



Chesser Resources Limited

ABN 14 118 619 042

Interim Financial Report

For the half-year ended 31 December 2019

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 2019 (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
- Mr. Stephen Kelly, Executive Director

Company secretary

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

RESULTS

The net loss of the economic entity for the half year ended 31 December 2019 was \$589,576 (2018: \$1,361,550).

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 2019 to 31 December 2019. It is recommended that this half-yearly report be read in conjunction with the 30 June 2019 Annual Report and any public announcements made by the Company during the period.

EXPLORATION OVERVIEW

DIAMBA SUD PROJECT

During the half-year the Company confirmed a high-grade gold discovery at the Diamba Sud project. Diamond drilling at Area A has enhanced the Company's understanding of the mineralisation and deposit style at the Northern Arc target and the Company now believes it has potentially discovered a major hydrothermal system that is analogous to the styles observed along the Senegal-Mali Shear Zone (SMSZ)(such as the Goukoto-Loulo complex, Fekola and Sadiola).

Exploration activity at the Diamba Sud Project included the following:

- (a) Completion of the Phase 2 RC drilling program that was commenced in the 2019 financial year.
- (b) An induced polarisation geophysical survey undertaken over the Northern Arc and Western Flank targets.
- (c) Commencement of the Phase RC and Diamond Drilling Program.

Directors' report

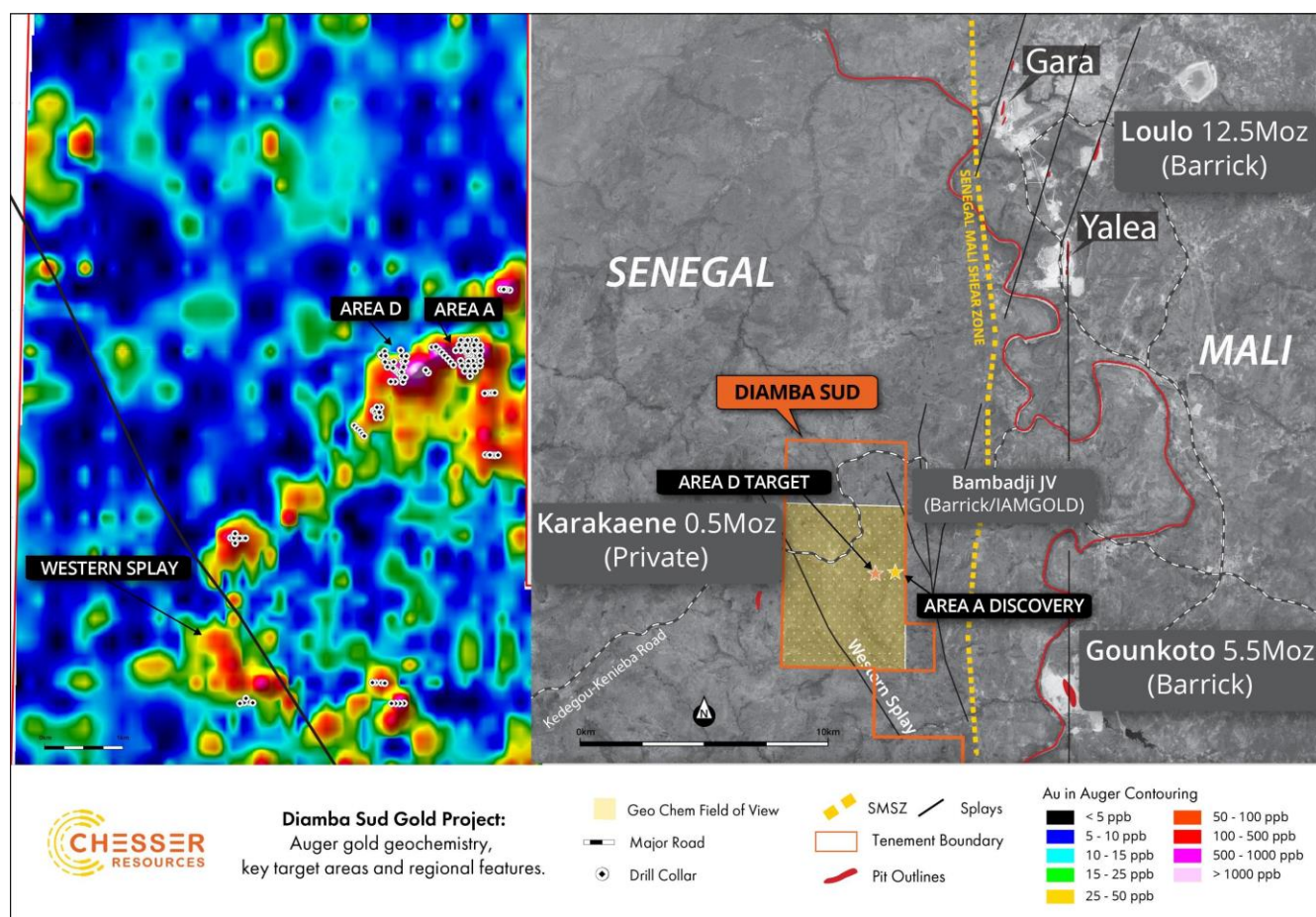


Figure 1 – Diamba Sud gold project showing augur gold geochemistry, key target areas and regional features.¹Phase 2 RC Drilling Program

The Phase 2 drilling program was completed in July 2019 and final assays were received early in September, with a total of 26 RC holes drilled for 2,873m. The program focused on the Northern Arc and Western Flank Targets (Figure 1), which were two of the three high priority targets previously identified.

