Chesser Resources Limited

ABN 14 118 619 042

Financial Report

for the year ended 30 June 2017

Directors' report (continued)

The directors of Chesser Resources Limited (the "Company" or "Chesser") submit herewith the annual report of the Company and the entities it controlled for the financial year ended 30 June 2017 (collectively "Group"). In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

Directors and Company Secretary

The following persons were directors of Chesser Resources Limited during the whole of the 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

Mr Simon O'Loughlin, **BA(Acc)** (Non-Executive Chairman)

Mr O'Loughlin is the founding member of O'Loughlins Lawyers, an Adelaide based medium sized specialist commercial law firm. For many years he has practiced both in Sydney and Adelaide, in the corporate and commercial fields with, in more recent times, a particular focus on the resources sector. He also holds accounting qualifications. He is the Chairman of Lawson Gold Limited and BOD Limited and a Non-Executive Director of WCP Resources Limited and Goldminex Ltd.

Mr O'Loughlin has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX and National Stock Exchanges. He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).

Former directorships in last 3 years

In the last 3 years, he has been a director of Oncosil Ltd, Aura Energy Ltd, Reproductive Health Science Ltd and Kibaran Resources Ltd.

Mr Simon Taylor, BSc(Geology), MAIG, GCertAppFin (Finsia) (Non-Executive Director)

Mr Taylor is a geologist with 20 years' experience throughout Australia and overseas having held senior geologist and exploration manager positions for numerous ASX listed resource companies. He has gained considerable experience in exploration, project assessment and joint venture negotiations. His experience includes providing consulting services to resource companies and financial corporations as a resource analyst. Mr Taylor's corporate experience includes project appraisal, advice on placements and fundraising. He is a member of the Australian Institute of Geoscientists and is the Managing Director of Oklo Resources Limited and Non-Executive Director of ARC Exploration Limited and BOD Australia Limited.

Former directorships in last 3 years

TW Holdings Limited, King Solomon Mines Limited and Aguia Resources Limited.

Mr Stephen Kelly, B.Bus, ACA (Executive Director, Company Secretary and Chief Financial Officer)

Mr Kelly was appointed as the Company Secretary and Chief Financial Officer of the Company on 15 November 2012. A qualified Australian Chartered Accountant, Mr Kelly was previously Chief Financial Officer at Allied Gold Mining PLC. He has more than 25 years' international experience in the areas of external and internal audit, risk management and compliance, treasury and corporate finance across a range of industry sectors including mining, infrastructure, property development and banking and finance.

Former directorships in last 3 years

Nil

Directors' report (continued)

Interests in the shares and options of the Company

As at the date of this report, the interests of the directors in the shares and options of Chesser Resources Ltd were:

	Number of Ordinary Shares#	Number of Options over Ordinary Shares#
Mr Simon O'Loughlin	1,333,334	1,200,000
Mr Simon Taylor	2,000,001	1,600,000
Mr Stephen Kelly	-	1,200,000

Includes shares in which the Director has an indirect interest through associated entities.

Meetings of Directors

The number of meetings of the Company's board of directors and each board committee held during the year ended 30 June 2017, and the numbers of meetings attended by each director were as follows:

	Board Meetings	
Number of meetings held	**8**	
	Number of meetings eligible to attend	**Number of meetings attended**
S O'Loughlin	8	8
S Taylor	8	8
S Kelly	8	8

The full Board fulfilled the roles of the Audit, Risk and Compliance Committee and the Remuneration and Nominations Committee during the financial year.

Dividends

No dividends were paid or declared since the start of the financial period to the date of this report. No recommendation for payments of dividends has been made.

Principal activities

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

Farm In Agreement for the Kurnalpi Nickel Project

The Company has the right under an agreement with Mithril Resources Ltd ("Mithril") 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.

Directors' report (continued)

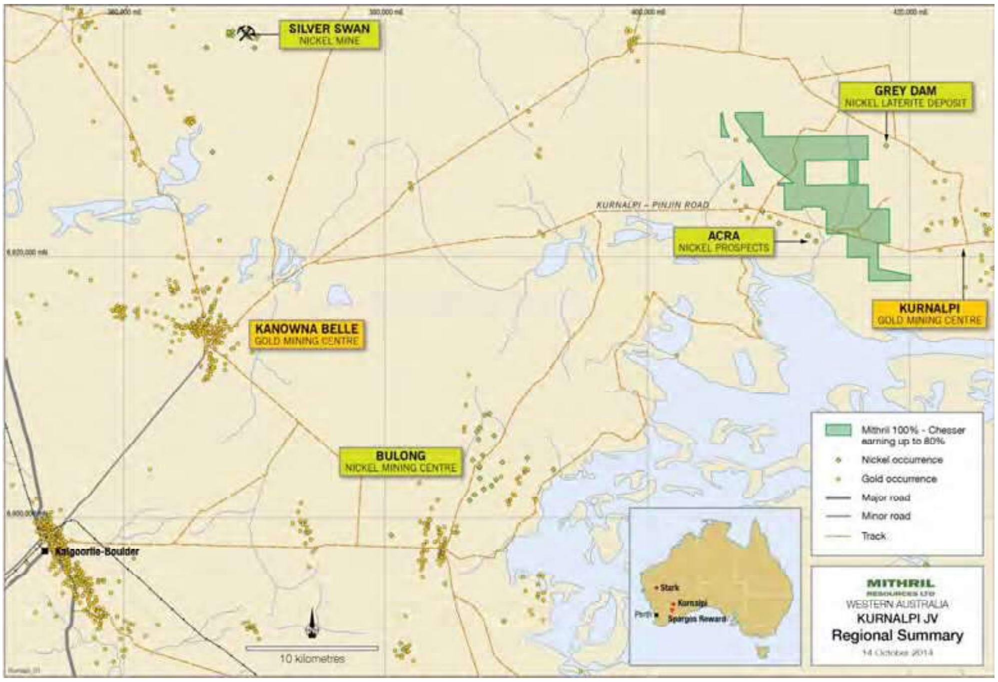

Figure 1: Kurnalpi Project Location Plan

In the year ended 30 June 2017, Chesser undertook the following activities in relation to the Kurnalpi Project:

- Chesser conducted a small program of auger geochemical sampling over a gold 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 identified new auger anomalies potentially indicative of bedrock gold mineralisation were released to the ASX on 31 January 2017.
- The new target is characterised by four discrete coherent auger geochemical anomalies (defined by the +14ppb Au contour, maximum value: 17ppb Au, average background value: 3 - 7ppb Au) present over a combined strike length of approximately 300 metres that overlay and lie adjacent to, an east – west mafic / metasedimentary contact. A rock chip sample of sub-cropping ironstone material also returned 0.23g/t gold (Sample ID - 0629_01). The prospectivity of the target (which has not been previously drilled) is strengthened by the presence of numerous prospecting pits and dry-blowing scrapes immediately south of the target (and the E28/2506 tenement boundary) within the same east west sequence of mafic and metasedimentary unit.

During the financial year the Company incurred exploration and evaluation expenditure amounting to $38,220 and impaired capitalised exploration and evaluation expenditure amounting to $77,040 in relation to the Kurnalpi Project.

Chesser is currently assessing its future strategy for the Kurnalpi Project following the completion of its acquisition of the Senegal Projects on 12 July 2017.

Acquisition of the Senegal Projects

Consistent with the Board's strategy to develop a portfolio of base metal projects, Chesser reviewed and assessed a number of potential investment opportunities throughout the financial year. This process initially involved a desktop review of potential opportunities by Directors. If the outcome of the desktop review was positive a field visit to review the project was undertaken.

Directors' report (continued)

Those project review and assessment activities resulted in Chesser announcing to the ASX on 3 April 2017 that it had executed a Binding Agreement ("Agreement") to acquire 100% of the issued capital of each of Boya Gold Pty Ltd ("Boya") and Erin Mineral Resources Pty Ltd ("Erin") ("the Transaction").

Boya and Erin own interests in five exploration projects in Senegal with a total area of 624 Km2, as summarised in Table 1.

Table 1 Projects being acquired by CHZ pursuant to the Transaction

Project	Ownership	Interest	Project Area
Diamba Sud	Boya	100%	71.3 km2
Diamba Nord	Boya	100%	332.5 km2
Youboubou	Erin	100%	113.0 km2
Woye	Erin	80%	70.9 km2
Garaboureya South	Erin	80%	36.6 km2

All the projects are located within the Birimian-age greenstone belts comprising the Kédougou Inlier, from which more than 45 million ounces of gold has been discovered to date. The projects are located along or nearby the Senegal-Mali Shear Zone, a major structural boundary that hosts the major gold projects shown below. The projects are located close to significant operating gold mines: Yatela (3Moz), Sadiola (15Moz), Sabodala (10Moz), Loulo (12.7Moz), Gounkoto (5.5Moz) (Figure 2).

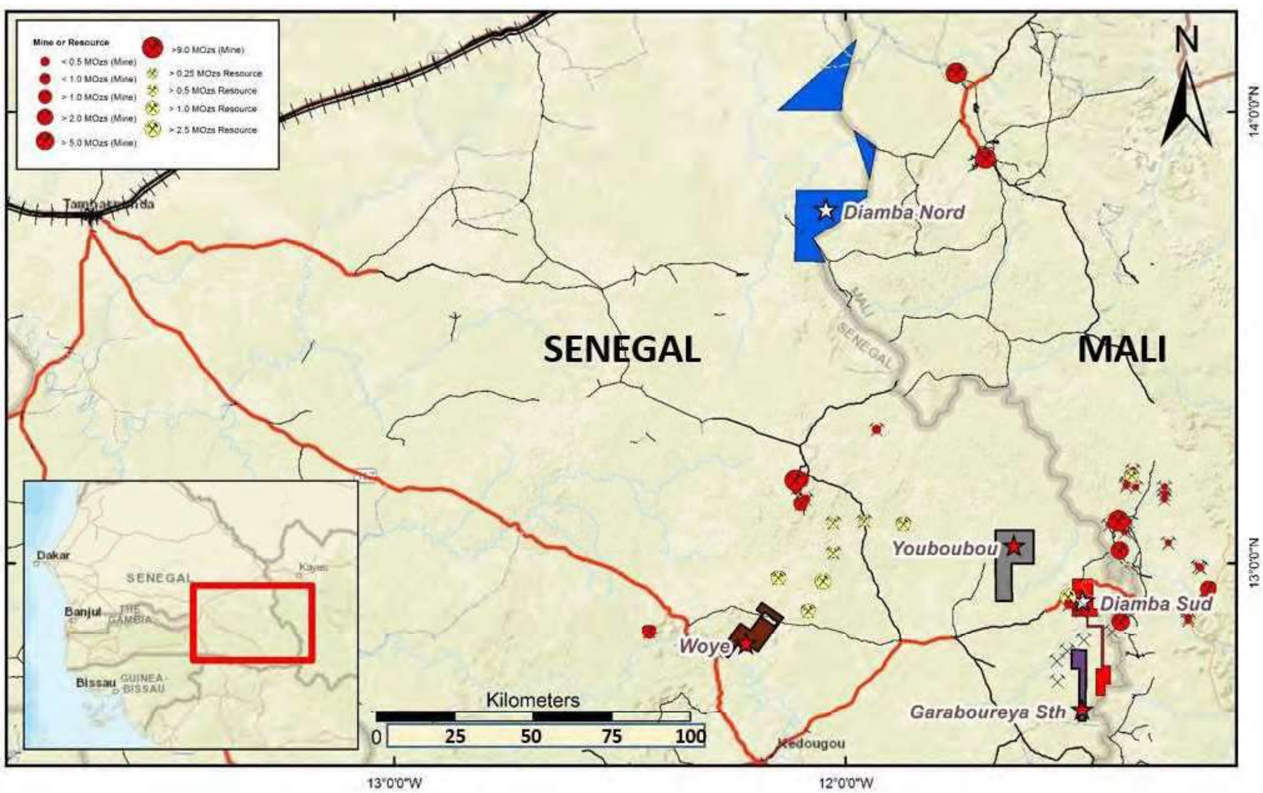

Figure 2: Location of proposed Chesser properties in Senegal; major gold projects along the Senegal-Mali Shear Zone

Chesser will inherit a highly experienced in-country technical and corporate team and an office in Dakar.

