



Chesser Resources Limited

ABN 14 118 619 042

Interim Financial Report

For the half-year ended 31 December 2018

Directors' report

The directors of Chesser Resources Limited (the "Company" or "Chesser") submit herewith the half-year financial report of the Company and the entities it controlled for the half-year ended 31 December 2018 (collectively "Group"). In order to comply with the provisions of the Corporations Act 2001, the directors report as follows.

Directors

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

- Mr. Simon O'Loughlin, Non-Executive Chairman
- Mr. Simon Taylor, Non-Executive Director
- Mr. Michael Brown, Managing Director (appointed 5 November 2018)
- Mr. Stephen Kelly, Executive Director

Mr. Brown is an internationally experienced, senior natural resources executive with over 25 years' experience in exploration, mining, energy, finance and capital markets. He has held senior executive roles with Kinross Gold and Pacific Hydro and had local and international experience as an exploration and mine geologist.

Company secretary

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

RESULTS

The net loss of the economic entity for the half year ended 31 December 2018 was \$1,361,550 (2017: \$497,821). The loss for the half year includes impairment of capitalised exploration expenditure of \$693,548 (2017 : \$1,866) which arose as a result of the Company relinquishing its interests in the Garaboureira and Woye tenements.

No dividends were paid or declared by the company during the half-year.

REVIEW OF OPERATIONS

The following is a summary of the activities of Chesser Resources during the period 1 July 2018 to 31 December 2018. It is recommended that this half-yearly report be read in conjunction with the 30 June 2018 Annual Report and any public announcements made by the Company during the period.

In accordance with the continuous disclosure requirements, readers are referred to the announcements lodged with the Australian Securities Exchange regarding the activities of the Company.

CORPORATE

Chesser Completes Placement

In December, Chesser announced that it had received firm commitments from sophisticated and institutional investors qualifying under s708 of the Corporations Act 2001 (Cth) to subscribe for a placement of approximately 20.8 million shares at an issue price of A\$0.038 per share to raise approximately \$789,640 before costs.

In addition to the Placement described above, the Company has entered into agreements to issue 2.92 million shares at the Placement price of \$0.038 per share with Directors to raise funds totalling \$110,960 (Subject to shareholder approval).

Net proceeds from the placement will be used for the Diamba Sud RC drilling program, which commenced in January 2019.

Annual General Meeting

Chesser Resources' Annual General Meeting was held on 26 November 2018 with all resolutions put to shareholders passed without amendment on a show of hands.

Directors' report

Key Appointments

On the 5th November, Mr Michael (Mike) Brown was appointed Managing Director and Chief Executive Officer.

In December, the Company appointed highly experienced geologist Gareth O'Donovan (ex-SRK Exploration) as Exploration Manager.

EXPLORATION OVERVIEW

The auger drilling conducted at Diamba Sud in July represented the conclusion of Chesser's multi-licence exploration program over its five exploration licences in Senegal. Auger holes (7,443 holes for 53,942m) were drilled in four licences (Diamba Sud, Diamba Nord, Garabourey & Woye). A soil sampling program (797 samples) was completed in Youboubou. All licences were geologically mapped and sampled. Some 650 rock chip samples were collected and assayed.

DIAMBA SUD PROJECT

During the period, results for an auger program comprising 2,500 holes (12,511 metres) were announced¹. 59 individual one-metre assays greater than 1g/t gold were returned, with the highest result of 1m at 21.1 g/t gold.

Notable intercepts include:

- **16m at 2.57 g/t gold** (from 3-19m in hole DSA2861T) including **8m at 4.83 g/t gold**
- **9m at 2.87 g/t gold** (from 8-17m in hole DSA2798W) including **2m at 4.93 g/t gold**
- **10m at 2.75 g/t gold** (from 11-21m in hole DSA2798T) including **3m at 4.03 g/t gold**
- **9m at 2.31g/t gold** (from 9-18m in hole DSA2796S) including **5m at 3.95 g/t gold**
- **6m at 2.11 g/t gold** (from 12-18m in hole DSA2798N) including **3m at 3.74 g/t gold**