Highlights of the Phase 2 RC Drilling Program were²:

- A high-grade gold discovery was confirmed at Chesser's flagship Diamba Sud Project in Senegal. All assay results from the Phase 2 reverse circulation (RC) drilling program were received during the quarter.
- Multiple zones of significant gold mineralisation were intersected in Area A, including:
 - 21m at 6.62g/t gold from 53m, including 1m at 30.60g/t gold from 69m, and
 - 4m at 3.44g/t gold from 76m in hole DSR093
 - 14m at 9.53g/t gold from 75m, including 2m at 21.85g/t gold from 78m, and
 - 2m at 13.15g/t gold from 83m in hole DSR092
 - 6m at 7.27g/t gold from 60m; and
 - 11m at 2.15g/t gold from 70m; and

¹ Refer to ASX announcements 25 March 2019, 10 April 2019, 6 May 2019 and 14 May 2019 ASX announcements for details of the 2019 RC Phase 1 drill results, 26 August 2019, 3 September 2019 ASX announcements for Phase 2 results and 21 January 2020 and 2 March 2020 for Phase 3 results. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

² Refer ASX Announcement dated 26 August 2019. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

Directors' report

- 6m at 3.17g/t gold from 107m in hole DSR088
- 2m at 7.09g/t gold from 82m, including
 - 1m at 13.40g/t gold from 82m in hole DSR089
- 6m at 2.91g/t gold from 104m; and
- 6m at 3.08g/t gold from 120m in hole DSR090
- 4m at 2.46g/t gold from 20m; and
- 14m at 2.83g/t gold from 87m in hole DSR091
- Further significant intersections were encountered at Area D, along a major structure that is coincident with a northerly trending induced polarisation anomaly. Best intersections include:
 - 53m at 2.61g/t gold from 57m, including
 - 17m at 4.97g/t gold from 59m in hole DSR103
 - 4m at 2.23g/t gold from 93m, and
 - 4m at 2.75g/t gold from 99m in hole DSR097
- Further encouraging results were returned from Line F:
 - 2m at 4.91g/t gold from 26m; and
 - 2m at 5.35g/t gold from 34m in hole DSR084
 - 12m at 1.14g/t gold from 30m in hole DSR085
 - 4m at 2.25g/t gold from 18m in hole DSR086
 - 4m at 2.05g/t gold from 30m in hole DSR087

IP Survey

On 14 October 2019, the Company announced the results from an induced polarisation geophysical survey undertaken over the Northern Arc and Western Flank targets at the Company's flagship Diamba Sud Project³.

Highlights from the IP Survey included:

- Dipole-dipole induced polarisation (DDIP) traverse completed across the Area A and Area D discoveries within the Northern Arc Target **suggests similarities to intrusive related mineralisation at Barrick's Massawa project, 3Moz at 4g/t gold, 50km to the west of Diamba Sud**, with the northern end of an elongated north-south intrusive body apparent immediately to the west of Area A.
 - The high-grade gold mineralisation recently intersected at Area A correlates with a broad chargeability anomaly adjacent to an interpreted granodioritic intrusive (resistivity high), indicating potential for the mineralisation to be more extensive.
- Gradient array induced polarisation ("GAIP") survey results received from the Northern Arc and Western Flank targets.
 - Identification of two northerly trending interpreted structures passing through Area A and Area D high grade intersections.
 - Northerly trends are the main structural trend hosting mineralisation at all of the tier 1 deposits on the Senegal-Mali Shear Zone (SMSZ).
 - Presence of the highly prospective Western Splay structure extending from the prolific Senegal-Mali Shear Zone ("SMSZ") confirmed passing to the west of the Western Flank Target.

³ Refer ASX Announcement dated 14 October 2019. The Company is not aware of any new information or data that materially affects the information contained in that announcement.

