Chesser Resources Limited
ABN 14 118 619 042

Financial Report
For the year ended 30 June 2023

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 2023 (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 3 May 2021)
- Mr Simon O'Loughlin, Non-Executive Director (appointed 2 March 2006)
- Mr Simon Taylor, Non-Executive Director (appointed 29 March 2007)
- Mr Robert Greenslade, Non-Executive Director (appointed 8 April 2020)

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. (appointed 2 November 2012)

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 Calidus Resources Limited (appointed January 2018), Omnia Metals Group Limited (appointed May 2021), Alto Metals Limited (appointed October 2022), Warriedar Resources Limited (Appointed November 2022), Nickel Search Limited (appointed April 2023) and BeMetals Corporation (appointed July 2020) and a Non-Executive Director at Renegade Exploration Limited (appointed February 2022).

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 Barton Gold Limited (resigned April 2022), Emmerson Plc (resigned June 2021), Oklo Resources Limited (resigned March 2023) and a Non-Executive Director of Tao Commodities Limited (resigned May 2021) and Primero Group Limited (resigned February 2021).

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 master's degree in Mineral and Energy Economics.

Former directorships in last 3 years
Nil.

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 (appointed 29 December 2019) and a Non-Executive Director of Petratherm Limited (appointed 24 October 2003).

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 Bod Australia Limited (resigned 4 April 2022)

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

Mr Taylor is a geologist with 30 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 a Non-Executive Director of Stellar Resources Limited (appointed 24 December 2019) , Petratherm Limited (appointed 17 January 2023) and Black Canyon Limited (appointed 2 September 2013).

Former directorships in last 3 years
Oklo Resources Limited (Resigned October 2023).

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

Directors' report

Company Secretary

Mr Stephen Kelly, B.Bus, ACA (Company Secretary)

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	2,585,505	-	-
Mr Andrew Grove	13,147,557	-	-
Mr Simon O'Loughlin	6,579,295	-	-
Mr Simon Taylor	8,313,533	-	-
Mr Robert Greenslade	26,116,540	-	-

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

^^ On 8 September 2023, options and rights over ordinary shares in which the directors held an interest automatically vested and were converted into the equivalent number of fully paid ordinary shares in the Company pursuant to the terms of the Scheme Implementation Deed date 9 May 2023 between the Company and Fortuna Silver Mines Inc ("**Fortuna**") (the "**SID"**).

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 2023, and the numbers of meetings attended by each director were as follows:

Number of meetings held	Board Meetings 6	
	Number of meetings eligible to attend	Number of meetings attended
Mr Mark Connelly	*6*	*6*
Mr Andrew Grove	*6*	*6*
Mr Simon O'Loughlin	*6*	*6*
Mr Simon Taylor	*6*	*6*
Mr Robert Greenslade	*6*	*4*

In prior years the full Board fulfilled the roles of the Audit, Risk and Compliance Committee and the Remuneration and Nominations Committee. During the current period a separate Audit, Risk and Compliance

Directors' report

Committee was formed comprising three non executive directors, Mr Simon O'Loughlin, Mr Simon Taylor and Mr Robert Greenslade.

Number of meetings held	Audit Committee Meetings 1	
	Number of meetings eligible to attend	Number of meetings attended
Mr Simon O'Loughlin	1	1
Mr Simon Taylor	1	1
Mr Robert Greenslade	1	1

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.

REVIEW OF OPERATIONS

Exploration Activities

Diamba Sud Project

The 18,291m Phase 8 drill campaign was completed in August 2022 over Areas A and D, Karakara, Bougouda, Kassassoko, Western Splay and Moungoundi. Phase 8 drilling included 9 diamond drill holes specifically targeted for metallurgical testwork.

A maiden Mineral Resource estimate was delivered in September 2022 on Bougouda totaling 52,000 ounces gold from 348 thousand tonnes at a grade of 4.7 g/t gold.

A maiden Mineral Resource estimate was delivered in October 2022 on Karakara totaling 116,000 ounces gold from 1.7 million tonnes at a grade of 2.1 g/t gold.

Mineral Resources were update for Areas A and D in December 2022:

- Area D: 386,000 ounces gold from 6.9 million tonnes at a grade of 1.7 g/t gold
- Area A: 306,000 ounces gold from 5.8 million tonnes at a grade of 1.6 g/t gold

Mineral Resources for Diamba Sud total 860,000 ounces gold from 14.7 million tonnes at a grade of 1.8 g/t gold.

The Diamba Sud Scoping Study was updated in December 2022 to include the updated Mineral Resources at Area A and D and the maiden Mineral Resources at Karakara and Bougouda. Key study highlights included:

- Total Project mining inventory of 13.9Mt @ 1.7g/t gold containing 762koz at a strip ratio of 4.2
- Post-tax NPV5 US$296M and IRR 55% at a US$1,800/oz gold price
- Net Project Cash Flow US$396M
- Payback 15 months from commercial production
- 7.5-year Project life producing 715koz of recovered gold, averaging ~100kozpa, at an AISC of US$856/oz
- First two years of gold production totals 223koz at an average AISC of US$619/oz
- Initial capital cost of US$149m
- Area D and Karakara Mineral Resources remain open and significant untested exploration potential remains on the Diamba Sud

Metallurgical testwork results returned in November 2022 confirmed high gold recoveries achievable at Diamba Sud and included:

- High gravity recoveries averaging 20% in oxide and 60% in fresh
- High overall gold recovery ~95% in oxide and between 93% and 95% in fresh
- Grind size increased to 106 μm from 75 μm with expected positive implications for processing costs
- Waste rock geochemical characterisation testwork found that the waste rocks were either non-acid forming or acid consuming with very low elemental enrichment and that no special waste rock management systems would be required

The 5,131m Phase 9 drill campaign was completed in May 2023 over Area D, Karakara, Kassassoko, Gamba Gamba Nord and Western Splay/Moungoundi.

At Area D near surface mineralisation was interested to the northeast and west and remains open in those directions. At depth mineralisation on the eastern margin of Area D, 25-50m below the Scoping Study pit shell, intersected high grade mineralisation which has now been intersected over a strike length of 50m and remains open.

Karakara drilling below the old artisanal workings returned multiple mineralised intercepts over the entire length of drillhole DSR447 with the main mineralised zone aggregating to 70m @ 2.6g/t gold from 11m. These intercepts are outside the current Mineral Resource but lie within the Scoping Study pit design.

At Kassassoko significant mineralisation intercepts were returned on multiple NE-SW oriented wide mineralised structures and it is clear that a significant mineralised system is being defined at Kassassoko that should add materially to the Mineral Resources at Diamba Sud. Mineralisation appears to be open along strike to the northeast and southwest and at depth with a similar structural setting persisting for at least 700m to the northeast to the Southern Arc prospect.