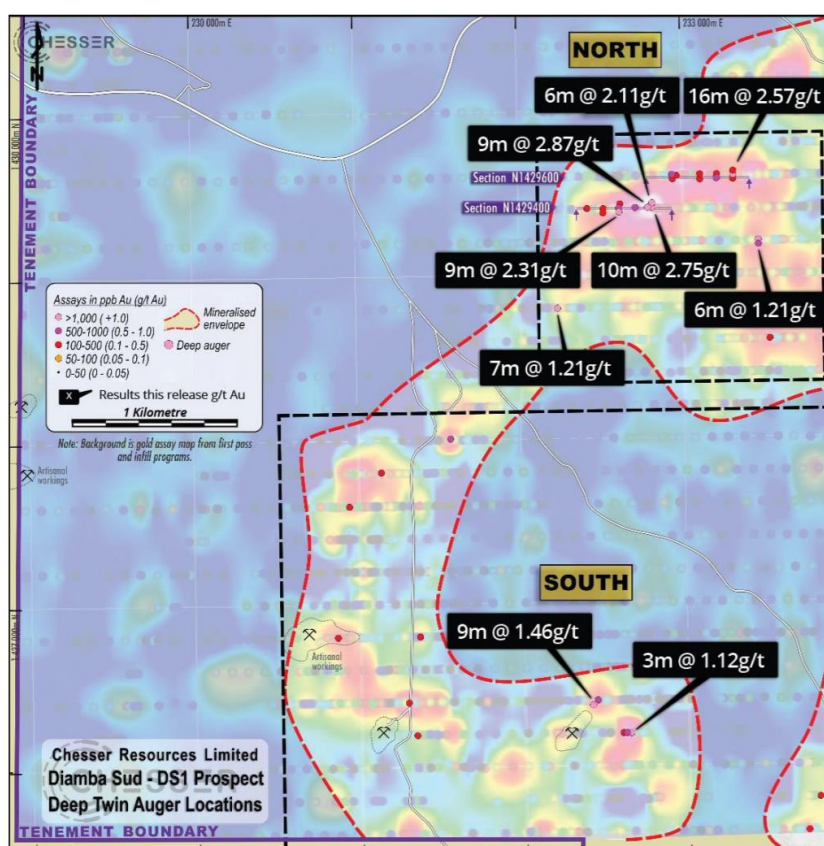


Figure 1 - Location of Diamba Sud deep-twin auger holes

¹ Refer ASX announcement dated 27 August 2018. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

Directors' report

Chesser's program included geological mapping and sampling of outcrops and termite mounds over an area which had little previous exploration history. All outcrops and termite mounds were sampled to assist with closing up sample density and give a much better first pass approximation of the prospectivity of Diamba Nord.

Results confirm the continuity and extend the depth of the previously identified significant anomalous auger gold trend with many of the intersections ending in mineralisation. The deepest hole was 28m with an average hole depth of 14m.

The deeper saprolite auger program represented the conclusion of Chesser's multi-licence exploration program over its five exploration licences in Senegal.

PHASE 1 EXPLORATION PLANNING

In advance of the upcoming drilling program, newly appointed exploration manager Gareth O'Donovan completed an initial trip to review the Diamba Sud Project to finalise planning for Phase 1 of the drilling program which will consist of ~5,000m of RC drilling, targeting a nominal average depth of 100m.