Diamba Sud (100%) is a priority project with drill ready targets. Previous RC drilling intercepts include:

- 32m @1.29 g/t gold from 29m in the SE Zone
- 14m @2.85 g/t gold from 2m in the RH Zone

Woye (80%) has similar geology to the nearby 580Koz Tombo deposit (Randgold) with recent RAB drilling results including:

- 22m @0.44 g/t gold from surface.

Chesser undertook detailed due diligence activities in relation to the proposed acquisition in the period from the execution of the Binding Agreement through to June 2017. This due diligence process included the engagement of geological consultants, legal advisors in Australia and Senegal and financial and taxation advisors in Australia and Senegal. The due diligence was completed to the satisfaction of the Directors and the Directors sought and received the ASX and shareholder approvals required in order for the acquisition to be completed.

As consideration for the acquisition, Chesser was required to issue the following CHZ securities to the Vendors and third party facilitators or their nominees:

1. 27,071,429 fully paid ordinary shares ("**FPOS**") in CHZ ("**Settlement Shares**"). Other than 2,380,952 Settlement Shares to be issued to which shall not be subject to an escrow period unless required by the ASX, the Settlement Shares shall be subject to an escrow period of 12 months from date of issue (or such longer escrow period that may be required by the ASX). 26,767,858 Settlement Shares were issued on 12 July 2017 and 303,571 Settlement Shares were issued on 11 September 2017.
2. The following unlisted options ("**Settlement Options**"):
   (a) 1,000,000 unlisted options each with an exercise price of 6 cents per share and an expiry date of 31 December 2019; and
   (b) 1,000,000 unlisted options each with an exercise price of 10 cents per share and an expiry date of 31 December 2020.
3. The following performance shares ("**Performance Shares**"):
   (a) 23,809,524 Class A performance shares which will convert into FPOS upon certification by an independent Competent Person of a JORC Mineral Resource of 0.5Moz Au with an average grade of at least 2.0g/t gold in relation to the Projects; and
   (b) 23,809,524 Class B performance shares which will convert into FPOS upon certification by an independent Competent Person of a total JORC Mineral Resource of 1.0Moz Au with an average grade of at least 2.0g/t gold in relation to the Projects.

The shareholder approvals required in relation to the acquisition were obtained at an Extraordinary General Meeting of Shareholders held on 13 June 2017.

The transaction completed on 12 July 2017.

Rights issue

On 22 June 2017, Chesser announced a capital raising by way of a non-renounceable pro-rata rights issue at an issue price of $0.04 per new share on the basis of one new share for every three ordinary shares held. Under the offer, a maximum of 39,777,866 shares will be issued to raise up to $1,591,115 before transaction costs. Funds raised from the rights issue will be used to pay the costs of the issue, advance the projects in Senegal, western Africa which will be acquired by the Company as a result of its acquisition of all of the issued shares in Boya Gold Pty Ltd and Erin Mineral Resources Pty Ltd (**Acquisition**), and for general working capital. The rights issue was underwritten by Taylor Collison Limited and closed on 13 July 2017.

Operating result

The Group's loss after providing for income tax amounted to $693,976 (2016: loss $452,925). The increase in the loss for the year compared to the previous year was primarily attributable to the following:

i. Due diligence costs (including the geological consultants and the cost of travel to Senegal), legal costs, costs of the extraordinary general meeting and other costs incurred in relation to the acquisition of the Senegal projects. The total of these costs disclosed as "professional fees" and "other exploration expense" in the consolidated income statement was approximately $125,000.

ii. A $77,040 impairment of capitalised exploration and evaluation expenditure in relation to the Kurnalpi Project.

During the financial year Chesser's cash balances decreased from approximately $3.96 million to $3.31 million. The reduction in cash balances reflected the costs of maintaining the Group's ASX listing and associated corporate functions and the cost of undertaking the due diligence activities in relation to the Senegal Projects acquired subsequent to 30 June 2017.

The Directors believe that the Senegal projects are highly prospective and it is the intention of the Board to undertake substantive exploration and evaluation activities in relation to those projects in the period November 2017 to April 2018 when weather and other environmental conditions are most conducive to the conduct of exploration activities. In order to fund the proposed exploration programs and to provide for the ongoing working capital requirements of the Group, the Directors determined to undertake, subsequent to the year end, a 1 for 3 entitlement issue and a placement to sophisticated investors to raise a total of $2.1 million.

Matters subsequent to the end of the financial year

Other than the matters noted below there has been no matter or circumstance that has arisen since the end of the financial 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:

i. On 12 July 2017 the Company announced that all conditions precedent for the Senegal Acquisition had been satisfied or waived and the Company issued the following securities in settlement of the transaction:

i. 27,071,429 fully paid ordinary shares in Chesser ("**Settlement Shares**"). Other than 2,380,952 Settlement Shares which are not be subject to an escrow period, the Settlement Shares are subject to an escrow period of 12 months from date of issue. 26,767,858 Settlement Shares were issued on 12 July 2017 and 303,571 Settlement Shares were issued on 11 September 2017

ii. The following unlisted options ("**Settlement Options**"):

(a) 1,000,000 unlisted options each with an exercise price of 6 cents per share and an expiry date of 31 December 2019; and

(b) 1,000,000 unlisted options each with an exercise price of 10 cents per share and an expiry date of 31 December 2020.

iii. The following performance shares ("**Performance Shares**"):

(a) 23,809,524 Class A performance shares which will convert into fully paid ordinary shares upon certification by an independent Competent Person of a JORC Mineral Resource of 0.5Moz Au with an average grade of at least 2.0g/t gold in relation to the Projects; and

(b) 23,809,524 Class B performance shares which will convert into fully paid ordinary shares upon certification by an independent Competent Person of a total JORC Mineral Resource of 1.0Moz Au with an average grade of at least 2.0g/t gold in relation to the Projects.

ii. Pursuant to the completion of the Senegal Acquisition the Group acquired the following ownership interest in exploration permits in Senegal:

Project	Ownership	Interest	Project Area
Diamba Sud	Boya	100%	71.3 km2
Diamba Nord	Boya	100%	332.5 km2
Youboubou	Erin	100%	113.0 km2
Woye	Erin	80%	70.9 km2
Garaboureya South	Erin	80%	36.6 km2

iii. On 12 July 2017, Chesser issued 39,777,866 fully paid ordinary shares to raise $1,591,115 before transaction costs pursuant to a 1 for 3 entitlement issue announced on 21 June 2017.

iv. On 12 July 2017, Chesser announced the issue to Directors and management of the following unlisted options over ordinary shares approved by shareholders at the Extraordinary General Meeting of shareholders that was held on 13 June 2017:

(a) 2,300,000 options with an exercise price of $0.06 and an expiry date of 31 December 2019
(b) 2,300,000 options with an exercise price of $0.10 and an expiry date of 31 December 2020

- On 11 September 2017, the Company announced the following:

(a) The issue of 12,500,000 fully paid ordinary shares at $0.04 per share to raise $500,000 before costs. The issue was undertaken as a private placement in accordance with shareholder approval received at an Extraordinary General Meeting of Shareholders held on 13 June 2017.

(b) The issue of 303,571 fully paid ordinary shares subject to 12 month voluntary escrow as final settlement of the acquisition of the Senegal Projects.

(c) The issue of the following unlisted options :

i. 1,000,000 unlisted options with an exercise price of $0.06 and an expiry date of 31 December 2019
ii. 1,000,000 unlisted options with an exercise price of $0.10 and an expiry date of 31 December 2020.

Likely developments and expected results of operations

Following the completion of the Groups acquisition of the Senegal Projects it is anticipated that the short-term focus of the Group will be to prepare an exploration strategy for the Senegal Projects and to consider the strategy for the Kurnalpi Project in light of the acquisition of the Senegal Projects.

It is also anticipated that the Group will continue to consider opportunities to expand its portfolio of projects.

Environmental regulation

The Company was not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory of Australia.

Tenements

As at 30 June 2017 the Group did not have any interests in mining tenements.

Significant changes in state of affairs

Other than as disclosed in this report and the accompanying financial report, there were no other significant changes in the Group's state of affairs during the course of the financial year.

Directors' report (continued)

Shares under Option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant Date	Vest Date	Expiry Date	Issue price of shares	Number under options
12/7/2017	12/7/2017	31/12/2019	$0.06	3,300,000
12/7/2017	12/7/2017	31/12/2020	$0.10	3,300,000
11/9/2017	11/9/2017	31/12/2019	$0.06	1,000,000
11/9/2017	11/9/2017	31/12/2020	$0.10	1,000,000
				8,600,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Shares issued as a result of the exercise of options
No shares were issued during the financial year as a result of the exercise of options.

Remuneration Report

(a) Policy for determining the nature and amount of key management personnel remuneration
The Board of Chesser Resources Limited is responsible for determining and reviewing compensation arrangements for the Non- Executive Directors and the Executive Director. The Board's remuneration policy is to ensure that the remuneration package properly reflects the person's duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. Such officers are given the opportunity to receive their base emolument in a variety of forms. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost to the Group. In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

(i) Non-Executive Director Remuneration

Objective
The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

Remuneration of non-executive directors is determined by the Board, within the maximum amount approved by the shareholders from time to time (currently set at an aggregate of $400,000 per annum).

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each non-executive director receives a fee for being a director of the Group. Non-Executive Directors receive an annual fee of $40,000.

Non-Executive Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services. During the financial year Mr Simon Taylor received additional fees totalling $54,000 for services provided in relation to the management of the Company's participation in the Kurnalpi Joint Venture, services provided in relation to the assessment of investment opportunities in the resources sector and services in relation to the acquisition of the Senegal exploration projects that was completed in July 2017 (2016: $11,000 for services provided in relation to the management of the Company's participation in the Kurnalpi Joint Venture and services provided in relation to the assessment of investment opportunities in the resources sector).