Mineralisation was identified at Gamba Gamba Nord and Western Splay/Moungoundi but further drilling required to define mineralisation and test the potential of these areas.

Diamba Nord
No exploration was undertaken on Diamba Nord during the reporting period.

Morichou
No exploration was undertaken on Morichou during the reporting period.

Bondala
Reconnaissance exploration activities over Bondala tenement commenced during the period but no results reported.

Corporate activities

During the year the following significant corporate events occurred:

- On 4 May 2023 1,485,358 Zero Exercise Price Options (ZEPO's) were cancelled.
- On 16 January 2023 the Company issued 478,238 shares pursuant to the exercise of 1,500,000 options via a cashless exercise mechanism.

Directors' report

- On 4 November 2022 the Company issued 5,549,450 zero exercise price options (ZEPOs) and on 12 August 2022 issued 8,938,829 ZEPOs with an expiry date of 30 June 2027 to Directors and Executives as Long Term Incentives under the Employee Incentive Plan. As at the date of the directors report, no directors held any options, all options were vested and exercised as a result of the scheme acquisition by Fortuna Silver Mines.

Scheme of Arrangement with Fortuna

On 9 May 2023, the Company entered into the Scheme Implementation Deed (SID) with Fortuna pursuant to which Fortuna will, subject to the required Chesser shareholder and other approvals, acquire 100% of the issued capital of the Company. Under the Scheme, Fortuna will issue 0.0248 of a New Fortuna Share per Chesser Share for each Chesser Share on issue as at the record date of the Scheme (which is currently expected to be 14 September 2023).

Under the terms of the SID, Fortuna provided the Company a $3.0 million Bridging Loan that will be used to assist with Chesser's transaction costs and for general corporate purposes during implementation of the Scheme. The Bridging Loan was fully drawn down by the Company during the reporting period. The Bridging Loan is secured by Chesser's present and after-acquired property, will accrue interest at 7.5% per annum and is repayable in the following circumstances:

1. If any event of default has occurred and while it is continuing, immediately on written demand from Fortuna (and then the unpaid principal amount of the Bridging Loan shall accrue interest at 9.5% per annum);
2. If the SID is terminated by Chesser for any reason which gives rise to an obligation that Chesser pay the break fee under the SID, within 30 days after the date of such termination; 3. If the SID is terminated by Chesser for any reason that does not give rise to an obligation that Chesser pay the break fee under the SID, within four months after the date of such termination; or
3. If implementation occurs, such date as notified by Fortuna to Chesser in writing after the Implementation Date (as defined in the SID). Further detail on the Bridging Loan and the associated security arrangements is included in the Scheme Booklet provided to Chesser shareholders.

Operating result

The Company reported a loss after tax for the year of $4,915,582 (2022: loss of $3,597,277). The significant items affecting the loss after tax were:

- A decrease in share-based payments expense to $957,118 (2022: $1,561,371) 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 administrative and other expenses reflecting increase in activity as the Diamba Sud project is progressed.
- An increase in director and key management remuneration $1,351,318 (2022: $1,227,394) as a result of additional hires.
- An increase in professional fee's to $882,825 (2022: $37,346) primarily associated with the Fortuna Silver Mines scheme of arrangement.
- $952,417 in project related expenditure incurred by the parent entity that do not qualify for capitalisation under the relevant accounting standards (2022: $203,519).

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.

Events occurring after balance sheet date
Except for the matter 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.

- On the 25th of August 2023 a general meeting of Chesser shareholders voted to approve the Fortuna Scheme of Arrangement.
- 0n the 6th September 2023 the Federal Court of Australia made orders approving the Fortuna Scheme of Arrangement.
- On the 8th September 2023, the following events occurred in relation to options and rights over ordinary shares in the Company in accordance with the terms of the SID:
    - 1,026,685 fully paid ordinary shares in the Company were issued on the conversion of the equivalent number of salary sacrifice rights.
    - 37,214,003 fully paid ordinary shares in the Company were issued on the conversion of the equivalent number of ZEPOs.
- On 13th of September 2023, 2,600,000 unlisted options were purchased by Fortuna for cash consideration and were subsequently cancelled.
- On the 7th September 2023 the Fortuna Scheme of Arrangement became effective.
- On the 15th of September 2023 the Company drew down a further $350,000, taking total loaned proceeds to $3,350,000.

Likely developments and expected results of operations
Following the implementation of the Fortuna Scheme of Arrangement on 21 September 2023, the Company is a wholly owned subsidiary of Fortuna and will be delisted from the ASX on 22 September 2023.

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
There were no unissued ordinary shares of the Company under option at the date of this report.

Directors' report

Shares issued as a result of the exercise of options

On the 16th of January 2023 the Company issued 478,238 fully paid ordinary shares pursuant to the exercise of 1,500,000 options via a cashless exercise mechanism during the financial year as a result of the exercise of options.

On the 8th of September 2023, the following events occurred in relation to options and rights over ordinary shares in the Company in accordance with the terms of the SID:

- 1,026,685 fully paid ordinary shares in the Company were issued on the conversion of the equivalent number of salary sacrifice rights.
- 37,214,003 fully paid ordinary shares in the Company were issued on the conversion of the equivalent number of ZEPOs.

On 13th of September 2023, 2,600,000 unlisted options were purchased by Fortuna for cash consideration and were subsequently cancelled.

Total funds received on the exercise of options during the year was Nil (2022: $954,000).

In the period from 1 July 2023 to the date of this report, the Company has received $Nil cash proceeds from the exercise of Nil options.

Material business risks

Mineral exploration and development, is considered by its nature to be high-risk and is affected by risks and uncertainties, some of which are beyond the Group's reasonable control. The uncertainties arise from a range of factors, including the nature of the mineral exploration industry and changing economic factors. The business risks assessed as having the potential to have a material impact on the business, operating and/or financial results and performance of the Group include:

Exploration Activity Risk

Mineral exploration activity, especially drilling, is considered by its nature to be high-risk and is affected by numerous factors. Drilling operations can be affected by breakdowns, adverse weather conditions, site and geographical conditions, operational risks, shortage or delays in the delivery of rigs and/or other equipment, industrial disputes, government regulations, environmental issues and unanticipated costs. Hazards incident to the exploration and development of mineral exploration properties such as unusual or unexpected formations, pressures or other factors are inherent in drilling and may be encountered by Chesser. Exploration may be unsuccessful and may prove to be more costly than expected or the proposed timing of exploration may not be achieved.

To maximise the possibility of success in its exploration activities, Chesser seeks to employ technical staff of the highest calibre and to engage proven contractors and service providers to plan and implement its exploration and development programs.