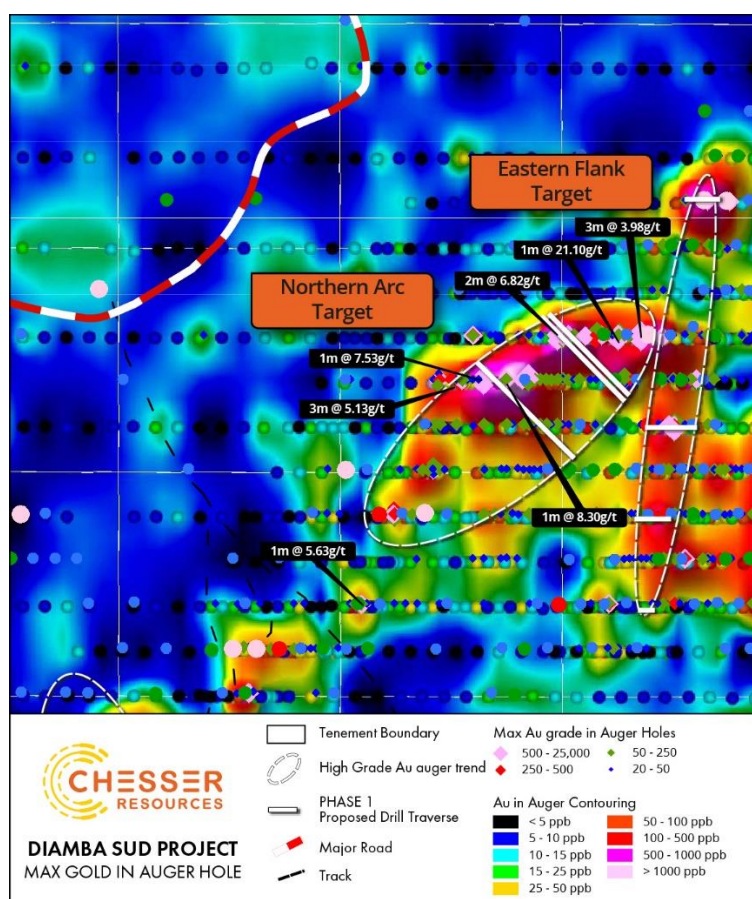


Figure 2: Planned Phase 1 RC drilling program

GARABOUREYA, WOYE, DIAMBA NORD AND YOUBOUBOU PROJECTS

No significant work was completed on these licences during the period, with results from previous drilling programs announced 27th August 2018². During the period the Company terminated the Joint Venture agreement pursuant to which it held its interest in Garaboureyia and Woye tenements resulting in the recognition of an impairment loss of \$693,548 being

² Refer ASX announcement dated 27 August 2018. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

Directors' report

recognised in the consolidated statement of profit or loss.

SIGNIFICANT CHANGES

There have been no changes in the state of affairs of the economic entity that occurred during the half-year under review not otherwise disclosed in this report.

EVENTS SUBSEQUENT TO BALANCE DATE

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

- In January 2019, Chesser commenced fully funded drilling at its Flagship Diamba Sud Project. Phase 1 of the program at Diamba Sud will consist of approximately 5,000m of RC drilling, targeting a nominal average depth of 87m. The initial drilling is focussed on locating the source of the high grade saprolite-hosted gold anomalies in the northern part of a broad ring structure and understanding the style, nature and potential host of the mineralisation.
- On 3 January 2019 the Company:
 - i. completed a share placement on 3 January 2019 raising \$89,640 (before costs) through the issue of 20,780,000 fully paid ordinary shares at an issue price of \$0.038 per share. \$134,600 in application monies was received prior to 31 December 2018; and
 - ii. issued to Taylor Collison the following unlisted options:
 - 333,333 incentive options exercisable at A\$0.05 each on or before 30 November 2021, vesting immediately
 - 333,333 incentive options exercisable at A\$0.05 each on or before 30 November 2021, vesting on 5 November 2019
 - 666,667 incentive options exercisable at A\$0.05 each on or before 30 November 2021, vesting on the Company's share price achieving a 10-day VWAP of \$0.075 prior to 31 May 2020
 - 666,667 incentive options exercisable at A\$0.05 each on or before 30 November 2021, vesting on the Company's share price achieving a 10-day VWAP of \$0.10 prior to 31 May 2021
- On 18 January the Company Issued 1,246,800 ordinary shares at an issue price of \$0.038 per share to Taylor Collison Limited who acted as lead manager for the capital raising in lieu of cash settlement of brokerage fees.
- On 14 March 2019, the Company issued the following securities pursuant to shareholder approvals received at a general meeting of shareholders held on 26 February 2019:
 - i. 2,920,000 fully paid ordinary securities to Directors at an issue price of \$0.038 per Share pursuant to subscription agreements entered into with Directors on 19 December 2018:

Director	Number of shares to be issued	Price per share	Funds received from Director
Simon O'Loughlin	1,000,000	\$0.038	\$38,000
Simon Taylor	1,000,000	\$0.038	\$38,000
Michael Brown	525,000	\$0.038	\$19,950
Stephen Kelly	395,000	\$0.038	\$15,010
	2,920,000		\$110,960

Directors' report

- ii. 5,500,000 unlisted options to Directors, as follows:

