



ANNUAL REPORT 2021

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Competent Person's Declaration

The information in this report that relates to the Diamba Sud and Diamba Nord exploration results, Mineral Resources and Exploration Targets is based on information compiled by Mr. Andrew Grove, BEng (Geology), MAIG, who is employed as Managing Director and Chief Executive Officer of Chesser Resources Ltd. Mr. Grove has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves', Mr. Grove consents to the inclusion in the announcement of the matters based on his information in the form and context that the information appears.

Forward looking statements

Statements relating to the estimated or expected future production, operating results, cash flows and costs and financial condition of Chesser Resources Limited's planned work at the Company's projects and the expected results of such work are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as the following: expects, plans, anticipates, forecasts, believes, intends, estimates, projects, assumes, potential and similar expressions. Forward-looking statements also include reference to events or conditions that will, would, may, could or should occur. Information concerning exploration results and mineral reserve and resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is developed.

These forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable at the time they are made, are inherently subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward-looking statements, including, without limitation: uncertainties related to raising sufficient financing to fund the planned work in a timely manner and on acceptable terms; changes in planned work resulting from logistical, technical or other factors; the possibility

that results of work will not fulfil projections/ expectations and realize the perceived potential of the Company's projects; uncertainties involved in the interpretation of drilling results and other tests and the estimation of gold reserves and resources; risk of accidents, equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; the possibility of environmental issues at the Company's projects; the possibility of cost overruns or unanticipated expenses in work programs; the need to obtain permits and comply with environmental laws and regulations and other government requirements; fluctuations in the price of gold and other risks and uncertainties.

References to prior ASX Announcements

This report contains information extracted from previous ASX market announcements reported in accordance with the JORC Code (2012) and available for viewing at www.chesserresources.com.au. Chesser Resources confirms that in respect of these announcements it is not aware of any new information or data that materially affects the information included in any original ASX market announcement. The announcements are as follows:

Diamba Sud Project:

Announcements dated: 3 April 2017, 25 March 2019, 10 April 2019, 6 May 2019, 14 May 2019, 28 August 2019, 3 September 2019, 21 January 2020, 2 March 2020, 17 June 2020, 21 July 2020, 28 July 2020, 13 August 2020, 24 November 2020, 16 December 2020, 19 January 2021, 3 February 2021, 2 March 2021, 6 April 2021, 23 April 21, 31 May 2021, 1 July 2021, 2 August and 2 September 2021 for drilling results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

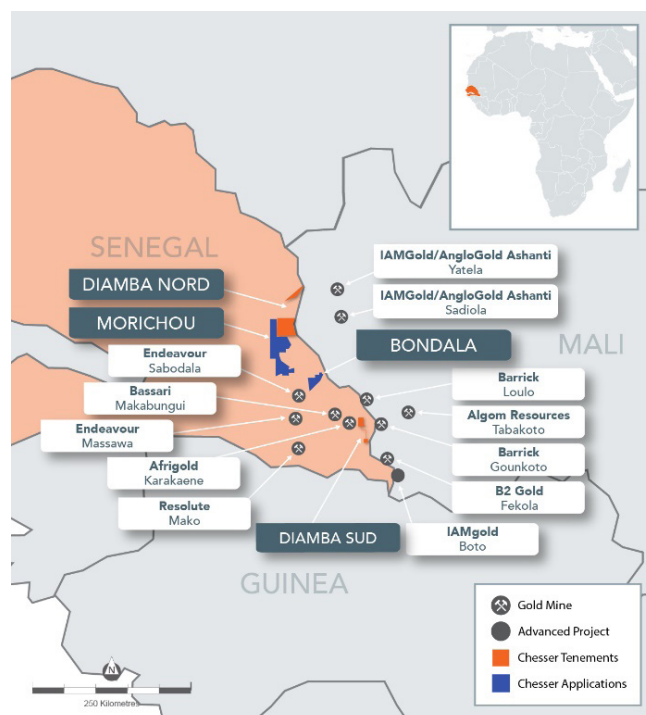


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OVERVIEW CHESSER

Located on the Senegal Mali Shear Zone (“SMSZ”) on highly prospective geological terrane similar to the neighbouring world class gold mines of Loulo, Goukoto and Fekola on the other side of the Mali border.



Major gold companies actively exploring around our Diamba Sud project include:

- Barrick Gold which has discovered significant mineralisation at Kabewest, less than 3km from Area A, and extensive gold anomalies adjacent to the Diamba Sud tenement boundary.
- IAMGold developing its 2.6Moz Boto gold project 50km to the south of Diamba Sud.
- A privately-owned gold mine exploiting resources on the western tenement boundary at Karakaene.

Two shallow high-grade gold discoveries at Diamba Sud (Area A and Area D) in eastern Senegal.

Maiden Mineral Resource estimate for Diamba Sud due in Q4 2021.

Board and Management team with extensive African operating experience.

Exploration drilling planned to test numerous high priority targets on Diamba Sud.

Further drilling planned to extend mineralisation at Area A and Area D.

FY2021 HIGHLIGHTS

Advancing high-grade gold discoveries at Diamba Sud – eastern Senegal.



- Discovery of thick, high-grade oxide mineralisation at Area D in July 2020: 48m @ 6.7g/t gold from 24m.
- 167 holes drilled for 22,863m over Area A and Area D.
- Resource definition drilling program completed.
- Maiden Resource for Diamba Sud expected in Q4 2021.
- 96% gold recovery from initial metallurgical testwork.
- Mineralisation identified at Area H, 1.2km south of Area D.
- Diamba Sud license renewed for further 3 years.
- Well-funded with cash at bank A\$8.1m at 30 June 2021.
- Key appointments to Board and Management.

Sustainability framework established:

- Group Goals and Values.
- Community consultation committee inaugurated.
- Constructed medical clinic and water facilities at Diamba Sud for the local community.
- Community investment agreement signed.
- 91% Senegalese national employment, over 100 local community members employed during the year.
- \$5m contributed to the Senegalese economy.
- \$0.8m wages and taxes paid in Senegal.

CHAIRMAN'S LETTER



Dear Shareholders,

I am pleased to present Chesser Resources Limited's (the "Company" or "Chesser") 2021 Annual Report. The past year and my first year as Chairman has been transformative for Chesser. It commenced with the discovery of significant shallow high-grade oxide mineralisation at Diamba Sud at Area D in July 2020. Since that time the Company has undertaken extensive drilling programs to test and define the mineralisation at both Area A and Area D which will culminate in our maiden Mineral Resource estimate being delivered in the December 2021 quarter. The maiden resource will be a significant milestone for the Company in demonstrating the significant value of the high-grade shallow mineralisation at Diamba Sud and a critical step in delivering Senegal's next gold mine.

The Diamba Sud Project lies within the Senegal Mali Shear Zone which hosts over 45 million ounces of gold, including Barrick Gold's 18 million ounce Loulo-Gounkoto mining complex and B2Gold's 8 million ounce Fekola gold mine just over the border in Mali. In Senegal recognition of the prospectivity of this sequence of rocks has resulted in significant exploration activity surrounding our Diamba Sud

tenement. Barrick has defined extensive gold anomalism adjacent to our tenement boundary including the discovery of mineralisation at Kabewest, less than 3km from Area A and IAMGold has commenced development of its 2.6 million ounce Boto gold project 50km to the south of Diamba Sud.

Exploration will now focus on extending the mineralisation defined at Area A and Area D as well as testing the numerous prospective targets on the Diamba Sud tenement that have only had limited drilling due to the focus on the two discovery areas. Drilling during the year highlighted the prospectivity of the larger Diamba Sud tenement with a single drill traverse completed at Area H intersecting ore grade mineralisation 1.2km southwest of Area D on a previously untested geochemical anomaly.

During the year we have worked on building the capacity of the business including a number of key appointments; Andrew Grove (Managing Director) who brings a wealth of African corporate, project development and financing experience and Boubacar Thera (Director West African Business Development) who has significant in-country experience having recently lead Toro Gold through the development of their Mako Gold Mine. The balance sheet has been de-risked with the support of shareholders as the Company raised A\$14 million during the period and ended the year with a healthy A\$8.1 million cash balance. A Sustainability framework has been implemented and we continue to work closely with our local communities to maintain our existing supportive and co-operative relationships.

Our belief that Senegal is one of the most attractive investment regions for gold in West Africa was upheld during the year. The country continues to attract significant foreign investment from global resources companies due to its stable political and regulatory framework which accompanies its geological prospectivity.

I would like to thank my fellow Board members, management and our in-country team for their ongoing efforts and dedication for all the work undertaken during the past year.

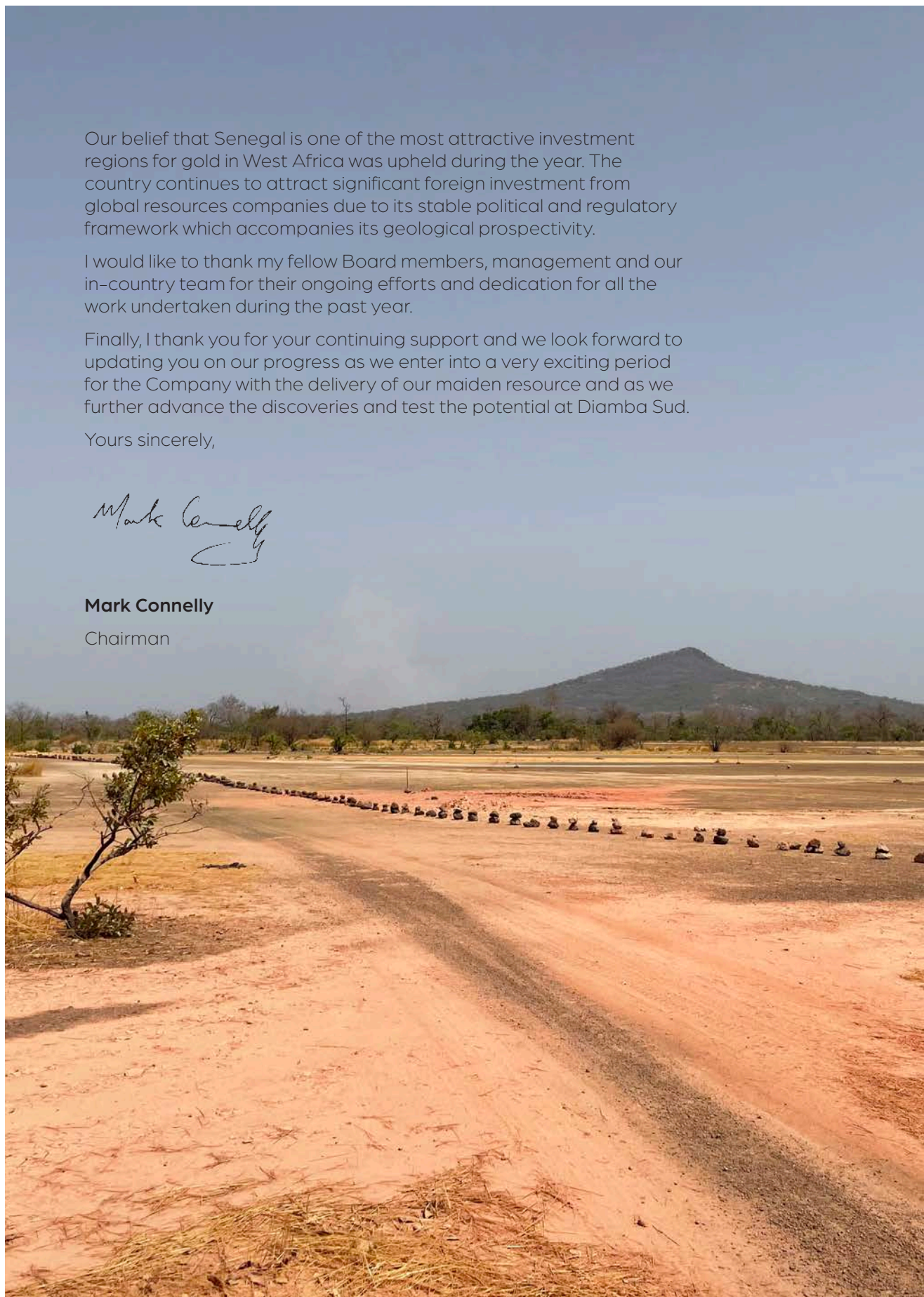
Finally, I thank you for your continuing support and we look forward to updating you on our progress as we enter into a very exciting period for the Company with the delivery of our maiden resource and as we further advance the discoveries and test the potential at Diamba Sud.

Yours sincerely,



Mark Connelly

Chairman



EXPLORATION REVIEW



The Diamba Sud Project is located in eastern Senegal and within the eastern portion of the Kédougou-Kénieba inlier

The Company's exploration activities during the year were primarily focused on the Diamba Sud Project in eastern Senegal. Drilling programs to test and define mineralisation identified at Area A and Area D were completed to support the declaration of a maiden Mineral Resource estimate in the December quarter 2021.

DIAMBA SUD

The Diamba Sud Project is located in eastern Senegal and within the eastern portion of the Kédougou-Kénieba inlier, the second most richly endowed area of West Africa (Figure 1). Mineralisation on the belt is generally associated with the crustal scale terrane boundary Senegal Mali Shear Zone ("SMSZ").

The SMSZ hosts over 45 million ounces of gold, including Barrick Gold's 18 million ounce Loulo-Gounkoto mining complex, located just 7-12km to the east of Diamba Sud, and B2Gold's 8 million ounce Fekola gold mine, located ~40km to the south southeast.

Recognition of the prospectivity of this area has resulted in significant exploration activities being undertaken on the geological extension of the SMSZ on the Senegal side of the border and surrounding the Diamba Sud tenement. Barrick has defined extensive gold anomalism adjacent to the tenement boundary to the east including the discovery of mineralisation at Kabewest, just 2-3km from Area A (Figure 2). IAMGold has commenced development of its 2.6 million ounce Boto gold project 50km to the south of Diamba Sud (Figure 1) and is actively exploring in the region. Immediately to the west of the Diamba Sud tenement a small scale open pit gold mine (Karakaene) is being operated by Afrigold (Figure 2).

Exploration at Diamba Sud commenced the year with the discovery of significant high-grade shallow oxide mineralisation at **Area D** with the release on 28th July 2020 of results including **DDSR155 48m @ 6.7g/t gold** from 24m, **DRS156 55m @ 4.3g/t gold** from 16m, **DDSR154 38m @ 4.6g/t gold** from 8m and **DDSR157 36m @ 2.9g/t gold** from 6m.

Drilling activities then focused on defining and extending the oxide mineralisation at Area D and the previously identified mineralisation at Area A. A 20,000m drill program was completed during the



period that covered both Areas A and D as well as testing four prospective exploration targets on the greater Diamba Sud tenement. Following this program, a resource definition drilling program commenced which was designed to infill and extend the identified mineralisation, demonstrate the scale of the mineralised systems and to better understand the controls on mineralisation over both Areas A and D. 167 drill holes for 22,863m were drilled and reported on during the year including 26 diamond drill holes for 4,396m and 141 Reverse Circulation ("RC") drill holes for 18,467m. The results for both areas are reported in detail below.

It is anticipated that after completion of this current phase of drilling the drill data coverage will be sufficient to undertake a maiden Mineral Resource estimate over Area A and Area D which is expected to be released in the December quarter 2021.

An initial metallurgical test work program was undertaken on 10 fresh mineralised samples from Area A which returned excellent bottle roll recoveries averaging 96% and the samples exhibited rapid leach kinetics with no significant impurities or deleterious elements present. An additional 12 samples from Area D have been sent to ALS in Perth for metallurgical testing under the supervision of Lycopodium. It is expected that these results will be available to support the maiden Mineral Resource estimate and will confirm the previous results returned from Area A.



A tenement wide Induced Polarisation geophysical survey commenced during the year. The aim of the survey is to improve the resolution of the existing data and extend the Ground Array Induced Polarisation ("GAIP") cover over the whole Diamba Sud tenement. Data collection and data processing was ongoing at the end of the period. GAIP has been proven effective for identifying structures and certain lithological units, such as granitoids. It is anticipated that this data will be an important tool in combination with the existing extensive auger geochemistry coverage for targeting future drilling and discoveries on the Diamba Sud tenement.

Extensive gold auger anomalism exists over the Diamba Sud tenement and on the adjacent Barrick Bambadji JV tenement to the east which appears to be intimately associated with the inferred Northern Arc structure (Figure 2). The Northern Arc structure is a potential splay off the main SMSZ and ore grade mineralisation has been identified over 15km of its length from Soya and Kabewest in Barrick's ground through Area's A and D and down to Area H and the Western Splay on the Diamba Sud tenement. The significant extent and tenor of the gold auger anomalism – combined with the fact that numerous mineralised occurrences have been identified and that the host rocks, structures and mineralising fluids – show strong similarities to neighbouring world class deposits on the same belt demonstrate the significant potential of the area.

On Diamba Sud, outside Area's A and D most of the gold auger anomalies have had very little or no drilling. Targeting work to date has identified 10 high-priority exploration targets on the greater Diamba Sud tenement outside of Areas A and D which will be the focus of exploration drilling in the proceeding year.

Extensive exploration activity including further drilling has also been planned over both the Area A and Area D resource areas to extend mineralisation at depth, improve the understanding on the mineralisation controls, demonstrate the economic value and de-risk the project.

The Company looks forward to keeping shareholders informed on its progress as we enter this exciting period in the development of the Diamba Sud project.

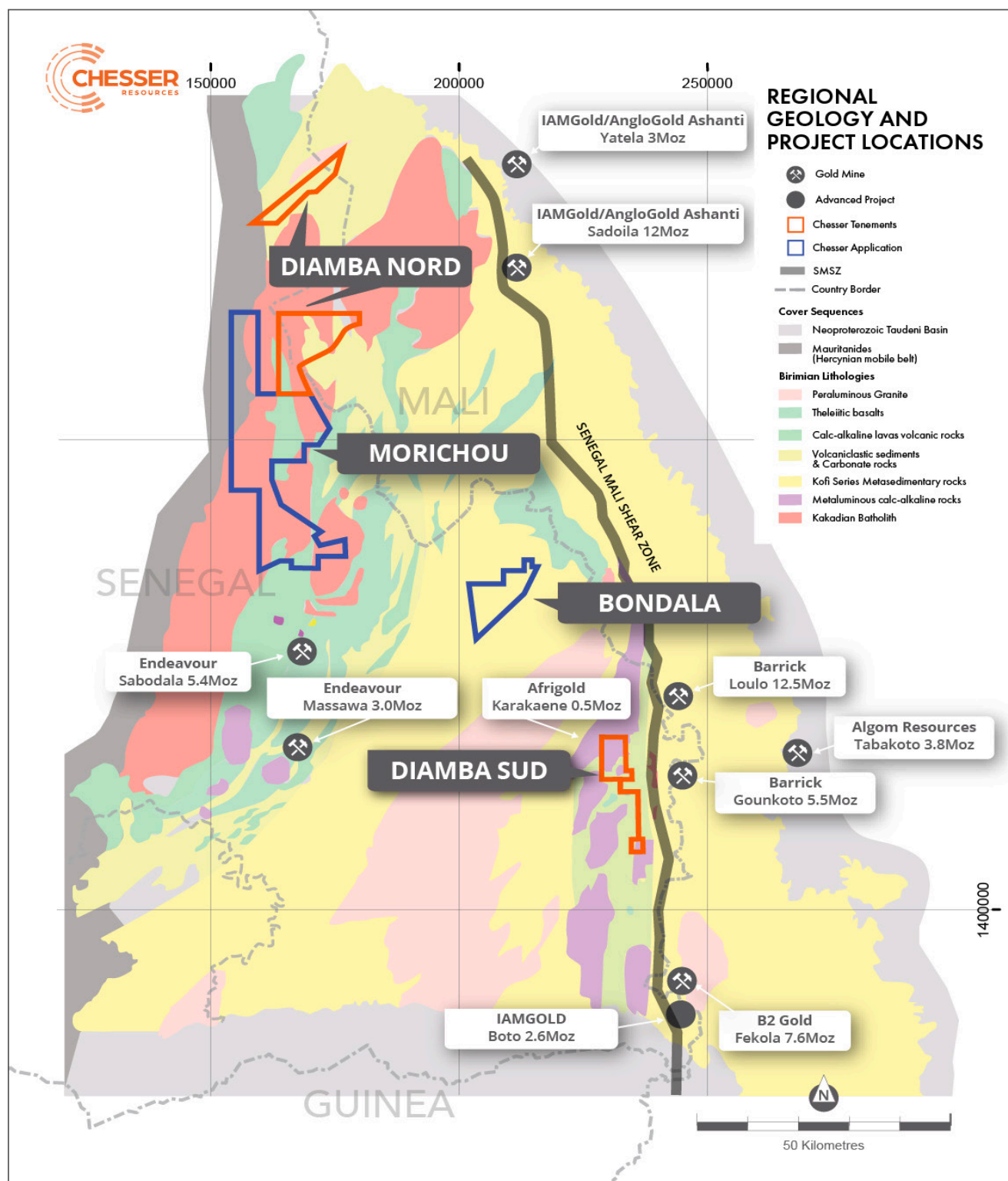


Figure 1: Schematic regional geology of eastern Senegal, showing Chesser's Project locations including the Diamba Sud Project and its proximity to both the SMSZ and the major gold operations and projects.