Governmental and Regulatory Risk

Chesser's current and future exploration, development and production activities are subject to various laws and statutory regulations governing exploration, development, production, taxes, royalty payments, labour standards and occupational health, mine safety, toxic substances, land use, water use, communications, land claims of local people and other matters, and to obtaining and maintaining the necessary titles, authorisations, permits and licences.

No assurance can be given that new laws, rules and regulations will not be enacted or that existing laws, rules and regulations will not be applied in a manner which could have an adverse effect on Chesser's financial position and results of operations, or on the success of its exploration and development projects.

Failure to comply with any applicable laws, regulations or permitting requirements may result in enforcement actions against Blue, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Continuous monitoring of legislative and regulatory changes and associated risks is undertaken and regular engagement with regulators and governments supports the management of risks arising from these changes.

Native Title and Land Access Risk

In addition, Chesser requires access to traditional, private and public lands which its exploration licences overlay. Exploration activities may be adversely impacted or delayed if Chesser is unable to negotiate access or entry agreements to those lands, or if disputes arise in relation to negotiated land access and entry agreements.

Chesser works closely with local communities, private and public landholders and other stakeholders to develop positive working relationships with those parties and to ensure that they are kept informed of Chesser's proposed and actual activities.

Reserve and Resource Estimates Risk

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice of independent experts. In addition, such estimates are necessarily imprecise and depend to a significant extent on interpretations, which may prove inaccurate. The calculation of any possible quantities of minerals in a prospect may be proved incorrect by future exploration, production, mapping and/or drilling activity. Further, there is no guarantee that estimated reserves and resources can be profitably exploited.

Chesser engages highly reputable and independent international experts to review its resource estimates in accordance with the 2012 JORC code.

Dependence upon key personnel

Chesser's success depends in part on the core competencies of the Directors and management and the ability of the Group to retain key personnel. Loss of key personnel could have an adverse impact on the Group's performance. Chesser has in place employment arrangements designed to secure and retain the services of key personnel.

Health, safety and environment

The nature and complexity of Chesser's operations pose risks in relation to the health and safety of employees and contractors, and a range of environmental risks exist when carrying out exploration activities.

Environmental incidents, and real or perceived threats to the environment or the amenity of local communities, could result in a loss of Chesser's licence to operate, leading to delays, disruption or the shut-down of exploration and production activities. Chesser's field activities are conducted pursuant to and compliant with applicable legislation and regulations.

Chesser has developed detailed environmental, health and safety management plans to protect the safety and well being of the environment and Chesser's employees, contractors and communities.

Access to capital and liquidity

Chesser's business and, in particular its exploration and development activities, relies on access to equity financing. The ability to secure financing, or financing on acceptable terms, may be adversely affected by volatility in the financial markets. These effects may be global or affecting a particular geographic region, industry or economic sector.

A major focus of Chesser's Board and management is on ongoing cash flow forecasting and management of cash flows to ensure that the Group has sufficient funds to cover its planned activities and any ongoing obligations.

Climate change risk

Chesser recognises that climate change is a global phenomenon and that global, country and state specific policies in response to a changing climate may affect the Group through increased regulation and costs. Chesser identifies climate change regulation as a strategic risk that ultimately may affect the Group's future operating and financial performance. The regulatory risks and perception of the speed of a changing climate may have direct and indirect adverse impacts on the Group's operations or customer markets, including capital markets.

The Company remains alert to scenarios around domestic and global policy trends caused by a changing climate, and how these might impact the Group's activities.

Schedule of mining tenements
As at 30 June 2023, 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%
Morichou	Senegal	14 February 2032	100%
Bondala	Senegal	14 February 2032	100%

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.

Directors' report

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 (2022: $60,000 including statutory superannuation). All other Non-Executive Directors receive an annual fee of $40,000 plus statutory superannuation (2022: $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 2023 (2022: $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:

- To attract and retain quality employees
- To motivate behaviours to align with corporate goals and values
- To develop highly motivated and results focused teams and individuals
- Promote open communication, collaborative and non-discriminatory work culture
- Success shared and valued across the business and with shareholders and stakeholders

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.

Directors' report

Executives are currently remunerated by a combination of cash base remuneration, a cash based short term incentive plan and an equity based long term incentive plan.

Base remuneration
Base remuneration for executives comprises salary, superannuation and leave entitlements and is paid in cash. Base remuneration is based on market levels of remuneration for comparable executive roles and the particular skills and experience of the executive.

Variable Remuneration – Short Term Incentive Plan
In the current reporting period, the Company implemented a short term incentive plan (STIP) designed to align individual and team behaviours with company goals and values.

Under the STIP, executives can receive up to 25% of their base remuneration paid as cash based on their achievement of agreed KPI's.

For the Managing Director the agreed KPI's are based on the Group's achievement of objectives relating to workplace health and safety, compliance, exploration success and share price growth. In the current reporting period, the Managing Director was assessed to have achieved eighty four percent of the target STIP KPI's (2022: 80%).

The Company did not pay any cash incentives to Non-Executive Directors during the financial year (2022: $Nil).

Variable Remuneration – Long Term Incentive Plan
Long Term Incentive program (LTIP) is designed to attract, retain and align senior management with shareholders in the long term success of the business

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.

During the current reporting period all key management personnel, including Non-Executive Directors received awards under the LTIP as follows:

- The awards were in the form of options with a zero exercise price and an expiry date of 30 June 2027

- The LTIP awards are subject to the following vesting conditions:
  - 75% of the Options issued to each participant will vest based on the VWAP for the 30 day period ending 30 June 2025 as a percentage of the Grant Date VWAP which is deemed to be $0.091 (VWAP Tranche) as follows: - 50% of the VWAP Tranche options will vest if the VWAP for the 30 day period ending 30 June 2025 is $0.1274 (being 140% of the Grant Date VWAP of $0.091) - 100% of the VWAP Tranche vesting if the VWAP for the 30 day period ending 30 June 2025 is $0.182 (being 200% of the Grant Date VWAP of $0.091). - If the VWAP for the 30 day period ending 30 June 2025 is less than $0.1274 all the VWAP Tranche options will expire unvested. The table below summarises the vesting schedule for the VWAP Tranche:
  -

	VWAP for the 30 day period ending 30 June 2025					
	$ 0.1274	$ 0.1383	$ 0.1492	$ 0.1602	$ 0.1711	$ 0.1820
30 June 2025 30 day VWAP as a % of Grant Date VWAP	140%	152%	164%	176%	188%	200%
% of VWAP Tranche options that vest	50%	60%	70%	80%	90%	100%

- 25% of the Options issued to each participant will vest if the Group announces that it has been granted a mining licence in relation to one or more of the Diamba Sud, Diamba Nord, Morichou or Bondala exploration licences on or before 30 June 2025 (ML Tranche).