Options with an exercise price of \$0.05 and an expiry date of 30 November 2021 subject to the following vesting conditions	Simon O'Loughlin	Simon Taylor	Michael Brown	Stephen Kelly	Total
Immediately vesting	125,000	166,667	500,000	125,000	916,667
Vesting on 5 November 2019	125,000	166,667	500,000	125,000	916,667
Vest on achieving a 10-day VWAP of \$0.075 prior to 31 May 2020.	250,000	333,333	1,000,000	250,000	1,833,333
Vest on achieving a 10-day VWAP of \$0.10 prior to 31 May 2021.	250,000	333,333	1,000,000	250,000	1,833,333
	750,000	1,000,000	3,000,000	750,000	5,500,000

- iii. 600,000 fully paid ordinary shares to Mr Michael Brown at an issue price of \$0.05 per Share. The Company provide Mr Brown an interest free, non-recourse loan to in the amount of \$30,000 to be used for the sole purpose of acquiring loan funded share
- iv. 1,500,000 unlisted options exercisable at \$0.05 per Share and expiring on 1 December 2022 to employees pursuant to the Chesser Resources Limited Employee Option Plan on the following terms:
- 500,000 incentive options vesting on 1 December 2019
 - 500,000 options vesting on 1 December 2020
 - 500,000 incentive options vesting on 1 December 2021
- v. 172,500 fully paid ordinary shares at an issue price of \$0.038 per share issued in lieu of cash settlement of brokerage fees payable in relation to the issue of shares referred to in (i) above.

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.



Stephen Kelly
Executive Director

Brisbane, 15 March 2019



PITCHER PARTNERS

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Auditor's Independence Declaration

As lead auditor for the review of Chesser Resources Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

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

PITCHER PARTNERS

N BATTERS
Partner

Brisbane, Queensland
15 March 2019

Ken Ogden
Nigel Fischer
Mark Nicholson

Peter Camenzuli
Jason Evans
Ian Jones

Kylie Lamprecht
Norman Thurecht
Brett Headrick

Warwick Face
Nigel Batters
Cole Wilkinson

Simon Chun
Jeremy Jones
Tom Splatt

James Field
Daniel Colwell



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Chesser Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Chesser Resources Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Chesser Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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


Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

Without qualifying our opinion, we draw attention to Note 1(b) in the financial report which states that the Group's ability to continue as a going concern is dependent on the Group's ability to raise further funding. The matters set forth in Note 1(b) indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.



PITCHER PARTNERS



N BATTERS
Partner

Brisbane, Queensland
15 March 2019

Condensed consolidated statement of profit or loss

		<i>For the half-year ended 31 December</i>	
	<i>Notes</i>	<i>2018 \$</i>	<i>2017 \$</i>
Revenue and other income	3	5,998	3,357
Auditors' remuneration		(7,536)	(15,000)
Director and key management personnel remuneration		(207,734)	(220,437)
Depreciation expense	5	(25,370)	(4,055)
Finance charges		(3,331)	(2,700)
General and administrative expenses		(65,855)	(39,360)
Impairment of capitalised exploration expenditure	6	(693,548)	(1,866)
Project assessment expenses		(72,452)	-
Other expenses		(121,858)	(11,372)
Professional fees		(36,486)	(45,766)
Travel expenses		(79,470)	(43,220)
Share based payments expense		-	(76,000)
Share registry and exchange listing fees		(53,908)	(41,402)
Loss before income tax expense from continuing operations		(1,361,550)	(497,821)
Taxation		-	-
Loss for the half-year from continuing operations		(1,361,550)	(497,821)
Loss attributable to Owners of Chesser Resources Limited		(1,361,550)	(497,821)
Basic and diluted loss per share (cents per share)	4	(0.69)	(0.26)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Condensed consolidated statement of comprehensive income

	<i>For the half-year ended 31 December</i>	
	<i>2018</i>	<i>2017</i>
	<i>\$</i>	<i>\$</i>
Loss for the half-year from continuing operations	(1,361,550)	(497,821)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	-	93
Income tax relating to these items	-	-
Other comprehensive income for the half-year, net of tax	(1,361,550)	(497,728)
Total comprehensive loss for the half-year	(1,361,550)	(497,728)
Comprehensive loss attributable to the owners of Chesser Resources Limited	(1,361,550)	(497,728)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Condensed consolidated statement of financial position