(ii) Executive Director Remuneration

Objective
The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for Group and individual performance against agreed targets;
- Align the interest of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

Structure
In determining the level and make-up of executive remuneration, the Board has had regard to market levels of remuneration for comparable executive roles. It is the Board's policy that employment contracts are entered into with all senior executives.

(iii) Variable Remuneration – Short and Long Term Incentives

Objective
The objectives of the incentives plan are to:
- Recognise the ability and efforts of the employees of the Group who have contributed to the success of the Group and to provide them with rewards where deemed appropriate;
- Provide an incentive to the employees to achieve the long term objectives of the Group and improve the performance of the Group; and
- Attract persons of experience and ability to employment with the Group and foster and promote loyalty between the Group and its employees.

Structure
Long term incentives granted to senior executives are delivered in the form of options in accordance with an Employee Share Option Plan. As part of the Group's annual strategic planning process, the Board and management agree upon a set of financial and non-financial objectives for the Group. The objectives form the basis of the assessment of management performance and vary but are targeted directly to the Group's business and financial performance and thus to shareholder value.

(b) Remuneration, Group performance and shareholder wealth

The development of remuneration policies and structures is considered in relation to the effect on Group performance and shareholder wealth. They are designed by the Board to align Director and Executive behaviour with improving Group performance and ultimately shareholder wealth.

The Board considers at this stage in the Group's development, that share price growth itself is an adequate measure of total shareholder return.

Executives are currently remunerated by a combination of cash base remuneration and options. The options granted are considered by the Board to provide an alignment between the employees and shareholders interests.

The table below shows for the current financial year and previous four financial years the total remuneration cost of the key management personnel, earnings per ordinary share (EPS), dividends paid or declared, and the closing price of ordinary shares on ASX at year end.

Directors' report (continued)

Financial Year	Total Remuneration $	EPS (Cents)	Dividends (Cents)	Share Price (Cents)
2017	215,700	(0.58)	-	4.5#
2016	202,546	(0.31)	-	3.2#
2015	1,282,075	8.59	-	3.4#
2014	1,182,962	(3.27)	-	12
2013	1,845,018	(2.72)	-	10

The share price at 2017, 2016 and 2015 reflects the impact of the capital return of 15 cents per share made by the Company in December 2014.

Given the stage of the Company's development and the fact that it does not currently have any revenue producing operations, the Board does not consider EPS or dividends paid or declared to be meaningful measures for assessing executive performance.

Key management personnel

The following persons were key management personnel of the Group during the financial year (unless noted otherwise the persons listed were key management personnel for the whole of the financial year):

Name	***Position Held***
Simon O'Loughlin	Non-Executive Director
Simon Taylor	Non-Executive Director
Stephen Kelly	Executive Director, CFO and Company Secretary

The Company has entered into a Consultancy Agreement with KCG Advisors Pty Ltd pursuant to which Mr Kelly was engaged to provide Chief Financial Officer and Company Secretarial services to the Company effective from 11 May 2015. The key terms of the Agreement are:

- KCG Advisors Pty Ltd to receive $225 per hour, exclusive of GST, for services provided by Mr Kelly.
- Unless otherwise agreed between the parties, a monthly cap of $6,500, exclusive of GST, will apply to payments to KCG Advisors Pty Ltd; and
- The Agreement may be terminated by either party at any time on the giving of not less than one month's notice in writing.

(c) Details of remuneration

Compensation paid, payable or provided by the Group or on behalf of the Group, to key management personnel is set out below. Key management personnel include all Directors of the Group and certain executives who, in the opinion of the Board and Managing Director, have authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

2017	Cash salary and fees	Superannuation	Total remuneration	Proportion of remuneration that is performance based
	$	$	$	%
Non-Executive Directors				
Simon O'Loughlin	40,000	3,700	**43,700**	-
Simon Taylor	94,000	-	**94,000**	-
Total Non-Executive Directors	**134,000**	**3,700**	**137,700**	-
Executive Directors				
Stephen Kelly	78,000	**-**	**78,000**	-
Total Executive Directors	**78,000**	**-**	**78,000**	
Total Key Management Personnel Compensation	**212,000**	**3,700**	**215,700**	

During the financial year Mr Simon Taylor received additional fees totalling $54,000 for services provided in relation to the management of the Company's participation in the Kurnalpi Joint Venture, services provided in relation to the assessment of investment opportunities in the resources sector and services in relation to the acquisition of the Senegal exploration projects that was completed in July 2017.

2016	Cash salary and fees	Superannuation	Total remuneration	Proportion of remuneration that is performance based
	$	$	$	%
Non-Executive Directors				
Frank Terranova (resigned 15 October 2015)	6,260	595	**6,855**	-
Simon O'Loughlin	36,200	3,800	**40,000**	-
Simon Taylor	47,200	3,800	**51,000**	-
Phillip Amery (resigned 15 October 2015)	5,160	490	**5,650**	-
Gabriel Radzyminski (resigned 11 March 2016)	21,041	-	**21,041**	-
Total Non-Executive Directors	**115,861**	**8,685**	**124,546**	-
Executive Directors				
Stephen Kelly	78,000	**-**	**78,000**	-
Total Executive Directors	**78,000**	**-**	**78,000**	
Total Key Management Personnel Compensation	**193,861**	**8,685**	**202,546**	

During the financial year Mr Simon Taylor received additional fees totalling $11,000 for services provided in relation to the management of the Company's participation in the Kurnalpi Joint Venture and services provided in relation to the assessment of investment opportunities in the resources sector.

(d) Share-based compensation

Details of options over ordinary shares in the Group provided as remuneration to each director of Chesser Resources Limited and each of the key management personnel of the parent entity and the Group are set out in section (e) below. When exercisable, each option is convertible into one ordinary share of Chesser Resources Limited.

There were no grants of options that affected remuneration in the current or will affect remuneration in a future reporting period.

Options are granted to attract, retain and incentivise key management personnel.

The board has rules that contain restrictions on removing the 'at risk' aspect of the options granted to executives. Executives may not enter into any transactions designed to remove the 'at risk' aspect of an instrument before it vests.

There are no performance hurdles attaching to the options granted other than service vesting conditions. In the event of termination (specified circumstances) only vested options are entitled to be exercised. Unvested options are forfeited.

There were no changes during the current or prior financial year in options over ordinary shares in the Group provided as remuneration to each director of Chesser Resources Limited and each of the key management personnel of the group.

The assessed fair value at grant date of options granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Shares provided on exercise of remuneration options

No shares were issued as a result of the exercise of options during the year.

(e) *Unlisted option holdings*

The numbers of options over ordinary shares in the Company held during the financial year by each director and each key management person of the Group, including their personally related parties, are set out below:

2017 **Name**	**Balance at start of year**	**Granted as compen-sation**	**Exercised**	**Lapsed**	**Balance at end of the year**	**Vested and exercise-able**	**Unvested**
Directors of Chesser Resources Limited							
S Taylor	-	-	-	-	-	-	-
S O'Loughlin	-	-	-	-	-	-	-
S Kelly	600,000	-	-	(600,000)	-	-	-
	600,000	**-**	**-**	**-**	**-**	**-**	**-**

Directors' report (continued)

2016 Name	Balance at start of year	Granted as compen-sation	Exercised	Ceasing to be a key management person	Balance at end of the year	Vested and exercise-able	Unvested
Directors of Chesser Resources Limited							
F Terranova	-	-	-	-	-	-	-
S Taylor	-	-	-	-	-	-	-
S O'Loughlin	-	-	-	-	-	-	-
G Radzyminski	-		-	-	-	-	-
P Amery	-	-	-	-	-	-	-
S Kelly	600,000	-	-	-	600,000	600,000	-
	600,000	**-**	**-**	**-**	**600,000**	**600,000**	**-**

(f) ***Share holdings***

The number of shares in the Company held during the financial year by each director of Chesser Resources Ltd and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation (2016: nil).

2017	Balance at the start of the year	Shares held on appointment as key management personnel	Purchases / (disposals) during the year	Shares held on ceasing to be key management personnel	Balance at the end of the year
Directors of Chesser Resources Limited Ordinary shares					
S Taylor	1,500,000	-	-	-	1,500,000
S O'Loughlin	812,500	-	-	-	812,500
S Kelly	-	-	-	-	-
	2,312,500	**-**	**-**	**-**	**2,312,500**

2016	Balance at the start of the year	Shares held on appointment as key management personnel	Purchases / (disposals) during the year	Shares held on ceasing to be key management personnel	Balance at the end of the year
Directors of Chesser Resources Limited Ordinary shares					
F Terranova	3,000,000	-	(3,000,000)	-	-
S Taylor	1,500,000	-	-	-	1,500,000
S O'Loughlin	1,625,000	-	(812,500)	-	812,500
G Radzyminski	43,979,000	-	(17,000,000)	(26,979,000)	-
P Amery	-	-	-	-	-
S Kelly	1,268,319	-	(1,268,319)		-
Other key management personnel of the Group					
N Ricketts	-	-	-	-	-
	51,372,319	**-**	**(22,080,819)**	**(26,979,000)**	**2,312,500**

Directors' report (continued)

No shares were received by key management personnel on the exercise of options during the year.

(i) Loans to key management personnel

There were no loans to key management personnel at any time during the financial year.

(j) Other transactions with key management personnel

During the year ended 30 June 2017, O'Loughlins Lawyers, a legal firm in which the Company's Chairman Mr Simon O'Loughlin is a partner, provided legal services to the Company. As at 30 June 2017 the total amount owing to O'Loughlins Lawyers was $22,703 (2016: $Nil). The total fees paid to O'Loughlins Lawyers during the year was $31,692 (2016: $Nil).

(k) Voting and comments made at the Company's 2016 Annual General Meeting

The Company received more than 97% of "yes" votes on its remuneration report for the financial year ended 30 June 2016. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report

Insurance of officers

To the extent permitted by law, the Company has indemnified (fully insured) each director and the secretary of the Company. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Company or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Group

The Group is not aware that any person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings in which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the court under section 237 of the Corporations Act 2001.

Non-audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Group are important. No non-audit assignments were engaged with the auditor during the year (2016: none)

Details of the amounts paid or payable to the auditor, Pitcher Partners for audit services provided during the year are set out in note 17 to the financial report.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

Auditor

Pitcher Partners continues in office in accordance with section 327 of the *Corporations Act 2001.*

Directors' report (continued)

Rounding of amounts in accordance with ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2017/191

The amounts in the Directors' report and in the financial report have been rounded to the nearest dollar.

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

Stephen Kelly,
Executive Director
Brisbane, 29 September 2017

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 38
345 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 1144
Brisbane
Queensland 4001

Tel: 07 3222 8444
Fax: 07 3221 7779

www.pitcher.com.au
info@pitcherpartners.com.au

Pitcher Partners is an association of independent firms
Brisbane | Melbourne | Sydney | Perth | Adelaide | Newcastle

The Directors
Chesser Resources Limited
Level 7, 100 Edward Street
Brisbane QLD 4000

Auditor's Independence Declaration

As lead auditor for the audit of Chesser Resources Limited for the year ended 30 June 2017, 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 audit; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants.*

This declaration is in respect of Chesser Resources Limited and the entities it controlled during the year.