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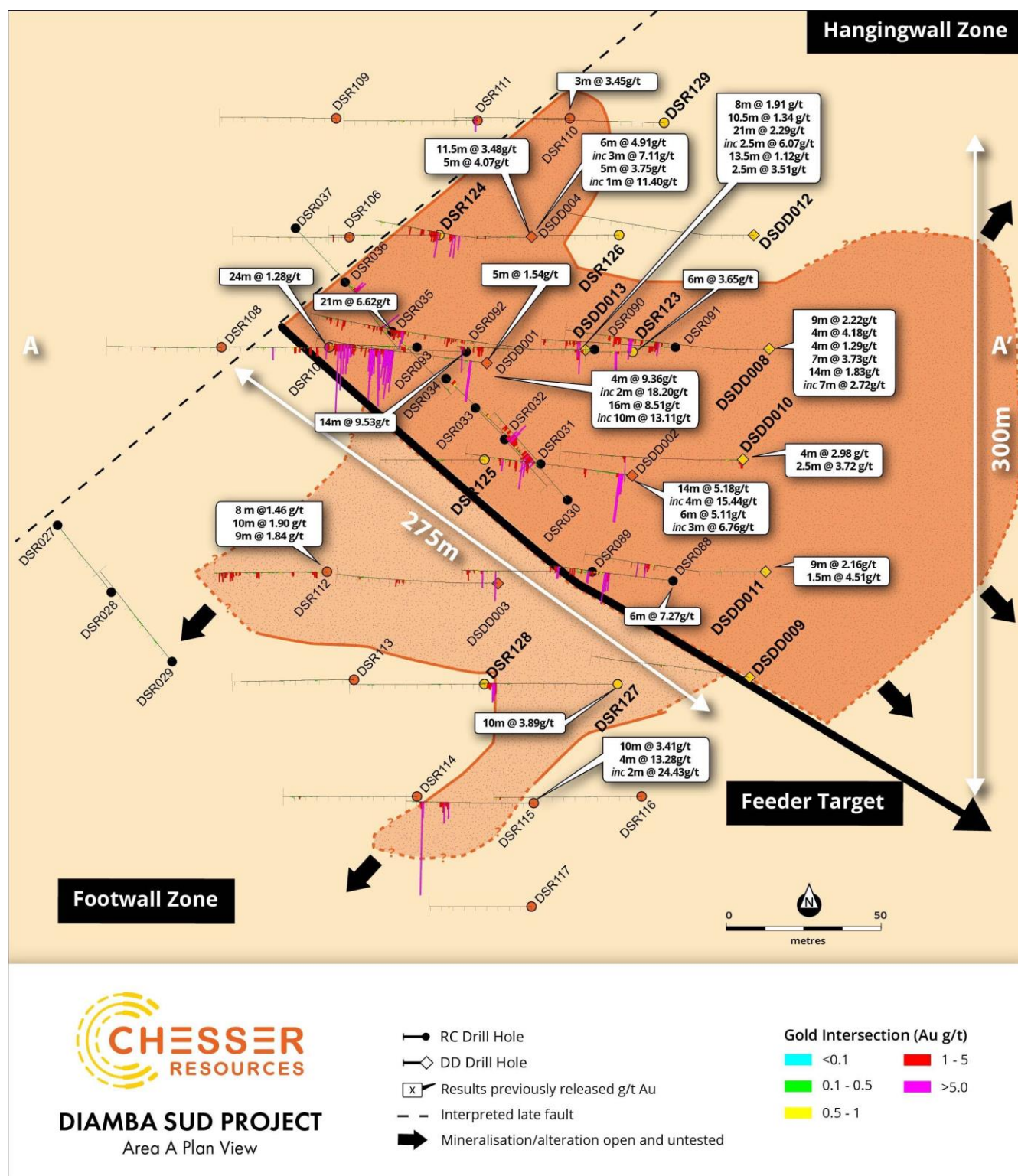


Figure 2 – Diamba Sud Project Area A Plan View⁴

⁴ Includes assay results reported in the Company's ASX announcements dated 21 January 2020 and 2 March 2020. Refer footnote 1 for further information.