		31 December	30 June
	Notes	2018 \$	2018 \$
Current assets			
Cash and cash equivalents		1,153,577	2,385,360
Trade and other receivables		23,887	17,565
Prepayments		10,728	45,194
Total current assets		1,188,192	2,448,119
Non-current assets			
Property, plant and equipment	5	191,010	164,879
Exploration and evaluation expenditure	6	2,933,944	3,193,146
Total non-current assets		3,124,954	3,358,025
Total assets		4,313,146	5,806,144
Current liabilities			
Trade and other payables	7	326,094	457,542
Total current liabilities		326,094	457,542
Total liabilities		326,094	457,542
Net assets		3,987,052	5,348,602
Equity			
Issued capital	8	8,840,512	8,840,512
Reserves	9	2,007,869	2,007,869
Accumulated losses		(6,861,329)	(5,499,779)
Total equity		3,987,052	5,348,602

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Condensed consolidated statement of changes in equity

2018	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2018	8,840,512	2,007,869	(5,499,779)	5,348,602
Loss for the half-year	-	-	(1,361,550)	(1,361,550)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,361,550)	(1,361,550)
Total transactions with owners in their capacity as owners	-	-	-	-
Balance as at 31 December 2018	<u>8,840,512</u>	<u>2,007,869</u>	<u>(6,861,329)</u>	<u>3,987,052</u>

2017	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2017	5,838,418	1,913,776	(4,542,427)	3,209,767
Loss for the half-year	-	-	(497,821)	(497,821)
Other comprehensive income	-	93	-	93
Total comprehensive loss for the half-year	-	93	(497,821)	(497,728)
Transactions with owners in their capacity as owners:				
Issue of equity securities	3,173,983	-	-	3,173,983
Costs of issuing equity securities	(171,889)	-	-	(171,889)
Share based payments	-	94,000	-	94,000
Total transactions with owners in their capacity as owners	<u>3,002,094</u>	<u>94,000</u>	<u>-</u>	<u>3,096,094</u>
Balance as at 31 December 2017	<u>8,840,512</u>	<u>2,007,869</u>	<u>(5,040,248)</u>	<u>5,808,133</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Condensed consolidated statement of cash flows

	<i>For the half-year ended 31 December</i>	
	<i>2018</i>	<i>2017</i>
	<i>\$</i>	<i>\$</i>
Cash flow from operating activities		
Interest received	837	2,211
Payments to suppliers and employees	(607,531)	(448,948)
Net cash flows used in operating activities	(606,694)	(446,737)
Cash flow from investing activities		
Payments for property, plant and equipment	(51,501)	(121,330)
Payments for exploration and evaluation expenditure	(708,188)	(320,243)
Net cash used in investing activities	(759,689)	(441,573)
Cash flow from financing activities		
Proceeds from share issue	-	2,091,126
Application money received for shares to be issued	7 134,600	-
Costs of issuing equity securities	-	(171,888)
Net cash provided by financing activities	134,600	1,919,238
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at 1 July	2,385,360	3,312,011
Net increase / (decrease) in cash and cash equivalents	(1,231,783)	1,030,928
Cash and cash equivalents at 31 December	1,153,577	4,342,939

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

Notes to the financial statements

1. Basis of preparation of half-year report

(a) Basis of preparation

This condensed consolidated interim financial report for the half-year ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Chesser Resources Limited during the interim reporting half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting half-year except for the adoption of new and amended standards as set out below.

In the reporting period, the Group has adopted all the new and revised accounting standards and Interpretations that are relevant to its operations and effective for the current financial year including AASB15 Revenue from Contracts with Customers and AASB9 Financial Instruments. The adoption of these new and revised accounting standards and interpretations did not have any material effect on the financial results or financial position of the Group or the Company for the reporting period.

(b) Going concern

As at 31 December 2018 the Group had cash reserves of \$1,153,577, net working capital of \$862,098 and net assets of \$3,987,052. The Group incurred a loss for the half year ended 31 December 2018 of \$1,361,550 (2017 loss: \$497,821), net cash outflows from operating activities of \$606,694 (2017: \$446,737 outflows) and net outflows from investing activities of \$759,698 (2017: \$441,573 outflows).