PITCHER PARTNERS

Nigel Batters
Partner

Brisbane, Queensland
29 September 2017

Corporate Governance Statement

Introduction

The Board of directors is responsible for the corporate governance of Chesser Resources Limited (the Company) and its controlled entities (the Group). The Group operates in accordance with the corporate governance principles as set out by the ASX corporate governance council and required under ASX listing rules.

The Group details below the corporate government practices in place at the end of the financial year, all of which comply with the principles and recommendations of the ASX corporate governance council unless otherwise stated.

Principle 1: Lay solid foundations for management and oversight

Board Responsibilities

The Board is accountable to the Shareholders for the performance of the Company and has overall responsibility for its operations. Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives, are formally delegated by the Board to the Executive Director and ultimately to senior executives.

The key responsibilities of the board include:

- Approving the strategic direction and related objectives of the Group and monitoring management performance in the achievement of these objectives;
- Adopting budgets and monitoring the financial performance of the Group;
- Reviewing annually the performance of the managing director and senior executives against the objectives and performance indicators established by the Board;
- Overseeing the establishment and maintenance of adequate internal controls and effective monitoring systems;
- Overseeing the implementation and management of effective safety and environmental performance systems;
- Ensuring all major business risks are identified and effectively managed; and
- Ensuring that the Group meets its legal and statutory obligations.

For the purposes of the proper performance of their duties, the Directors are entitled to seek independent professional advice at the Group's expense, unless the Board determines otherwise. The Board schedules meetings on a regular basis and other meetings as and when required.

The Company has adopted a Board Charter that may be viewed on the Company's website www.chesserresources.com.au.

Principle 2: Structure the board to add value

Size and composition of the Board

At the date of this statement the board consists of two non-executive directors, both of whom are considered to be independent, and one executive director. Directors are expected to bring independent views and judgement to the Board's deliberations.

- Mr Simon O'Loughlin — Non-Executive Director (Appointed 2 March 2006)
- Mr Simon Taylor — Non-Executive Director (Appointed 29 March 2007)
- Mr Stephen Kelly — Executive Director (Appointed 12 February 2016)

The Board considers this to be an appropriate composition given the size and development of the Group at the present time. The names of directors including details of their qualifications and experience are set out in the Directors' Report of this Financial Report.

Corporate Governance Statement (continued)

Independence
The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board. Those Directors who have interests in specific transactions or potential transactions do not receive Board papers related to those transactions or potential transactions, do not participate in any part of a Directors' meeting which considers those transactions or potential transactions, are not involved in the decision making process in respect of those transactions or potential transactions, and are asked not to discuss those transactions or potential transactions with other Directors.

Messrs O'Loughlin and Taylor are considered independent directors as they have no other material relationship or association with the Company or its subsidiaries other than their directorships. The Company therefore has two independent, Non-Executive directors as that relationship is currently defined.

Nomination, retirement and appointment of Directors
The full Board has approved the Charter for the Nomination Committee which provides that the full Board will perform the function of a Nomination Committee. A copy of the Charter is available on the Company's website www.chesserresources.com.au

The Company's constitution provides that at every Annual General Meeting, one third of the directors shall retire from office but may stand for re-election.

The roles and responsibilities of the Nomination Committee are to:

(a) *Size and Composition of the Board.* To ensure that the Board has the appropriate blend of directors with the necessary expertise and relevant industry experience, the Nomination Committee shall:

- (i) regularly review the size and composition of the Board;
- (ii) identify and assess necessary and desirable director competencies and provide advice on the competency levels of directors with a view to enhancing the Board;
- (iii) make recommendations on the appointment and removal of directors;
- (iv) make recommendations on whether any directors whose term of office is due to expire should be nominated for re-election; and
- (v) regularly review the time required from non-executive directors and whether non-executive directors are meeting that requirement.

(b) *Selection Process of new Directors.* The Nomination Committee is empowered to engage external consultants in its search for a new director. The initial appointment of a new Director is made by the Board. A newly appointed Director will be required to stand for election at the Company's next general meeting.

(c) *Performance Appraisal Competency.* The Nomination Committee shall develop a process for evaluation of the performance of the Board, Board committees (if any), and when deemed appropriate by the Chair, individual Board members.

(d) *Succession Plans.* The Nomination Committee shall review the Company's succession plans. Succession plans are to assist in maintaining the appropriate balance of skills, experience and expertise on the Board.

Board Committees
It is the role of the Board to oversee the management of the Company and it may establish appropriate committees to assist in this role.

The Board has established an Audit, Risk and Compliance Committee, a Remuneration Committee and a Nomination Committee. Under their respective Charters, the full Board serves as the Audit, Risk and Compliance Committee, Remuneration Committee and the Nomination Committee. The Board approved Charter for each Board Committee is available on the Company's website www.chesserresources.com.au.

Corporate Governance Statement (continued)

Principle 3: Promote ethical and responsible decision making

Code of Conduct
The Board recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics when engaging in corporate activity. The Group intends to maintain a reputation for integrity. The Company's officers and employees are required to act in accordance with the law and with the highest ethical standards. The Board has adopted a formal code of conduct applying to the Board and all Employees. The Code of Conduct may be accessed via the Company's website www.chesserresources.com.au.

The Code of Conduct recognises that the Company (which includes Directors, senior executives, employees, officers, contractors, sub-contractors and agents) is committed to the following principles:

a) To complying with the laws and regulations of each country in which the Company operates;
b) To increasing shareholder value and to ensuring shareholders are fully informed as to the true position and performance of the Company through timely and accurate disclosure of information;
c) To the disclosure and management of any direct, indirect, actual, potential or perceived conflict of interest;
d) To ensuring that no Directors, senior executives, employees, officers, contractors, sub-contractors and agents or their associated parties unlawfully derives a benefit through the abuse or misuse of their position or by using for personal gain confidential information obtained through their association with the Company;
e) To not divulge any confidential information about the Company, its employees or its counterparties without appropriate authorization;
f) To providing a healthy and safe workplace free of any form of discrimination or harassment;
g) To not directly, or indirectly offer, pay, solicit or accept bribes, secret commissions or other similar payments or benefits in the course of conducting business; and
h) To act as a responsible corporate citizen and actively support the communities in which the Company operates and to contribute to the needs of those communities.

Securities Trading Policy
The Company's Securities Trading Policy regulates dealings in shares and other securities of the Company by directors, employees and contractors (restricted persons) of the Company. The policy aims to ensure that trading in the Company's shares is fair and appropriate and maintains the reputation of the Company. The Securities trading Policy may be viewed on the Company's website at www.chesserresources.com.au.

The Securities Trading Policy prescribes that directors, employees and contractors (designated persons) may only trade in the Company's securities if the proposed dealing is:

(a) excluded trading under the policy (including the exercise of options or transactions that do not otherwise change the beneficial holding of the designated person in the Company's securities) ; or
(b) outside a *Closed Trading Period*; or
(c) within a *Closed Trading Period* and the *Designated Person* has obtained written clearance from the appropriate authority as set out below and an *Exceptional Circumstance* applies.

Under the Securities Trading Policy, "Closed trading period" includes the following:
(a) from the first day of January until the second day following the public release of the Company's half year results;
(b) from the first day of July until the second day following the public release of the sooner to occur of the Company's preliminary or final full year results;
(c) from the first day following the close of each Quarter for which the Company is required to provide a periodic Quarterly report to the ASX until the second day following the release of that report to the ASX;
(d) any other periods from time to time when Chesser Resources is considering matters which are subject to ASX Listing Rule 3.1 (Continuous Disclosure) as resolved by the Board;

(e) any other periods when Designated Persons are not permitted to Deal in Company Securities as specified by any stock or security exchange that the Company is or may be listed upon; and
(f) any other period when a Designated Person is in possession of Inside Information.

Directors must advise the Non- Executive Chairman before buying or selling securities in the Company. All such transactions are reported to the Board. In accordance with the provisions of the Corporations Act and the Listing Rules of the Australian Securities Exchange, the Company advises the ASX of any transaction

Corporate Governance Statement (continued)

conducted by directors in the Company's securities.

Diversity policy
Chesser's Board proactively encourages a culture which embraces diversity and equal opportunity throughout the Group and has put in place a Diversity Policy that may be viewed on the Company's website at www.chesserresources.com.au.

To support its objectives, the Company aims to identify programs that selectively develop and up skill its workforce, including those aimed at advancing females to senior executive positions.

Chesser operates in a competitive industry, where there is a strong demand for high calibre employees and Directors.

The Board of Directors is of the view that the best way to attract such high calibre candidates is to:

a) establish and select from a diverse pool of candidates, and then
b) make a decision based on the merit of the candidates.

The Company seeks to optimise its employment decision by:

a) actively encouraging qualified applicants from a diverse range of backgrounds to apply for vacant positions;
b) creating and fostering a diverse talent pool by its employment processes; and
c) ensuring that its attraction, selection, employment and promotion processes and decisions (including where appropriate the selection processes used by external recruitment consultants to short list high calibre candidates) are conducted in line with the Company's Diversity principles.

Where appropriate, the Board will consider setting key performance indicators for the Board, the CEO and Key Management Personnel that are linked to the Diversity objectives set by the Board. Given the current state of the Group's development the Board does not consider it appropriate to establish formal diversity targets at this time.

The number of women in the organisation is:

Number of women employees in the whole organization	Nil
Number of women in senior executive positions	Nil
Number of women on the board	Nil

Principle 4: Safeguard integrity in financial reporting

The Group aims to independently verify and safeguard the integrity of their financial reporting through establishment of the following structure:
- Review and consideration of the financial statements by the Audit, Risk and Compliance Committee;
- A process to ensure the independence and competence of the Group's external auditors.

Audit, Risk and Compliance Committee
The Audit, Risk and Compliance Committee comprises the full Board. The Board has approved a Charter for the Audit, Risk and Compliance Committee which may be viewed on the Company's website at www.chesserresources.com.au.

The Audit, Risk and Compliance Committee's primary responsibilities are to:

a) review and assess the Company's processes which ensure the integrity of financial statements and reporting, and associated compliance with legal and regulatory requirements, including applicable accounting standards;
b) review and assess the appointment, qualifications, independence, performance and remuneration of, and relationship with, the Company's external auditors and the integrity of the audit process as a whole;
c) oversee the effectiveness of the Group's systems of internal controls and risk management including considering the appropriateness of implementing an internal audit function; and

Corporate Governance Statement (continued)

d) oversee the policies and procedures for ensuring the Group's compliance with relevant regulatory and legal requirements.