Directors' report

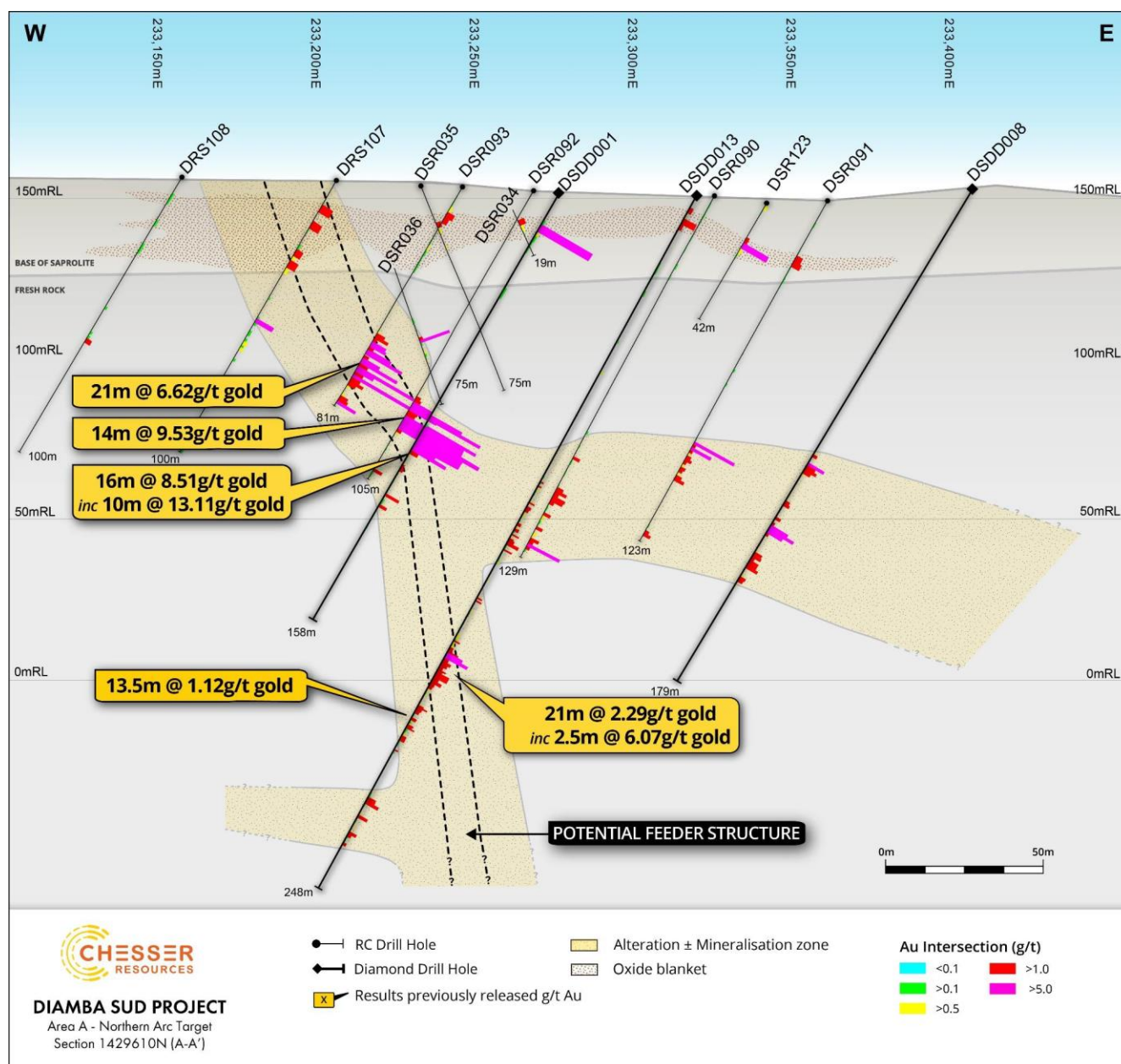


Figure 3 – Diamba Sud Project Area A – Northern Arc Target⁵

⁵ Includes assay results reported in the Company's ASX announcements dated 21 January 2020 and 2 March 2020. Refer footnote 1 for further information.

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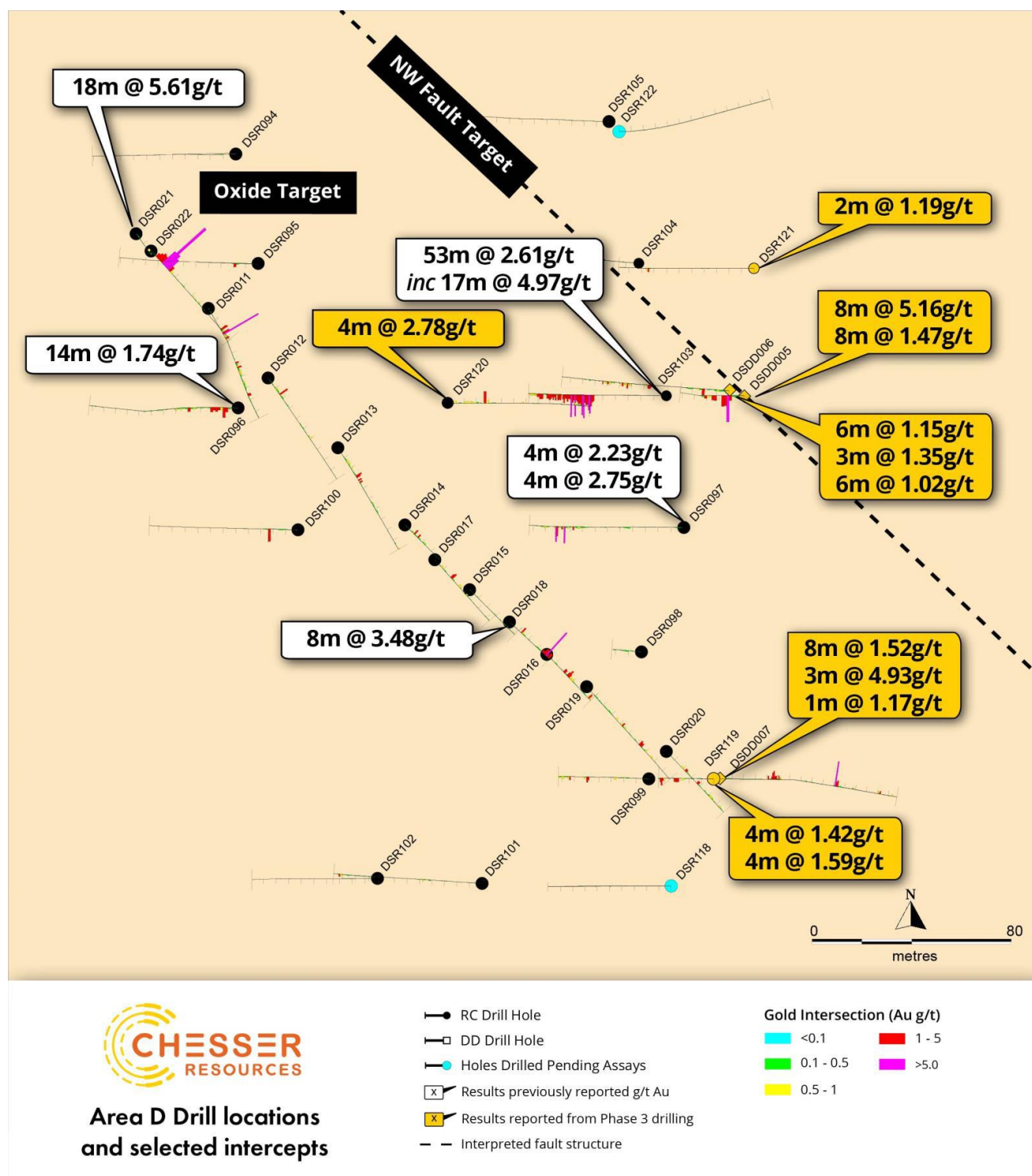