The ability of the Group to continue as a going concern is principally dependent upon the following:

- the ability of the Company to raise additional funding in the future; and
- the successful exploration and subsequent exploitation of the Group's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Based on the success of previous capital raisings, including the capital raising completed on 3 January 2019 to raise \$789,640, combined with the potential to attract farm-in partners for projects and the potential sale of the current portfolio of exploration assets held, the Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Directors are confident of securing funds as and when necessary to meet the Group's obligations as and when they fall due.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

Notes to the financial statements

2. Segment information

The Group has identified its operating segments based on the internal reports that were reviewed and used by the Managing Director or the Chief Executive Officer (chief operating decision maker or CODM) in assessing performance and determining the allocation of resources during the half-year.

The Group is managed primarily on a geographic basis, that is, the location of the respective areas of interest. Operating segments are therefore determined on the same basis.

The CODM 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 statement of profit or loss in these financial statements. The measurement of gross expenditure does not include the impairment of exploration expenditure or non-cash items such as depreciation expense and share based payments expense. Interest revenue is allocated to the Corporate segment.

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

Assets, liabilities and cash flows are not allocated to segments in the internal reports that are prepared for the CODM.

Activity by segment

Senegal Projects

The Senegal Projects, which consist of five exploration projects, are located adjacent and to the west of the Senegal Mali Shear Zone in the Kédougou Inlier. The projects are: Diamba Sud, Diamba Nord, Woye, Youboubou and Garabourea.

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.

The following tables present revenue and loss information for the Group's operating segments for the half-year ended 31 December 2018 and 2017, respectively

Notes to the financial statements

(i) Segment performance

	Kurnalpi Nickel Project	Diamba Sud	Diamba Nord	Woye	Youboubou	Garaboureira	Corporate	Total
Half-year 31 December 2018	\$	\$	\$	\$	\$	\$	\$	\$
Total segment revenue	-	-	-	-	-	-	837	837
Segment expenditure	-	(205,384)	(180,767)	(38,879)	(4,254)	(5,062)	(648,630)	(1,082,976)
Segment result	-	(205,384)	(180,767)	(38,879)	(4,254)	(5,062)	(647,793)	(1,082,139)

Reconciliation of segment result to Group loss before tax

• Capitalised expenditure	434,346
• Impairment of exploration and evaluation expenditure	(693,548)
• Depreciation expense	(25,370)
• Other income	5,161
Net loss before tax	<u>(1,361,550)</u>

	Kurnalpi Nickel Project	Diamba Sud	Diamba Nord	Woye	Youboubou	Garaboureira	Corporate	Total
Half-year 31 December 2017	\$	\$	\$	\$	\$	\$	\$	\$
Total segment revenue	-	-	-	-	-	-	2,211	2,211
Segment expenditure	(1,866)	(524,627)	(14,991)	(16,002)	(12,008)	(14,340)	(419,257)	(1,003,091)
Segment result	(1,866)	(524,627)	(14,991)	(16,002)	(12,008)	(14,340)	(417,046)	(1,000,880)

Reconciliation of segment result to Group loss before tax

• Capitalised expenditure	583,834
• Impairment of exploration and evaluation expenditure	(1,866)
• Depreciation expense	(4,055)
• Share based payments expense	(76,000)
• Other income	1,146
Net loss before tax	<u>(497,821)</u>

Notes to the financial statements

2. Segment information (continued)

(ii) Segment assets

The following table present assets information for the Group's operating segments for as at 31 December 2018 and and 30 June 2018, respectively. The table shows assets by geographical segment.

	Senegal \$	Australia \$	Total \$
31 December 2018			
Segment assets	<u>3,206,426</u>	<u>1,106,720</u>	<u>4,313,146</u>
30 June 2018			
Segment assets	<u>3,508,773</u>	<u>2,297,371</u>	<u>5,806,144</u>

	<i>For the half-year ended 31 December</i>	
	2018 \$	2017 \$
3. Revenue and other income		
Interest income	837	2,211
Net foreign exchange gains	<u>5,161</u>	<u>1,146</u>
	<u>5,998</u>	<u>3,357</u>

4. Loss per share

The following reflects the operating loss after tax and number of shares used in the calculation of the basic and diluted earnings/(loss) per share.

Basic and diluted loss per share (cents per share)	<u>(0.69)</u>	<u>(0.26)</u>
Loss attributable to Owners of Chesser Resources Limited	<u>(1,361,550)</u>	<u>(497,821)</u>
	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic loss per share	<u>198,683,181</u>	<u>189,195,611</u>

Options and other potential equity securities on issue at the end of the period have not been included in the determination of diluted earnings per share as the Group has incurred a loss for the period and they are therefore not dilutive in nature.