Principle 5: Make timely and balanced disclosure

The Company has a policy that all shareholders and investors have equal access to the Company's information. The Board ensures that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act and ASX Listing Rules. The Company Secretary has primary responsibility for all communications with the ASX. The Company Secretary has primary responsibility for all communications with the ASX and is accountable to the board through the chair for all governance matters.

The Company has established a Continuous Disclosure Policy that may be viewed on the Company's website www.chesserresources.com.au.

Principle 6: Respect the rights of shareholders

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions.

Information is communicated to Shareholders through:

- annual, half-yearly and quarterly financial reports;
- annual and other general meetings convened for Shareholder review and approval of Board proposals;
- continuous disclosure of material changes to ASX for open access to the public; and
- the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

All information disclosed to the ASX is posted on the Company's web site www.chesserresources.com.au.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

The Company has not designed or publicly disclosed a communications policy and therefore has not complied with recommendation 6.1 of the Corporate Governance Council. Given the size of the Company, the board does not consider design of, or disclosure of a communications policy to be appropriate. The board takes ultimate responsibility for these matters.

Principle 7: Recognise and manage risk

The Board has identified the significant areas of potential business and legal risk of the Group. The identification, monitoring and, where appropriate, the reduction of significant risk to the Group is the responsibility of the Managing Director and the Board. The Board has also established the Audit, Risk and Compliance committee which addresses the risk of the Group.

The Board reviews and monitors the parameters under which such risks will be managed. Management accounts are prepared and reviewed with the Managing Director at subsequent Board meetings. Budgets are prepared and compared against actual results.

Management and the Board monitor the Group's material business risks and reports are considered at regular meetings.

The Board has approved a Risk Management Policy and related Risk Management Framework that is in the process of being implemented. The Risk Management Policy may be viewed on the Company's website www.chesserresources.com.au.

Corporate Governance Statement (continued)

Managing Director and Chief Financial Officer Declaration to the Board of Directors

The Executive Director is required to state in writing to the Board that the Group's financial reports present a true and fair view, in all material respects, of the Group's financial condition and operational results are in accordance with relevant accounting standards. Included in this statement will be confirmation that the Group's risk management and internal controls as they relate to the preparation of the financial reports are operating efficiently and effectively.

Principle 8: Remunerate fairly and responsibly

The Chairman and the non-executive Directors are entitled to draw Directors fees and receive reimbursement of reasonable expenses for attendance at meetings. The Company is required to disclose in its annual report details of remuneration to Directors. The maximum aggregate annual remuneration which may be paid to non-executive Directors is $400,000. This amount cannot be increased without the approval of the Company's shareholders. Please refer to the remuneration report within the directors' report for details regarding the remuneration structure of the managing director and senior management.

The Board has established a Remuneration Committee, the Charter for which may be viewed on the Company's website www.chesserresources.com.au. In accordance with that Charter, the full Board serves as the Remuneration Committee.

This Remuneration Report which forms part of the Directors' Report summarises the remuneration arrangements in place for directors and key management personnel of the Company.

Consolidated Income Statement
For the year ended 30 June 2017

	Note	2017 $	2016 $
Revenue and other income	7	**3,662**	113,543
Employee benefits expense		**(211,768)**	(191,226)
Depreciation expense		**-**	(19,312)
Auditors' remuneration		**(22,000)**	(25,000)
Professional fees		**(54,373)**	(108,380)
Other exploration expense		**(72,822)**	-
Rental expense for office lease	8	**-**	(65,710)
Share registry and exchange listing fees		**(55,583)**	(75,832)
Impairment of capitalised exploration expenditure		**(77,040)**	-
General and administrative expenses		**(131,264)**	-
Foreign exchange gains		**378**	-
Other expenses		**(73,166)**	(81,008)
Loss before income tax from continuing operations		**(693,976)**	(452,925)
Income tax benefit from continuing operations	9	**-**	-
Loss for the period from continuing operations		**(693,976)**	(452,925)
Loss for the year		**(693,976)**	(452,925)
Loss attributable to owners of Chesser Resources Limited		**(693,976)**	(452,925)
Earnings per share:	19	***Cents***	*Cents*
Basic and diluted loss per share		**(0.58)**	(0.31)

The above Consolidated Income Statement should be read in conjunction with the accompanying notes

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2017

	Note	2017 $	2016 $
Profit / (loss) for the year		**(693,976)**	(452,925)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(83)**	-
Income tax relating to these items		**-**	-
Other comprehensive income for the year, net of tax		**(83)**	-
Total comprehensive loss for the year		**(694,059)**	(452,925)
Total comprehensive loss attributable to the owners of Chesser Resources Limited		**(694,059)**	(452,925)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	**18(a)**	**3,312,011**	3,964,589
Trade and other receivables	**10**	**21,623**	-
Prepayments	**11**	**13,620**	12,306
TOTAL CURRENT ASSETS		**3,347,254**	3,976,895
NON-CURRENT ASSETS			
Property, plant and equipment	**12**	**-**	-
Exploration and evaluation assets	**13**	**-**	38,820
TOTAL NON-CURRENT ASSETS		**-**	38,820
TOTAL ASSETS		**3,347,254**	4,015,715
CURRENT LIABILITIES			
Trade and other payables	**14**	**137,487**	111,889
TOTAL CURRENT LIABILITIES		**137,487**	111,889
TOTAL LIABILITIES		**137,487**	111,889
NET ASSETS		**3,209,767**	3,903,826
EQUITY			
Issued capital	**15**	**5,838,418**	5,838,418
Accumulated losses	**16**	**(4,542,427)**	(3,848,451)
Reserves	**16**	**1,913,776**	1,913,859
TOTAL EQUITY		**3,209,767**	3,903,826

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Issued Capital Ordinary shares $	Accumulated Losses $	Reserves $	Total $
Balance at 1 July 2016	**5,838,418**	**(3,848,451)**	**1,913,859**	**3,903,826**
Total comprehensive income				
Loss for the year	-	(693,976)	-	(693,976)
Exchange differences on translation of foreign operations	-	-	(83)	(83)
Total comprehensive loss for the year	**-**	**(693,976)**	**(83)**	**(694,059)**
Transactions with owners in their capacity as owners	**-**	**-**	**-**	**-**
Balance at 30 June 2017	**5,838,418**	**(4,542,427)**	**1,913,776**	**3,209,767**

	Issued Capital Ordinary shares $	Accumulated Losses $	Reserves $	Total $
Balance at 1 July 2015	**9,325,822**	**(3,395,526)**	**1,913,859**	**7,844,155**
Total comprehensive income				
Profit for the year	-	(452,925)	-	(452,925)
Total comprehensive (loss) for the year	**-**	**(452,925)**	**-**	**(452,925)**
Transactions with owners in their capacity as owners				
Return of capital paid	(3,487,404)	-	-	**(3,487,404)**
Balance at 30 June 2016	**5,838,418**	**(3,848,451)**	**1,913,859**	**3,903,826**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	Notes	2017 $	2016 $
Cash flows from operating activities			
Interest received		**3,662**	70,171
Payments to suppliers and employees		**(604,696)**	(539,846)
Realised foreign exchange gains		**-**	55,062
Net cash outflows used in operating activities	**18(b)**	**(601,034)**	(414,613)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		**(38,220)**	(38,820)
Net cash outflows used in investing activities		**(38,220)**	(38,820)
Cash flows from financing activities			
Prepaid share issue costs		**(13,620)**	-
Refund of security deposit		**-**	15,000
Capital return paid to shareholders		**-**	(3,487,404)
Net cash outflows used in financing activities		**(13,620)**	(3,472,404)
Net decrease in cash and cash equivalents		**(652,874)**	(3,925,837)
Cash and cash equivalents at the beginning of the year		**3,964,589**	7,894,885
Effects of exchange rate changes on cash and cash equivalents		**296**	(4,459)
Cash and cash equivalents at the end of the year	**18(a)**	**3,312,011**	3,964,589

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

1. General information

Chesser Resources Limited (the Company) is a listed public company incorporated in Australia. The address of its registered office and principal place of business is Suite 3, Level 7, 100 Edward Street, Brisbane City QLD 4000.

The entity's principal activity during the financial year was undertaking exploration activities in relation to the Kurnalpi Project in Western Australia.

2. Application of new and revised Accounting Standards

Adoption of New and Revised Standards
In the year ended 30 June 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and Interpretations On Issue Not Yet Adopted
The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

3. Significant accounting policies

(a) Statement of compliance

The financial statements comprise the consolidated financial statements of the Group consisting of Chesser Resources Limited and its subsidiaries. The Company is a for-profit entity for the purpose of preparing the financial statements.

These financial statements are general purpose financial statements that have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with the other requirements of the law. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 29 September 2017.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB2 and measurements that have some similarities to fair value but are not fair value such as value in use in AASB136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that that the entity can access at the measurement date.

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Chesser Resources Limited ("Company" or "parent entity") as at 30 June 2017 and the results of all subsidiaries for the year then ended. Chesser Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 3(g).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Director.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Government grants
Grants from government, including Australian Research and Development tax offsets, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Where a grant is received relating to research and development costs that have been expensed, the grant is recognised as other income when the grant becomes receivable.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Statement of Financial Performance over the expected useful life of the relevant asset by equal annual instalments.

Interest revenue
Interest is recognised using the effective interest method.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income, Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amounts and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(h) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of impairment at each reporting date.

(i) Cash and cash equivalents

For cash-flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Exploration and evaluation expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the consolidated entity has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
- activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability and facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from exploration and evaluation expenditure to property and development assets within property, plant and equipment.

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration and evaluation phases that give rise to the need for restoration. Accordingly, these costs will be recognised gradually over the life of the project as the phases occur.

(k) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

(l) Investments and other financial assets

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, available-for-sale, loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the assets were acquired.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

The Group has no held-to-maturity investments or available-for-sale financial assets.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest rate method. The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at fair value through profit or loss
The Company has classified certain financial assets that were acquired principally for the purpose of being sold in the near term as financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined using quoted market prices. The net gain or loss recognised recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in revenue.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(n) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(o) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of assets is calculated on the straight line method to allocate their cost, net of their residual values, over their estimated useful lives. The depreciation rates used for each class of depreciable asset are:

Classification	*Rate*	*Depreciation Basis*
Plant and equipment	5 – 50%	Straight Line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 3(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(q) Employee benefits

(i) *Short-term obligations*

Liabilities for wages and salaries, expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. All other short-term employee benefit obligations are presented as payables.

(ii) *Other long-term employee benefits*

The liability for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) *Superannuation*

The Group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.

(iv) *Share-based payments*

Share-based compensation benefits are provided to employees.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of options granted is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

(r) Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(s) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(t) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(u) Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operated ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Chesser Resources Limited's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

(iii) Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

(v) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(w) Parent entity financial information

The financial information for the parent entity Chesser Resources Limited, disclosed in note 21 has been prepared on the same basis as the consolidated financial statements except as set out below.

(i) *Investments in subsidiaries, associates and joint venture entities*
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the Company. Dividends received from associates are recognised in the parent entity's profit or loss when its right to receive the dividend is established.