Figure 4 – Diamba Sud Project – Area D drill locations and selected intercepts

Directors' report

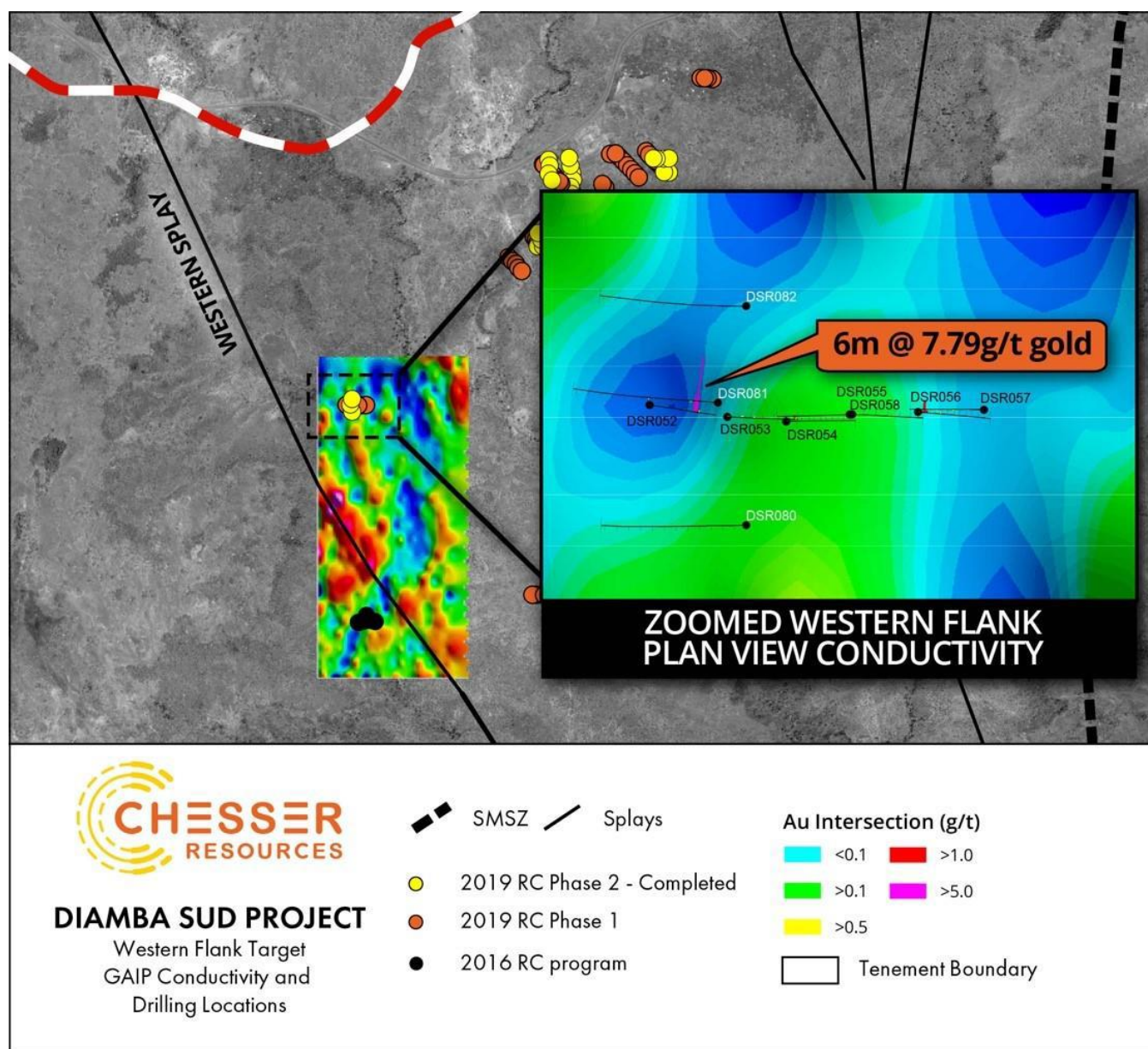


Figure 5 – Diamba Sud Project – Western Flank Target, GAIP Conductivity and Drilling Locations

Phase 3 Drilling Program

Subsequent to the end of the Quarter, first assay results for the drill holes completed prior to 31 December were received confirming the high-grade gold discovery at Diamba Sud. Select significant intersections included⁶;

- Hole DSDD01 confirmed the high-grade nature and style of mineralisation, with potential structural control. Select significant intersections from hole DSDD01 included;
 - 4m at 9.36 g/t gold from 14m, in saprolite, including
 - 2m at 18.20 g/t gold from 14m and
 - 16m at 8.51 g/t gold from 86m, in fresh rock, including