Notes to the financial statements

5. Property, plant and equipment

	<i>31 December</i>	<i>30 June</i>
	<i>2018</i>	<i>2018</i>
	\$	\$
Property, plant and equipment at written down value	<u>191,010</u>	<u>164,879</u>

Movements in property, plant and equipment during the half-year are summarised as follows:

	Field Equipment	Motor Vehicles	Office Equipment	TOTAL
Carrying value at beginning of period	56,847	105,241	2,791	164,879
Additions	-	39,467	12,034	51,501
Depreciation	(6,428)	(16,212)	(2,730)	(25,370)
Carrying value at end of period	<u>50,419</u>	<u>128,496</u>	<u>12,095</u>	<u>191,010</u>

6. Exploration and evaluation expenditure

	<i>31 December</i>	<i>30 June</i>
	<i>2018</i>	<i>2018</i>
	\$	\$
At cost	<u>2,933,944</u>	<u>3,193,146</u>

Movements in exploration and evaluation expenditure during the half-year is summarized as follows:

Carrying amount at beginning of period	3,193,146	-
Acquisition cost	-	1,113,565
Exploration expenditure during the period	434,346	2,087,172
Impairment of exploration and evaluation expenditure	(693,548)	(7,591)
Carrying amount at end of period	<u>2,933,944</u>	<u>3,193,146</u>

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

During the six months ended 31 December 2018 the Group impaired \$693,548 (six months ended 31 December 2017: \$1,866) of expenditure related to the Woye and Garabourea projects in Senegal. The Board determined to impair this expenditure due to termination of the joint venture arrangement pursuant to which the Company held its interest in those projects.

Notes to the financial statements

7. Trade and other payables

	31 December 2018 \$	30 June 2018 \$
Trade creditors and accrued payable	191,494	457,542
Application monies received for shares not issued	134,600	-
	326,094	457,542

As at 31 December 2018 the Company had received \$134,600 in application monies in respect of shares which were issued on 3 January 2019 (refer Note 11).

8. Issued capital

Ordinary shares – fully paid	8,840,512	8,840,512
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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 ordinary shares

	31 December 2018 No.	30 June 2018 No.
Closing Balance 31 December	198,683,181	198,683,181

No movements have occurred against Share Capital during the half-year.

(b) Share options

At 31 December 2018, the following options for ordinary shares in the Company were on issue:

	31 December 2018		
	Options with a \$0.06 exercise price expiring 31 December 2019	Options with a \$0.10 exercise price expiring 31 December 2020	TOTAL Number
On issue at 1 July	4,300,000	4,300,000	8,600,000
Options granted	-	-	-
Options exercised	-	-	-
On issue at 31 December	4,300,000	4,300,000	8,600,000

The options do not provide the holder with any voting rights, any entitlement to dividends or any entitlement to the proceeds on liquidation in the event of a winding up.

Refer note 8 for further details regarding the accounting treatment of the options issued during the half-year.

Notes to the financial statements

9. Reserves

	31 December 2018 \$	30 June 2018 \$
Share based payments reserve	2,008,271	2,008,271
Foreign currency translation reserve	(402)	(402)
	<u>2,007,869</u>	<u>2,007,869</u>

Movements:

Foreign currency translation reserve

Balance at 1 July 2018	(402)
Currency translation difference for the half-year	-
Balance at 31 December 2018	<u>(402)</u>

Share based payments reserve

Balance at 1 July 2018	2,008,271
Options issued	-
Balance at 31 December 2018	<u>2,008,271</u>

Nature and purpose of reserves

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.

Share based payments reserve

The Share based payment reserve is used to record the fair value of share-based payments made by the Company. No share-based payment transactions were recognised during the half-year.