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 behavior 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.

Financial Year	Total Remuneration $	EPS (Cents)	Dividends (Cents)	Share Price (Cents)
2023	1,274,595	(0.84)	-	11.0
2022	1,692,930	(0.73)	-	8.4
2021	1,259,614	(0.65)	-	13.0
2020	515,089	(0.40)	-	9.4
2019	533,391	(0.95)	-	4.4

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
Simon O'Loughlin	Non-Executive Director
Simon Taylor	Non-Executive Director
Robert Greenslade	Non-Executive Director

Directors' report

Name	Position Held
Andrew Grove	Managing Director and Chief Executive Officer
Stephen Kelly	Company Secretary

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

The Company has entered into a Consultancy Agreement with KCG Advisors Pty Ltd pursuant to which Mr Stephen Kelly is engaged to provide the following services to the Company:

- From 11 May 2015 to 31 October 2022 Mr Kelly was engaged to provide Chief Financial Officer and Company Secretarial services for monthly retainer of $15,000 exclusive of GST. From 1 November 2022 Mr Kelly was engaged to provide Company Secretarial services for monthly retainer of $7,500 exclusive of GST.
- The Agreement may be terminated by either party at any time on the giving of not less than one month's notice in writing.

c) Details of remuneration

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

2023	Base fees and remuneration	Super-annuation	Short Term Incentive Bonus	Share Based Payment^	Total remuneration	Proportion of remuneration that is performance based#
	$	$	$	$	$	%
Non-Executive Directors						
Mr Mark Connelly	54,795	5,753	-	75,726	136,274	56%
Mr Simon O'Loughlin	40,000	4,200	-	34,355	78,555	44%
Mr Simon Taylor	40,000	4,200	-	34,355	78,555	44%
Mr Robert Greenslade	40,000	-	-	34,355	74,355	46%
Total Non-Executive Directors	**174,795**	**14,153**	**-**	**178,791**	**367,739**	**49%**
Executive Directors						
Mr Andrew Grove@	325,771	25,652	61,750	238,876	**652,049**	**46%**
Total Executive Directors	**325,771**	**25,652**	**61,750**	**238,876**	**652,049**	**46%**
Other Key Management Personnel						
Mr Stephen Kelly	119,000	-	22,752	113,055	**254,807**	**53%**
Total Other Key Management Personnel	**119,000**	**-**	**22,752**	**113,055**	**254,807**	**53%**
Total Key Management Personnel Compensation	**619,566**	**39,805**	**84,502**	**530,722**	**1,274,595**	**48%**

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

Share based payments for Non-Executive Directors comprises a mix of incentives that are performance based and non-performance based.

@Base fees and remuneration for Andrew Grove includes annual leave entitlements accrued during the period.

2022	Base fees and remuneration	Super-annuation	Short Term Incentive Bonus	Share Based Payments ^	Total remuneration	Proportion of remuneration that is performance based#
	$	$	$	$	$	%
Non-Executive Directors						
Mr Mark Connelly	54,795	5,480	-	138,518	**198,793**	7%
Mr Simon O'Loughlin	40,000	4,000	-	54,266	**98,266**	10%
Mr Simon Taylor	40,000	4,000	-	54,381	**98,381**	11%
Mr Robert Greenslade	40,000	-	-	53,922	**93,922**	11%
Total Non-Executive Directors	**174,795**	**13,480**	-	**301,087**	**489,362**	**9%**
Executive Directors						
Mr Andrew Grove@	348,427	21,710	52,975	442,024	**865,136**	**57%**
Total Executive Directors	**348,427**	**21,710**	**52,975**	**442,024**	**865,136**	**57%**
Other Key Management Personnel						
Mr Stephen Kelly	124,545	-	29,340	184,547	**338,432**	**63%**
Total Other Key Management Personnel	**124,545**	**-**	**29,340**	**184,547**	**338,432**	**63%**
Total Key Management Personnel Compensation	**647,767**	**35,190**	**82,315**	**927,658**	**1,692,930**	**45%**

^ Equity-settled share-based payments as per *Corporations Regulation 2M.3.03(1) Item 11.*
# Share based payments for Non-Executive Directors comprises a mix of incentives that a performance based and non-performance based.
@Base fees and remuneration for Andrew Grove includes annual leave entitlements accrued during the period.

d) Share-based compensation

During the 2023 financial year the following options were issued to key management personnel:

- On 12 August 2022 the Company granted 1,582,419 zero exercise price options (ZEPOs) and on the 4th of November 2022 the Company granted 5,549,450 ZEPOs with an expiry date of 30 June 2027 to Directors and Executives under the Employee Incentive Plan.

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

Directors' report

Date of grant	Vesting date	Expiry date	Exercise price	Fair value per option at grant date	Number granted	Vested
30 November 2020	Vest 8 December 2021	7 December 2025	$Nil	$0.21	966,668	966,668
30 November 2020	Vest 8 December 2022	7 December 2025	$Nil	$0.21	966,668	966,668
30 November 2020	Vest 8 December 2023	7 December 2025	$Nil	$0.21	966,664	0
30 November 2020^	Subject to achieving JORC Resource of 500,000 ounces Au, average grade not less than 2g/t	7 December 2025	$Nil	$0.21	666,667	666,667
30 November 2020^	Subject to achieving JORC Resource of 750,000 ounces Au, average grade not less than 2g/t	7 December 2025	$Nil	$0.21	666,667	666,667
30 November 2020^	Subject to achieving JORC Resource of 1,000,000 ounces Au, average grade not less than 2g/t	7 December 2025	$Nil	$0.21	666,666	0
30 April 2021	Subject to achieving JORC Resource of 500,000 ounces Au, average grade not less than 2g/t	31 January 2026	$Nil	$0.14	1,666,667	1,666667
30 April 2021	Subject to achieving JORC Resource of 750,000 ounces Au, average grade not less than 2g/t	31 January 2026	$Nil	$0.14	1,666,667	1,666,667
30 April 2021	Subject to achieving JORC Resource of 1,000,000 ounces Au, average grade not less than 2g/t	31 January 2026	$Nil	$0.14	1,666,666	0
27 September 2021	Subject to VWAP vesting condition as at 30 June 2024	30 June 2026	$Nil	$0.10	493,151	0
27 September 2021	Subject to Definitive Feasibility Study vesting condition as at 30 June 2024	30 June 2026	$Nil	$0.135	164,384	0
30 November 2021	Subject to VWAP vesting condition as at 30 June 2024	30 June 2026	$Nil	$0.10	2,568,085	0
30 November 2021	Subject to Definitive Feasibility Study vesting condition as at 30 June 2024	30 June 2026	$Nil	$0.135	856,123	0
12 August 2022	Subject to VWAP vesting condition as at 30 June 2025	30 June 2027	$Nil	$0.05	1,186,814	0
12 August 2022	Subject to mining licence vesting condition as at 30 June 2025	30 June 2027	$Nil	$0.09	395,605	0
4 November 2022	Subject to VWAP vesting condition as at 30 June 2025	30 June 2027	$Nil	$0.03	4,162,088	0

Directors' report

Date of grant	Vesting date	Expiry date	Exercise price	Fair value per option at grant date	Number granted	Vested
4 November 2022	Subject to mining licence vesting condition as at 30 June 2025	30 June 2027	$Nil	$0.07	1,387,362	0

^Excludes 4,000,000 options granted to the former Managing Director, Mike Brown who resigned on 1 February 2021

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.