Directors' report

- 10m at 13.11 g/t gold from 86m
- Results from other altered sections of the hole are pending. Step-out holes at Area A extend the gold mineralisation up-dip and along strike for at least 300m with partial assay results from three DD and full results from 12 reverse circulation (RC). Selected significant intersections include:
 - Hole DSDD02 - 50m step out south (partial results):
 - 14m at 5.18 g/t gold from 0m, including
 - 4m at 15.44 g/t gold from 8m
 - 6m at 5.11 g/t gold from 90m, including
 - 3m at 6.76 g/t gold from 93m
 - Hole DSDD04 - 50m step out north (partial results):
 - 6m at 4.91 g/t gold from 70m, including
 - 3m at 7.11 g/t gold from 70m
 - 5m at 3.75 g/t gold from 83m, including
 - 1m at 11.40 g/t gold from 86m
 - Hole DSR115 – 200m step out south:
 - 10m at 3.41 g/t gold from 78m
 - 4m at 13.28 g/t gold from 103m, including
 - 2m at 24.43 g/t gold from 103m
- Survey results received from the dipole-dipole induced polarisation (DDIP) traverse indicated that the Area A discovery identified by previously completed RC drilling may be more extensive, both along strike and at depth, where it was untested.
- Survey results received from the gradient array induced polarisation (GAIP) survey completed over the Northern Arc and Western Flank in Area D suggested that the previously interpreted NNE-trending mineralised fault is related to a prominent resistivity low.
- In November, the Company commenced the Phase 3 drill program comprising at least 2,000m of DD and 2,500m of RC drilling focussed on the Area A and adjoining Area D targets and aiming to confirm the controls and potential extensions to the previously reported high-grade intersections.
- At 31 December, a total of nine diamond drill holes (DD) for 1,281 metres and 18 reverse circulation (RC) drill holes for 1,824 metres had been completed, with assays pending from six RC holes and nine DD holes (partial assays received for four holes).
 - Diamond drilling at Area A had intersected pyrite in strongly altered and often brecciated felsic intrusive that appears to be the host of high-grade gold mineralisation previously intersected in Area A RC drilling, with zones generally conforming with the Company's interpretation of easterly dipping mineralised zones.
 - Two diamond holes had been completed at Area D, intersecting faulted structures with signs of alteration and sulphides (pyrite).

DIAMBA NORD PROJECT

Due to the Company's focus on the Diamba Sud Project during the half-year, no work was undertaken on the Diamba Nord project.

CORPORATE

During the period Chesser completed a share placement in which 31,507,295 shares were issued at an issue price of A\$0.06 per share to raise \$1.89 million before costs.

Directors' report

In addition to the Placement, the Company issued a further 583,333 shares at the Placement price of \$0.06 per share to Directors to raise funds totaling \$35,000.

A further \$155,701 was received from the exercise of options.

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.

HALF-YEAR ENDED 31 DECEMBER 2019 ASX ANNOUNCEMENTS

This half-yearly financial report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("2012 JORC Code"). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

- | | |
|--|-------------------|
| • High Grade Gold Discovery Confirmed at Diamba Sud | 26 August 2019 |
| • Diamba Sud Drill Results, including 53m at 2.61g/t gold | 03 September 2019 |
| • Chesser Completes Placement | 12 September 2019 |
| • IP survey extends target area at Diamba Sud gold discovery | 14 October 2019 |
| • Chesser commences drilling at Diamba Sud discovery | 22 November 2019 |
| • Diamba Sud Drilling Update | 18 December 2019 |

In addition, this half-yearly financial report includes assay results reported subsequent to 31 December 2019 for drill holes completed prior to 31 December 2019 as follows:

- | | |
|---|-----------------|
| • High grade gold discovery confirmed at Diamba Sud | 21 January 2020 |
|---|-----------------|

These announcements are available for viewing on the Company's website chesserresources.com.au. Chesser confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

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, 12 March 2020

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BRISBANE QLD 4000

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2019, 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; and
- (ii) no contraventions of APES110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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

PITCHER PARTNERS



JASON EVANS
Partner

Brisbane, Queensland
12 March 2020

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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**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 (the Company) and its controlled entities (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit of 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.

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 Group's financial position as at 31 December 2019 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Chesser Resources Limited would be in the same terms if given to the directors as at the time of this auditor's review report

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: giving a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

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(d) indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



PITCHER PARTNERS



JASON EVANS
PARTNER

Brisbane, Queensland

12 March 2020

Condensed consolidated statement of profit or loss

		<i>For the half-year ended 31 December</i>	
	<i>Notes</i>	<i>2019 \$</i>	<i>2018 \$</i>
Revenue and other income	3	962	5,998
Director and key management personnel remuneration		(243,800)	(207,734)
Travel expenses		(52,515)	(79,470)
General and administrative expenses		(46,195)	(65,855)
Share registry and exchange listing fees		(31,891)	(53,908)
Depreciation expense	5	(31,584)	(25,370)
Professional fees		(31,417)	(36,486)
Auditors' remuneration		(26,000)	(7,536)
Impairment of capitalised exploration expenditure		-	(693,548)
Project assessment expenses		(5,498)	(72,452)
Share based payments expense		(4,342)	-
Finance charges		(3,587)	(3,331)
Other expenses		(113,709)	(121,858)
Loss before income tax expense from continuing operations		(589,576)	(1,361,550)
Taxation		-	-
Loss for the half-year from continuing operations		(589,576)	(1,361,550)
Loss attributable to Owners of Chesser Resources Limited		<u>(589,576)</u>	<u>(1,361,550)</u>
Basic and diluted loss per share (cents per share)	4	<u>(0.22)</u>	<u>(0.69)</u>