(ii) *Financial guarantees*
Where the Company has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iii) *Share based payments*
The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

4. Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. The Group does not currently have any projects in production and as such the main purpose of these financial instruments is to provide liquidity to finance the Group's development and exploration activities. It is, and has been throughout the financial year, the Group's policy that no trading in speculative financial instruments shall be undertaken. The main risks arising from the Group's use of financial instruments are liquidity risk, counterparty or credit risk, interest rate risk and foreign currency risk. During the year the Group has had some transactional currency exposures, principally to the US dollar and the Euro. The Group has not entered into forward currency contracts to hedge these exposures due to the short time frame associated with the currency exposure and the relatively modest overall exposure at any one point in time.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3 to the financial statements. Primary responsibility for identification and control of financial risk rests with the board of directors. However, the day-to-day management of these risks is under the control of the Executive Director. The Board agrees the strategy for managing future cash flow requirements and projections.

The Group holds the following financial instruments all of which are carried at amortised cost

	2017 $	2016 $
Financial Assets		
Cash and cash equivalents	**3,312,011**	3,964,589
Trade and other receivables	**21,623**	-
	3,333,634	3,964,589
Financial Liabilities		
Trade and other payables	**122,487**	107,175
	122,487	107,175

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group's policy is to convert its local currency to the foreign currency at the time of the transaction. Foreign exchange risk arises from future commercial transactions and recognised financial liabilities denominated in a currency that is not the Group's functional currency (which is the Australian dollar).

The Group manages foreign exchange risk on an as-needs basis. The risk is measured using sensitivity analysis and cash-flow forecasting. The Group's exposure to foreign currency risk, expressed in Australian dollars at the reporting date, was as follows:

		2017 $	2016 $
Cash and cash equivalents - USD		3,740	4,492
	Total assets	**3,740**	**4,492**
Trade and other payables		-	-
	Net exposure	**3,740**	**4,492**

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A negative number in the table represents a decrease in the operating profit before tax and reduction in equity where the Australian dollar strengthens against the relevant currency. For a 10% strengthening of the Australian dollar against the relevant currency, there would be a comparable impact on the loss or equity, and the balances below would be positive.

	2017 $	2016 $
Profit / (loss) before tax and equity – 10% increase	**374**	**449**
Profit / (loss) before tax and equity – 10% decrease	**(374)**	**(449)**

(ii) Interest rate risk

The Group's exposure to interest rate risk arises predominantly from cash and cash equivalents bearing variable interest rates, as the Group intends to hold any fixed rate financial assets to maturity. At the end of the reporting period the Group maintained the following variable rate accounts:

	30 June 2017 Weighted average interest rate %	30 June 2017 Balance $	30 June 2016 Weighted average interest rate %	30 June 2016 Balance $
Cash and cash equivalents	**0.5%**	**3,312,011**	1.55%	3,964,589

At the end of the reporting period, if the interest rates had changed, as illustrated in the table below, with all other variables remaining constant, after-tax profit and equity would have been affected as follows:

	After-tax loss higher / (lower) 2017 $	After-tax loss higher / (lower) 2016 $	Equity higher / (lower) 2017 $	Equity higher / (lower) 2016 $
+1% (100bp)	**33,120**	39,646	**33,120**	39,646
-1% (100bp)	**(33,120)**	(39,646)	**(33,120)**	(39,646)

(b) Credit risk

Credit risk primarily arises from cash and cash equivalents and term deposits deposited with banks and receivables. Cash and cash equivalents and term deposits are primarily placed with National Australia Bank Limited and AMP Bank Limited, which has an independently rated credit rating of A1+. The Company has no past due or impaired financial assets in the period covered by these financial statements. Due to their short term nature, the carrying value of financial assets represents the maximum exposure to credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents in order to meet the Group's forecast requirements. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in bank deposits. At reporting date, the Group did not have access to any undrawn borrowing facilities.

Maturity of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

30 June 2017	Less than 3 months $	Total contractual cash flows $	Carrying amount $
Trade and other payables	**122,487**	**122,487**	**122,487**

30 June 2016	Less than 3 months $	Total contractual cash flows $	Carrying amount $
Trade and other payables	107,175	107,175	107,175

(d) Fair value estimation

Financial assets at fair value through profit or loss are carried at their fair value as determined by reference to quoted bid prices in an active, liquid market (Level 1). The carrying amount of other financial assets (net of any provision for impairment) and financial liabilities as disclosed above is assumed to approximate their fair values primarily due to their short maturities

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

5. Critical accounting estimates and judgements

The Group makes estimates and assumption concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual results. As at 30 June 2017 there were no critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. Operating segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Executive Director (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on a geographic basis, that is, the location of the respective Projects the Group is seeking to explore and develop. 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
Kurnalpi Project
The Kurnalpi Project is situated at Kurnalpi approximately 60 kilometres north east of Kalgoorlie. On 15 October 2016, the Company entered into an earn in joint venture agreement with Mithril Resources Limited to earn up to an 80% interest in the tenements comprising the project.

Corporate
Expenditure incurred that is not directly allocated to other segments is reported as corporate costs in the internal reports prepared for the chief operating decision maker.

Accounting policies adopted
The Chief Operating Decision Maker 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. Other items of revenue are not allocated to segments.

i. Segment performance

30 June 2017	**Kurnalpi Project $**	**Corporate $**	**Total $**
Total segment revenue	**-**	**3,662**	**3,662**
Total segment expenditure	**(38,220)**	**(620,598)**	**(658,818)**
Segment result	**(38,220)**	**(616,936)**	**(655,156)**
Reconciliation of segment result to net loss before tax			
Other income			-
Impairment of capitalised exploration expenditure	(77,040)	-	(77,040)
Capitalised expenditure	38,220	-	38,220
Net loss before tax	**(77,040)**	**(616,936)**	**(693,976)**

30 June 2016	Kurnalpi Project $	Corporate $	Total $
Total segment revenue	**-**	**62,274**	**62,274**
Total segment expenditure	**(38,820)**	**(547,156)**	**(585,976)**
Segment result	**(38,820)**	**(484,882)**	**(523,702)**
Reconciliation of segment result to net loss before tax			
Other income	-	51,269	51,269
Depreciation	-	(19,312)	(19,312)
Capitalised expenditure	38,820	-	38,820
Net loss before tax	**-**	**(452,925)**	**(452,925)**

ii. Segment assets and liabilities

The segment information presented to the Chief Operating Decision Maker does not include the reporting of assets and liabilities or cash flows by segment. As at 30 June 2017 and 30 June 2016 the Group's assets were located primarily in Australia.

	2017 $	2016 $
7. Revenue and other income		
Interest revenue	**3,662**	62,274
Foreign exchange gains	**-**	51,269
Research and development tax offset	**-**	-
	3,662	113,543

	2017 $	2016 $
8. Expenses		
Loss before income tax includes the following specific expenses:		
Rental expenses relating to operating leases – minimum lease rentals	**-**	65,710
Superannuation contributions	**3,700**	8,685

	2017 $	2016 $
9. Income tax – continuing operations		
(a) Income tax benefit		
Current tax	-	-
Deferred tax	-	-
	-	-
(b) Deferred income tax/(revenue)		
Deferred income tax/(revenue) included in tax expense comprises:		
(Increase)/decrease in deferred tax assets	(219,307)	(152,941)
Increase/(decrease) in deferred tax liabilities	219,307	152,941
	-	-
(c) Reconciliation of income tax expense to prima facie income tax		
Loss before income tax from continuing operations	(693,976)	(452,925)
Tax at the Australian tax rate of 30% (2016: 30%)	(208,192)	(135,878)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Capital raising costs	(42,533)	(69,071)
	(250,725)	**(204,949)**
Deferred tax assets not recognised	250,725	204,949
Income tax benefit	-	-
(d) Deferred tax assets / liabilities comprise		
Interest receivable	-	-
Accruals	7,500	7,800
Unrealised foreign exchange gains	-	-
S 40-880 capital raising expenses and legal fees	36,944	79,478
Capitalised exploration and evaluation expenditure	-	(11,646)
Prepayments	(4,086)	(3,691)
Tax losses available for offset against future taxable income	3,065,318	2,814,428
Net deferred tax assets	3,105,676	2,886,369
Deferred tax assets not recognised	(3,105,676)	(2,886,369)
	-	-
(e) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Temporary differences and tax losses at 30% (2016: 30%)	**3,105,676**	2,886,369

Tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from the deferred tax assets. The benefit of the tax losses will only be available if the Company, or a tax consolidated group of which it is a member, derives future assessable income of a nature and of an amount sufficient to enable the benefit from the tax losses to be realised, has complied and continues to comply with conditions for deductibility imposed by current tax legislation and there are no adverse changes to such legislation. The conditions for deductibility of the carried forward tax losses (continuity of ownership test and continuity of business test) will need to be considered in light of any changes that may occur in both the ownership of the Company and the nature of the Company's business activities.

	2017 $	2016 $
10. Trade and other receivables		
Current		
Other receivables	**21,623**	-

11. Prepayments

	2017 $	2016 $
Prepayments	**13,620**	12,306

12. Property, plant and equipment

	2017 $	2016 $
Plant and equipment		
At cost	127,945	127,945
Accumulated depreciation	(127,945)	(127,945)
	-	-

Movements in property, plant and equipment during the year were as follows:

	2017 $	2016 $
Carrying amount at beginning of year	**-**	19,312
Additions	**-**	-
Disposals	**-**	-
Depreciation	**-**	(19,312)
Carrying amount at end of year	**-**	-

13. Exploration and evaluation expenditure

	2017 $	2016 $
At cost	**-**	38,820
Carrying amount at beginning of year	**38,820**	-
Additions	**38,220**	38,820
Impairment	**(77,040)**	-
Carrying amount at end of year	**-**	38,820

The impairment of $77,040 in the current year (2016: $nil) related to the Kurnalpi gold project in Western Australia. The Board determined to impair this expenditure as it is uncertain whether the Group will meet the minimum expenditure requirement for the Group to earn an interest in the Kurnalpi Project.

The ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

14. Trade and other payables

	2017 $	2016 $
Trade payables	**122,487**	107,175
Accruals	**15,000**	4,714
Total trade and other payables	**137,487**	111,889

Trade payables and accruals are unsecured, non-interest bearing and due 30 days from the date of recognition.

	2017 $	2016 $
15. Contributed equity		
Ordinary shares – fully paid	**5,838,418**	5,838,418

Effective 1 July, 1998 the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote**.**

(a) Movements in share capital

Date	Details	No. of shares	Share price	$
	Balance 30 June 2015	**221,007,161**		9,325,822
7 October 2015	Share buy back	**(101,673,563)**	$.034	(3,487,404)
	Balance 30 June 2016 and 30 June 2017	**119,333,598**		5,838,418

There were no movements in share capital during the year ended 30 June 2017.

(b) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available and to ensure adequate capital is available to meet the Group's forecast expenditure commitments.

In order to maintain or adjust the capital structure, the Group may seek to issue new shares.

Total capital is calculated as 'equity' as shown in the statement of financial position.