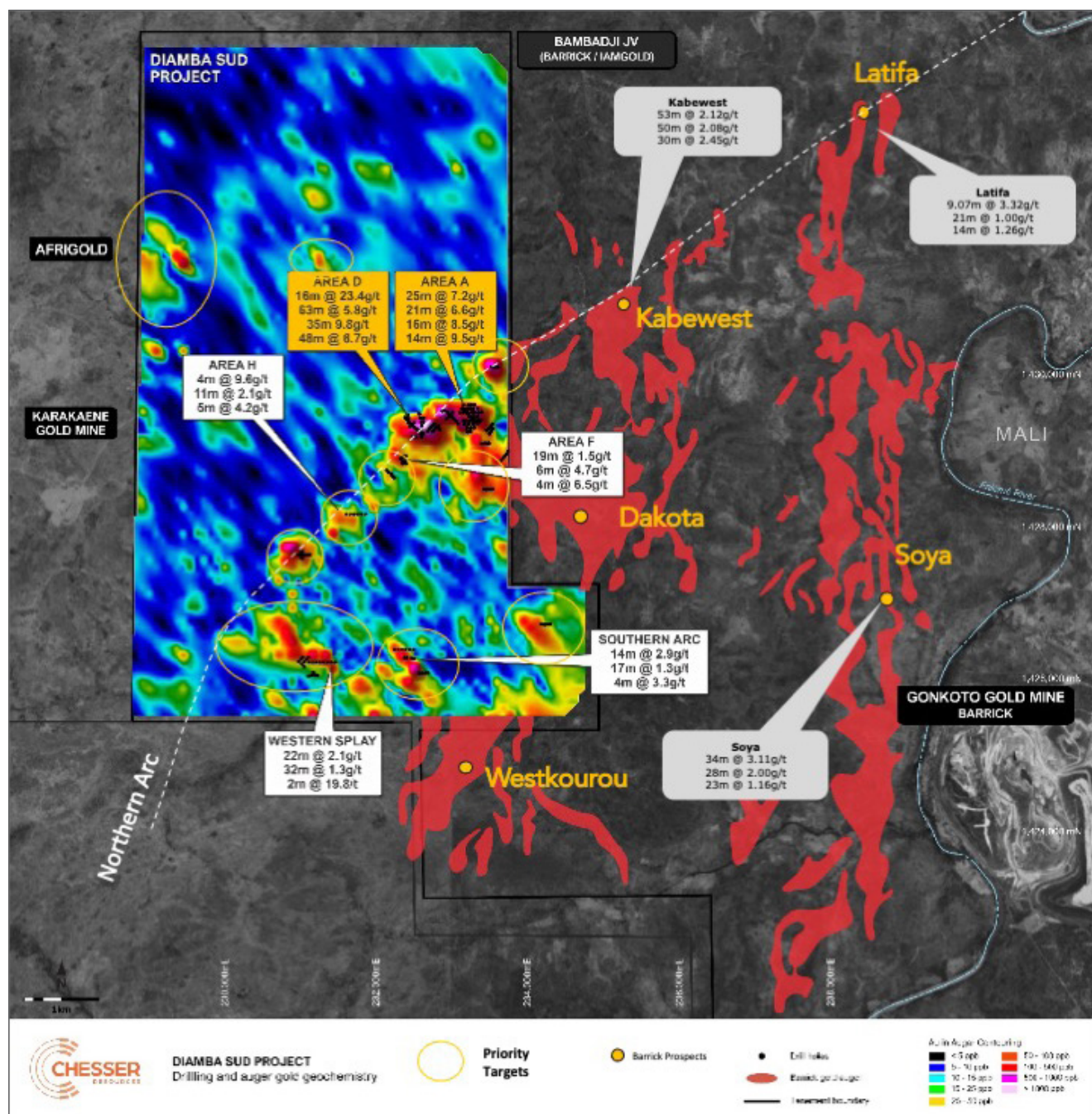


Figure 2: Diamba Sud plan showing historical drilling with selected significant results, gold auger geochemistry, interpreted Northern Arc structure and priority exploration targets. Outside the Diamba Sud tenement Barrick's gold auger geochemistry outline and selected significant results from public reporting.

AREA D RESULTS

Drilling over Area D reported during the year totalled 81 drill holes for 10,705m including 19 diamond drill holes for 2,540m and 62 RC drill holes for 8,165m.

Drilling identified and defined extensive shallow oxide mineralisation at Area D over an approximate 400m x 400m triangle shaped area with significant accumulation of gold mineralisation adjacent to the eastern boundary against the Northern Arc structure where mineralisation has developed over a thickness of between 20m to 40m grading up to 23g/t gold approximately 10m below surface (Figures 3 to 7, a list of the top 20 intercepts drilled during the year are included in Table 1).

Oxide mineralisation extents have largely been confirmed by the drilling but remains partially open to the west in both the oxide and underlying fresh mineralisation in that area (Figure 7).

The resource definition drilling has been designed to provide drill coverage over the oxide area with an approximate density of 25m x 25m which will hopefully be sufficient for classification of Indicated resources once the Mineral Resource estimate has been completed.

Fresh mineralisation below the oxide appears to be associated with two controls:

- A broad stockwork breccia zone in a carbonate dominated host lithology, and
- High grades possibly associated with later cross cutting structures.

Controls on the high grades within the fresh rock are not yet sufficiently understood to be predicted, however significant high-grade intercepts were intersected by drilling throughout the year (top 10 intercepts included in Table 2). **DSDD044: 63m at 5.8g/t gold including 25.2m at 4.7g/t gold in fresh** (Figure 6) was released post the end of the year (2nd August 2021) and there is significant potential for discovery of high-grade mineralisation at depth below the oxide mineralisation.

- The depth of drilling is generally only between 100m to 130m vertical over Area D.
- A structural geological review and further drilling has been planned to test the potential at depth.
- Sections (Figure 4 to Figure 7) illustrate the oxide and fresh mineralisation at Area D.



FY2021 Top 20 (grade x interval length) Oxide Results Area D

Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t Au)
DSR181	40	56	16	23.4
DSR184	2	37	35	9.8
DSR155	24	73	48 ¹	6.7
DSDD029	16.5	58	41.5	6.8
DSR156	16	72	55 ¹	4.3
DSR176	18	62	44	4.4
DSR173	10	61	49 ²	3.6
DSR154	8	48	38	4.6
DSDD035	13.5	24.2	10.7	15.5
DSR175	2	40	38	4.4
DSR234	4	36	32	3.5
DSR157	6	42	36	2.9
DSDD028	16	26	10	7.3
DSR183	34	61	27	2.7
DSR178	10	38	24 ²	2.9
DSDD035	30	43	13	5.3
DSR174	6	32	26	2.6
DSR185	17	43	26	2.6
DSR153	16	52	34 ¹	1.9
DSR249	33	34	1	47.5

Table 1: Top 20 oxide results Area D reported during FY2021

FY2021 Top 10 (grade x interval length) Fresh Results Area D

Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t Au)
DSR185	60	75	15	2.9
DSR176	114	126	12 ²	4.0
DSR177	63	79	13 ²	3.6
DSR176	62	107	45	1.0
DSDD014	82.3	100.2	17.9	2.4
DSDD033	79.5	89	9.5	3.6
DSDD028	145	154.5	9.5	3.6
DSR243	165	184	19	1.7
DSDD016	114	128	14	2.3
DSR254	60	70	10	3.0

Table 2: Top 10 fresh results Area D reported during FY2021

- 1 Reported Interval (m) excludes internal void or no sample intervals, release date 28th July 2020.
- 2 Reported interval (m) excludes internal void or no sample intervals, release date 24th November 2020.

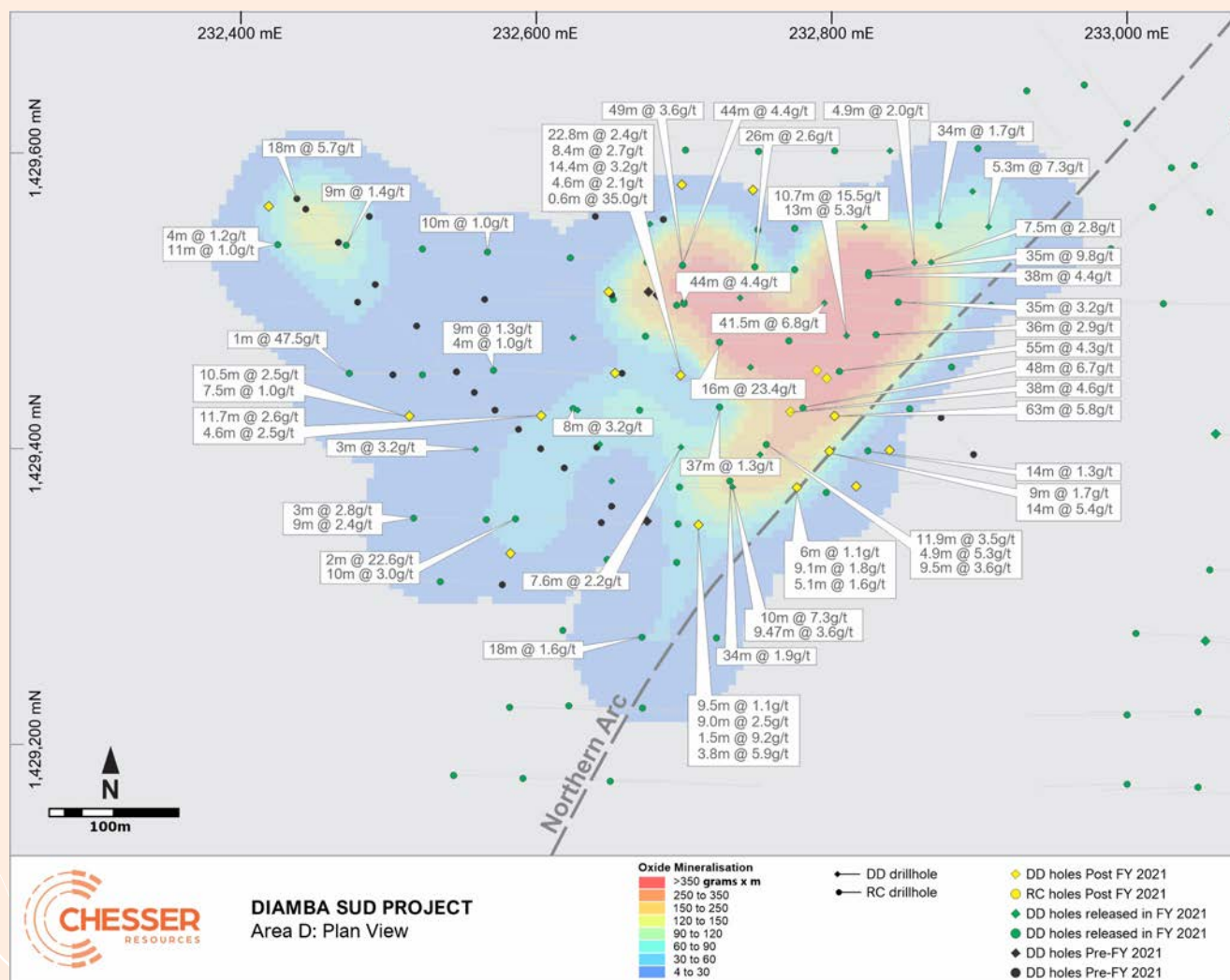


Figure 3: Area D plan view showing drill hold locations, selected significant results and oxide mineralisation grade thickness contours.



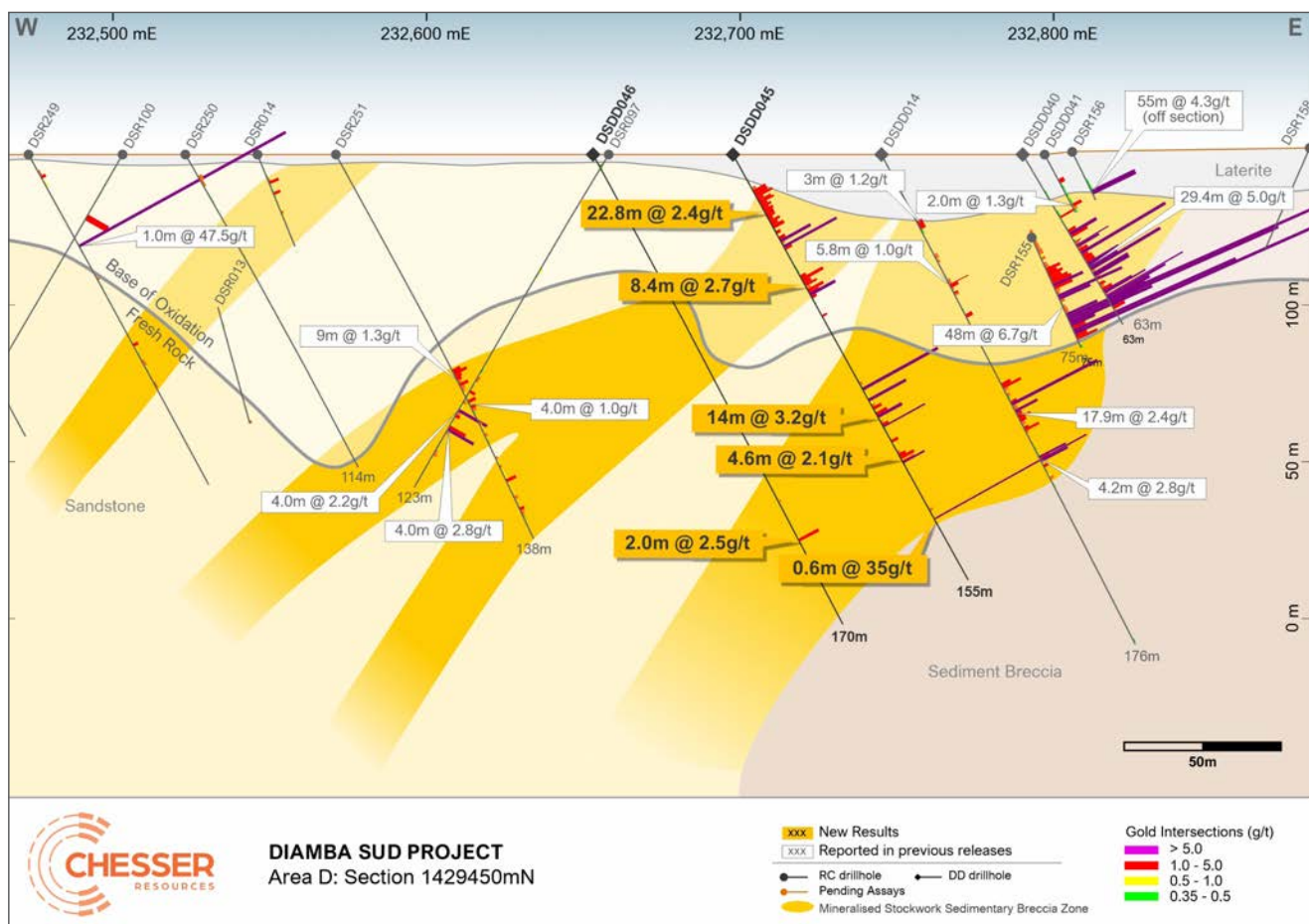


Figure 5: Section 1429450mN showing drilling, selected significant results and interpreted geology.

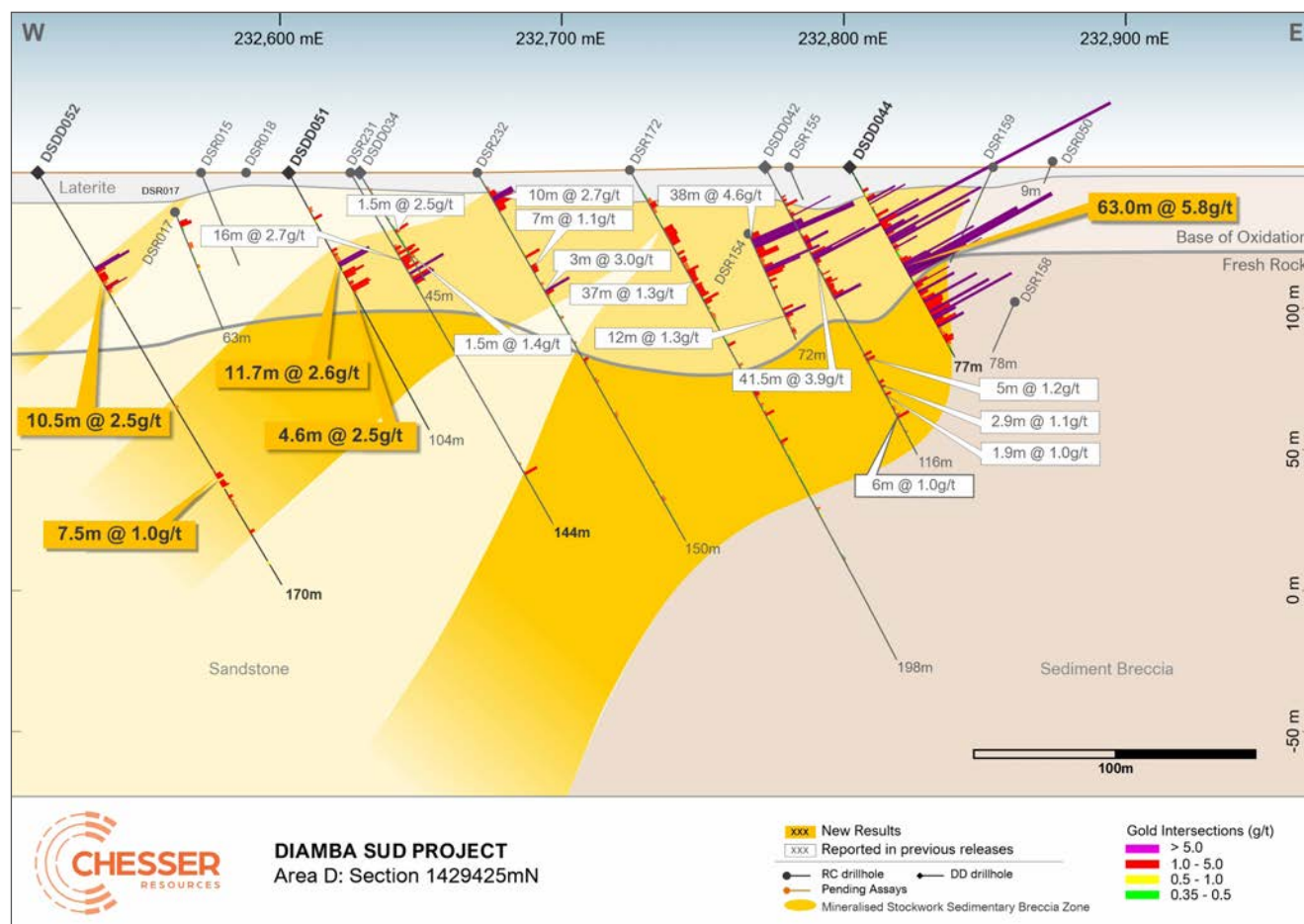


Figure 6: Section 1429425mN showing drilling, selected significant results and interpreted geology.

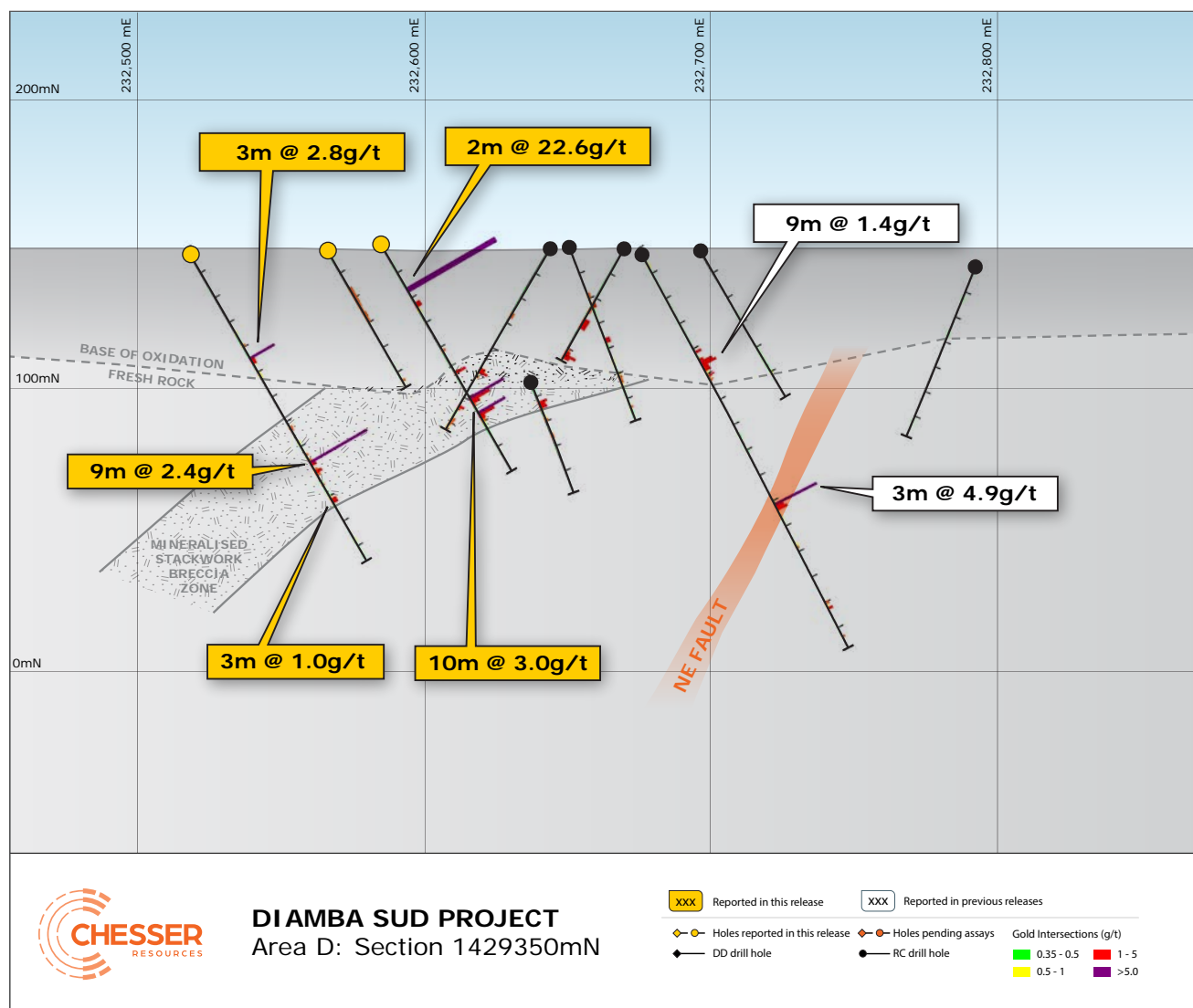


Figure 7: Section 1429350mN showing drilling, selected significant results and interpreted geology on the western margin of Area D.

AREA A RESULTS

Drilling over Area A reported during the year totalled 54 drill holes for 8,273m including 7 diamond drill holes for 1,856m and 47 RC drill holes for 6,417m.

Drilling at Area A during the year focused on extending the identified mineralisation to the south and along the interpreted northwest-southeast trending dilational structure (Figure 8). Resource definition drilling post the end of the year has been focused and in-filling the northern and central areas where the better near-surface higher grades have been intersected.

Mineralisation at Area A is broadly similar to the fresh mineralisation encountered at Area D being associated with two controls:

- A broad stockwork breccia zone in a carbonate dominated host lithology, and
- High grades possibly associated with later cross cutting structures.