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>2019</i>	<i>2018</i>
	<i>\$</i>	<i>\$</i>
Loss for the half-year from continuing operations	(589,576)	(1,361,550)
Other comprehensive income	-	-
Total comprehensive loss for the half-year	<u>(589,576)</u>	<u>(1,361,550)</u>
Comprehensive loss attributable to the owners of Chesser Resources Limited	<u>(589,576)</u>	<u>(1,361,550)</u>

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	2019 \$	2019 \$
Current assets			
Cash and cash equivalents		1,592,962	1,243,371
Trade and other receivables		32,360	58,819
Prepayments		84,251	28,099
Total current assets		1,709,573	1,330,289
Non-current assets			
Property, plant and equipment	5	221,504	177,040
Exploration and evaluation expenditure	6	5,275,786	3,979,825
Total non-current assets		5,497,290	4,156,865
Total assets		7,206,863	5,487,154
Current liabilities			
Trade and other payables	7	558,640	315,100
Total current liabilities		558,640	315,100
Total liabilities		558,640	315,100
Net assets		6,648,223	5,172,054
Equity			
Issued capital	8	12,685,708	10,636,305
Reserves	9	2,070,323	2,053,981
Accumulated losses		(8,107,808)	(7,518,232)
Total equity		6,648,223	5,172,054

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

Condensed consolidated statement of changes in equity

2019	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance as at 1 July 2019	10,636,305	2,053,981	(7,518,232)	5,172,054
Loss for the half-year	-	-	(589,576)	(589,576)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	-	(589,576)	(589,576)
Transactions with owners in their capacity as owners:				
Issue of equity securities	2,194,565	-	-	2,194,565
Costs of issuing equity securities	(145,162)	-	-	(145,162)
Share based payments	-	16,342	-	16,342
Total transactions with owners in their capacity as owners	2,049,403	16,342	-	2,065,745
Balance as at 31 December 2019	12,685,708	2,070,323	(8,107,808)	6,648,223
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	8,840,512	2,007,869	(6,861,329)	3,987,052

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>2019 \$</i>	<i>2018 \$</i>
Cash flow from operating activities		
Interest received	695	837
Interest paid	(3,587)	-
Payments to suppliers and employees	(602,920)	(607,531)
Net cash flows used in operating activities	(605,812)	(606,694)
Cash flow from investing activities		
Payments for property, plant and equipment	(76,048)	(51,501)
Payments for exploration and evaluation expenditure	(1,029,952)	(708,188)
Net cash used in investing activities	(1,106,000)	(759,689)
Cash flow from financing activities		
Proceeds from share issue	2,081,139	-
Application money received for shares to be issued	-	134,600
Costs of issuing equity securities	(19,736)	-
Net cash provided by financing activities	2,061,403	134,600
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at 1 July	1,243,371	2,385,360
Net increase / (decrease) in cash and cash equivalents	349,591	(1,231,783)
Cash and cash equivalents at 31 December	1,592,962	1,153,577

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 2019 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 2019 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 AASB16 Leases. 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 2019 the Group had cash reserves of \$1,592,962, net working capital of \$1,150,933 and net assets of \$6,648,223. The Group incurred a loss for the half year ended 31 December 2019 of \$589,576 (2018 loss: \$1,361,550), net cash outflows from operating activities of \$605,812 (2018: \$606,694 outflows) and net outflows from investing activities of \$1,106,000 (2018: \$759,698 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 20 September 2019 to raise \$1,890,438 and the success of the recently completed Phase 3 drilling campaign at Diamba Sud 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 (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 two exploration projects, are located adjacent and to the west of the Senegal Mali Shear Zone in the Kédougou Inlier. The projects are: Diamba Sud and Diamba Nord.

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 2019 and 2018, respectively.

Notes to the financial statements

(i) Segment performance

Half-year 31 December 2019

	Diamba Sud	Diamba Nord	Woye	Youboubou	Garaboureira	Corporate	Total
	\$	\$	\$	\$	\$	\$	\$
Total segment revenue	-	-	-	-	-	695	695
Segment expenditure	(1,280,181)	(15,780)	-	-	-	(554,612)	(1,850,573)
Segment result	(1,280,181)	(15,780)	-	-	-	(553,917)	(1,849,878)

Reconciliation of segment result to Group loss before tax

• Capitalised expenditure	1,295,961
• Depreciation expense	(31,584)
• Share based payments expense	(4,342)
• Other income	267
Net loss before tax	(589,576)

Half-year 31 December 2018

	Diamba Sud	Diamba Nord	Woye	Youboubou	Garaboureira	Corporate	Total
	\$	\$	\$	\$	\$	\$	\$
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	(1,361,550)

Notes to the financial statements

2. Segment information (continued)

(ii) Segment assets

The following tables present assets and liabilities information for the Group's operating segments for as at 31 December 2019 and 30 June 2019, respectively. The table shows assets by geographical segment.