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.

In the event of a change of control the Board may exercise its discretion to deem that some or all of the vested and unvested options vest and are automatically exercised into fully paid ordinary shares in the Company.

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.

As a result of the implementation of the Scheme of arrangement with Fortuna Silver Mines all of the above unvested options were deemed to have vested and together will all other vested, but unexercised options were automatically exercised into fully paid ordinary shares in the Company on the 8th of September 2023.

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:

2023 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	1,776,164	659,341	-	-	2,435,505	933,334	1,502,171
A Grove	7,226,128	3,571,429	-	-	10,797,557	3,333,334	7,464,223
R Greenslade	773,972	439,560	-	-	1,213,532	333,334	880,198
S Taylor	773,972	439,560	-	-	1,213,532	333,334	880,198
S O'Loughlin	773,972	439,560	-	-	1,213,532	333,334	880,198
S Kelly	2,657,535	1,582,419	-	-	4,239,954	1,333,334	2,906,620
Total	**13,981,743**	**7,131,869**	**-**	**-**	**21,113,612**	**6,600,004**	**14,513,608**

2022 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	1,400,000	376,164	-	-	1,776,164	466,667	1,309,497
A Grove	5,000,000	2,226,128	-	-	7,226,128	1,666,667	5,559,461
R Greenslade	1,750,000	273,972	(1,250,000)	-	773,972	166,667	607,305
S Taylor	1,500,000	273,972	(1,000,000)	-	773,972	166,667	607,305
S O'Loughlin	1,250,000	273,972	(750,000)	-	773,972	166,667	607,305
S Kelly	2,750,000	657,535	(750,000)	-	2,657,535	666,667	1,990,868
Total	**13,650,000**	**4,081,743**	**(3,750,000)**	**-**	**13,981,743**	**3,300,002**	**10,681,741**

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:

2023	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
S Kelly	176,779	-	-	176,779
	349,468	**-**	**-**	**349,468**

Directors' report

. 2022	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
S Kelly	176,779	-	-	176,779
	349,468	**-**	**-**	**349,468**

g) 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 (2022: nil).

2023	Balance at start of year	Shares held on cessation as key management personnel	Acquired on the exercise of options	Other acquisitions/disposals during the year	Balance at the end of the year
M Connelly	150,000	-	-	-	150,000
A Grove	2,350,000	-	-	-	2,350,000
R Greenslade	24,812,748	-	-	-	24,812,748
S Taylor	7,100,001	-	-	-	7,100,001
S O'Loughlin	5,283,334	-	-	-	5,283,334
S Kelly	3,095,000	-	-	(500,000)	2,595,000
	42,791,083	**-**	**-**	**(500,000)**	**42,591,083**

2022	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	150,000	-	-	-	150,000
A Grove	350,000	-	-	2,000,000^	2,350,000
R Greenslade	23,562,748	-	1,250,000	-	24,812,748
S Taylor	5,100,001	-	1,000,000	1,000,000^	7,100,001
S O'Loughlin	4,033,334	-	750,000	500,000#	5,283,334
S Kelly	2,345,000	-	750,000	-	3,095,000
	35,541,083	**-**	**3,750,000**	**3,500,000**	**42,791,083**

^ Participation in private placement
# On-market purchase

h) Use of remuneration consultants

The Company did not engage any remuneration consultants in the financial year 2023.

In financial year 2022, 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

i) Loans to key management personnel

There were no loans to key management personnel at any time during the financial year (2022: nil)

j) 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 (2022: nil).

- 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 $6,000 (2022: $16,000) 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 2023 no amounts were owing to KCG Advisors Pty Ltd for these services (2022: nil).

k) Voting and comments made at the Company's 2022 Annual General Meeting

The Company received more than 98% of "yes" votes on its remuneration report for the financial year ended 30 June 2022. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

End of Remuneration Report

Insurance of officers

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

Proceedings on behalf of the Group

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

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

Non-audit Services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Group are important. No non-audit assignments were engaged with the auditor during the year (2022: none)

Directors' report

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, 20 September 2023

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Brisbane, QLD 4000

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Brisbane, QLD 4001

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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 2023, 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
20 September 2023

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, KAREN LEVINE, EDWARD FLETCHER, ROBERT HUGHES

PITCHER PARTNERS

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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 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 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 Standard)* "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.

Material Uncertainty Related to Going Concern

We draw attention to note 3(b) in the financial report, which describes events and/or conditions which indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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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 KAREN LEVINE | EDWARD FLETCHER ROBERT HUGHES

Key Audit Matters

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

Key audit matter	How our audit addressed the matter
Exploration and evaluation expenditure - Impairment	
Refer to Note 5: Critical accounting estimates and judgements and Note 13: Exploration and Evaluation Expenditure	
The Group is involved in exploration and evaluation activities with a focus on gold deposits in Senegal. Exploration and evaluation expenditure totalling $27,259,807 as disclosed in Note 13 represents a significant balance recorded in the consolidated Statement of Financial Position. 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. As described in Note 5 to the financial statements, management performed an impairment assessment at 30 June 2023 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.	Our procedures included: • 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 2023, 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.