Notes to the financial statements

10. Commitments and Contingent liabilities

(a) Tenement expenditure commitments

Commitments for minimum exploration expenditure required to retain tenure on the Group's exploration tenements are:

	31 December 2018 \$	30 June 2018 \$
Within one year	-	552,594
Later than five years	3,904,987	4,090,188
	3,904,987	4,642,782

(b) Contingent liabilities

Pursuant to the terms of the agreement for the acquisition of the Senegal exploration tenements, the Group issued the following performance shares:

- 23,809,524 Class A performance shares, expiring 12 July 2020
- 23,809,524 Class B performance shares, expiring 12 July 2021

The performance shares will convert into fully paid ordinary shares on the following conditions:

- Class A - 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
- Class B - 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

Notes to the financial statements

11. Events occurring after the reporting half-year

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

- In January 2019, Chesser commenced fully funded drilling at its Flagship Diamba Sud Project. Phase 1 of the program at Diamba Sud will consist of approximately 5,000m of RC drilling, targeting a nominal average depth of 87m. The initial drilling is focused on locating the source of the high grade saprolite-hosted gold anomalies in the northern part of a broad ring structure and understanding the style, nature and potential host of the mineralisation.
- On 3 January 2019 the Company:
 - i. completed a share placement on 3 January 2019 raising \$789,640 (before costs) through the issue of 20,780,000 fully paid ordinary shares at an issue price of \$0.038 per share. \$134,600 in application monies was received prior to 31 December 2018; and
 - ii. issued to Taylor Collison the following unlisted options:
 - 333,333 incentive options exercisable at A\$0.05 each on or before 30 November 2021, vesting immediately
 - 333,333 incentive options exercisable at A\$0.05 each on or before 30 November 2021, vesting on 5 November 2019
 - 666,667 incentive options exercisable at A\$0.05 each on or before 30 November 2021, vesting on the Company's share price achieving a 10-day VWAP of \$0.075 prior to 31 May 2020
 - 666,667 incentive options exercisable at A\$0.05 each on or before 30 November 2021, vesting on the Company's share price achieving a 10-day VWAP of \$0.10 prior to 31 May 2021
- On 18 January the Company Issued 1,246,800 ordinary shares at an issue price of \$0.038 per share to Taylor Collison Limited who acted as lead manager for the capital raising in lieu of cash settlement of brokerage fees.
- On 14 March 2019, the Company issued the following securities pursuant to shareholder approvals received at a general meeting of shareholders held on 26 February 2019:
 - i. 2,920,000 fully paid ordinary securities to Directors at an issue price of \$0.038 per Share pursuant to subscription agreements entered into with Directors on 19 December 2018:

Director	Number of shares to be issued	Price per share	Funds received from Director
Simon O'Loughlin	1,000,000	\$0.038	\$38,000
Simon Taylor	1,000,000	\$0.038	\$38,000
Michael Brown	525,000	\$0.038	\$19,950
Stephen Kelly	395,000	\$0.038	\$15,010
	2,920,000		\$110,960

Notes to the financial statements

10. Events occurring after the reporting half-year (continued)

- ii. 5,500,000 unlisted options to Directors, as follows:

Options with an exercise price of \$0.05 and an expiry date of 30 November 2021 subject to the following vesting conditions	Simon O'Loughlin	Simon Taylor	Michael Brown	Stephen Kelly	Total
Immediately vesting	125,000	166,667	500,000	125,000	916,667
Vesting on 5 November 2019	125,000	166,667	500,000	125,000	916,667
Vest on achieving a 10-day VWAP of \$0.075 prior to 31 May 2020.	250,000	333,333	1,000,000	250,000	1,833,333
Vest on achieving a 10-day VWAP of \$0.10 prior to 31 May 2021.	250,000	333,333	1,000,000	250,000	1,833,333
	750,000	1,000,000	3,000,000	750,000	5,500,000

- iii. 600,000 fully paid ordinary shares to Mr Michael Brown at an issue price of \$0.05 per Share. The Company provide Mr Brown an interest free, non-recourse loan to in the amount of \$30,000 to be used for the sole purpose of acquiring loan funded share
- iv. 1,500,000 unlisted options exercisable at \$0.05 per Share and expiring on 1 December 2022 to employees pursuant to the Chesser Resources Limited Employee Option Plan on the following terms:
- 500,000 incentive options vesting on 1 December 2019
 - 500,000 options vesting on 1 December 2020
 - 500,000 incentive options vesting on 1 December 2021
- v. 172,500 fully paid ordinary shares at an issue price of \$0.038 per share issued in lieu of cash settlement of brokerage fees payable in relation to the issue of shares referred to in (i) above.

CHESSER RESOURCES LTD

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 AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Stephen Kelly
Director
Brisbane,
15 March 2019