisbane**  
**15 March 2017**



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## **Independent Auditor's Review Report To the Members of Chesser Resources Ltd**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Chesser Resources Ltd, which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half-year.

#### *Directors' Responsibility for the Half-year Financial Report*

The directors of Chesser Resources Ltd are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001, including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Chesser Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Chesser Resources Ltd is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

*Pitcher Partners*

PITCHER PARTNERS



N Batters  
Partner

Brisbane, Queensland  
15 March 2017