The carbonate dominated lithologies (termed Sedimentary Breccias) at Area A gently dip to the west and shallowly plunge to the south and are confined between two granite intrusive bodies to the east and west and are also terminated to the north by the Northern Arc structure. High-grade mineralisation within the sedimentary breccia units is characterised by intense albite-carbonate-hematite-quartz-pyrite alteration (Figure 14) and brecciation and are thought to be associated with several late-stage structures or feeder zones. Two parallel northeast-southwest structures and an orthogonal dilational fault appear to influence high-grade mineralisation and can be traced over 300–400m in length.

It is anticipated that with the significant additional data being derived from the resource definition drilling and structural studies that the understanding on the controls of the high-grade mineralisation will be improved and be used to target extensions to mineralisation in future drilling programs.

- Where the interpreted dilational fault intersects the northeast-southwest structures (Figure 9) significant high-grade mineralisation has previously been intersected including; **DSR093: 21m @ 6.7g/t gold, DSR092: 14m @ 9.5g/t gold, DSDD00: 116m @ 8.5g/t gold and 21m @ 2.3g/t gold**. Drilling specifically targeting the trend of the structure (drilled at an azimuth of 225 degrees) intersected significant mineralisation within 200m of the intersection point including:
- **DSR135: 15m @ 3.0g/t gold** from 72m and **24m @ 3.3g/t gold** from 94m
- **DSR166: 15m @ 6.1g/t gold** from 77m (Figure 11)

Mineralisation intersected on section line 1429270mN approximately 500m southeast of the intersection point indicated a possible extension of the interpreted dilation fault trend (Figure 10), however additional drilling is required to confirm.

Drilling along the trend of the parallel northeast-southwest structures extended mineralisation over 300m to the south with intersections including:

- **DSR206: 25m @ 7.2g/t gold** from 102m (Figure 11)
- **DSR200: 21m @ 4.2g/t gold** from 113m (Figure 12)
- **DSD020: 13m @ 5.0g/t gold** from 115m (Figure 13, core photos Figure 14)

The depth of drilling is generally between 130m to 150m vertical over Area A.

A structural geological review and further drilling has been planned to test the potential at depth.

The top 10 intercepts (grade x interval length) reported during the year are shown in Table 3.

FY2021 Top 10 (grade x interval length) Results Area A				
Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t Au)
DSR206	102	127	25	7.2
DSR166	77	92	15	6.1
DSR200	113	134	21	4.2
DSDD020	115	128	13	5.0
DSR204	99	103	4	10.3
DSR194	147	156	9	2.9
DSDD021	195	206	11	1.9
DSDD026	180	183	3	6.5
DSDD020	199	214	15	1.1
DSDD020	163	173	10	1.7

Table 3: Top 10 results Area A reported during FY2021

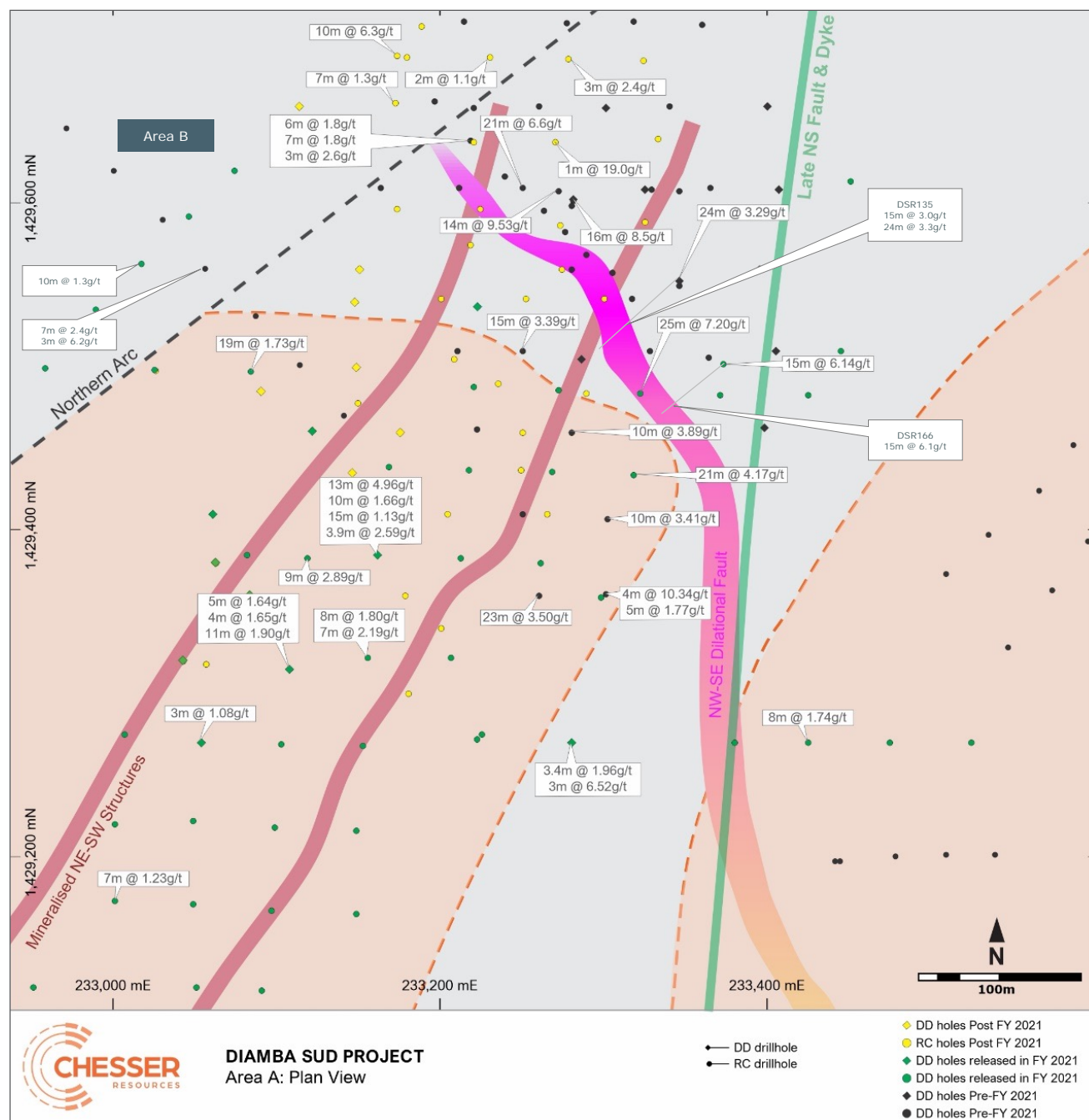


Figure 8: Area A plan view showing drill hole locations, selected significant results and interpreted structure and geology.

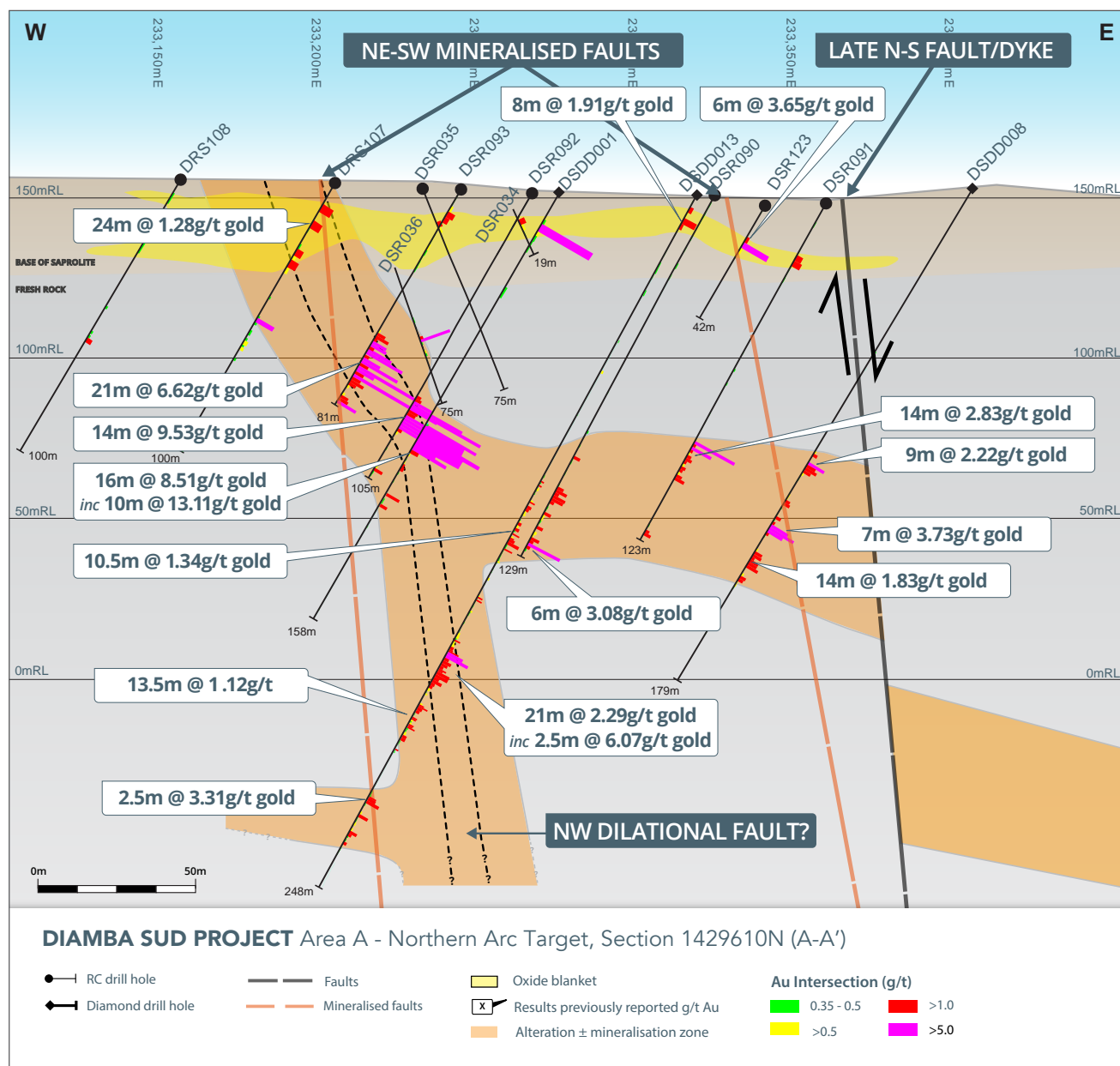


Figure 9: Section 1429610mN showing drilling, selected significant results, intersection of the interpreted NE-SW dilational fault and interpreted geology.

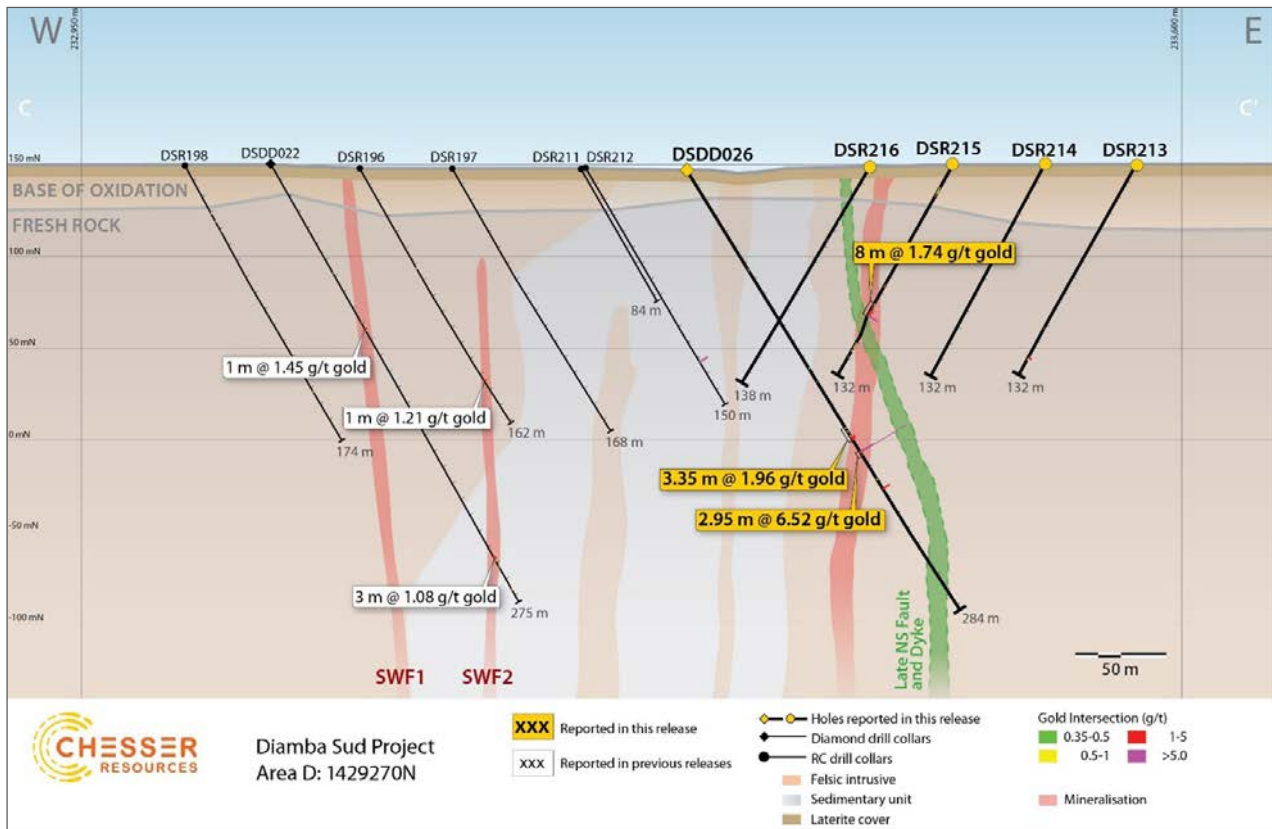


Figure 10: Section 1429270mN looking north, showing holes DSD026 and DSR215 reported during this year.

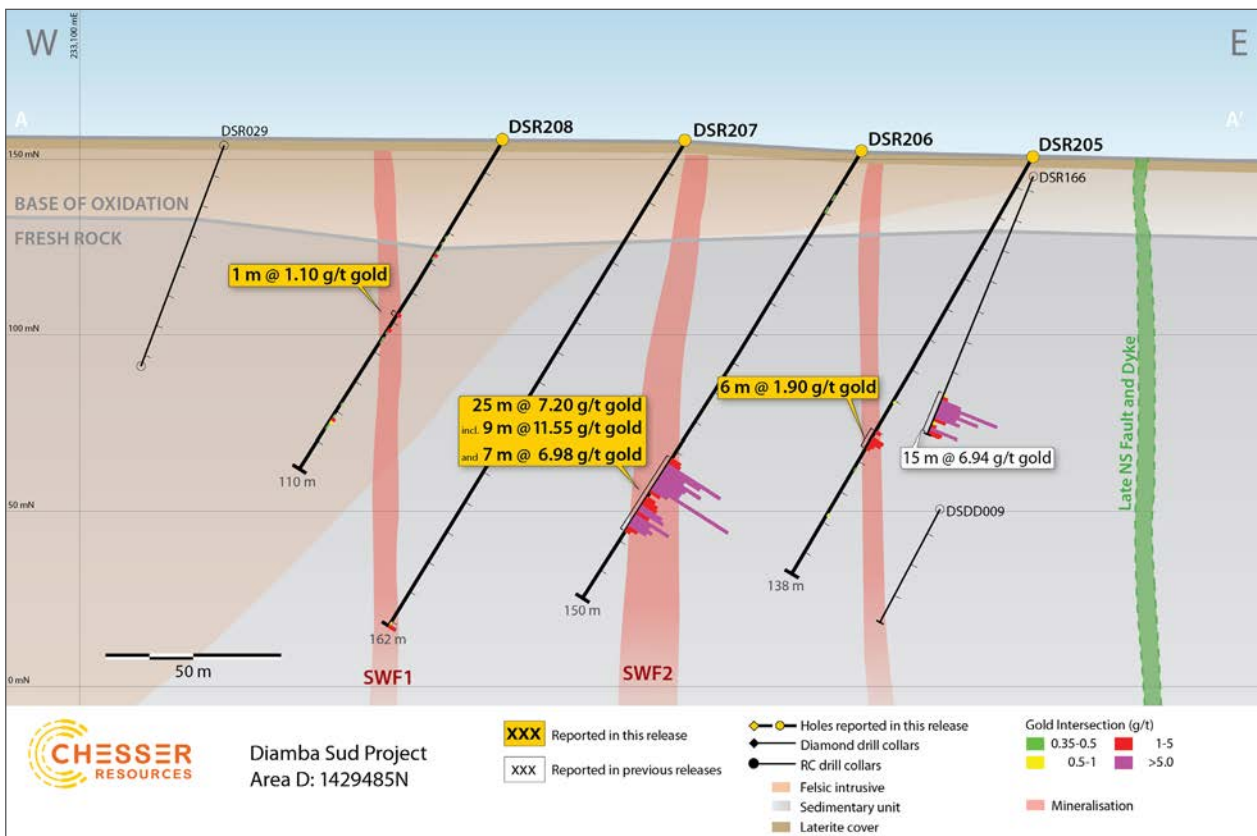


Figure 11: Section 1429485mN looking north, showing the wide, high-grade gold intersection from hole DSR206 (true width of approximately 15 m) along the northeast trending SWF2 structure.

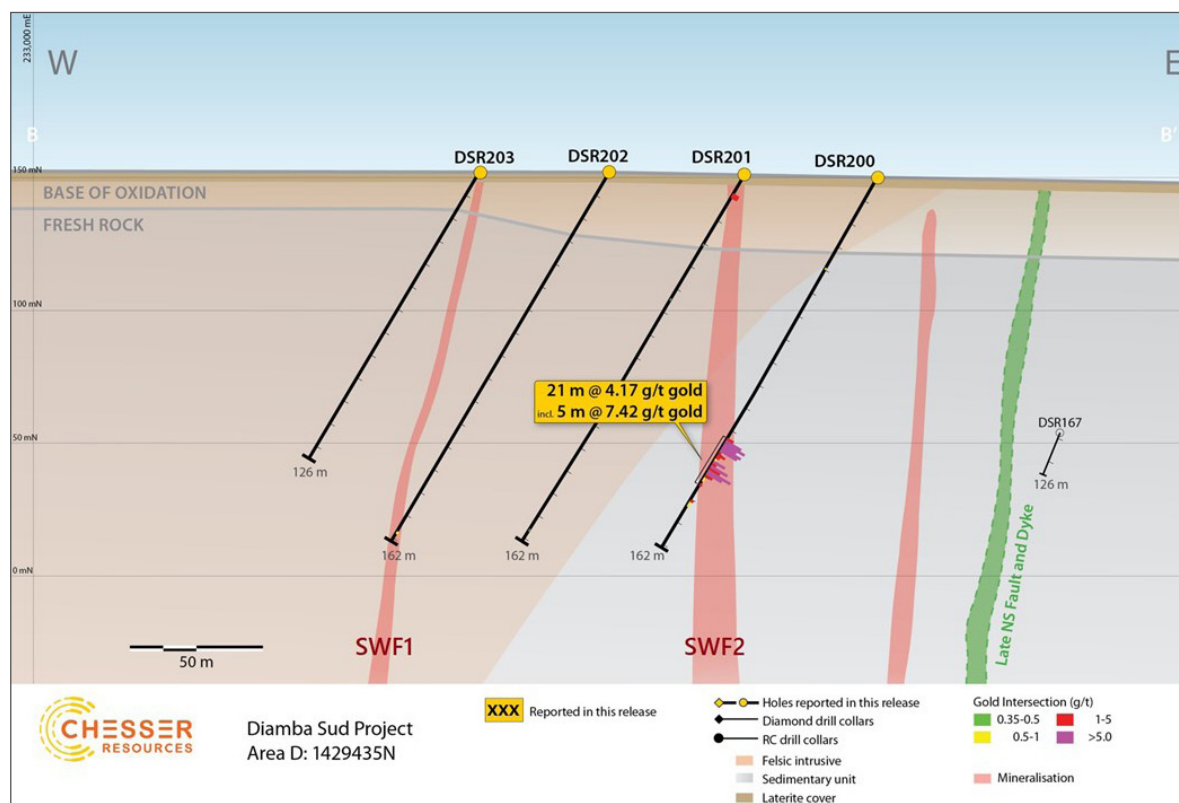


Figure 12: Section 1429435mN looking north, showing the wide, high-grade gold intersection from hole DSR200 (true width of approximately 12 m) along the northeast trending SWF2 structure.

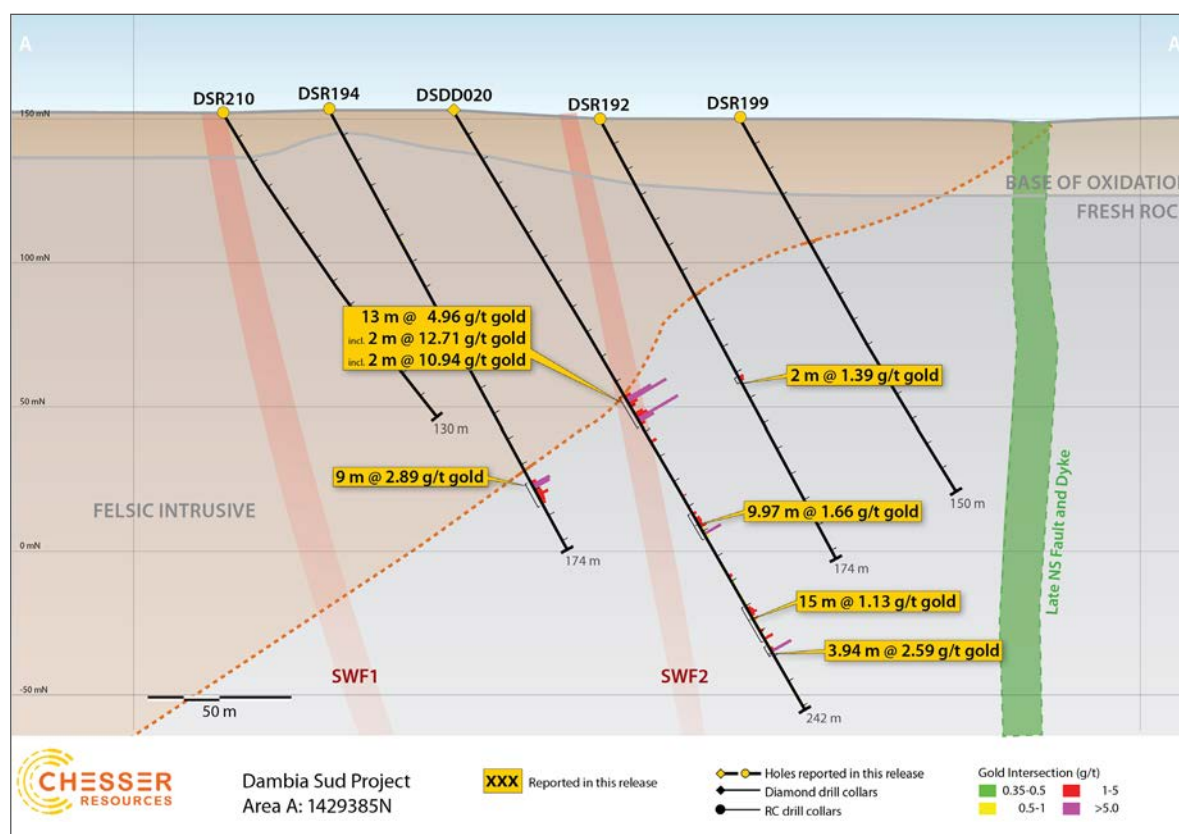


Figure 13: Section 1429385mN showing holes reported during the year and wide mineralisation in the subvertical southwest-northeast trending fault (SWF2).