(c) Share options

At 30 June 2017, the following options for ordinary shares in the Company were on issue:

	2017 Number	2016 Number
Director and employee options	**-**	7,100,000

16. Reserves and accumulated losses

	2017 $	2016 $
(a) Reserves		
Share-based payments reserve	**1,914,271**	1,914,271
Foreign currency translation reserve	**(495)**	(412)
	1,913,776	1,913,859
Movements:		
Share based payments reserve		
Balance at beginning of year	**1,914,271**	1,914,271
Options issued	**-**	-
Balance at end of year	**1,914,271**	1,914,271

	2017 $	2016 $
Movements:		
Foreign currency translation reserve		
Balance at beginning of year	**(412)**	(412)
Net exchange differences on translation of foreign controlled entities	**(83)**	-
Balance at end of year	**(495)**	(412)

(b) Accumulated losses

Movements:		
Balance at beginning of year	**(3,848,451)**	(3,395,526)
Net loss for the year	**(693,976)**	(452,925)
Balance at end of year	**(4,542,247)**	(3,848,451)

(c) Nature and purpose of reserves

Share based payments reserve
The share based payments reserve is used to recognise the fair value of options issued but not exercised.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign controlled subsidiaries.

17. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	2017 $	2016 $
(a) Pitcher Partners Brisbane		
(i) Audit and assurance services		
Audit and review of financial reports	**22,000**	25,000
(ii) Non-audit services		
Tax advice and compliance services	**-**	-
Total remuneration of Pitcher Partners Brisbane	**-**	-
Total auditors' remuneration	**22,000**	25,000

18. Cash flow information

	2017 $	2016 $
(a) Cash and cash equivalents		
Cash at bank and on hand	**3,312,011**	3,964,589

(b) Reconciliation of loss after income tax to net cash outflow from operating activities

	2017 $	2016 $
Profit / (loss) for the year	**(693,976)**	(452,925)
Depreciation and amortisation	**-**	19,312
Impairment of capitalised exploration expenditure	**77,040**	-
Net exchange differences	**(379)**	4,459
Change in operating assets and liabilities (net of disposals):		
(Increase)/decrease in trade or other receivables	**(9,317)**	18,874
Increase/(decrease) in trade and other payables	**25,598**	(4,333)
Net cash outflow from operating activities	**(601,034)**	(414,613)

19. Earnings per share

	2017 Cents	2016 Cents
Basic and diluted profit / (loss) per share – continuing and discontinued operations	**(0.58)**	(0.31)
Basic and diluted profit / (loss) per share – continuing operations	**(0.58)**	(0.31)

(b) Weighted average number of ordinary shares used as the denominator

	2017 Number	2016 Number
Number used in calculating basic earnings per share	**119,333,598**	146,353,696

(c) Information concerning earnings per share:

Options granted are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. Details relating to options are set out in note 20. In 2017 and 2016 the options were anti-dilutive and are therefore not included in the calculation of diluted earnings per share. The options could potentially dilute basic earnings per share in the future.

20. Share based payments

Employee Share Option Plan
The Group has established the Chesser Resources Limited Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- Eligible participants shall be full time or part time employees of the Company or an Associated Body Corporate.
- Options are granted under the Scheme at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.
- Each option entitles the holder to subscribe for and be allotted one Share. Shares issued pursuant to the exercise of Options will in all respects, including bonus issues and new issues, rank equally and carry the same rights and entitlements as other Shares on issue. The Options may not be exercised until the Shares have been quoted on ASX throughout the 12-month period immediately preceding that exercise of the Options, without suspension during that period exceeding in total 2 trading days.
- Unless the Directors in their absolute discretion determine otherwise, Options shall lapse upon the earlier of:
  a. The expiry of the exercise period;
  b. The Option holder ceasing to be within the category of Eligible Participant by reason of dismissal, resignation or termination of employments, office or services for any reason, except the Directors may resolve within 30 days of such dismissal, resignation or termination, that the Options shall lapse on other terms they consider appropriate;
  c. The expiry of 1 year after the Option holder ceases to be within the category of Eligible Participant by reason of retirement; and
  d. A determination by the Directors that the Option holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company or an Associated Body Corporate.
- An option may not be transferred or assigned except that a legal personal representative of a holder of an Option who has died or whose estate is liable to be dealt with under laws relating to mental health will be entitled to be registered as the holder of that Option after that production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement.
- Options will not be quoted on ASX. However, application will be made to ASX for official quotation of the shares allotted pursuant to the exercise of options if the Company’s shares are listed on ASX at that time.
- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Scheme Rules subject to the requirements of the Australian Securities Exchange listing Rules.

The options hold no voting or dividend rights and are not transferable.

Set out below are summaries of options granted as share-based payments for services provided by directors and employees.

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at 30 June 2017	Vested and exercisable at end of the year Number
2017								
14/12/2012	13/12/2016	$0.50	500,000	-	-	(500,000)	-	-
14/12/2012	13/12/2016	$0.55	1,000,000	-	-	(1,000,000)	-	-
14/12/2012	13/12/2016	$0.60	1,500,000	-	-	(1,500,000)	-	-
14/12/2012	13/12/2016	$0.65	1,000,000	-	-	(1,000,000)	-	-
14/12/2012	13/12/2016	$0.70	1,000,000	-	-	(1,000,000)	-	-
14/12/2012	13/12/2016	$0.75	1,000,000	-	-	(1,000,000)	-	-
01/2/2013	31/1/2017	$0.35	200,000	-	-	(200,000)	-	-
01/2/2013	31/1/2017	$0.40	200,000	-	-	(200,000)	-	-
01/2/2013	31/1/2017	$0.45	200,000	-	-	(200,000)	-	-
20/10/2014	31/12/2016	$0.26	500,000	-	-	(500,000)	-	-
			7,100,000	**-**	**-**	**(7,100,000)**	**-**	**-**
Weighted average exercise price			**$0.59**				**$0.00**	

Grant Date	Expiry Date	Exercise Price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Lapsed during the year Number	Balance at 30 June 2016	Vested and exercisable at end of the year Number
2016								
14/12/2012	13/12/2016	$0.50	500,000	-	-	-	500,000	500,000
14/12/2012	13/12/2016	$0.55	1,000,000	-	-	-	1,000,000	1,000,000
14/12/2012	13/12/2016	$0.60	1,500,000	-	-	-	1,500,000	1,500,000
14/12/2012	13/12/2016	$0.65	1,000,000	-	-	-	1,000,000	1,000,000
14/12/2012	13/12/2016	$0.70	1,000,000	-	-	-	1,000,000	1,000,000
14/12/2012	13/12/2016	$0.75	1,000,000	-	-	-	1,000,000	1,000,000
01/2/2013	31/1/2017	$0.35	200,000	-	-	-	200,000	200,000
01/2/2013	31/1/2017	$0.40	200,000	-	-	-	200,000	200,000
01/2/2013	31/1/2017	$0.45	200,000	-	-	-	200,000	200,000
20/10/2014	31/12/2016	$0.26	500,000	-	-	-	500,000	500,000
			7,100,000	**-**	**-**	**-**	**7,100,000**	**7,100,000**
Weighted average exercise price			**$0.59**				**$0.59**	

The weighted average remaining contractual life of share options outstanding at the end of the period was nil years (2016 – 0.5 years). The assessed fair value at grant date of options issued is determined using the Black Scholes option pricing model which takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option.

No options were granted during the year ended 30 June 2017 (2016: NIL options issued). Expenses arising from share-based transactions during the period was $NIL (2016: $NIL).

21. Parent entity disclosures

As at and throughout the financial year ending 30 June 2017 and 30 June 2016 the parent entity of the Group was Chesser Resources Limited.

a) Summary financial information

The individual financial statements for the parent entity show the following aggregations.

	2017	2016
	$	$
	Chesser Resources Limited	
Results		
Profit / (loss) for the year	**(655,566)**	(431,128)
Total comprehensive income for the year	**(655,566)**	(431,128)
Financial Position		
Current assets	**3,390,586**	3,977,348
Non-current assets	**-**	38,820
	3,390,586	4,016,168
Current liabilities	**128,494**	84,891
	128,494	84,891
Net Assets	**3,262,092**	3,931,277
Contributed equity	**5,838,418**	5,838,418
Share-based payments reserve	**1,914,271**	1,914,271
Accumulated losses	**(4,476,977)**	(3,821,412)
	3,262,092	3,931,277

b) Guarantees entered into by the parent entity

Chesser Resources Limited has not entered into any guarantees in the current or previous financial year, in relation to the debt of its subsidiaries.

c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

d) Contractual commitments for capital expenditure

The parent entity did not have any contractual commitments for capital expenditure as at 30 June 2017 (2016: $nil).

22. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3(c).

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2017	2016
			%	%
EBX Holdings Pty Ltd	Australia	Ordinary	100	100
Chesser Resources Holding Cooperatief U.A.	Netherlands	Membership	100	100
Dharana B.V.	Netherlands	Ordinary	100	100

23. Related parties

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

During the year ended 30 June 2017, O'Loughlins Lawyers, a legal firm in which the Company's Chairman Mr Simon O'Loughlin is a partner, provided legal services to the Company. As at 30 June 2017 the total amount owing to O'Loughlins Lawyers was $22,703 (2016: $Nil). The total fees paid to O'Loughlins Lawyers during the year was $31,692 (2016: $Nil).

There were no other transactions between the Group and other related parties in the current or prior financial year.

24. Key management personnel compensation

The aggregate compensation paid to directors and other members of key management personnel of the Company and the Group is set out below:

	2017 $	2016 $
Short term employee benefits	**212,000**	193,861
Post-employment benefits	**3,700**	8,685
	215,700	202,546

25. Commitments and contingent liabilities

Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	**-**	-
Later than one year but not later than five years	**-**	-
	-	-

Contingent liabilities

The Company did not have any material contingent liabilities as at 30 June 2017.