	Senegal \$	Australia \$	Total \$
31 December 2019			
Segment assets	<u>5,768,793</u>	<u>1,438,068</u>	<u>7,206,863</u>
30 June 2019			
Segment assets	<u>4,338,655</u>	<u>1,148,499</u>	<u>5,487,154</u>

(iii) Segment liabilities

	Senegal \$	Australia \$	Total \$
31 December 2019			
Segment liabilities	<u>490,080</u>	<u>68,560</u>	<u>558,640</u>
30 June 2019			
Segment liabilities	<u>206,041</u>	<u>109,059</u>	<u>315,100</u>

	<i>For the half-year ended</i> 31 December	
	2019 \$	2018 \$
3. Revenue and other income		
Interest income	695	837
Net foreign exchange gains	<u>267</u>	<u>5,161</u>
	<u>962</u>	<u>5,998</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>(0.22)</u>	<u>(0.69)</u>
Loss attributable to Owners of Chesser Resources Limited	<u>(589,576)</u>	<u>(1,361,550)</u>

Notes to the financial statements

4. Loss per share (continued)

	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic loss per share	266,617,525	198,683,181

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.

5. Property, plant and equipment

	31 December 2019 \$	30 June 2019 \$
Property, plant and equipment at written down value	221,504	177,040

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	44,096	112,549	20,395	177,040
Additions	-	55,304	20,744	76,048
Depreciation	(6,411)	(17,747)	(7,426)	(31,584)
Carrying value at end of period	37,685	150,106	33,713	221,504

6. Exploration and evaluation expenditure

	31 December 2019 \$	30 June 2019 \$
At cost	5,275,786	3,979,825

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

Carrying amount at beginning of period	3,979,825	3,193,146
Acquisition cost	-	-
Exploration expenditure during the period	1,295,961	1,519,634
Impairment of exploration and evaluation expenditure	-	(732,955)
Carrying amount at end of period	5,275,786	3,979,825

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.

Notes to the financial statements

7. Trade and other payables

	31 December 2019 \$	30 June 2019 \$
Trade creditors and other payables	297,946	249,728
Accrued expenses	260,694	65,372
	558,640	315,100

8. Issued capital

Ordinary shares – fully paid	12,685,708	10,636,305
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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 2019 \$		30 June 2019 \$	
	No.	\$	No.	\$
Balance at beginning of period	248,780,181	10,636,305	198,683,181	8,840,512
Share issue pursuant to Private Placement and Director Subscription	32,090,628	1,925,438	48,075,000	1,875,600
Shares issued pursuant to exercise of options	2,295,024	137,701	-	-
Shares issued as partial payment for capital raising costs	1,890,438	113,426	1,422,000	54,036
Funds received on exercise of options for which shares were issued after the end of the half-year ^{^^}	-	18,000	-	-
Issue of loan funded shares	-	-	600,000	-
Capital raising costs	-	(145,162)	-	(133,843)
Balance at end of period	285,056,271	12,685,708	248,780,181	10,636,305

^{^^} Funds were received prior to 31 December 2019 for 300,000 options with an exercise price of \$0.06 per share. The shares were issued on 8 January 2020.

(b) Share options

Share 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 9 for further details regarding the accounting treatment of options issued during the half-year.

Notes to the financial statements

8. Issued capital (continued)

At 31 December 2019, the following options for ordinary shares in the Company were on issue:

	31 December 2019					
	Options with a \$0.06 exercise price expiring 31 December 2019	Options with a \$0.10 exercise price expiring 31 December 2020	Options with a \$0.05 exercise price expiring 31 December 2021	Options with a \$0.05 exercise price expiring 31 December 2022	Options with a \$0.12 exercise price expiring 30 November 2021	TOTAL Number
On issue at 1 July	4,300,000	4,300,000	7,500,000	1,500,000	-	17,600,000
Options granted	-	-	-	-	2,000,000	2,000,000
Options exercised	(2,595,024)	-	-	-	-	(2,595,024)
Options lapsed	(1,704,976)	-	-	-	-	(1,704,976)
On issue at 31 December	-	4,300,000	7,500,000	1,500,000	2,000,000	15,300,000

9. Reserves

	31 December 2019 \$	30 June 2019 \$
Share based payments reserve	2,070,323	2,053,981

Movements:

Share based payments reserve

Balance at 1 July 2019	2,053,981
Options issued	32,342
Options lapsed	(16,000)
Balance at 31 December 2019	2,070,323

Nature and purpose of reserves

Share based payments reserve

The Share based payment reserve is used to record the fair value of share-based payments made by the Company.

Notes to the financial statements

9. Reserves (continued)

The following share-based payment transactions were recognised during the year:

	31 December 2019 \$
Share based payments expense for prior options issued	20,342
Options issued to third-party vendors (i)	12,000
Share based payments expense written back for lapsed options	(16,000)
Total share-based payments for the year	16,342
Share based payments recognised as capital raising costs	(12,000)
Share-based payments expense for the financial year	4,342

- (i) On 9 November 2019 the Company issued 2,000,000 options to the brokers in consideration for services provided to the Company in relation to the September share placement. The options were issued with an exercise price of \$0.12 and an expiry date of 30 November 2021. The options vested immediately.

The fair value of the options at grant date has been estimated using the Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The following assumptions were used:

Exercise price	\$0.12
Expected volatility	52%
Risk-free interest rate	0.80%
Expected life of share options (days)	713
Grant date share price	\$0.06
Fair value per option	\$0.006

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 2019 \$	30 June 2019 \$
Within one year	-	-
Later than five years	2,327,686	3,581,586
	2,327,686	3,581,586

Notes to the financial statements

10. Commitments and Contingent liabilities (continued)

(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

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.

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 2019 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, 12 March 2020