Figure 14: DSDD020 (111-128.96m) core showing mineralised zone on the SWF2 structure. Alteration and hydrothermal brecciation commences from 112.90m with strongly defined qtz-carb-pyr-tourmaline matrix in upper section. Strong albite-hem-Fe carb-qtz alteration throughout mineralised zone, with minor coarse pyrite agglomerations typically present in the high-grade NW-SE dilational fault.

AREA A METALLURGY

Bottle roll test work was undertaken by ALS Metallurgy on 10 sulphide mineralisation fresh rock samples collected from Area A drilling. The results highlight straightforward, non-refractory metallurgical characteristics, with a likely processing route incorporating a simple, industry standard cyanide leach circuit. Results highlights include:

- 48-hour direct cyanide leach average gold recovery of 96%.
- Mineralisation is clean, with very low presence of toxic elements such as arsenic and mercury and low levels of base metals, indicating a pyrite dominated sulphide phase.
- Encouraging leach kinetics with an average recovery within 12 hours of 99% of total recovered gold during the 48-hour period.
- Low to moderate consumption of cyanide and lime, which points to favourable impact on costs.

DIAMBA SUD EXPLORATION RESULTS

AREA B

A single line of 4 RC drill holes was drilled at Area B totalling 390m (DSR163 to DSR165). Area B is located between Area's A and D (Figure 8) along the Northern Arc structure and coincides with a gold auger anomaly.

Holes DSR162-164 intersected partially altered sedimentary breccias, whilst hole DSR165, at the northeast end of the line, intersected metasediments. Mineralisation was encountered in **DSR162: 10m @ 1.3g/t gold** and **1m @ 3.4g/t gold**. Interest in Area B was overshadowed by the Area D results and subsequent drill programs, however these results will be revisited in light of the significant additional data derived from the Area A and Area D drilling.

WESTERN SPLAY

Drilling over the Western Splay anomaly during the year totalled 16 reverse circulation drill holes for 1,937m drilled over two drill campaigns.

The Western Splay structure is defined by co-incident gold geochemical anomaly and IP feature approximately 5km to the southwest of the Area A and may form part of a regional northwest-southeast striking structure possibly associated with AfriGold's Karakaene gold mineralisation.

The initial drilling program (DSR145 to DSR152) confirmed a northwest-southeast mineralised trend over approximately 300m, which may extend by at least an additional ~200m to the artisanal workings along strike and remains open in both directions (Figure 15 with significant results shown in Table 4). Drilling intersected a subvertical brecciated structure with mineralisation associated with quartz-carbonate-pyrite infill and strong albite alteration. Host rocks intersected were highly altered granitic rocks juxtaposed with brecciated carbonate units. The structure identified by the drilling appears to be a sub-parallel structure to the Western Splay.

The second round of drilling (DSR268 to DSR275) extended the drill coverage to the east in an attempt to intersect the interpreted Western Splay structure, however it appears that the drilling did not intersect the Western Splay target and only minor mineralisation was intersected.

Drilling confirmed an open ended 300m length mineralised structure parallel to the interpreted Western Splay demonstrating that the area is highly prospective and will be subject to further exploration and drilling. The detailed IP survey currently being undertaken may assist future targeting of these structures.

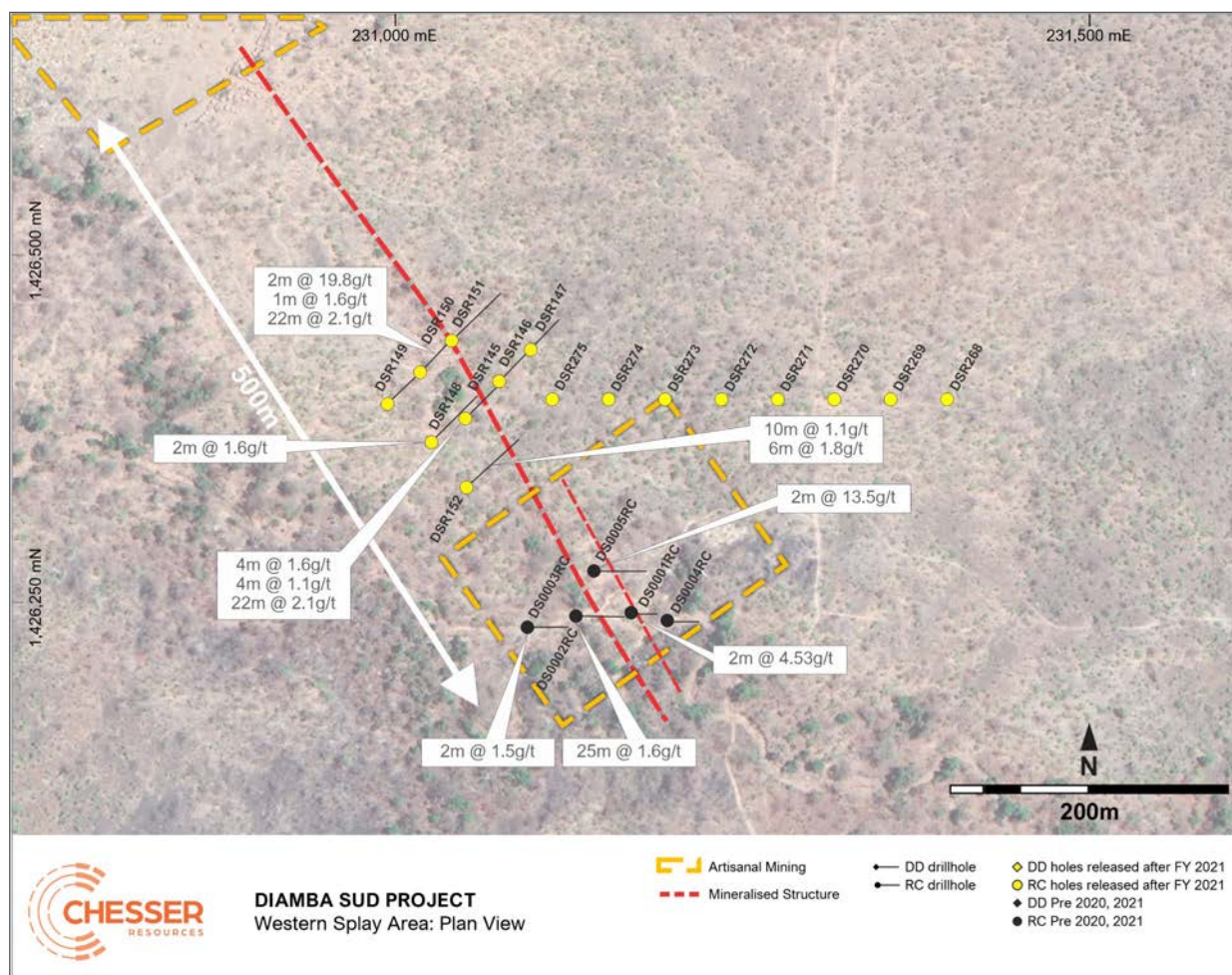


Figure 15: Results from Western Splay drilling. The structure appears to be a sub-parallel structure to the Western Splay structure based on geophysics. Historic drilling and artisanal activity indicate a potential strike length of 500m, open in both directions.

Significant Results Western Splay FY2021				
Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t Au)
DSR145	36	58	22	2.1
DSR150	4	6	2	19.8
DSR152	111	121	10	1.1
DSR152	28	34	6	1.8

Table 4: Significant results Western Splay reported during FY2021

AREA H

A 6 RC hole drill traverse at Area H totalling 776m (DSR262 to DSR267) was drilled to test a previously undrilled geochemical anomaly coincident with the interpreted trend of the Northern Arc structure, 1.2km southwest of Area D. The drill traverse was also located approximately 100m north of a large artisanal pit measuring approximately 100x100m in size (Figure 2).

The lithologies encountered consist of granite and sedimentary country rocks, a similar setting to the central and southern portions of Area A. The country rocks comprise of sedimentary breccia, volcanoclastic sediments, metasediment, and calcareous sediments. All lithologies are intruded by late-stage diorite dykes. Mineralised intervals are within fresh rock and are hosted within sub-vertical structures associated with quartz-

carbonate-hematite-albite-pyrite alteration within hydrothermally altered sedimentary breccia and porphyritic granite.

Steep dipping mineralisation intersected by drill holes **DSR264: 9m @ 1.9g/t gold and DSR263: 3m @ 1.7g/t gold, 2m @ 2.5g/t gold, 5m @ 3.4g/t gold and 5m @ 4.2g/t gold** is structurally controlled and hosted within sedimentary breccia and granite and associated with strong quartz-carbonate-albite-pyrite alteration (Figure 16).

Other mineralised intervals on the drill traverse are associated with strong albite-hematite alteration within the granite and sediments including, **DSR262: 11m @ 2.1g/t gold and DSR263: 4m @ 9.6g/t gold** (Figure 16).

Additional drilling will be undertaken to follow up these encouraging results in the next field season.

Significant Results Area H FY2021				
Hole ID	From (m)	To (m)	Interval (m)	Gold (g/t Au)
DSR263	62	66	4	9.6
DSR262	28	39	11	2.1
DSR263	132	137	5	4.2
DSR264	34	43	9	1.9
DSR263	122	127	5	3.4

Table 5: Significant results Area H reported during FY2021

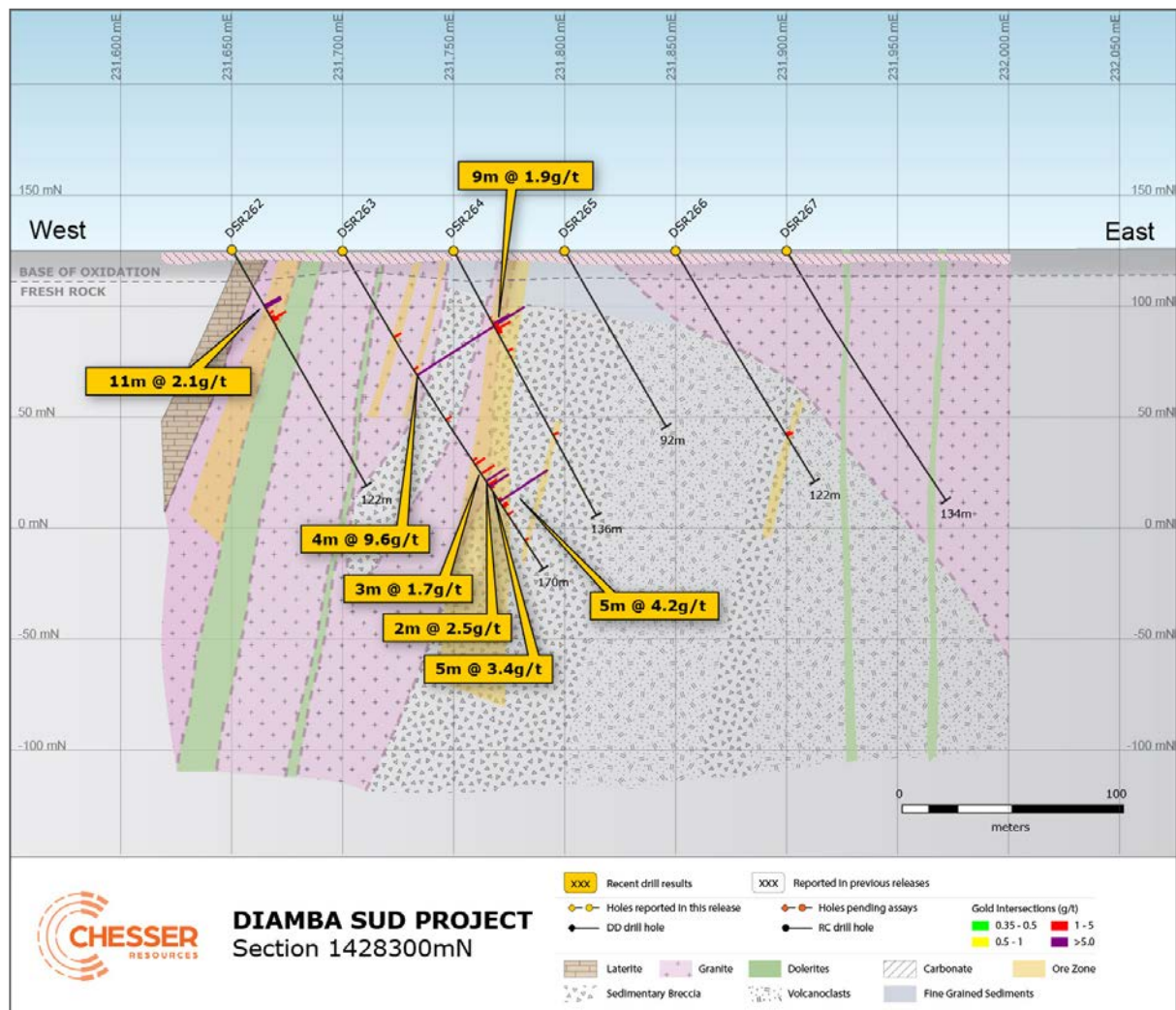


Figure 16: Area H drill section showing holes reported during the year and interpreted geology and mineralisation.

SOUTHERN ARC

The Southern Arc drill traverse consisted of 6 RC drill holes totalling 728m (DSR276 to DSR281) and targeted the northerly extension of a gold auger geochemical anomaly and interpreted structures on which previous RC drilling returned significant results including; **DS007RC: 14m @ 2.9g/t gold** and **DSR061: 17m @ 1.3g/t gold** and **4m @ 3.8g/t gold**. Drilling on this traverse did not return any significant results. There is no existing IP geophysics covering this area and the extended survey may assist with better targeting of future drilling.

The geology of the drill traverse consisted mainly of granite intruded by a range of late-stage diorite dykes. Sulphide minerals were observed, but not with any typical gold bearing alteration.

DIAMBA NORD

No work was undertaken on Diamba Nord (Figure 1) during the period as all activities were focused on Diamba Sud. Exploration activities at Diamba Nord planned for FY2022 include reconnaissance mapping and sampling and auger geochemistry over the southern end of the tenement commencing in the December quarter 2021. The final 3-year renewal of the Diamba Nord tenement, due 30 June 2021, was in progress at the end of the period and has since been renewed.

EXPLORATION APPLICATIONS

Applications for the grant of new tenements Morichou and Bondala (Figure 1) were outstanding as at the end of the year. The Company is working with the government to have these applications granted and plans to undertake reconnaissance geology, geochemistry and geophysics over these areas once they have been granted.



The final 3-year renewal of the Diamba Nord tenement, due 30 June 2021, was in progress at the end of the period and has since been renewed.



SUSTAINABILITY REVIEW



This sustainability review outlines Chesser's evolving Sustainability management and reporting framework as the Company grows and advances its Diamba Sud gold project in eastern Senegal. During the year the Company implemented corporate goals and values, established its Sustainability pillars and revised all policies and procedures to establish a business culture and management system to meet the Company's Sustainability goals. Chesser's sustainability policies, procedures and reporting will evolve with the aim of aligning with an appropriate internationally recognised standard within the next 2 years.

Chesser aims to deliver long-term stakeholder value through discovery and development of gold projects while operating in a safe and environmentally and socially responsible manner.

Chesser's corporate values are integral to how we operate and to our success.

Chesser's Goals

Generate value for all stakeholders through excellence in exploration, discovery and development.

Unlocking Senegal's eastern gold province and develop Senegal's next gold mine.

Chesser's Values

Commitment

We strive to achieve all our goals.

Character

We do what we say and act with integrity.

Community

We value all our employees, contractors, shareholders, host communities and government.

Chesser's Sustainability pillars:

People and Culture

Chesser is committed to our people, providing a safe work environment, free from discrimination and to helping each individual reach their full potential.

Environment

Chesser is committed to minimising the impacts to the environment resulting from our activities.

Community

Chesser is committed to developing a transparent open and trust-based relationship with our host communities and to having a positive sustainable impact by partnering with them through the journey.

Corporate

Chesser commits to undertake its business ethically with integrity and transparency, respecting the laws and cultures under which we operate and having in place quality corporate governance and risk management standards.

FY2021 Sustainability Highlights

91%

91% Senegalese national employment

100 +

Over 100 local community members employed during the year

\$4.7m

\$4.7m contributed to the Senegalese economy

\$235k

\$235k Government taxes and charges paid in Senegal



- Established Group Goals and Values.
- No environmental breaches.
- Construction of clinic and water well for local community.
- Policy development aligned with Goals and Values.
- Environmental and Social gap analysis undertaken.

- Established formal community consultation committee.
- Only 1 lost time injury recorded and no fatalities.
- Social investment agreement signed with local community of Gamba-Gamba.
- Local business support and development.

Chesser's Vision and Values, Sustainability pillars and policies can be found on the company web site:

www.chesserresources.com.au/visions-and-values/

www.chesserresources.com.au/sustainability/

www.chesserresources.com.au/corporate-governance/

People and Culture

Chesser is committed to developing a work environment where individuals and the team can achieve their full potential while operating safely and being free from discrimination. Policy development during the year has established a framework for providing such an environment and the policies flow into an Integrated Management System ("IMS") that details the operating procedures, reporting requirements, responsibilities, auditing and review requirements, and disciplinary procedures required to implement these policies into the operation.

A performance management system has been implemented where performance reviews, career development goals and Key Performance Indicators ("KPI") are integrated into a structured remuneration framework. Company's values, safety, compliance, and shareholder returns all form part of the KPI's along-side individual performance.

91% of employees are Senegalese nationals. Chesser has a policy of preferencing local employment and has employed over 100 local community members, predominantly as unskilled casual labour on a rotational system so that a greater number benefit from our activities in the area. Only a small percentage of the workforce 3% are currently female, partly due to local cultural traditions, however efforts are being undertaken to increase the female participation in the workforce as well as employing more permanent and skilled employees from the local community.



Employee numbers by category	Numbers	Male	Female	Nationals	Locals	Expats
Board	5	5	0	0	0	5
Executive Management	3	3	0	0	0	3
Senior Management	2	1	1	2	0	0
Other Management	7	5	2	2	0	5
Labours/ Contractors	27	25	2	20	7	0
Casual	100	100	0	0	100	0
Total	144	139	5	24	107	13
% Total	100%	97%	3%	17%	74%	9%

During the year only 1 lost time injury was recorded, and the employee has since fully recovered and returned to work. No fatalities have ever been recorded. The Company employs a full-time nurse on-site at Diamba Sud. Occupation Health and Safety ("OH&S") systems have been enhanced and a dedicated OH&S manager will be employed at the commencement of the next field season. All employees are scheduled to receive first aid training at the beginning of the next field season.

During the year the Company implemented strict COVID-19 management policies which included testing, sanitary protocols, and provision of vaccines. No cases of COVID-19 were recorded from within our workforce, although one employee was infected while on break but did not return to work until fully recovered. Approximately 60% of our permanent employees had received at least one vaccination by the end of the year.

ENVIRONMENT

No environmental incidents were recorded during the year.

An Environmental and Social Gap Analysis study was undertaken at Diamba Sud by consultants Environmental and Social Sustainability ("ESS"). The Analysis was undertaken in line with the 2014 Equator Principles ("EP"). The objective of the analysis was to identify key environmental, social, health, safety and security ("ESHSS") risks and impacts associated with the Project in relation to the applicable standards including the Equator Principles and the International Finance Corporation ("IFC") Performance Standards (PS).

The study found that exploration ESHSS issues were generally being proactively managed, although some gaps were observed in relation to personnel, auditing and documentation.

Chesser's policy and procedural development have been guided by the review findings including the future employment of a dedicated environmental and community manager.

It is likely that during 2021/22 baseline studies for the Environment Social Impact Assessment ("ESIA") will commence over the Project which will further enhance the company's understanding and management of these issues.

COMMUNITY

A social investment agreement with the community of Gamba-Gamba was signed during the year and specifies environmental, social, economic, and ethical support programs and undertakings for all parties. Chesser through Boya (local operating entity) maintains an open dialogue with Village representatives, updating them regularly on activities as part of an open communication policy. The purpose of the policy is to build and maintain an effective partnership between the Company and the local population by promoting trust, transparency and regular communication. The Company is committed to supporting local employment, education and skills training and the community is committed to supporting the Company's activities and access. The Company has committed to supporting a number of community development projects including the construction of a clinic and solar powered water well which were completed and opened in June 2021.

The Community Consultation Committee ("CCC") comprising representatives of the local community including religious, youth and women leaders and interest groups and the Company was inaugurated in June. The CCC aims to facilitate frequent open and transparent communication between the community and the Company.

As previously mentioned, the Company has a policy of preferentially employing local community members and employed over 100 local community members during the year. The Company also has a policy of local purchasing and supporting local business. The Company sources as much of its supplies as possible from the local commercial villages of Saraya and Kedougou and the field camp for the Diamba Sud operations is currently based in Saraya with these facilities being rented from a local businessman and all catering and support services sourced locally.

At Diamba Sud meals for the workforce are prepared and supplied by a local Gamba-Gamba based businesswoman. The Company has worked closely with her to ensure the quality of the meals are to the standard required and provides working capital to purchase additional protein for the meals.

At the commencement of the next field season, October 2021, the field activities at Diamba Sud will be moving into a purpose-built field camp, which was constructed using local labour and materials, that should allow the Company to increase the level of local employment and increase the level of female participation in the workforce.



Chesser through Boya (local operating entity) maintains an open dialogue with Village representatives, updating them regularly on activities as part of an open communication policy.