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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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 22 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Chesser Resources Limited, for the year ended 30 June 2023, 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
20 September 2023

Chesser Resources Limited

Consolidated Income Statement

For the year ended 30 June 2023

	Notes	**2023** **$**	2022 $
Revenue and other income	7	**66,938**	1,896
Auditors' remuneration		**(65,778)**	(70,185)
Depreciation expense	12	**(5,776)**	(2,821)
Project related expenses		**(952,417)**	(203,519)
Finance charges		**(24,727)**	(2,633)
General and administrative expenses		**(187,285)**	(198,229)
Key management personnel and employee remuneration		**(1,351,318)**	(1,227,394)
Other expenses		**(331,441)**	(176,231)
Professional fees		**(882,825)**	(37,346)
Travel expenses		**(172,159)**	(77,480)
Share based payments expense		**(957,118)**	(1,561,371)
Share registry and exchange listing fees		**(82,411)**	(104,694)
Foreign exchange gains / (losses)		**30,735**	62,730
Loss before income tax expense from continuing operations		**(4,915,582)**	(3,597,277)
Income tax expense	10	**-**	-
Loss for the year after tax		**(4,915,582)**	(3,597,277)
Loss attributable to Owners of Chesser Resources Limited		**(4,915,582)**	(3,597,277)
Basic and diluted loss per share (cents per share)	17	**(0.84)**	(0.73)

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

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	2023 $	2022 $
Loss for the year after tax	**(4,915,582)**	(3,597,277)
Other comprehensive income		
Items that may be reclassified to profit or loss	-	-
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive loss for the year	**(4,915,582)**	(3,597,277)
Comprehensive loss attributable to the owners of Chesser Resources Limited	**(4,915,582)**	(3,597,277)

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

Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	2023 $	2022 $
Current assets			
Cash and cash equivalents	21(a)	3,464,145	11,747,863
Trade and other receivables	11	95,293	405,104
Prepayments		123,899	322,064
Total current assets		3,683,337	12,475,031
Non-current assets			
Property, plant, and equipment	12	470,949	476,150
Exploration and evaluation expenditure	13	27,259,807	19,945,577
Total non-current assets		27,730,756	20,421,727
Total assets		31,414,093	32,896,758
Current liabilities			
Trade and other payables	14	1,130,950	1,770,265
Loans	15	3,000,000	-
Provisions		247,588	132,473
Total current liabilities		4,378,538	1,902,738
Total liabilities		4,378,538	1,902,738
Net assets		27,035,555	30,994,020
Equity			
Issued capital	16	40,962,600	40,962,600
Reserves	17	5,985,551	5,028,433
Accumulated losses		(19,912,596)	(14,997,013)
Total equity		27,035,555	30,994,020

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

2023	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2022	**40,962,600**	**5,028,433**	**(14,997,013)**	**30,994,020**
Loss for the year	-	-	(4,915,582)	(4,915,582)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(4,915,582)	(4,915,582)
Transactions with owners in their capacity as owners:				
Issue of equity securities	-	-	-	-
Costs of issuing equity securities	-	-	-	-
Share based payments	-	957,118	-	957,118
Total transactions with owners in their capacity as owners	-	957,118	-	957,118
Balance as at 30 June 2023	**40,962,600**	**5,985,551**	**(19,912,596)**	**27,035,554**

2022	Issued Capital $	Reserves $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2021	**28,222,867**	**3,467,062**	**(11,399,736)**	**20,290,193**
Loss for the year	-	-	(3,597,277)	(3,597,277)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(3,597,277)	(3,597,277)
Transactions with owners in their capacity as owners:				
Issue of equity securities	13,399,000	-	-	13,399,000
Costs of issuing equity securities	(659,267)	-	-	(659,267)
Share based payments	-	1,561,371	-	1,561,371
Total transactions with owners in their capacity as owners	12,739,733	1,561,371	-	14,301,104
Balance as at 30 June 2022	**40,962,600**	**5,028,433**	**(14,997,013)**	**30,994,020**

Consolidated Statement of Cash Flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flow from operating activities			
Interest received		**66,938**	1,896
Other income		**-**	-
Interest paid		**-**	(2,633)
Payments to suppliers and employees		**(3,135,458)**	(2,110,570)
Net cash flows used in operating activities	*21(b)*	**(3,068,520)**	**(2,111,308)**
Cash flow from investing activities			
Payments for property, plant, and equipment		**(201,126)**	(182,247)
Payments for exploration and evaluation expenditure		**(8,012,528)**	(6,805,788)
Net cash used in investing activities		**(8,213,654)**	**(6,988,035)**
Cash flow from financing activities			
Proceeds from share issue		**-**	13,399,000
Costs of issuing equity securities		**-**	(659,267)
Loan proceeds		**3,000,000**	-
Net cash provided by financing activities		**3,000,000**	**12,739,733**
Reconciliation of cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		**11,747,863**	8,091,915
Net increase/(decrease) in cash and cash equivalents		**(8,282,174)**	3,640,391
Foreign exchange difference on cash and cash equivalents		**(1,544)**	15,557
Cash and cash equivalents at 30 June	*21(a)*	**3,464,145**	**11,747,863**
Non-cash financing and investing activities	*21(c)*		

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

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 statements were authorised for issue by the Directors on 21 September 2023.

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 2023 of $4,915,582 (2022 loss: $3,597,277), net cash outflows from operating activities of $3,068,520 (2022: $2,111,308 outflows) and net outflows from investing activities of $8,213,654 (2022: $6,988,035 outflows).

3. Significant accounting policies (continued)

b) Going concern (continued)

At 30 June 2023 had cash and cash equivalents of $3,464,145 (30 June 2022: $11,747,863). As at 30 June 2023 the Group had net current asset deficiency of $(695,202) (2022: $10,572,293) and net assets of $27,035,554 (2022: $30,994,020).

As disclosed in Note 23, on 7 September 2023 the Scheme of Arrangement dated 9 May 2023 (Scheme) entered into with Fortuna Silver Mines Inc **(Fortuna)** became effective. The **Scheme** is expected to be implemented on 21 September 2023 at a time after the approval of this financial report. On implementation of the Scheme, the Company will become a wholly owned subsidiary of Fortuna Silver Mines Inc. Subject to implementation occurring Fortuna will provide ongoing funding to the Company through the extension of intercompany loans sufficient to fund planned activities and to ensure that the Company has sufficient funding available to it to continue to be able to meet its financial liabilities and obligations as and when they fall due for at least 12 months from the date of signing the audit report.

Based on the likelihood of the Scheme being implemented the Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Directors are not aware of any matters that would result in the Scheme not being implemented.

Should the Scheme of Arrangement transaction not be implemented, there would be a material uncertainty which would cast significant doubt as to whether the Group would be able to meet its debts as and when they fall due, and therefore continue as a going concern, the Group may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

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 set out in these financial statements. 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:

3. Significant accounting policies (continued)

d) Basis of preparation (continued)

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

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

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

The principal accounting policies are set out below.

e) 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 2023 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.

f) 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.

3. Significant accounting policies (continued)

f) Foreign currency translation (continued)

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.

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.

	2023	2022
	$	$
Financial Assets		
Cash and cash equivalents	3,464,145	11,747,863
Trade and other receivables	95,293	405,104
	3,683,337	**12,152,967**
Financial Liabilities		
Trade and other payables	1,130,950	1,770,265
Loans	3,000,000	-
	4,130,950	**1,770,265**

4. Financial risk management (continued)

(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 are primarily 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.