26. Events occurring after the reporting period

Other than the matters noted below there has been no matter or circumstance that has arisen since the end of the financial 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:

i. On 12 July 2017 the Company announced that all conditions precedent for the Senegal Acquisition had been satisfied or waived and the Company issued the following securities in settlement of the transaction:

ii. 27,071,429 fully paid ordinary shares in Chesser ("**Settlement Shares**"). Other than 2,380,952 Settlement Shares which are not be subject to an escrow period, the Settlement Shares are subject to an escrow period of 12 months from date of issue. 26,767,858 Settlement Shares were issued on 12 July 2017 and 303,571 Settlement Shares were issued on 11 September 2017

iii. The following unlisted options ("**Settlement Options**"):

    (a) 1,000,000 unlisted options each with an exercise price of 6 cents per share and an expiry date of 31 December 2019; and

(b) 1,000,000 unlisted options each with an exercise price of 10 cents per share and an expiry date of 31 December 2020.

iv. The following performance shares ("**Performance Shares**"):

(a) 23,809,524 Class A performance shares which will convert into fully paid ordinary shares upon certification by an independent Competent Person of a JORC Mineral Resource of 0.5Moz Au with an average grade of at least 2.0g/t gold in relation to the Projects; and

(b) 23,809,524 Class B performance shares which will convert into fully paid ordinary shares upon certification by an independent Competent Person of a total JORC Mineral Resource of 1.0Moz Au with an average grade of at least 2.0g/t gold in relation to the Projects.

v. Pursuant to the completion of the Senegal Acquisition the Group acquired the following ownership interest in exploration permits in Senegal:

Project	Ownership	Interest	Project Area
Diamba Sud	Boya	100%	71.3 km2
Diamba Nord	Boya	100%	332.5 km2
Youboubou	Erin	100%	113.0 km2
Woye	Erin	80%	70.9 km2
Garaboureya South	Erin	80%	36.6 km2

vi. On 12 July 2017, Chesser issued 39,777,866 fully paid ordinary shares to raise $1,591,115 before transaction costs pursuant to a 1 for 3 entitlement issue announced on 21 June 2017.

vii. On 12 July 2017, Chesser announced the issue to Directors and management of the following unlisted options over ordinary shares approved by shareholders at the Extraordinary General Meeting of shareholders that was held on 13 June 2017:

(a) 2,300,000 options with an exercise price of $0.06 and an expiry date of 31 December 2019
(b) 2,300,000 options with an exercise price of $0.10 and an expiry date of 31 December 2020

- On 11 September 2017, the Company announced the following:

(a) The issue of 12,500,000 fully paid ordinary shares at $0.04 per share to raise $500,000 before costs. The issue was undertaken as a private placement in accordance with shareholder approval received at an Extraordinary General Meeting of Shareholders held on 13 June 2017.

(b) The issue of 303,571 fully paid ordinary shares subject to 12 month voluntary escrow as final settlement of the acquisition of the Senegal Projects.

(c) The issue of the following unlisted options :

i. 1,000,000 unlisted options with an exercise price of $0.06 and an expiry date of 31 December 2019
ii. 1,000,000 unlisted options with an exercise price of $0.10 and an expiry date of 31 December 2020.

CHESSER RESOURCES LIMITED

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 Australian Accounting Standards and the Corporations Regulations 2001; and
(ii) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date;

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 3(a); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

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

Stephen Kelly
Executive Director

Dated 29 September 2017

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 38
345 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 1144
Brisbane
Queensland 4001

Tel: 07 3222 8444
Fax: 07 3221 7779

www.pitcher.com.au
info@pitcherpartners.com.au

Pitcher Partners is an association of independent firms
Brisbane | Melbourne | Sydney | Perth | Adelaide | Newcastle

KEN OGDEN
NIGEL FISCHER
TERESA HOOPER
MARK NICHOLSON
PETER CAMENZULI
JASON EVANS
IAN JONES
KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN
JEREMY JONES

Independent Auditor's Report to the Members of Chesser Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Chesser Resources Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
Existence of Cash ***Refer to Note 18(a): Cash Flow Information***	
The most significant asset in the Statement of Financial Position is Cash and Cash Equivalents. The main assessed risk of Cash is existence.	Our testing of cash included: • understanding the control environment through which cash and cash equivalents are recorded; • agreeing reported cash balances to relevant financial institution documentation, including bank statements; • confirming the existence of reported cash balances through direct confirmation from relevant financial institutions; and • confirming the value of reported cash balances through direct confirmation from relevant financial institutions.

Other Information

The directors are responsible for the other information. The other information comprises the Directors Report and Corporate Governance Statement which were obtained as at the date of our audit report, and any additional other information included in the Company's Annual Report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgment to determine the appropriate action to take.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 15 of the directors' report for the year ended 30 June 2017. In our opinion, the Remuneration Report of Chesser Resources Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
29 September 2017

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 17 October 2017.

A. Distribution of securities

Analysis of the number of equity securities by size of holding:

	Number of holders		
Holding	**Listed Shares**	**Unlisted $0.06 options expiring 31 December 2019**	**Unlisted $0.10 options expiring 31 December 2020**
1 to 1,000	82	-	-
1,001 to 5,000	143	1	1
5,001 to 10,000	114	10	10
10,001 to 100,000	282	11	11
100,001 and over	194	9	9
	815	**31**	**31**

There were 346 holders of less than a marketable parcel of listed shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of equity securities are listed below:

Name	**Units**	**% of Units**
One Managed Invt Funds Ltd	20,061,242	10.10
Jetosea Pty Ltd	7,069,244	3.56
National Nominees Limited	6,917,758	3.48
CPO Superannuation Fund Pty Ltd	6,634,452	3.34
Calama Holdings Pty Ltd	6,166,667	3.10
GP Securities Pty Ltd	5,526,058	2.78
Mr Nicholas Dermott Mc Donald	4,927,452	2.48
Mase Global Investments Limited	4,510,819	2.27
Octifil Pty Ltd	4,404,451	2.22
Hoeksteen Investments Limited	4,279,803	2.15
Gulridje Pty Ltd	3,872,712	1.95
Awj Family Pty Ltd	3,796,940	1.91
Chieftain Securities Pty Ltd	3,666,666	1.85
Mr Angus William Johnson + Mrs Lindy Johnson	3,636,667	1.83
Greenslade Holdings Pty Ltd	3,561,692	1.79
UBS Nominees Pty Ltd	3,000,000	1.51
Corporate Property Services Pty Ltd	2,932,049	1.48
Darroch Family Pty Ltd	2,720,000	1.37
Souttar Superannuation Pty Ltd	2,481,177	1.25
Mr Craig Peter Ball + Mrs Suzanne Katherine Ball	2,276,917	1.15
	102,442,766	**51.56**

SHAREHOLDER INFORMATION

Unquoted equity securities

Security	Number on issue	Number of holders
Unlisted options with an exercise price of $0.06 expiring 31 December 2019	4,300,000	31
Unlisted options with an exercise price of $0.10 expiring 31 December 2020	4,300,000	31

Unquoted equity securities represent options to acquire ordinary shares. Each option entitles the holder to acquire one ordinary share. The names of the holders of more than 20% the unlisted options are:

	Unlisted $0.06 options expiring 31 December 2019		Unlisted $0.10 options expiring 31 December 2020	
Option holder	**Options**	**% of total options on issue**	**Options**	**% of total options on issue**
Ismacate Pty Ltd	1,000,000	23.28%	1,000,000	23.28%
	1,000,000	**23.28%**	**1,000,000**	**23.28%**

C. Substantial shareholders

Substantial shareholders in the Company are set out below:

Shareholder	Number of listed shares held	Percentage
Sandon Capital Pty Ltd	26,979,000	13.58%

D. Listed shares subject to voluntary escrow

24,690,466 ordinary shares are subject to voluntary escrow until 12 July 2018.

E. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.

CORPORATE DIRECTORY

Board of Directors

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

Company Secretary
Mr Stephen Kelly

Registered Office and Principal Place of Business
Suite3, Level 7
100 Edward Street
Brisbane QLD 4000

Postal address
PO Box 5807
Brisbane QLD 4000

Website:
www.chesserresources.com.au

Share Registry
Computershare Investor Services Pty Ltd
Level 1
200 Mary Street
Brisbane QLD 4000

Phone number: 1 300 552 270

Stock Exchange
Australian Securities Exchange
20 Bridge Street
Sydney, NSW 2000

ASX Code
CHZ

Auditors
Pitcher Partners

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 17 October 2017.

A. Distribution of securities

Analysis of the number of equity securities by size of holding:

		Number of holders	
Holding	**Listed Shares**	**Unlisted $0.06 options expiring 31 December 2019**	**Unlisted $0.10 options expiring 31 December 2020**
1 to 1,000	82	-	-
1,001 to 5,000	143	1	1
5,001 to 10,000	114	10	10
10,001 to 100,000	282	11	11
100,001 and over	194	9	9
	815	**31**	**31**

There were 346 holders of less than a marketable parcel of listed shares.

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of equity securities are listed below:

Name	**Units**	**% of Units**
One Managed Invt Funds Ltd	20,061,242	10.10
Jetosea Pty Ltd	7,069,244	3.56
National Nominees Limited	6,917,758	3.48
CPO Superannuation Fund Pty Ltd	6,634,452	3.34
Calama Holdings Pty Ltd	6,166,667	3.10
GP Securities Pty Ltd	5,526,058	2.78
Mr Nicholas Dermott Mc Donald	4,927,452	2.48
Mase Global Investments Limited	4,510,819	2.27
Octifil Pty Ltd	4,404,451	2.22
Hoeksteen Investments Limited	4,279,803	2.15
Gulridje Pty Ltd	3,872,712	1.95
Awj Family Pty Ltd	3,796,940	1.91
Chieftain Securities Pty Ltd	3,666,666	1.85
Mr Angus William Johnson + Mrs Lindy Johnson	3,636,667	1.83
Greenslade Holdings Pty Ltd	3,561,692	1.79
UBS Nominees Pty Ltd	3,000,000	1.51
Corporate Property Services Pty Ltd	2,932,049	1.48
Darroch Family Pty Ltd	2,720,000	1.37
Souttar Superannuation Pty Ltd	2,481,177	1.25
Mr Craig Peter Ball + Mrs Suzanne Katherine Ball	2,276,917	1.15
	102,442,766	**51.56**

SHAREHOLDER INFORMATION

Unquoted equity securities

Security	Number on issue	Number of holders
Unlisted options with an exercise price of $0.06 expiring 31 December 2019	4,300,000	31
Unlisted options with an exercise price of $0.10 expiring 31 December 2020	4,300,000	31

Unquoted equity securities represent options to acquire ordinary shares. Each option entitles the holder to acquire one ordinary share. The names of the holders of more than 20% the unlisted options are:

	Unlisted $0.06 options expiring 31 December 2019		**Unlisted $0.10 options expiring 31 December 2020**	
Option holder	**Options**	**% of total options on issue**	**Options**	**% of total options on issue**
Ismacate Pty Ltd	1,000,000	23.28%	1,000,000	23.28%
	1,000,000	**23.28%**	**1,000,000**	**23.28%**

C. Substantial shareholders

Substantial shareholders in the Company are set out below:

Shareholder	Number of listed shares held	Percentage
Sandon Capital Pty Ltd	26,979,000	13.58%

D. Listed shares subject to voluntary escrow

24,690,466 ordinary shares are subject to voluntary escrow until 12 July 2018.

E. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options

No voting rights.

CORPORATE DIRECTORY

Board of Directors

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

Company Secretary
Mr Stephen Kelly

Registered Office and Principal Place of Business
Suite3, Level 7
100 Edward Street
Brisbane QLD 4000

Postal address
PO Box 5807
Brisbane QLD 4000

Website:
www.chesserresources.com.au

Share Registry
Computershare Investor Services Pty Ltd
Level 1
200 Mary Street
Brisbane QLD 4000

Phone number: 1 300 552 270

Stock Exchange
Australian Securities Exchange
20 Bridge Street
Sydney, NSW 2000

ASX Code
CHZ

Auditors
Pitcher Partners