During the year Chesser contributed A\$5m to the Senegalese economy including \$0.6m in local wages, \$0.2m taxes and charges paid to the government and \$57k spent on community projects and donations. This was a significant increase from prior years (2020: A\$2m expenditure) as the Company's activities increased post the discovery of high-grade mineralization at Diamba Sud.

Senegal Expenditures ³ in AUD	2018	2019	2020	2021
Total local wages and salaries	\$235,302	\$296,595	\$366,235	\$584,875
Government fees, charges and taxes	\$20,244	\$318,071	\$171,306	\$235,055
Capital purchases	\$34,007	\$54,068	\$34,459	\$353,054
Donations and gifts	\$3,662	\$1,007	\$4,962	\$3,453
Community Water Well	\$0	\$0	\$0	\$32,632
Clinic	\$0	\$0	\$0	\$11,962
Political Donations	\$0	\$0	\$0	\$0
All other Senegal expenditure (including)	\$151,593	\$225,638	\$1,404,675	\$3,503,478
Total	\$444,808	\$895,379	\$1,981,637	4,724,509

Corporate

The Board has adopted a suite of charters and key corporate governance documents which articulate the corporate governance policies and procedures adopted by Chesser.

These documents are available in the Corporate Governance section of the Company's website: www.chesserresources.com.au/corporate-governance

A Corporate Governance Statement, current as at 31 August 2021, has been included in this Annual Report.

³ The information in the table represents payments made by the Group to Senegalese counterparties including employees, contractors, consultants, suppliers, service providers and government agencies. It does not include payments made to non-Senegalese counterparties and does therefore not represent the total expenditure by the Group in the stated periods.

CHESSER VALUE STATEMENT

Commitment

We strive to achieve
all our goals.

Character

We do what we say and
act with integrity.

Community

We value all our employees,
contractors, shareholders,
host communities and
government.



CORPORATE GOVERNANCE STATEMENT



INTRODUCTION

The Board and management of Chesser Resources Limited (Chesser or Company) recognises that the Company's employees, shareholders, regulators, and other stakeholders expect Chesser to conduct its operations ethically and with integrity. Chesser is committed to maintaining a high standard of corporate governance which reflects Chesser's values and the expectations of its stakeholders.

The Board has adopted a suite of charters and key corporate governance documents which articulate the corporate governance policies and procedures adopted by Chesser.

These documents are available in the Corporate Governance section of the Company's website, www.chesserresources.com.au/corporate-governance.

This Corporate Governance Statement (**Statement**), which is current as at 31 August 2021 and has been approved by the Company's Board, explains how Chesser complies with the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations – 4th Edition' published in February 2019 (**ASX Principles and Recommendations**), in relation to the year ended 30 June 2021.

In addition to the ASX Principles and Recommendations, the Board has considered a number of important factors in determining its corporate governance policies and procedures, including the:

- relatively simple operations of the Company, which currently only undertakes mineral exploration and development activities.
- cost versus benefit of additional corporate governance requirements or processes.
- size of the Board.
- Board's experience in the resources sector.
- organisational reporting structure, number of reporting functions, operational divisions, and employees.
- relatively simple financial affairs with limited complexity and quantum.
- relatively small market capitalisation and economic value of the entity; and
- direct shareholder feedback.

Recommendation		Explanation of Chesser's compliance with recommendations	Recommendation complied with?
Principle 1: Lay Solid Foundations For Management And Oversight			
1.1 Role of Board and management		The Board has established a clear distinction between the functions and responsibilities reserved for the Board and those delegated to management, which are set out in the Company's Board Charter. A copy of the Board Charter is available in the Corporate Governance section of the Company's website, https://www.chesserresources.com.au/corporate-governance/	Yes
1.2 Information regarding election and re-election of director candidates		Chesser carefully considers the character, experience, education, and skillset of potential candidates for appointment to the Board and conducts appropriate background checks to verify the suitability of the candidate prior to their election. Based on the Company's level of knowledge of the potential candidate, these may include checks as to the person's character, experience, education, and bankruptcy history, but may not include criminal record checks for potential candidates that are well known to the Board. The Company has appropriate procedures in place to ensure that material information relevant to a decision to elect or re-elect a director, is disclosed in the relevant notice of meeting provided to shareholders. Director profiles are also included on the Company's website and in the Directors' Report included in the Company's Annual Report.	No
1.3 Written contracts of appointment		In addition to being set out in the Board Charter, the roles and responsibilities of Directors are formalised in a letter of appointment which each Director receives and commits to on their appointment. The letters of appointment specify the term of appointment, time commitment envisaged, expectations in relations to committee work or any other special duties attaching to the position, reporting lines, remuneration arrangements, disclosure obligations in relation to personal interests, confidentiality obligations, insurance and indemnity entitlements and details of the Company's key governance policies. Each Key Management Personnel ("KMP") enters into a service contract which sets out the material terms of employment, position description, reporting lines, remuneration arrangements and termination rights and entitlements. A summary of the employment contract for each KMP is provided in the Remuneration Report included in the Company's Annual Report.	Yes
1.4 Company Secretary		The Company Secretary reports directly to the Board through the Chairman on Board matters and all Directors have access to the Company Secretary. In accordance with the Company's Constitution, the appointment or removal of the Company Secretary is a matter for the Board as a whole.	Yes

Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?
	Details of the Company Secretary's experience and qualifications are included on the Company's website and in the Directors' Report of the Company's Annual Report.	
1.5 Diversity	The Company has adopted a Diversity Policy but has not established measurable objectives for achieving gender diversity for the 2021 year. The Company's Diversity Policy recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. However, the Board considers that the Company is not currently of a size to set measurable objectives for achieving gender diversity. The Board will review its position and may develop measurable objectives when the Company's operations increase. At the date of this Statement, the Company has no female directors or senior executives. At the date of this statement, females represented 3% of the Company's employees.	No
1.6 Board reviews	The Board has not conducted a formal performance evaluation. The Company is a junior resources company, and the Board believes that a formal performance evaluation is not required at this point in time as no efficiencies or other benefits would be gained from a formal performance evaluation. The Chairman is responsible for evaluating the Board and informal discussions are undertaken during the course of the year. As the Company grows and develops, it will continue to consider the efficiencies and merits of a more formal performance evaluation of the Board, its committees, and individual Directors.	No
1.7 Management reviews	Each year the Board evaluates the performance of its KMP against Key Performance Indicators ("KPIs") as set by the Board. Details of the process followed will be set out in the Remuneration Report of the Company's Annual Report. For the 2022 year, the Board has implemented a revised remuneration framework as described in the Annual Report.	Yes
Principle 2: Structure the Board to be effective and add value		
2.1 Nominations committee	The Board has decided not to form a separate Nomination Committee. The Board believes that no efficiencies or other benefits would be gained by establishing a separate Nomination Committee. The Board has adopted a Remuneration and Nomination Committee Charter; however, the full Board performs the function of the Remuneration and Nomination Committee. The Remuneration and Nomination Committee Charter sets out the processes the Board employs to address board	Yes

Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?																																				
	succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence, and diversity to enable it to discharge its duties and responsibilities effectively. The Board regularly reviews whether it has the appropriate balance of skills, knowledge, and experience suitable for a Company in the junior resources sector. The Remuneration and Nomination Committee Charter is available in the Corporate Governance section of the Company's website https://www.chesserresources.com.au/corporate-governance/ .																																					
2.2 Board skills matrix	<p>The Board seeks a mix of skills suitable for a junior resources company. A summary of the key board skills matrix is set out below. Further details regarding the skills and experience of each Director are included in the Directors' Report in the Company's Annual Report.</p> <table><tr><th>Director / Skills</th><th>Capital Markets</th><th>Resources Industry</th><th>Geology / Mining</th><th>Accounting / Finance</th><th>Listed Company</th></tr><tr><td>Mark Connelly</td><td>✓</td><td>✓</td><td>✓</td><td></td><td>✓</td></tr><tr><td>Robert Greenslade</td><td>✓</td><td>✓</td><td></td><td>✓</td><td>✓</td></tr><tr><td>Simon O'Loughlin</td><td>✓</td><td>✓</td><td></td><td>✓</td><td>✓</td></tr><tr><td>Simon Taylor</td><td>✓</td><td>✓</td><td>✓</td><td></td><td>✓</td></tr><tr><td>Andrew Grove</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr></table>	Director / Skills	Capital Markets	Resources Industry	Geology / Mining	Accounting / Finance	Listed Company	Mark Connelly	✓	✓	✓		✓	Robert Greenslade	✓	✓		✓	✓	Simon O'Loughlin	✓	✓		✓	✓	Simon Taylor	✓	✓	✓		✓	Andrew Grove	✓	✓	✓	✓	✓	Yes
Director / Skills	Capital Markets	Resources Industry	Geology / Mining	Accounting / Finance	Listed Company																																	
Mark Connelly	✓	✓	✓		✓																																	
Robert Greenslade	✓	✓		✓	✓																																	
Simon O'Loughlin	✓	✓		✓	✓																																	
Simon Taylor	✓	✓	✓		✓																																	
Andrew Grove	✓	✓	✓	✓	✓																																	
2.3 Disclose independence and length of service	<p>The Board has assessed the independence status of each Director as at the date the Company is admitted to the Official List of the ASX and has determined the following:</p> <table><tr><th>Name</th><th>Position</th><th>Independent</th><th>Length of service</th></tr><tr><td>Mark Connelly</td><td>Non-Executive Chairman</td><td>Yes</td><td>Appointed 17 July 2020</td></tr><tr><td>Robert Greenslade</td><td>Non-Executive Director</td><td>Yes</td><td>Appointed 8 April 2020</td></tr><tr><td>Simon O'Loughlin</td><td>Non-Executive Director</td><td>Yes</td><td>Appointed 2 March 2006</td></tr><tr><td>Simon Taylor</td><td>Non-Executive Director</td><td>Yes</td><td>Appointed 29 March 2007</td></tr><tr><td>Andrew Grove</td><td>Managing Director</td><td>No</td><td>Appointed 1 May 2021</td></tr></table>	Name	Position	Independent	Length of service	Mark Connelly	Non-Executive Chairman	Yes	Appointed 17 July 2020	Robert Greenslade	Non-Executive Director	Yes	Appointed 8 April 2020	Simon O'Loughlin	Non-Executive Director	Yes	Appointed 2 March 2006	Simon Taylor	Non-Executive Director	Yes	Appointed 29 March 2007	Andrew Grove	Managing Director	No	Appointed 1 May 2021	Yes												
Name	Position	Independent	Length of service																																			
Mark Connelly	Non-Executive Chairman	Yes	Appointed 17 July 2020																																			
Robert Greenslade	Non-Executive Director	Yes	Appointed 8 April 2020																																			
Simon O'Loughlin	Non-Executive Director	Yes	Appointed 2 March 2006																																			
Simon Taylor	Non-Executive Director	Yes	Appointed 29 March 2007																																			
Andrew Grove	Managing Director	No	Appointed 1 May 2021																																			

Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?
2.4 Majority of directors independent	A majority of Directors of the Company are independent. as disclosed against Recommendation 2.3.	Yes
2.5 Chair independent	The Chairman, Mr Mark Connelly, is an Independent Non-Executive Director. Further details regarding the current directors are included on the Company's website and are set out in the Directors' Report of the Company's Annual Report.	Yes
2.6 Induction and professional development	The Board does not have a formal program for inducing new Directors and providing appropriate professional development opportunities. The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties. Each Director has been appointed because they already possess the relevant industry experience and specific expertise relevant to the Company's business and level of operations and given the activities of the Company and their own experience do not require the Company, given its size, to provide professional development opportunities. However, each new Director receives and commits to a letter of appointment which includes details of the Company's key policies and processes and continuing professional development is expected of all Directors. Directors are also entitled to seek independent professional advice at the expense of the Company (subject to approval) as may be reasonably required to assist them to carry out their duties as a director.	No
3.1 Values	<p>Principle 3: Instil a culture of acting lawfully, ethically, and responsibly</p> <p>The Company has established a corporate vision and corporate values which can be viewed at https://www.chesserresources.com.au/visions-and-values/. The Board has established a Code of Conduct for its Directors, executives and employees, a copy of which is available in the Corporate Governance section of the Company's website, https://www.chesserresources.com.au/corporate-governance/.</p>	Yes
3.3 Whistleblower Policy	The Company has adopted a Whistleblower Policy intended to support and protect persons who speak up about any unlawful, unethical or irresponsible behaviour within the organisation, a copy of which is available in the Corporate Governance section of the Company's website, https://www.chesserresources.com.au/corporate-governance/ . The Board are informed of material incidents reported under the Company's Whistleblower Policy.	Yes

Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?
3.4 Anti-Bribery and Corruption Policy	The Company has adopted an Anti-Bribery and Corruption (ABC) Policy which links to the Code of Conduct by which the Company expects its operations and business dealings to be managed. The ABC Policy prohibits the giving of bribes or other improper payments and specifies the controls around the giving of donations and the acceptance of gifts or hospitality by officers of the Company. The ABC Policy requires the Board to be informed of any material breaches of the ABC Policy. The ABC policy is available in the Corporate Governance section of the Company's website, https://www.chesserresources.com.au/corporate-governance/	Yes
4.1 Audit committee	<p>Principle 4: Safeguard the integrity of corporate reports</p> <p>The Board has decided not to form a separate Audit Committee. The Board believes that no efficiencies or other benefits would be gained by establishing a separate Audit Committee. The Board has adopted an Audit Committee Charter; however, the full Board performs the function of the Audit Committee.</p> <p>The Company:</p> <ul style="list-style-type: none"> (a) has relatively simple operations and currently only undertakes mineral exploration and development activities. (b) has relatively simple financial affairs with limited complexity and quantum; and (c) has a relatively small market capitalisation and economic value. <p>As a result, the Board considers that it is more efficient and effective for the corporate reporting process to not have an Audit Committee at this stage. The Board will monitor this position as the Company's circumstances change. The full Board determines when to seek the appointment or removal of the external auditor, and subject to any statutory requirements, the full Board will also seek rotation of the audit partner on an as required basis. Further details on the integrity measures implemented for the corporate reporting function are provided in the Audit Committee Charter which is available in the Corporate Governance section of the Company's website at https://www.chesserresources.com.au/corporate-governance/</p>	Yes

Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?
4.2 CEO and CFO certification of financial statements	<p>In respect to full year and half year financial reports, the Board obtains a written declaration from the CEO (or equivalent) and CFO (or equivalent) that, in their opinion, the financial records of the Company have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion is formed on the basis of a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting and material business risks. However, the Board will not receive declarations from the CEO (or equivalent) and CFO (or equivalent) in respect of the quarterly cash flow reports prepared and lodged in compliance with Appendix 5B of the Listing Rules as these quarterly cash flow reports are considered by the Board:</p> <ul style="list-style-type: none"> • not to be a financial report or interim financial report as defined under Australian accounting standards; and / or • not to be capable, as a standalone report, of giving a true and fair view of the financial position and performance of the Company, only its cash flows for the relevant reporting period. 	
4.3 Verifying the Integrity of Periodic Corporate Reports	The Company has an effective system of internal control and multiple review and approval stages which it applies to public documents that are not reviewed or audited by its external auditor.	Yes
4.4 External auditor at AGM	The Company has engaged a reputable and suitably qualified external auditor to perform the external audit function. At least one senior representative of the auditor attends the Annual General Meeting ("AGM") and is available to answer shareholder questions regarding the audit.	Yes
Principle 5: Make timely and balanced disclosure		
5.1 Disclosure and Communications Policy	The Company has adopted a Continuous Disclosure Policy which sets out the processes and practices that ensure its compliance with the continuous disclosure requirements under applicable Listing Rules and applicable corporation law (including the Corporations Act). A copy of the Continuous Disclosure Policy is available in the Corporate Governance section of the Company's website, https://www.chesserresources.com.au/corporate-governance/	Yes

Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?
5.2 Material Market Announcements	The Company ensures that Directors are provided with a copy of all material market releases either prior to, or promptly after, lodgement.	Yes
5.3 Investor or Analyst Presentations	The Company ensures that any new substantive investor or analyst presentation is released on the ASX Markets Announcements Platform ahead of being presented, or made available to, investors or analysts.	Yes
	Principle 6: Respect the rights of security holders	
6.1 Information on website	The Company keeps investors informed of its corporate governance, financial performance, and prospects via its website. Investors can access copies of all announcements to the ASX, notices of meetings, annual reports and financial statements, investor presentations via the 'Investors' tab and can access general information regarding the Company and the structure of its business under the 'Projects' tab on the Company's website, www.chesserresources.com.au . Investors can access information about the Company's corporate governance	Yes
6.2 Investor relations programs	The Company has an investor relations program that is commensurate with the size of the Company and its level of operations. This program involves actively engaging with interested brokers and investors and meeting with interested brokers and investors upon request. The Company responds to enquiries received from brokers and investors from time to time. In addition, access to Directors and KMP is provided at the Company's Annual General Meeting of Shareholders, and Shareholders are always given the opportunity to ask questions of Directors and management, either during or after meetings. Any presentations prepared by the Company are posted on the Company's website (www.chesserresources.com.au), which also provides the opportunity for interested parties to join the mailing list to receive regular updates from the Company.	Yes
6.3 Facilitate participation at meetings of security holders	The Board encourages participation of Shareholders at its meetings of shareholders and Shareholders are provided with all notices of meeting prior to meetings, which are set at times and places to promote maximum attendance by Shareholders. Shareholders are always given the opportunity to ask questions of Directors and management, either during or after meetings. In addition, the Company's auditor is also made available for questions at the Company's Annual General Meeting of Shareholders ("AGM").	Yes

Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?
6.4 Voting by Poll	The Company has adopted the process required by ASX Guidance Note 35 which stipulates that all Listing Rule resolutions be decided by poll. The Company has extended the conduct of a poll to all resolutions proposed at shareholder meetings.	Yes
6.5 Facilitate electronic communications	The Company welcomes electronic communication from its Shareholders via its publicised email address (info@chesserresources.com.au) and the Company's website (www.chesserresources.com.au) provides the opportunity for interested parties to join the mailing list to receive regular electronic updates from the Company. The Company's share registry also engages with Shareholders electronically and makes available a range of relevant forms on its website. Shareholders can register with the share registry to access their personal information and shareholdings via the internet.	Yes
	Principle 7: Recognise and manage risk	
7.1 Risk committee	The Board has decided not to form a separate Risk Committee. Due to the size and development phase of the Company, the Board believes that no efficiencies or other benefits would be gained by establishing a separate Risk Committee. The Board as a whole is ultimately responsible for identifying the principal risks of the Company's business and ensuring the implementation of appropriate systems to manage those risks. For further details of the responsibilities of the Board, the Chief Executive Officer, the Chief Risk Officer, and other management in the evaluation and continual improvement of the Company's risk management and internal control processes, refer to the Company's Risk Management Policy, which is available in the Corporate Governance section of the Company's website, https://www.chesserresources.com.au/corporate-governance/	Yes
7.2 Annual risk review	On at least an annual basis, the Board reviews its material business risks and how its material business risks are being managed. For the current year, management has provided to the Board the Company's Risk Register summarising the significance of each risk as well as actions taken by management to mitigate the risks. Management also provided to the Board a report on the effectiveness of the Company's management of its material business risks throughout the current year.	Yes

Explanation of Chesser's compliance with recommendations		Recommendation complied with?
Recommendation		
7.3 Internal audit	<p>The Board has not established an internal audit function at this time. The full Board oversees the effectiveness of risk management and internal control processes. Refer to the Company's Risk Management Policy for responsibilities of the Board, the Chief Executive Officer, the Chief Risk Officer, and other management in the evaluation and continual improvement of the Company's risk management and internal control processes. A copy of the Risk Management Policy is available in the Corporate Governance section of the Company's website, https://www.chesserresources.com.au/corporate-governance/</p>	Yes
7.4 Sustainability risks	<p>As discussed above, the Company identifies and manages material exposures to economic, environmental and social sustainability risks in a manner consistent with its Risk Management Policy, which is available in the Corporate Governance section of the Company's website, https://www.chesserresources.com.au/corporate-governance/. The material risks faced by the Company that could have an effect on the Company's future prospects, include: (a) availability of further funding; (b) exploration and development risks; (c) fluctuations in commodity prices; (d) sovereign risks; (e) Government regulations risks; and (f) global financial conditions..</p>	Yes
Principle 8: Remunerate fairly and responsibly		
8.1 Remuneration committee	<p>The Board has decided not to form a separate Remuneration Committee. The Board believes that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee. The Board has adopted a Remuneration and Nomination Committee Charter; however, the Board as a whole performs the function of the Remuneration and Nomination Committee. The Remuneration and Nomination Committee Charter sets out the processes the Board employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. The Remuneration and Nomination Committee Charter is reviewed annually and is available in the Corporate Governance section of the Company's website https://www.chesserresources.com.au/corporate-governance/.</p>	Yes
8.2 Disclosure of Executive and Non-Executive Director remuneration policy	<p>The Company seeks to attract and retain high performing Directors and Executives with appropriate skills, qualifications, and experience to add value to the Company and fulfil the roles and responsibilities required. It reviews requirements of additional capabilities at least annually. Executive remuneration is to reflect performance and accordingly, remuneration is structured with a</p>	Yes

Recommendation	Explanation of Chesser's compliance with recommendations	Recommendation complied with?
	<p>fixed component and performance-based remuneration component. Non-Executive Directors are paid fixed fees for their services in accordance with the Company's Constitution. Fees paid are composite fee (covering all Board and Committee responsibilities) and any contributions by the Company to a fund for the purposes of superannuation benefits for a director. No other retirement benefit schemes are in place in respect to Non-Executive Directors. Further details regarding the remuneration of the Executive and Non-Executive Directors are set out in the Remuneration Report within the Annual Report.</p>	
8.3 Policy on hedging equity incentive schemes	<p>The Company's Directors and Executives must not enter any hedge arrangement in relation to any performance rights they may be granted or otherwise entitled to under an incentive scheme or plan, prior to exercising those rights or once exercised, while the securities are subject to a transfer restriction. Further details regarding the Company's hedging policy are set out in the Company's Securities Trading Policy which is available in the Corporate Governance section of the Company's website, https://www.chesserresources.com.au/corporate-governance/.</p>	Yes

DIRECTORS' AND FINANCIAL REPORTS

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

The directors of Chesser Resources Limited (the "Company" or "Chesser") submit herewith the year financial report of the Company and the entities it controlled for the year ended 30 June 2021 (collectively "Group"). 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 whole of the year under review and up to the date of this report, unless otherwise stated:

- Mr Mark Connelly, Non-Executive Chairman (appointed 10 July 2020)
- Mr Andrew Grove, Managing Director (appointed 1 May 2021)
- Mr Simon O'Loughlin, Non-Executive Director
- Mr Simon Taylor, Non-Executive Director
- Mr Robert Greenslade, Non-Executive Director
- Mr Stephen Kelly, Executive Director (resigned 10 July 2020)
- Mr Michael Brown, Managing Director (resigned 1 February 2021)

Company secretary

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

Mr Mark Connelly (Non-Executive Chairman)

Mr Connelly has extensive experience and involvement in African gold exploration and development including the merger of Papillon Resources with B2 Gold Corp and the merger of Adamus Resources with Endeavour Mining. He is currently Non-Executive Chairman at Oklo Resources Limited and Calidus Resources Limited.