	Balances denominated in				
	AUD	**USD**	**CFA**	**Other**	**TOTAL**
30 June 2023					
Cash and cash equivalents	3,201,773	17,023	245,349	-	3,464,145
Trade and other receivables	80,671	-	14,622	-	95,293
Total assets	**3,282,444**	**17,023**	**259,971**	**-**	**3,559,438**
Loans	(3,000,000)	-	-	-	(3,000,000)
Trade and other payables	(789,279)	(23,332)	(318,339)	-	(1,130,950)
Net exposure	**(506.835)**	**(6,309)**	**(58,368)**	**-**	**(571,512)**
	AUD	**USD**	**CFA**	**Other**	**TOTAL**
30 June 2022					
Cash and cash equivalents	10,908,579	285,123	554,161	-	11,747,863
Trade and other receivables	154,777	-	250,327	-	495,104
Total assets	**11,063,356**	**285,123**	**804,488**	**-**	**12,152,967**
Trade and other payables	(385,922)	(51,774)	(1,319,994)	(12,575)	(1,770,265)
Net exposure	**10,677,434**	**233,349**	**(515,506)**	**(12,575)**	**10,382,702**

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.

	2023	2022
	$	$
Profit / (loss) before tax and equity – AUD/USD +10%	**631**	22,077
Profit / (loss) before tax and equity – AUD/USD -10%	**(631)**	(22,077)
Profit / (loss) before tax and equity – AUD/CFA +10%	**5,837**	51,551

Profit / (loss) before tax and equity – AUD/CFA -10%	**(5,837)**	(51,551)

4. Financial risk management (continued)

(ii) Interest rate risk

The Group's exposure to interest rate risk arises predominantly from cash and cash equivalents bearing variable interest rates. The $3,000,000 Fortuna Silver Mines loan which bears interest payable at a fixed base rate of 7.5% per annum and a default rate of 9.5% per annum. At the end of the reporting period the Group maintained the following variable rate accounts:

	30 June 2023		**30 June 2022**	
	Weighted average interest rate	**Balance**	**Weighted average interest rate**	**Balance**
	%	**$**	**%**	**$**
Cash and cash equivalents	4.10%	**3,464,145**	0.05%	**11,747,863**

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)**	
	2023	**2022**	**2023**	**2022**
	$	**$**	**$**	**$**
+1.0% (10bp)	**34,641**	117,480	**34,641**	117,480
-1.0% (10bp)	**(34,641)**	(117,480)	**(34,641)**	(117,480)

b) Credit risk

Credit risk primarily arises from cash and cash equivalents and term deposits deposited with banks and receivables. Cash and cash equivalents 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.

4. Financial risk management (continued)

c) Liquidity risk (continued)

30 June 2023

	Less than 3 months $	4 to less than 7 months $	Total contractual cash flows $	Carrying amount $
Trade and other payables	**1,130,950**	**-**	**1,130,950**	**1,130,950**
Loans	**-**	**3,000,000**	**3,000,000**	**3,000,000**
	1,130,950	**3,000,000**	**4,130,950**	**4,130,950**

30 June 2022

	Less than 3 months $	4 to less than 7 months $	Total contractual cash flows $	Carrying amount $
Trade and other payables	1,770,265	-	1,770,265	1,770,265
Loans	-	-	-	-
	1,770,265	-	1,770,265	1,770,265

d) Fair value estimation

The carrying amount of 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 2023 the Group had capitalised exploration and evaluation expenditure of $27,259,807 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

5. Critical accounting estimates and judgements (continued)

Exploration and evaluation expenditure (continued)
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.

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 an option 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.

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 404kms^2. 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 2023 and 2022, respectively.

(i) Segment performance

Year 30 June 2023	Diamba Sud	Diamba Nord	Other	Corporate	Total
	$	$	$	$	$
Total segment revenue	-	-	-	66,938	66,938
Segment expenditure	(7,288,721)	(7,226)	-	(4,050,360)	(11,346,306)
Segment result	**(7,288,721)**	**(7,226)**	**-**	**(3,983,422)**	**(11,279,369)**
Reconciliation of segment result to Group loss before tax					
• Capitalised expenditure					7,295,947
• Depreciation expense					(5,776)
• Share based payments expense					(957,118)
• Other income					30,734
Net loss before tax					**(4,915,582)**

Year 30 June 2022	Diamba Sud	Diamba Nord	Other	Corporate	Total
	$	$	$	$	$
Total segment revenue	-	-	-	1,896	1,896
Segment expenditure	(7,727,340)	(63,357)	(18,284)	(2,097,711)	(9,906,692)
Segment result	**(7,727,340)**	**(63,357)**	**(18,284)**	**(2,095,815)**	**(9,904,796)**
Reconciliation of segment result to Group loss before tax					
• Capitalised expenditure					7,808,981
• Depreciation expense					(2,821)
• Share based payments expense					(1,561,371)
• Other income					(62,730)
Net loss before tax					(3,597,277)

6. Segment information (continued)
(i) Segment assets

The following table shows assets by geographical segment.

	Senegal	Australia	Total
	$	$	$
30 June 2023			
Segment assets	**27,950,659**	**3,463,434**	**31,494,093**
30 June 2022			
Segment assets	21,227,226	11,669,532	32,896,758

	2023	2022
7. Revenue and other income	**$**	$
Interest income	**66,938**	1,896
	66,938	**1,896**

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.

	2023	2022
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	**40,376**	49,609
Superannuation contributions	**72,618**	34,446

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 $40,376 (2022: $49,609) 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.

	2023 $	2022 $
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:

	2023 $	2022 $
(i) Audit and assurance services		
Audit and review of financial reports	**65,778**	70,185
Total auditors' remuneration	**65,778**	70,185

10. Income tax

	2023 $	2022 $
(a) Income tax benefit		
Current and deferred tax	**-**	-
	-	-
(b) Deferred income tax/(revenue)		
Deferred income tax/(revenue) included in tax expense comprises:		
(Increase)/decrease in deferred tax assets	**-**	**-**
Increase/(decrease) in deferred tax liabilities	**-**	**-**
	-	**-**
(c) Reconciliation of income tax expense to prima facie income tax		
Loss before income tax from continuing operations	**(4,915,582)**	(3,597,277)
Tax at the Australian tax rate of 30% (2022: 30%)	**(1,474,034)**	(1,079,048)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable income	**-**	-
Non-deductible expenses	**558,475**	526,904
Deductible capital raising costs	**(114,715)**	(125,028)
	(1,030,274)	(677,172)
Deferred tax assets not recognised / (recognised)	**1,030,274**	677,172
Income tax benefit	**-**	-
(d) Deferred tax assets / (liabilities) comprise		
Accruals	**147,575**	103,357
Provisions	**74,276**	39,742
Prepayments	**(37,169)**	(96,618)
Tax losses available for offset against future taxable income	**5,931,481**	5,040,286
Net deferred tax assets	**6,116,163**	5,086,767
Deferred tax assets not recognised	**(6,116,163)**	(5,086,767)
	-	-

10. Income tax (continued)

	2023	2022
	$	$
(e) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Temporary differences and tax losses at 30% (2022: 30%)	**6,116,163**	**5,086,767**

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.