Mr Connelly is a member of the Australian Institute of Company Directors, a member of the Australian Institute of Management and a member of the Society of Mining, Metallurgy and Exploration.

Former directorships in last 3 years

In the last 3 years, he has been Chairman of West African Resources and Non-Executive Director of Tao Commodities Limited and Primero Group Limited.

Mr Andrew Grove (Managing Director)

Mr. Grove has over 30 years technical, commercial, and financial experience in global resources including 14 years with Macquarie Bank's Mining Finance and Risk Management Group. Mr Grove has significant operational experience gained across all phases of resources projects such as the Sunrise Gold Dam project in Western Australia and has substantial African gold mining experience including his previous role as Group General Manager Business Development and Investor Relations at Perseus Mining Limited.

Mr Grove has a Bachelor of Engineering (Mineral Exploration and Mining Geology) and a Masters Degree in Mineral and Energy Economics.

Former directorships in last 3 years

Nil.

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

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

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. Mr O'Loughlin is Non-Executive Chairman of Stellar Resources Limited and a Non-Executive Director of Bod Australia Limited and Petratherm Limited.

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 Kibaran Resources Ltd, Odin Mining Ltd, ARC Exploration Limited, Piedmont Lithium Limited, and Oklo Resources Limited.

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 Stellar Resources Limited and Black Canyon Resources Limited.

Former directorships in last 3 years

King Solomon Mines Limited, and Bod Australia Limited.

Mr Robert Greenslade (Non-Executive Director)

Mr Greenslade has extensive experience in investment banking with over 30 years' experience in mergers and acquisitions, capital raisings and strategic advisory predominantly in the resources industry.

Robert is currently a director and co-founder of GP Securities a private investment vehicle focusing on various industries including private equity, resources, manufacturing in the food and retail sectors and technology. Until February 2016, Robert was a Managing Director at Standard Chartered Bank and Head of Australia, Mining and Metals Division, following the Bank's acquisition of Gryphon Partners Advisory, (a boutique corporate advisory firm focusing on the resources sector of which Robert was a co-founder), in 2011.

Prior to Gryphon Partners Advisory, Robert held various senior roles at Normandy Mining Limited, including Head of Corporate Development and at Newmont Mining following Newmont's takeover of Normandy.

Former directorships in last 3 years

Nil

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

Company Secretary

Mr Stephen Kelly, B.Bus, ACA (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 has more than 30 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

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 Limited were:

	Number of Ordinary Shares #	Number of Options over Ordinary Shares #	Number of rights over Ordinary Shares
Mr Mark Connelly	150,000	1,400,000	-
Mr Andrew Grove	350,000	5,000,000	-
Mr Simon O'Loughlin	4,033,334	1,250,000	82,429
Mr Simon Taylor	5,100,001	1,500,000	-
Mr Robert Greenslade	24,812,748	500,000	90,260

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 2021, and the numbers of meetings attended by each director were as follows:

Number of meetings held	Board Meetings 7	
	Number of meetings eligible to attend	Number of meetings attended
Mr Mark Connelly (appointed 10 July 2020)	7	7
Mr Andrew Grove (appointed 1 May 2021)	-	-
Mr Simon O'Loughlin	7	7
Mr Simon Taylor	7	7
Mr Robert Greenslade	7	7
Mr Michael Brown (resigned 1 February 2021)	5	5
Mr Stephen Kelly (resigned 10 July 2020)	-	-

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

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

PRINCIPAL ACTIVITIES

The principal activity undertaken by the Company during the year was the exploration for gold on its mineral exploration licences in Senegal with a particular focus on its flagship Diamba Sud Project.

Exploration Activities

During the period the Company incurred exploration expenditure of \$5,539,978 (2020: \$2,616,793) principally in relation to the Diamba Sud project. The exploration activities undertaken included the following:

- Completion of the 4,000 metre Phase 4 Reverse Circulation ("RC") drilling program at the Diamba Sud project that was commenced in the 2020 financial year.
- Initial metallurgical testwork for the Diamba Sud project.
- Completion of a 20,000 metre Phase 5 RC and diamond drilling ("DD") program at the Diamba Sud project.
- Commencement of a 10,000-metre resource definition drill program at the Diamba Sud project.
- Collection of a series of metallurgical samples for metallurgical analysis to support the maiden mineral resource estimate that is being prepared for the Diamba Sud project.
- Commencement of a GAIP survey over the Diamba Sud project.

Further information regarding the Company's Senegal projects and the exploration activities undertaken during the financial year is provided in the Operations Review accompanying this Directors' Report.

Corporate activities

During the year the Company:

- Appointed Mr Mark Connelly as Non-Executive Chairman of the Company on 10 July 2020.
- Appointed Mr Andrew Grove as Chief Executive Officer on 1 February 2021. Andrew assumed the role of Managing Director on 1 May 2021.
- Raised a total of \$14,000,000 pursuant to private placements in July 2020 and December 2020 in which approximately 113 million shares were issued.
- Issued 21,000,000 unlisted options in July 2020 at an issue price of \$0.08 and an expiry date of 16 July 2021.
- Received \$1,168,000 on the exercise of 12,050,616 options.
- On 12 July 2020, 23,809,524 A Class Performance Shares expired without vesting.
- On 1 September 2020, the Company issued 2,000,000 unlisted options with an exercise price of \$0.08 and an expiry date of 30 November 2023 to Taylor Collison as consideration for corporate advisory and lead manager services.
- On 8 December 2020 and 1 May 2021, the Company issued a total of 19.3 million zero exercise price options (ZEPOs) to Directors, key management personnel and employees under the Employee Incentive Plan.
- On 8 December 2020, the Company issued 1,026,685 salary sacrifice rights with an expiry date of 7 December 2025 as consideration for cash remuneration sacrificed by Directors and management in the period 1 April 2020 to 30 September 2020.
- On 20 January 2021, the Company issued 600,000 unlisted options, in three tranches of 200,000 options with an exercise price of \$0.24, \$0.35, and \$0.45 respectively and an expiry date of 19 August 2024.

Operating result

The Company reported a loss after tax for the year of \$2,745,821 (2020: loss of \$1,135,683). The significant items affecting the loss after tax were:

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

- An increase in share-based payments expense to \$1,008,931 (2020: \$32,192) due to the amortisation over the vesting period of Non-Executive Director Options and Incentive Options issued to Directors and Management under the Employee Incentive Plan.
- An increase in key management personnel and employee remuneration expense to \$859,112 (2020: \$507,041) due the appointment of Mr Mark Connelly and Mr Andrew Grove during the year as well as an increase in the number of employees commensurate with the increase in exploration work programs as the Diamba Sud project is progressed.
- A decrease in travel expenses to \$18,237 (2020: \$81,709) reflecting reduced international travel by Group personnel in the financial year as a consequence of COVID-19 related travel restrictions.

Significant changes in the reporting year

Other than the matters noted in this Directors' Report there were no significant changes in the Company's operations in the reporting year.

Dividends

No dividends were paid or declared during the year and no recommendation is made as to payment of dividends.

Impact of COVID-19

The outbreak of the COVID-19 pandemic in early 2020 and the subsequent travel and trade restrictions imposed by the governments of numerous countries including Australia have caused disruption to businesses and economic activity. The Board and Management of the Group have considered the impact of the COVID-19 pandemic on the Group's operations and financial performance and have determined that the Group has not been materially impacted by the COVID-19 pandemic at this stage.

The Group received a \$16,206 (2020: \$12,342) cash boost grant from the Australian government during the financial year as part of the Australian government's economic response to the COVID-19 pandemic.

Events occurring after balance sheet date

Except as noted below, no matter or circumstance has arisen since the end of the 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:

- In the period from 1 July 2021 to the date of this report, the Company received \$879,520 cash proceeds from the exercise of 10,994,000 options, \$150,520 in application monies was received prior to 30 June 2021.
- On 12 July 2021, 23,809,524 B Class Performance Shares expired without vesting.
- On 16 July 2021 668,500 options with an expiry date of 16 July 2021 expired without being exercised.
- On 27 August 2021 the Company was notified that the exploration licence for the Diamba Nord project has been renewed until 8 June 2024.
- On 29 September 2021 the Directors resolved to issue, subject to any required shareholder approvals, 6,635,668 options with an exercise price of \$Nil expiring 30 June 2026 to Directors and Executives under the Company's Equity Incentive Plan. The options are subject to vesting conditions.

Likely developments and expected results of operations

Following the highly encouraging exploration results to date which have confirmed a new high-grade gold discovery at the Diamba Sud Project the Company is planning to prepare a maiden JORC resource estimate for the Diamba Sud project in the first half of the 2022 financial year.

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

Environmental Regulation

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

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.

Shares under Option

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

Grant Date	Expiry Date	Exercise price of options	Number under options	Issued as remuneration in current or prior period ?
04/01/2019	31/12/2021	\$0.05	2,000,000	Yes
15/03/2019	31/12/2021	\$0.05	500,000	Yes
15/03/2019	31/12/2021	\$0.05	5,000,000	Yes
15/03/2019	31/12/2022	\$0.05	500,000	Yes
15/03/2019	31/12/2022	\$0.05	1,000,000	Yes
18/12/2019	30/11/2022	\$0.12	2,000,000	No
08/09/2020	30/11/2023	\$0.08	2,000,000	No
08/12/2020	07/12/2025	\$0.00	6,400,000	Yes
20/01/2021	19/08/2024	\$0.24	200,000	Yes
20/01/2021	19/08/2024	\$0.35	200,000	Yes
20/01/2021	19/08/2024	\$0.45	200,000	Yes
20/01/2021	07/12/2025	\$Nil	4,400,000	Yes
30/04/2021	031/1/2026	\$Nil	5,000,000	Yes
			29,400,000	

In addition, at the date of this report the Company had on issue 1,026,685 salary sacrifice rights with an expiry of 7 December 2025 and an exercise price of \$NIL.

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

The Company issued 2,713,116 fully paid ordinary shares at an issue price of \$0.10 and 8,775,000 fully paid ordinary shares at an issue price of \$0.08 during the financial year as a result of the exercise of options. Total funds received on the exercise of options during the year was \$1,168,832 (2020: \$155,701) including \$150,000 in option exercise proceeds received for which the resulting shares were issued subsequent to the end of the reporting period (2020: \$Nil). In the period from 1 July 2021 to the date of this report, the Company has received \$879,520 cash proceeds from the exercise of 10,994,000 options.

Schedule of mining tenements

As at 30 June 2021, the Company had interests in the following tenements:

TENEMENT	LOCATION	EXPIRY DATE	INTEREST
Diamba Sud	Senegal	9 June 2024	100%
Diamba Nord	Senegal	8 June 2024	100%

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

Remuneration Report (Audited)

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.

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 a high 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. The Non-Executive Chairman received an annual fee of \$60,000 inclusive of statutory superannuation (2020: \$40,000 plus statutory superannuation). All other Non-Executive Directors receive an annual fee of \$40,000 plus statutory superannuation (2020: \$40,000 plus statutory superannuation). 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. No fees were paid to Non-Executive Directors for additional services during the year ended 30 June 2021 (2020: \$Nil).

Non-executive directors may also be granted options from time to time. The options granted are considered by the Board to be an effective means of appropriately compensating Directors whilst preserving the Company's cash reserves and providing an alignment between Director and shareholder interests.

Executive Director and Key Management Personnel 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.

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

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.

Variable Remuneration – Equity Incentive Plan

Objective

The objectives of the equity incentive 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.
- Attract persons of experience and ability to employment with the Group and foster and promote loyalty between the Group and its employees.
- Preserve the Company's cash resources through the use of equity incentives.

The Company did not pay any cash incentives to Directors and key management personnel during the financial year (2020: \$Nil).

Structure

Long term incentives granted to senior executives are delivered in the form of options in accordance with an Employee Incentive 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. In the current financial year, the key performance measures to which the issue of equity incentives were linked relate to the estimation of a maiden JORC compliant resource for the Diamba Sud Project (2020: nil equity incentives issued).

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 that the estimation of a maiden JORC resource for the Diamba Sud project is the performance measure most relevant to generating shareholder value at the current stage of the Company's development.

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.

Chesser Resources Limited
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Directors' report

Financial Year	Total Remuneration \$	EPS (Cents)	Dividends (Cents)	Share Price (Cents)
2021	1,259,614	(0.65)	-	13.0
2020	515,089	(0.40)	-	9.4
2019	533,391	(0.95)	-	4.4
2018	417,200	(0.49)	-	6.0
2017	215,700	(0.58)	-	4.5

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
Mark Connelly	Non-Executive Chairman (appointed 10 July 2020)
Simon O'Loughlin	Non-Executive Director
Simon Taylor	Non-Executive Director
Robert Greenslade	Non-Executive Director
Andrew Grove	Managing Director (appointed 1 May 2021) Chief Executive Officer (appointed 1 February 2021)
Stephen Kelly	Executive Director (resigned 10 July 2020), CFO and Company Secretary
Michael Brown	Managing Director (resigned 1 February 2021)

The Company has entered into an employment agreement with Mr Andrew Grove pursuant to which he was appointed the Company's Chief Executive Officer effective 1 February 2021 and Managing Director effective 1 May 2021. The key terms of the agreement are:

- Mr Grove will be paid an annual salary of \$325,000 per annum plus superannuation. In addition, Mr Grove will be entitled to participate in incentive or bonus plans as may be introduced by the Company from time to time.
- The Agreement may be terminated by either Mr Grove or the Company by providing six months' notice or payment in lieu of notice. The Company may terminate the agreement without notice in the event of misconduct.
- After completing three month's service, Mr Grove was issued 5,000,000 incentive options with a \$nil exercise price and an expiry date of 31 January 2026 and subject to the following vesting conditions:
 - 1,666,667 options vest on announcing a JORC resource of 500,000 ounces Au at a grade not less than 2 g/t
 - 1,666,667 options vest on announcing a JORC resource of 750,000 ounces Au at a grade of not less than 2g/t
 - 1,666,666 options vest on announcing a JORC resource of 1,000,000 ounces Au at a grade of not less than 2g/t

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

The Company has entered into a Consultancy Agreement with KCG Advisors Pty Ltd pursuant to which Mr Stephen Kelly is 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 \$10,000 (2020: monthly cap of \$10,000), 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.

The Company entered into a Consultancy Agreement with MEMM Capital Pty Ltd pursuant to which Mr Michael Brown was engaged to provide Managing Director services to the Company effective from 5 November 2018. On 1 February 2021 Mr Brown resigned from his position as Managing Director effective 1 February 2021. The key terms of Mr Brown's agreement were:

- Mr Brown was paid \$280,000 per annum, inclusive of superannuation.
- The Agreement may be terminated by either Mr Brown or the Company by providing three months' notice. Mr. Brown resigned 1 February 2021.

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.

2021	Cash and salary fees	Super-annuation	Share Based Payments [^]	Total remuneration	Proportion of remuneration that is performance based [#]
	\$	\$	\$	\$	%
<i>Non-Executive Directors</i>					
Mr Mark Connelly ^a	54,795	5,205	100,416	160,416	-%
Mr Simon O'Loughlin	35,000	3,800	43,512	82,312	2%
Mr Simon Taylor	40,000	3,800	39,125	82,925	3%
Mr Robert Greenslade	34,525	-	42,149	76,674	-%
Total Non-Executive Directors	164,320	12,805	225,202	402,327	1%
<i>Executive Directors</i>					
Mr Andrew Grove ^d	135,417	9,046	109,048	253,511	43%
Mr Michael Brown ^b	192,500	-	137,539	330,039	42%
Total Executive Directors	327,917	9,046	246,587	583,550	42%
<i>Other Key Management Personnel</i>					
Mr Stephen Kelly ^c	120,000	-	153,737	273,737	56%
Total Other Key Management Personnel	120,000	-	153,737	273,737	56%
Total Key Management Personnel Compensation	612,237	21,851	625,526	1,259,614	32%

^a Appointed 10 July 2020

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

^b Resigned 1 February 2021

^c Resigned as Executive Director 10 July 2020. Continued in office Company Secretary and Chief Financial Officer for entire period

^d Appointed Chief Executive Office 1 February 2021; appointed Managing Director 1 May 2021

[^] Equity-settled share-based payments as per *Corporations Regulation 2M.3.03(1) Item 11*.

[#] Share based payments issued to Non- Executive Directors in 2021 are not subject to performance related vesting conditions. Share based payment issued to Non-Executive Directors in prior years included performance related vesting conditions.

2020	Cash and salary fees	Super-annuation	Share Based Payments [^]	Total remuneration	Proportion of remuneration that is performance based
<i>Non-Executive Directors</i>	\$	\$	\$	\$	%
Mr Simon O'Loughlin	40,000	3,800	2,510	46,310	5%
Mr Simon Taylor	40,000	3,800	3,346	47,146	7%
Mr Robert Greenslade ^a	10,000	-	-	10,000	-
Total Non-Executive Directors	90,000	7,600	5,856	103,456	6%
<i>Executive Directors</i>					
Mr Michael Brown	280,000	-	9,123	289,123	3%
Mr Stephen Kelly ^b	120,000	-	2,510	122,510	2%
Total Executive Directors	400,000	-	11,633	411,633	3%
Total Key Management Personnel Compensation	490,000	7,600	17,489	515,089	3%

^a Appointed 8 April 2020

^b Resigned 10 July 2020

[^] Equity-settled share-based payments as per *Corporations Regulation 2M.3.03(1) Item 11*.

d) Share-based compensation

During the 2021 financial year the following options were issued to key management personnel:

- 8,900,000 zero price options with an exercise price of \$nil and an expiry date of 7 December 2025. Prior to year-end 2,500,000 of these zero price options were cancelled.
- 5,000,000 zero price options with an exercise price of \$Nil and an expiry date of 31 January 2026
- 844,214 Salary Sacrifice Rights with an exercise price of \$Nil and an expiry date of 7 December 2025

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

Date of grant	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Number granted	Vested
30 November 2020	Vest 8 December 2021 Vest 8 December 2022 Vest 8 December 2023	7 December 2025	\$Nil	\$0.21	966,668 966,668 966,664	Nil %
30 November 2020	(a) Subject to achieving JORC Resource of 500,000 ounces Au, average grade not less than 2g/t	7/12/25	\$Nil	\$0.21	(a) 2,000,000	Nil %

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

Date of grant	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Number granted	Vested
	(b) Subject to achieving JORC Resource of 750,000 ounces Au, average grade not less than 2g/t (c) Subject to achieving JORC Resource of 1,000,000 ounces Au, average grade not less than 2g/t				(b) 2,000,000 (c) 2,000,000	
30 April 2021	(a) Subject to achieving JORC Resource of 500,000 ounces Au, average grade not less than 2g/t (b) Subject to achieving JORC Resource of 750,000 ounces Au, average grade not less than 2g/t (c) Subject to achieving JORC Resource of 1,000,000 ounces Au, average grade not less than 2g/t	31 January 2026	\$Nil	\$0.14	(a) 1,666,667 (b) 1,666,667 (c) 1,666,666	Nil %

In addition, during the 2021 financial year the Company issued the following salary sacrifice rights to Directors and Key Management Personnel who elected to receive a portion of their remuneration as salary sacrifice rights to preserve the Company's cash reserves.

Date of grant	Vesting and exercise date	Expiry date	Exercise price	Value per option at grant date	Number granted	Vested
8 December 2020	8 December 2020	7 December 2025	\$Nil	\$0.08 \$0.21	712,714 131,500	100% 100%

During the 2020 financial year the Company did not issue any share-based compensation to key management personnel.

The number of options over ordinary shares in the company provided as remuneration to directors and key management personnel is shown in section (e) below. When exercisable, each option is convertible into one ordinary share of Chesser Resources Limited.

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.

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

In the event of termination (specified circumstances) only vested options are entitled to be exercised. Unvested options are forfeited unless the Board exercises its discretion to allow the holder to retain the options on terms determined by the Board.

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

During the financial year, 2,000,000 (2020: 2,000,000) options previously issued as remuneration were exercised. The fair value of those options at the time of exercise was \$240,000 (2020: \$14,000)

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:

2021							
Name	Balance at start of year	Granted as compensation	Exercised	Held on cessation as key management personnel	Balance at end of year	Vested and exercisable	Unvested
Key Management Personnel of Chesser Resources Limited							
M Connelly ^a	-	1,400,000	-	-	1,400,000	-	1,400,000
A Grove ^b	-	5,000,000	-	-	5,000,000	-	5,000,000
R Greenslade	1,250,000	500,000	-	-	1,750,000	1,250,000	500,000
S Taylor	1,800,000	500,000	(800,000)	-	1,500,000	1,000,000	500,000
S O'Loughlin	1,350,000	500,000	(600,000)	-	1,250,000	750,000	500,000
M Brown ^c	3,000,000	4,000,000	-	(7,000,000)	-	-	-
S Kelly	1,350,000	2,000,000	(600,000)	-	2,750,000	750,000	2,000,000
Total	8,750,000	13,900,000	(2,000,000)	(7,000,000)	13,650,000	3,750,000	9,900,000

^a Appointed 10 July 2020

^b Appointed 1 May 2021

^c Resigned 1 February 2021

2020							
Name	Balance at start of year	Granted as compensation	Exercised	Held on appointment as key management personnel	Balance at end of year	Vested and exercisable	Unvested
Key Management Personnel of Chesser Resources Limited							
R Greenslade	-	-	-	1,250,000	1,250,000	1,250,000	-
S Taylor	2,600,000	-	(800,000)	-	1,800,000	1,800,000	-
S O'Loughlin	1,950,000	-	(600,000)	-	1,350,000	1,350,000	-
M Brown	3,000,000	-	-	-	3,000,000	3,000,000	-
S Kelly	1,950,000	-	(600,000)	-	1,350,000	1,350,000	-
Total	9,500,000	-	(2,000,000)	1,250,000	8,750,000	8,750,000	-

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

f) Unlisted salary sacrifice rights

The number of salary sacrifice rights 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:

2021	Balance at start of year	Granted as compensation	Exercised	Balance at the end of the year
R Greenslade	-	90,260	-	90,260
S O'Loughlin	-	82,429	-	82,429
M Brown ^a	-	494,746	-	494,746
S Kelly	-	176,779	-	176,779
	-	844,214	-	844,214

^a Resigned 1 February 2021

During the year, the Company issued 844,214 unlisted Salary Sacrifice Rights to directors and key management personnel in lieu cash remuneration totaling \$88,450 that was accrued in the 2020 and 2021 financial years. 712,714 unlisted Salary Sacrifice Rights related to remuneration accrued in the 2020 financial year and 131,500 unlisted Salary Sacrifice Rights related to remuneration accrued in the 2021 financial year.

2020	Balance at start of year	Granted as compensation	Exercised	Balance at the end of the year
R Greenslade	-	-	-	-
S O'Loughlin	-	-	-	-
M Brown	-	-	-	-
S Kelly	-	-	-	-
	-	-	-	-

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 (2020: nil).

2021	Balance at start of year	Shares held on cessation as key management personnel	Acquired on the exercise of options	Other acquisitions during the year	Balance at the end of the year
M Connelly ^a	-	-	-	150,000	150,000
A Grove ^b	-	-	-	350,000	350,000
R Greenslade	23,562,748	-	-	-	23,562,748
S Taylor	4,300,001	-	800,000	-	5,100,001
S O'Loughlin	3,433,334	-	600,000	-	4,033,334
M Brown ^c	1,458,333	(1,458,333)	-	-	-
S Kelly	1,745,000	-	600,000	-	2,345,000
	34,499,416	(1,458,333)	2,000,000	500,000	35,541,083

^a Appointed 10 July 2020

^b Appointed 1 May 2021

^c Resigned 1 February 2021

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' report

2020	Balance at start of year	Shares held on appointment as key management personnel	Acquisitions during the year	Balance at the end of the year
R Greenslade	-	23,562,748	-	23,562,748
S Taylor	3,500,001	-	800,000 ¹	4,300,001
S O'Loughlin	2,833,334	-	600,000 ¹	3,433,334
M Brown	1,125,000	-	333,333 ²	1,458,333
S Kelly	895,000	-	850,000 ³	1,745,000
	8,353,335	23,562,748	2,583,333	34,499,416

¹ Represents shares acquired on the exercise of option at an issue price of \$0.06 per share.

² Represents shares subscribed for by the Key Management Personnel pursuant to an issuance of shares by the Company at an issue price of \$0.06 per Share.

³ Comprised 250,000 shares subscribed for by the Key Management Personnel pursuant to an issuance of shares by the Company and 600,000 shares acquired on the exercise of options at an issue price of \$0.06 per share.

f) Use of remuneration consultants

In financial year 2021, BDO Reward Pty Limited was paid \$ 20,500 (excluding GST) for assistance and advice on remuneration structures for executive management and Non-Executive Directors. All reports and advice related to the Managing Director and CEO's remuneration was commissioned and received directly by the Board of Directors. The Board is satisfied that the information provided was free from undue influence from executive management. BDO Reward Pty Limited did not provide any other advice to the Company during the financial year 2021.

The Company did not engage any remuneration consultants in the financial year 2020.

g) Loans to key management personnel

There were no loans to key management personnel at any time during the financial year (2020: nil)

h) Other transactions with key management personnel

Except as disclosed in this Remuneration Report and noted below, there were no transactions with key management personnel during the financial year (2020: \$12,000).

- During the year, the Company paid KCG Advisors Pty Ltd, a company related to Mr Stephen Kelly who was a member of Key Management Personnel of the Company during the reporting period, a total of \$12,000 (2020: \$9,000) for the provision of services including office rental for the Company's registered office, internet and communications services and software subscriptions. As at 30 June 2021 an amount of \$6,000 was owing to KCG Advisors Pty Ltd for these services (2020: \$3,000).

i) Voting and comments made at the Company's 2020 Annual General Meeting

The Company received more than 98% of "yes" votes on its remuneration report for the financial year ended 30 June 2020. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report

Chesser Resources Limited
Financial Report for the year ended 30 June 2021

Directors' 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 (2020: 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 9 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.

Rounding of amounts in accordance with ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191

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.



Andrew Grove
Managing Director

Perth, 29 September 2021



Level 38, 345 Queen Street
Brisbane, QLD 4000

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Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors
Chesser Resources Limited
Level 14
167 Eagle Street
BRISBANE QLD 4000

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2021, 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 year.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
29 September 2021

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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NIGEL FISCHER	PETER CAMENZULI	KYLIE LAMPRECHT	BRETT HEADRICK	COLE WILKINSON	JEREMY JONES	JAMES FIELD	ROBYN COOPER	CHERYL MASON	MURRAY GRAHAM
MARK NICHOLSON	JASON EVANS	NORMAN THURECHT	WARWICK FACE	SIMON CHUN	TOM SPLATT	DANIEL COLWELL	FELICITY CRIMSTON	KIERAN WALLIS	ANDREW ROBIN



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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 2021, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and 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 2021 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 (including Independence Standards)* "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.

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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NIGEL FISCHER
MARK NICHOLSON

PETER CAMENZULI
JASON EVANS

KYLIE LAMPRECHT
NORMAN THURECHT

BRETT HEADRICK
WARWICK FACE

COLE WILKINSON
SIMON CHUN

JEREMY JONES
TOM SPLATT

JAMES FIELD
DANIEL COLWELL

ROBYN COOPER
FELICITY CRIMSTON

CHERYL MASON
KIERAN WALLIS

MURRAY GRAHAM
ANDREW ROBIN



Key audit matter	How our audit addressed the matter
Exploration and evaluation expenditure - Impairment <i>Refer to Note 5: Critical accounting estimates and judgements and Note 13: Exploration and Evaluation Expenditure</i>	
<p>The Group is involved in exploration and evaluation activities with a focus on gold deposits in Senegal.</p> <p>Exploration and evaluation expenditure totalling \$12,136,596 as disclosed in Note 13 represents a significant balance recorded in the consolidated Statement of Financial Position.</p> <p>AASB6 Exploration for and Evaluation of Mineral Resources requires the exploration and evaluation assets to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.</p> <p>As described in Note 5 to the financial statements, management performed an impairment assessment at 30 June 2021 in accordance with the accounting policy described in Note 13 which required management to make certain estimates and assumptions as to future events and circumstances surrounding the development and commercial exploitation of their Senegal Projects.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • Understanding and evaluating the design and implementation of the controls over how exploration and evaluation expenditure is incurred, recorded and assessed for impairment; • Obtaining an understanding of the status of ongoing exploration programs and future intentions for the areas of interest, including future budget spend and related work programs; • Enquiring of management and reviewed ASX announcements and minutes of directors meetings to ensure the group had not decided to discontinue exploration and evaluation at its areas of interest; • Reviewing the director's estimates and assumptions included in their assessment of potential indicators of impairment; • Assessing whether the relevant expenditure meets the asset recognition requirements of AASB6 Exploration for and Evaluation of Mineral Resources; • Verifying that each exploration licence remains valid; and • Assessing the adequacy of the related disclosures made in Note 5 and Note 13 of the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, 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 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.



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 have 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, actions taken to eliminate threats or safeguards applied.

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 59 to 67 of the directors' report for the year ended 30 June 2021. In our opinion, the Remuneration Report of Chesser Resources Limited, for the year ended 30 June 2021, 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

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
29 September 2021

Chesser Resources Limited

Consolidated Income Statement

For the year ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue and other income	7	17,566	13,402
Auditors' remuneration		(63,242)	(52,000)
Key management personnel and employee remuneration		(859,112)	(507,041)
Depreciation expense	12	(116,986)	(71,116)
Finance charges		(6,343)	(3,607)
General and administrative expenses		(139,457)	(130,339)
Other expenses		(196,359)	(179,802)
Professional fees		(86,825)	-
Travel expenses		(18,237)	(81,709)
Share based payments expense		(1,008,931)	(32,192)
Share registry and exchange listing fees		(148,248)	(64,828)
Foreign exchange (losses)		(119,647)	(26,451)
Loss before income tax expense from continuing operations		(2,745,821)	(1,135,683)
Income tax expense	10	-	-
Loss for the year after tax		(2,745,821)	(1,135,683)
Loss attributable to Owners of Chesser Resources Limited		(2,745,821)	(1,135,683)
Basic and diluted loss per share (cents per share)	17	(0.65)	(0.40)

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

Chesser Resources Limited

Consolidated statement of Comprehensive Income

For the year ended 30 June 2021

	2021	2020
	\$	\$
Loss for the year after tax	(2,745,821)	(1,135,683)
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>	-	-
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(2,745,821)	(1,135,683)
Comprehensive loss attributable to the owners of Chesser Resources Limited	(2,745,821)	(1,135,683)

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

Chesser Resources Limited

Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	21(a)	8,091,915	1,278,609
Trade and other receivables	11	43,957	80,819
Prepayments		97,631	51,869
Total current assets		8,233,503	1,411,297
Non-current assets			
Property, plant, and equipment	12	483,001	195,076
Exploration and evaluation expenditure	13	12,136,596	6,596,618
Total non-current assets		12,619,597	6,791,694
Total assets		20,853,100	8,202,991
Current liabilities			
Trade and other payables	14	536,807	513,996
Provisions		26,100	-
Total current liabilities		562,907	513,996
Total liabilities		562,907	513,996
Net assets		20,290,193	7,688,995
Equity			
Issued capital	15	28,222,867	14,244,737
Reserves	16	3,467,062	2,098,173
Accumulated losses		(11,399,736)	(8,653,915)
Total equity		20,290,193	7,688,995

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

Chesser Resources Limited

Consolidated Statement of Changes in Equity

For the year ended 30 June 2021

2021	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as at 1 July 2020	14,244,737	2,098,173	(8,653,915)	7,688,995
Loss for the year	-	-	(2,745,821)	(2,745,821)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(2,745,821)	(2,745,821)
Transactions with owners in their capacity as owners:				
Issue of equity securities	15,168,832	-	-	15,168,832
Costs of issuing equity securities	(1,190,702)	-	-	(1,190,702)
Share based payments	-	1,368,889	-	1,368,889
Total transactions with owners in their capacity as owners	13,978,130	1,368,889	-	15,347,019
Balance as at 30 June 2021	28,222,867	3,467,062	(11,399,736)	20,290,193
2020	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 year	-	-	(1,135,683)	(1,135,683)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1,135,683)	(1,135,683)
Transactions with owners in their capacity as owners:				
Issue of equity securities	3,874,566	-	-	3,874,566
Costs of issuing equity securities	(266,134)	-	-	(266,134)
Share based payments	-	44,192	-	44,192
Total transactions with owners in their capacity as owners	3,608,432	44,192	-	3,652,624
Balance as at 30 June 2020	14,244,737	2,098,173	(8,653,915)	7,688,995

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

Chesser Resources Limited

Consolidated Statement of Cash Flows

For the year ended 30 June 2021

	2021	2020
	\$	\$
Cash flow from operating activities		
Interest received	1,360	1,060
Other income	16,206	12,342
Interest paid	(6,343)	(3,607)
Payments to suppliers and employees	(1,616,962)	(957,995)
Net cash flows used in operating activities	21(b) (1,605,739)	(948,200)
Cash flow from investing activities		
Payments for property, plant, and equipment	(404,911)	(89,152)
Payments for exploration and evaluation expenditure	(5,419,041)	(2,547,842)
Net cash used in investing activities	(5,823,952)	(2,636,994)
Cash flow from financing activities		
Proceeds from share issue	15,168,832	3,761,139
Costs of issuing equity securities	(906,702)	(140,707)
Net cash provided by financing activities	14,262,130	3,620,432
Reconciliation of cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	1,278,609	1,243,371
Net increase (decrease) in cash and cash equivalents	6,832,439	35,238
Foreign exchange difference on cash and cash equivalents	(19,133)	-
Cash and cash equivalents at 30 June	21(a) 8,091,915	1,278,609
Non-cash financing and investing activities	21(c)	

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

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

1. General information

Chesser Resources Limited (the Company) is a listed public company incorporated in Australia. The Company's principal place of business is Unit 12, 295 Rokeby Road, Subiaco WA 6008, and the address of its registered office is Level 14, 167 Eagle Street, Brisbane City QLD 4000.

The entity's principal activity during the financial year was gold exploration in Senegal, West Africa.

2. Application of new and revised Accounting Standards

a) Adoption of New and Revised Standards

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current year. 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) New accounting standards not yet adopted

The Directors do not consider that the adoption of any new standards and Interpretations in issue but not yet effective at the date of these financial statements will have a material impact on the financial statements of the Group.

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 standards were authorised for issue by the Directors on 29 September 2021.

b) Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group incurred a loss for the year ended 30 June 2021 of \$2,745,821 (2020 loss: \$1,135,683), net cash outflows from operating activities of \$1,605,739 (2020: \$948,200 outflows) and net outflows from investing activities of \$5,823,952 (2020: \$2,636,994 outflows).

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

3. Significant accounting policies (continued)

b) Going concern (continued)

During the year the consolidated entity was successful at raising capital and at 30 June 2021 had cash and cash equivalents of \$8,091,915 (30 June 2020: \$1,278,609). As at 30 June 2021 the Group had net working capital of \$7,670,596 (2020 \$897,301) and net assets of \$20,290,193 (2020: \$7,688,995).

The ability of the consolidated entity to continue as a going concern is principally dependent upon the Group managing its cash reserves in order to balance the execution of its exploration and development strategy with maintaining adequate working capital reserves.

Having carefully assessed the consolidated entity's forecasts and its ability to effectively manage expenditures and cash flows from operations, the Directors believe that the Group's existing cash reserves are adequate to fund the Group's committed expenditures for at least 12 months from the date of this report and that there is a reasonable basis to prepare the financial statements on a going concern basis.

c) Basis of preparation

The consolidated general purpose 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 AASB 136.

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 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.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

3. Significant accounting policies (continued)

d) 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 2021 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. 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.

e) Foreign currency translation

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.

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 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.

Group companies

The functional currency of each of the Group's entities is Australian dollars.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

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 exploration and development 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, the Western African Franc, 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. 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 Managing Directors and Chief Financial Officer. 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.

	2021	2020
	\$	\$
Financial Assets		
Cash and cash equivalents	8,091,915	1,278,609
Trade and other receivables	43,957	80,819
	8,135,872	1,359,428
Financial Liabilities		
Trade and other payables	536,807	513,996
	536,807	513,996

(i) Foreign exchange risk

The Group is exposed to currency risks on expenditure and cash holdings that are denominated in a currency other than the Company's functional and presentation currency of Australian dollars. The currencies in which transactions primarily are denominated are Australian dollars (AUD), United States dollar (USD), and the West African Franc (CFA).

The following table sets out the Group's exposure to the respective currencies at the reporting date.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

4. Financial risk management (continued)**a) Market risk (continued)****(i) Foreign exchange risk (continued)**

	AUD Denominated Balances	USD Denominated Balances	CFA Denominated Balances	TOTAL 30 June 2021
30 June 2021				
Cash and cash equivalents	7,078,419	685,301	328,195	8,091,915
Trade and other receivables	32,929	-	11,028	43,957
<i>Total assets</i>	7,111,348	685,301	339,223	8,135,872
Trade and other payables	(204,121)	(25,446)	(307,240)	(536,807)
<i>Net exposure</i>	6,907,227	659,855	31,983	7,599,065

	AUD Denominated Balances	USD Denominated Balances	CFA Denominated Balances	TOTAL 30 June 2020
30 June 2020				
Cash and cash equivalents	851,306	168,723	258,580	1,278,609
Trade and other receivables	21,969	-	58,850	80,819
<i>Total assets</i>	873,275	168,723	317,430	1,359,428
Trade and other payables	(175,348)	(27,819)	(310,829)	(513,996)
<i>Net exposure</i>	697,927	140,904	6,601	845,432

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.

	2021	2020
	\$	\$
Profit / (loss) before tax and equity – AUD/USD +10%	65,986	14,090
Profit / (loss) before tax and equity – AUD/USD -10%	(65,986)	(14,090)
Profit / (loss) before tax and equity – AUD/CFA +10%	3,198	660
Profit / (loss) before tax and equity – AUD/CFA -10%	(3,198)	(660)

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

4. Financial risk management (continued)

a) Market risk (continued)

(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 2021		30 June 2020	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
Cash and cash equivalents	0.05%	8,091,915	0.05%	1,278,609

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)		Equity higher / (lower)	
	2021	2020	2021	2020
	\$	\$	\$	\$
+0.1% (10bp)/ (2020: +0.1%)	8,092	1,279	8,092	1,279
-0.1% (10bp)/ (2020: -0.1%)	(8,092)	(1,279)	(8,092)	(1,279)

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. The Company has no past due or impaired financial assets in the period covered by these financial statements. 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.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

4. Financial risk management (continued)**c) Liquidity risk (continued)****30 June 2021**

	Less than 3 months \$	4 to less than 7 months \$	Total contractual cash flows \$	Carrying amount \$
Trade and other payables	536,807	-	536,807	536,807

30 June 2020

	Less than 3 months \$	4 to less than 7 months \$	Total contractual cash flows \$	Carrying amount \$
Trade and other payables	499,991	14,005	513,996	513,996

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

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income, and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income, and expense is provided below.

Exploration and evaluation expenditure

As at 30 June 2021 the Group had capitalised exploration and evaluation expenditure of \$12,136,596 in relation to the Senegal Projects. 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. The recognition of this expenditure as an asset requires management to make certain estimates and assumptions as to future events and circumstances. These estimates and assumptions may change as new information becomes available. If after having capitalised expenditure under the accounting policy a judgement is made that recovery of the expenditure is unlikely; the relevant capitalised amount will be expensed in the statement of comprehensive income.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

5. Critical accounting estimates and judgements (continued)

Share based payments

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Fair value is calculated using a Black Scholes valuation model, taking into account the terms and conditions upon which the options were granted. The assumptions used in these valuation models is set out in note 16.

Deferred tax assets

No members of the Group have generated taxable income in the financial year and as such the Group continues to carry forward tax losses that give rise to deferred tax assets. Given that the Group's projects remain in early exploration stages, it is unlikely that the Group will generate taxable income in the foreseeable future in the absence of asset sales.

Taking account of the above, the deferred tax assets have not been recognised in the financial statements as management does not believe that the members of the Group satisfy the criteria set out in AASB 112.

6. 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) in assessing performance and determining the allocation of resources during the 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.

Accounting policy

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 or 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.

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

Assets, liabilities, and cash flows are not allocated to segments in the internal reports that are prepared for the Chief Operating Decision Maker.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

6. Segment information (continued)**Activity by segment***Senegal Projects*

The Senegal Projects, which during the financial year consisted of two exploration projects, are located adjacent and to the west of the Senegal Mali Shear Zone in the Kédougou Inlier with a total area of 404kms². 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 profit information for the Group's operating segments for the year ended 30 June 2021 and 2020, respectively.

(i) Segment performance

	Diamba Sud	Diamba Nord	Corporate	Total
Year 30 June 2021				
	\$	\$	\$	\$
Total segment revenue	-	-	17,566	17,566
Segment expenditure	(5,488,641)	(51,337)	(1,517,823)	(7,057,801)
Segment result	(5,488,641)	(51,337)	(1,500,257)	(7,040,235)

Reconciliation of segment result to Group loss before tax

• Capitalised expenditure	5,539,977
• Depreciation expense	(116,986)
• Share based payments expense	(1,008,931)
• Other expenses	(119,646)
Net loss before tax	<u>(2,745,821)</u>

	Diamba Sud	Diamba Nord	Corporate	Total
Year 30 June 2020				
	\$	\$	\$	\$
Total segment revenue	-	-	13,402	13,402
Segment expenditure	(2,586,297)	(30,496)	(1,019,326)	(3,636,119)
Segment result	(2,586,297)	(30,496)	(1,005,924)	(3,622,717)

Reconciliation of segment result to Group loss before tax

• Capitalised expenditure	2,616,793
• Depreciation expense	(71,116)
• Share based payments expense	(32,192)
• Other expenses	(26,451)
Net loss before tax	<u>(1,135,683)</u>

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

6. Segment information (continued)

(i) Segment assets

The following table shows assets by geographical segment.

	Senegal \$	Australia \$	Total \$
30 June 2021			
Segment assets	12,961,155	7,891,945	20,853,100
30 June 2020			
Segment assets	7,092,527	1,110,464	8,202,991

	2021 \$	2020 \$
7. Revenue and other income		
Interest income	1,360	1,060
Government grants	16,206	12,342
	17,566	13,402

Accounting policy

Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants

Government grant revenue is recognised at fair value when there is reasonable assurance that the grant will be received.

	2021 \$	2020 \$
8. Expenses		
The group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the group.		
Short-term lease payments	24,878	45,539
Superannuation contributions	15,296	8,430

Payments associated with short-term leases of property are recognised on a straight-line basis as an expense in the Income Statement. Short term leases are leases with a lease term of 12 months or less. Lease payments for short-term leases amounting to \$24,878 (2020: \$45,539) are recognised as expenses in the Income Statement.

All short-term leases are cancellable by the Company by providing 2 months or less notice to the lessor.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

	2021 \$	2020 \$
9. 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:		
(i) <i>Audit and assurance services</i>		
Audit and review of financial reports	63,242	52,000
Total auditors' remuneration	63,242	52,000
10. Income tax		
(a) Income tax benefit		
Current and deferred tax	-	-
(b) Deferred income tax/(revenue)		
<i>Deferred income tax/(revenue) included in tax expense comprises:</i>		
(Increase)/decrease in deferred tax assets	-	6,466
Increase/(decrease) in deferred tax liabilities	(-)	(6,466)
(c) Reconciliation of income tax expense to prima facie income tax		
Loss before income tax from continuing operations	(2,745,821)	(1,135,683)
Tax at the Australian tax rate of 26% (2020: 27.5%)	(713,914)	(312,313)
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>		
Different tax rates in other jurisdictions	(5,829)	(1,644)
Effect of change in tax rates	185,141	
Non-assessable income	(4,214)	
Non-deductible expenses	262,322	151,306
Deductible capital raising costs	(74,076)	(13,843)
	(350,570)	(176,494)
Deferred tax assets not recognised / (recognised)	350,570	176,494
Income tax benefit	-	-
(d) Deferred tax assets / liabilities comprise		
Accruals	88,192	52,054
Provisions	6,786	-
Prepayments	(25,384)	(14,263)
Tax losses available for offset against future taxable income	3,762,944	3,444,177
Net deferred tax assets	3,832,538	3,481,968
Deferred tax assets not recognised	(3,832,538)	(3,481,968)
	-	-

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

10. Income tax (continued)

	2021	2020
	\$	\$
(e) Unrecognised deferred tax assets		
<i>Deferred tax assets have not been recognised in respect of the following items:</i>		
Temporary differences and tax losses at 26% (2020: 27.5%)	3,832,538	3,481,968

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.

Accounting policy

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.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

10. Income tax (continued)

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.

	2021	2020
	\$	\$
11. Trade and other receivables		
Current		
Other receivables	43,957	80,819

Other receivables represent the Company's GST receivable, and the prior year also includes deposits paid in advance of drilling.

Accounting Policy

Trade and other receivables are recognised initially at fair value and subsequently at the amount considered recoverable. Trade and other receivables are generally due for settlement within 30 days except for advance payments made on drilling contracts. 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 assessed for expected credit losses on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

12. Property, plant, and equipment

	Field Equipment	Motor Vehicles	Office Equipment	Total
Carrying amount at 1 July 2019	44,096	112,549	20,395	177,040
Additions	-	55,304	33,848	89,152
Depreciation	(12,751)	(39,874)	(18,491)	(71,116)
Carrying amount at 30 June 2020	31,345	127,979	35,752	195,076
Additions	207,247	124,751	72,913	404,911
Depreciation	(27,985)	(57,855)	(31,146)	(116,986)
Carrying amount at 30 June 2021	210,607	194,875	77,519	483,001

Accounting Policy

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.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

12. Property, plant, and equipment (continued)

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:

<i>Classification</i>	<i>Useful lives</i>	<i>Depreciation Basis</i>
Field equipment	3 – 5 years	Straight Line
Motor vehicles	5 years	Straight Line
Office equipment	3 years	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.

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

13. Exploration and evaluation expenditure

	2021	2020
	\$	\$
At cost	12,136,596	6,596,618

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

Carrying amount at beginning of period	6,596,618	3,979,825
Exploration expenditure during the period	5,539,978	2,616,793
Carrying amount at end of period	12,136,596	6,596,618

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.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

13. Exploration and evaluation expenditure**Accounting Policy**

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.

	2021	2020
	\$	\$
14. Trade and other payables		
Trade payables	197,608	311,326
Accruals	339,199	202,670
Total trade and other payables	536,807	513,996

Accounting Policy

Trade and other payables 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, non-interest bearing 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 measure at amortised cost using the effective interest method.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

15. Issued capital	2021	2020
	\$	\$
Ordinary shares – fully paid	28,222,867	14,244,737

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

	30 June 2021	
	No.	\$
Opening Balance 30 June 2020	327,356,271	14,244,737
Private Placement – July 2020 (Tranche 1)	29,339,068	2,347,125
Private Placement – July 2020 (Tranche 2)	45,660,932	3,652,875
Private Placement – December 2020	37,921,238	7,963,460
Director subscription – December 2020	174,000	36,540
Shares issued on the exercise of \$0.08 options expiring 16 July 2021	9,337,500	747,000
Shares issued on the exercise of \$0.10 options expiring 31 December 2020	2,713,116	271,312
Funds received on exercise of \$0.08 options expiring 16 July 2021 for which shares were issued after the year end ^		150,520
Share issue costs	-	(1,190,702)
Closing Balance 30 June 2021	452,502,125	28,222,867

^ Funds were received prior to 30 June 2021 for 1,881,500 options with an exercise price of \$0.08 per share. The shares were issued on 2 July 2021.

	30 June 2020	
	No.	\$
Opening Balance 30 June 2019	248,780,181	10,636,305
Private Placement – September 2019	31,507,295	1,890,438
Director subscription – December 2019	583,333	35,000
Private Placement – April 2020	42,000,000	1,680,000
Shares issued on the exercise of \$0.06 options expiring 31 December 2019	2,595,024	155,701
Shares issued as consideration for services received	1,890,438	113,427
Share issue costs	-	(266,134)
Closing Balance 30 June 2020	327,356,271	14,244,737

2.10**(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.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

15. Issued capital (continued)**(c) Share options***At 30 June 2021, the following options for ordinary shares in the Company were on issue:*

	\$0.10 Options expiring 31 Dec 2020	\$0.05 options expiring 31 Dec 2021	\$0.05 options expiring 31 Dec 2022	\$0.12 options expiring 30 Nov 2021	\$0.08 options expiring 16 July 2021	\$0.24 options expiring 19 Aug 2021	\$0.35 options expiring 19 Aug 2022	\$0.45 options expiring 19 Aug 2023	\$0.08 options expiring 30 Nov 2023	\$Nil Rights expiring 7 Dec 2025	\$Nil Options expiring 7 Dec 2025	\$Nil Options expiring 31 Jan 2026	Total options on issue
On issue at 1 July 2020	4,300,000	7,500,000	1,500,000	2,000,000	-	-	-	-	-	-	-	-	15,300,000
New issues	-	-	-	-	21,000,000	200,000	200,000	200,000	2,000,000	1,026,685	14,300,000	5,000,000	43,926,685
Exercised	(2,713,116)	-	-	-	(9,337,500)	-	-	-	-	-	-	-	(12,050,616)
Lapsed / cancelled	(1,586,884)	-	-	-	-	-	-	-	-	-	(3,500,000)	-	(5,086,884)
On issue at 30 June 2021	-	7,500,000	1,500,000	2,000,000	11,662,500	200,000	200,000	200,000	2,000,000	1,026,685	10,800,000	5,000,000	42,089,185

At 30 June 2020, the following options for ordinary shares in the Company were on issue:

	\$0.06 options expiring 31 Dec 2019	\$0.10 Options expiring 31 Dec 2020	\$0.05 options expiring 31 Dec 2021	\$0.05 options expiring 31 Dec 2022	\$0.12 options expiring 30 Nov 2021	Total options on issue
On issue at 1 July 2019	4,300,000	4,300,000	7,500,000	1,500,000	-	17,600,000
Options exercised	(2,595,024)	-	-	-	-	(2,595,024)
Options lapsed	(1,704,976)	-	-	-	-	(1,704,976)
Options issued as consideration for capital raising fees	-	-	-	-	2,000,000	2,000,000
On issue at 30 June 2020	-	4,300,000	7,500,000	1,500,000	2,000,000	15,300,000

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 16 for further details regarding the accounting treatment of the options issued during the 2020 financial year.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

16. Reserves	2021	2020
	\$	\$
Share based payments reserve	<u>3,467,062</u>	<u>2,098,173</u>
	3,467,062	2,098,173

Movements:*Share based payments reserve*

Balance at 1 July 2020	2,098,173	2,053,981
Options issued	<u>1,368,889</u>	<u>44,192</u>
Balance at 30 June 2021	3,467,062	2,098,173

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.

Accounting Policy

Share-based compensation benefits are provided to directors and key management personnel and to external service providers as consideration services provided.

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 as remuneration is recognised as share-based payments 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.

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

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

16. Reserves (continued)

	30 June 2021 \$	30 June 2020 \$
Options issued as remuneration to Directors, employees, and consultants (ii), (iii) and (v)	975,559	25,177
Options issued to third-party vendors (i)	289,397	19,015
Salary Sacrifice Rights issued (iv)	103,933	-
Share-based payments expense for the financial year	1,368,889	44,192

- (i) On each of 9 November 2019 and 1 September 2020, the Company issued 2,000,000 options to brokers in consideration for services provided to the Company in relation to capital raisings undertaken by the Company.

The value of the services received has been estimated by reference to the fair value of the options granted as the fair value of the services received cannot be reliably estimated. The fair value of the options at grant date has been determined using the Black Scholes valuation model, considering the terms and conditions upon which the options were granted. The following assumptions were used:

Grant date	9 November 2019	1 September 2020
Expiry date	30 November 2021	30 November 2023
Exercise price	\$0.12	\$0.08
Expected volatility	52%	90%
Risk-free interest rate	0.80%	0.27%
Expected life of share options (days)	713	1,185
Grant date share price	\$0.06	\$0.19
Fair value per option	\$0.006	\$0.14

- (ii) On 30 November 2020, shareholders approved the issue of 2,900,000 unlisted zero exercise price options to Non-Executive Directors under the Employee Incentive Plan with an expiry date of 7 December 2025 subject to the following vesting conditions:

- 966,668 of the incentive options to be issued shall be exercisable at zero price each on or before 7 December 2025, vesting on 8 December 2021
- 966,668 of the incentive options to be issued shall be exercisable at zero price each on or before 7 December 2025, vesting on 8 December 2022.
- 966,664 of the incentive options to be issued shall be exercisable at zero price each on or before 7 December 2025, vesting on 8 December 2023.

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

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

16. Reserves (continued)

Exercise price	\$0.00
Expected volatility	96%
Risk-free interest rate	0.30%
Expected life of share options (days)	1,833
Grant date share price	\$0.21
Fair value per option	\$0.21

- (iii) On 1 November 2020, the Company approved the grant of 600,000 unlisted options, in three tranches of 200,000 options, to key management personnel under the Employee Incentive Plan with an expiry date of 19 August 2024. The options were issued on 21 January 2021.

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

	Tranche A	Tranche B	Tranche C
Exercise price	\$0.24	\$0.35	\$0.45
Expected volatility	96%	96%	96%
Risk-free interest rate	0.13%	0.13%	0.13%
Expected life of share options (days)	1,387	1,387	1,387
Grant date share price	\$0.23	\$0.23	\$0.23
Fair value per option	\$0.15	\$0.13	\$0.12
Vesting date	19 August 2021	19 August 2022	19 August 2023

- (iv) On 8 December 2020, the Company issued 1,026,685 unlisted Salary Sacrifice Rights to directors and key management personnel in lieu of foregone cash remuneration during the June 2020 and September 2020 quarters totaling \$103,934. The Salary Sacrifice Rights were issued under the Employee Incentive Plan with an exercise price of \$Nil and an expiry date of 7 December 2025.

The number of rights issued was based on the volume weighted average price during the June 2020 and September 2020 quarters.

	Volume weighted average price	No. of Salary Sacrifice Rights	Fair value
June 2020 quarter	\$0.085	895,185	\$75,958
September 2020 quarter	\$0.213	131,500	\$27,976
		1,026,685	\$103,934

Notes to the financial statements

For the year ended 30 June 2021

16. Reserves (continued)

(v) During the period, the Company granted 16,400,000 zero exercise price options to Executive Directors and Key Management Personnel under the Employee Incentive Plan subject to the following vesting conditions:

- Tranche A - the Company achieving JORC Resource of 500,000 ounces Au at an average grade of not less than 2g/t
- Tranche B - the Company achieving JORC Resource of 750,000 ounces Au at an average grade of not less than 2g/t
- Tranche C - the Company achieving JORC Resource of 1,000,000 ounces Au at an average grade of not less than 2g/t

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

	Grant date - 30 November 2020			Grant date - 16 December 2020			Grant date - 30 April 2021		
	Tranche A	Tranche B	Tranche C	Tranche A	Tranche B	Tranche C	Tranche A	Tranche B	Tranche C
Number of Options	2,000,000	2,000,000	1,999,999	1,800,001	1,800,001	1,799,999	1,666,667	1,666,667	1,666,666
Expiry date	31 October 2021	7 December 2025	31 October 2023	31 October 2021	31 October 2022	31 October 2023	31 October 2021	31 January 2022	31 October 2023
Estimated vesting date	100%	100%	75%	100%	100%	75%	100%	100%	75%
Estimated probability that options will vest	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Exercise price	96%	96%	96%	96%	96%	96%	95%	95%	95%
Expected volatility	0.30%	0.30%	0.30%	0.37%	0.37%	0.37%	0.70%	0.70%	0.70%
Risk-free interest rate	\$0.21	\$0.21	\$0.21	\$0.22	\$0.22	\$0.22	\$0.14	\$0.14	\$0.14
Grant date share price	\$0.21	\$0.21	\$0.21	\$0.22	\$0.22	\$0.22	\$0.14	\$0.14	\$0.14
Fair value per option	\$0.21	\$0.21	\$0.21	\$0.22	\$0.22	\$0.22	\$0.14	\$0.14	\$0.14

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

17. 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.

	2021	2020
	\$	\$
Loss per share (cents per share)	(0.65)	(0.40)
Diluted loss per share (cents per share)	(0.65)	(0.40)
Loss attributable to Owners of Chesser Resources Limited	<u>(2,745,821)</u>	<u>(1,135,683)</u>
	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	<u>421,187,273</u>	<u>285,689,798</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.

Accounting policy

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), dividend by the weighted average number of ordinary shares, adjusted for any bonus element. The diluted earnings per share is calculated as net profit or loss attributable to members of the parent dividend by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. The weighted average number of shares was based on the consolidated weighted average number of shares in the reporting period. The net profit or loss attributable to members of the parent is adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after-tax effect if dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

18. Parent entity disclosures

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

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.

As at and throughout the financial year ending 30 June 2021 and 30 June 2020 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.

	2021	2020
	\$	\$
Results		
(Loss) for the year	<u>(2,584,744)</u>	<u>(1,068,217)</u>
Total comprehensive loss for the year	<u>(2,584,744)</u>	<u>(1,068,217)</u>
Financial Position		
Current assets	7,863,347	1,079,261
Non-current assets	<u>12,657,725</u>	<u>6,640,809</u>
	<u>20,521,072</u>	<u>7,720,070</u>
Current liabilities	<u>241,892</u>	<u>203,165</u>
Net Assets	<u>20,279,180</u>	<u>7,516,905</u>
Contributed equity	28,222,867	14,244,737
Share-based payments reserve	3,467,062	2,098,173
Accumulated losses	<u>(11,410,749)</u>	<u>(8,826,005)</u>
	<u>20,279,180</u>	<u>7,516,905</u>

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 2021 or 30 June 2020.

d) Contractual commitments for capital expenditure

The parent entity did not have any contractual commitments for capital expenditure as at 30 June 2021 (2020: \$nil).

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

19. 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	
			2021	2020
			%	%
Boya Gold Pty Ltd	Australia	Ordinary	100	100
Boya Minerals Pty Ltd	Australia	Ordinary	100	100
Boya Senegal SAU	Senegal	Ordinary	100	100
Erin Mineral Resources Pty Ltd	Australia	Ordinary	100	100
Erin Minerals Pty Ltd	Australia	Ordinary	100	100
Erin Senegal SAU	Senegal	Ordinary	100	100
Chesser Senegal SAU	Senegal	Ordinary	100	100
Bondou SAU®	Senegal	Ordinary	100	100

20. 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, the Company paid KCG Advisors Pty Ltd, a company related to Mr Stephen Kelly who was a member of Key Management Personnel of the Company during the reporting period, a total of \$12,000 (2020: \$9,000) for the provision of services including office rental for the Company's registered office, internet and communications services and software subscriptions. As at 30 June 2021 an amount of \$6000 was owing to KCG Advisors Pty Ltd for these services (2020: \$3,000).

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

	2021	2020
	\$	\$
21. Cash flow information		
a) Cash and cash equivalents		
Cash at bank and on hand	8,091,915	1,278,609
b) Reconciliation of cashflows from operating activities		
Loss before tax	(2,745,821)	(1,135,683)
Depreciation and amortisation	116,986	71,116
Annual leave provision	12,326	-
Foreign exchange losses	19,133	26,451
Share based payments expense	1,008,931	32,192

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

21. Cash flow information (continued)

	2021 \$	2020 \$
<i>Change in operating assets and liabilities (net of disposals):</i>		
(Increase)/decrease in trade and other receivables	36,863	34,403
(Increase)/decrease in prepayments	(45,762)	(23,770)
Increase/(decrease) in trade and other payables	(8,395)	47,091
Net cash outflow from operating activities	<u>(1,605,739)</u>	<u>(948,200)</u>
c) Non-cash investing and financing activities		
Issue of shares in settlement of capital raising costs	-	113,426
Issue of options in settlement of capital raising costs	<u>284,000</u>	<u>12,000</u>

Accounting policy

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

22. Commitments and contingent liabilities**(a) Commitments**

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

	2021 \$	2020 \$
Within one year	-	-
Later than one year but less than five years	5,191,707	1,160,597
	<u>5,191,707</u>	<u>1,160,597</u>

(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 on 12 July 2017:

- 23,809,524 Class A performance shares that expired on 12 July 2020 without vesting.
- 23,809,524 Class B performance shares that expired on 12 July 2021 without vesting.

Chesser Resources Limited

Notes to the financial statements

For the year ended 30 June 2021

23. Events occurring after the reporting period

Except as noted below, no matter or circumstance has arisen since the end of the 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:

- In the period from 1 July 2021 to the date of this report, the Company has received \$879,520 cash proceeds from the exercise of 10,994,000 options, \$150,520 in application monies was received prior to 30 June 2021.
- On 12 July 2021, 23,809,524 B Class Performance Shares expired without vesting.
- On 16 July 2021 668,500 options with an expiry date of 16 July 2021 expired without being exercised.
- On 27 August 2021 the Company was notified that the exploration licence for the Diamba Nord has been renewed until 8 June 2024.
- On 29 September 2021 the Directors resolved to issue, subject to any required shareholder approvals, 6,635,668 options with an exercise price of \$Nil expiring 30 June 2026 to Directors and Executives under the Company's Equity Incentive Plan. The options are subject to vesting conditions.

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 and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.
- (b) the financial report also complies with International 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.
- (d) 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.



Andrew Grove
Managing Director
Perth 29 September 2021

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in the Annual Report.

The shareholder information set out below was applicable as at 31 August 2021.

A. CORPORATE GOVERNANCE STATEMENT

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation in the year ended 30 June 2021.

In accordance with ASX Listing Rule 4.10.3, the Corporate Governance Statement will be available for review on the Company's website www.chesserresources.com.au and is included at pages 40 to 51 of this Annual Report.

B. DISTRIBUTION AND NUMBER OF HOLDERS OF EQUITY SECURITIES

The distribution and number of holders of equity securities on issue in the Company as at 31 August 2021, and the number of holders holding less than a marketable parcel of the company's ordinary shares based on the closing market price as at 31 August 2021 is as follows:

Range	Listed fully paid ordinary shares (ASX: CHZ)	Unlisted \$0.12 options expiring 30 November 2021 (ASX: CHZAQ)	Unlisted \$0.08 options expiring 30 November 2023 (ASX: CHZAQ)
1 – 1,000	112	–	–
1,001 – 5,000	255	–	–
5,001 – 10,000	201	–	–
10,001 – 100,000	669	–	–
100,001 and over	418	1	1
Total	1,655	1	1

There were 235 holders of less than a marketable parcel of shares as at 31 August 2021.

As at 31 August 2021, there were NIL equity securities which were subject to restrictions.

C. TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

The Company has only one class of quoted equity securities, being fully paid ordinary shares (ASX: CHZ). The names of the twenty largest holders of fully paid ordinary shares, the number of fully paid ordinary shares and the percentage of fully paid ordinary shares on issue as at 31 August 2021 was as follows:

Name	Shares	% of shares
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	34,149,163	7.37
ELLIOTT SERVICES PTY LTD	20,819,789	4.49
BNP PARIBAS NOMS PTY LTD <DRP>	19,990,903	4.31
CITICORP NOMINEES PTY LIMITED	18,933,338	4.08
GP SECURITIES PTY LTD	15,115,523	3.26
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	12,168,485	2.63
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	10,757,996	2.32
CPO SUPERANNUATION FUND PTY LTD	8,634,452	1.86
JARHAMCHE PTY LTD	8,034,000	1.73
CALAMA HOLDINGS PTY LTD	7,366,667	1.59
KALE CAPITAL CORPORATION LTD	6,695,700	1.44
AWJ FAMILY PTY LTD	6,296,940	1.36
MR MICHAEL ANDREW WHITING + MRS TRACEY ANNE WHITING	5,027,114	1.08
SOUTTAR SUPERANNUATION PTY LTD	4,981,177	1.07
BPM CAPITAL LIMITED	4,875,000	1.05
MASE GLOBAL INVESTMENTS LIMITED	4,510,819	0.97
JIMZBAL PTY LTD	4,300,001	0.93
TORRES INVESTMENTS PTY LTD	4,100,000	0.88
VELCORP INVESTMENTS PTY LTD	4,070,045	0.88
MR ANGUS WILLIAM JOHNSON + MRS LINDY JOHNSON	3,636,667	0.78
Total top twenty holders	204,463,779	44.11
Balance of register	259,032,346	55.89
Total register	463,496,125	100.00

D. HOLDERS OF MORE THAN TWENTY PERCENT OF EACH CLASS OF UNQUOTED SECURITIES

Each unlisted option and performance shares entitles the holder to acquire one fully paid ordinary shares subject to any vesting conditions being satisfied and in the case of options subject to the holder paying the exercise price

The names of the holders of more than 20% of each class of options or performance shares, other than under an Employee Incentive Scheme, is set out below:

Holder	Unlisted \$0.12 options expiring 30 November 2021		Unlisted \$0.08 options expiring 30 November 2023	
	Units	% of units	Units	% of units
Taycol Nominees Pty Ltd	2,000,000	100.00	2,000,000	100.00

E. VOTING RIGHTS

At a general meeting of the Company, every holder of ordinary shares present in person or by proxy, attorney or representative has one vote on a show of hands, and on a poll, one vote for each ordinary share held.

Options and performance shares do not carry any voting rights.

F. SUBSTANTIAL SHAREHOLDERS

As at 31 August 2021, the names of the substantial shareholders of the Company and the number of equity securities in which those substantial shareholders and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company were as follows:

Name	Number held	% of issued capital
Robert Greenslade	24,812,748	5.35%

G. ON-MARKEY BUY-BACK

The Company is not currently conducting an on-market buy-back.

H. ON-MARKEY BUY-BACK

The Company did not purchase securities on market during the reporting period.

CORPORATE DIRECTORY

CORPORATE DIRECTORY

Board of Directors

Mr Mark Connelly	Non-Executive Chairman
Mr Robert Greenslade	Non-Executive Director
Mr Simon O'Loughlin	Non-Executive Director
Mr Simon Taylor	Non-Executive Director
Mr Andrew Grove	Managing Director

Company Secretary

Mr Stephen Kelly

Registered Office

Level 14
167 Eagle Street
Brisbane QLD 4000

Phone number:

Principal place of business

Unit 12, 295 Rokeby Road
Subiaco WA 6008

+ 61 7 3854 2387

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

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SUBIACO
PERTH WA 6008

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