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.

11. Trade and other receivables	**2023 $**	2022 $
Current		
Other receivables	**95,293**	405,104

Other receivables represent the Company's GST receivable, and deposits paid in advance of drilling and assaying services. All receivables amounts are expected to be settled within three months.

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 2021	**210,607**	**194,875**	**77,519**	**483,001**
Additions	141,834	-	40,411	**182,245**
Depreciation	(64,367)	(86,082)	(38,647)	**(189,096)**
Carrying amount at 30 June 2022	288,074	108,793	79,283	476,150
Additions	102,164	46,103	52,858	**201,125**
Depreciation	(88,367)	(65,907)	(53,053)	**(206,326)**
Carrying amount at 30 June 2023	**301,871**	**89,990**	**79,088**	**470,949**

During the current period depreciation expense totaling $200,551 were capitalised as exploration and evaluation expenditure (2022:$186,275). During the current period depreciation expensed to the profit and loss totaled $5,776 (2022:$2,821).

12. Property, plant, and equipment (continued)

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.

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

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

Classification	*Useful lives*	*Depreciation Basis*
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.

The depreciation expense for assets used for the purposes of exploration and evaluation is capitalized to Exploration and Evaluation Assets.

13. Exploration and evaluation expenditure

	2023	2022
	$	$
At cost	**27,259,807**	19,945,577

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

Carrying amount at beginning of period	**19,945,577**	12,136,596
Exploration expenditure during the period	**7,314,230**	7,808,981
Carrying amount at end of period	**27,259,807**	19,945,577

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

13. Exploration and evaluation expenditure (continued)

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.

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.

14. Trade and other payables	**2023** **$**	2022 $
Trade payables	**527,011**	1,425,742
Accruals	**603,939**	344,523
Total trade and other payables	**1,130,950**	1,770,265

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.

15. Loans

	2023 $	2022 $
Loans	**3,000,000**	-

Fortuna Silver Mines Loan

On the 9th of May 2023 Chesser Resources entered into a bridging loan agreement with Fortuna Silver Mines to provide general working capital during the scheme of arrangement transaction period. Key loan terms are as follows.

The bridging loan is secured by Chesser's present and after-acquired property, will accrue interest at 7.5% per annum and is repayable in the following circumstances:

- If any event of default has occurred and while it is continuing, immediately on written demand from Fortuna (and then the unpaid principal amount of the Bridging Loan shall accrue interest at 9.5% per annum);
- If the Scheme Implementation Deed (SID) is terminated by Chesser for any reason which gives rise to an obligation that Chesser pay the break fee under the SID, within 30 days after the date of such termination;
- If the SID is terminated by Chesser for any reason that does not give rise to an obligation that Chesser pay the break fee under the SID, within four months after the date of such termination; or
- If implementation occurs, such date as notified by Fortuna to Chesser in writing after the Implementation Date (as defined in the SID).

16. Issued capital

	2023 $	2022 $
Ordinary shares – fully paid	**40,962,600**	40,962,600

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 2023 No.	30 June 2023 $
Opening Balance 30 June 2022	588,123,110	40,962,600
^Shares issued on the exercise of options expiring 31 Dec 2022	478,238	-
Closing Balance 30 June 2023	**588,601,348**	**40,962,600**

^ 1,500,000 $0.05 options exercised under the cashless exercise mechanism.

16. Issued capital (continued)

(b) Movements in ordinary shares

	30 June 2022	
	No.	$
Opening Balance 30 June 2021	452,502,125	28,222,867
Shares issued on the exercise of $0.08 options expiring 16 July 2021	9,112,500	729,000
Shares issued on the exercise of $0.05 options expiring 31 December 2021 ^	6,388,889	225,000
Shares issued pursuant to exercise of options where funds were received in the prior period^^	1,881,500	-
Repayment of loan for share issue to director in a prior period	-	30,000
Private Placement – April 2022	115,238,096	12,100,000
Director subscription – May 2022	3,000,000	315,000
Share issue costs	-	(659,267)
Closing Balance 30 June 2022	**588,123,110**	**40,962,600**

^ Included in the total number of shares issued are 1,888,889 shares issued on the exercise of 3 million options using a cashless exercise mechanism.

^^ 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.

(c) ***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.

16 Issued capital (continued)

(d) *Share options*

At 30 June 2023, the following options for ordinary shares in the Company were on issue:

	$0.05 options expiring 31 Dec 2022	$0.12 options expiring 30 Nov 2022	$0.24 options expiring 19 Aug 2024	$0.35 options expiring 19 Aug 2024	$0.45 options expiring 19 Aug 2024	$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	$Nil Options expiring 30 June 2026	$Nil Options expiring 30 June 2027	Total options on issue
On issue at 1 July 2022	**1,500,000**	**2,000,000**	**200,000**	**200,000**	**200,000**	**2,000,000**	**1,026,685**	**10,800,000**	**5,000,000**	**6,925,724**	**-**	**29,852,409**
New issues	-	-	-	-	-	-	-	-	-	-	14,488,279	**14,488,279**
Exercised	(1,500,000)	-	-	-	-	-	-	-	-	-	-	**(1,500,000)**
Lapsed / cancelled	-	(2,000,000)	-	-	-	-	-	-	-	-	-	**(2,000,000)**
On issue at 30 June 2023	**-**	**-**	**200,000**	**200,000**	**200,000**	**2,000,000**	**1,026,685**	**10,800,000**	**5,000,000**	**6,925,724**	**14,488,279**	**40,840,688**

At 30 June 2022, the following options for ordinary shares in the Company were on issue:

	$0.05 options expiring 31 Dec 2021	$0.05 options expiring 31 Dec 2022	$0.12 options expiring 30 Nov 2022	$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	$Nil Options expiring 30 June 2026	Total options on issue
On issue at 1 July 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**
New issues	-	-	-	-	-	-	-	-	-	-	-	6,925,724	**6,925,724**
Exercised	(7,500,000)	-	-	(10,994,000)	-	-	-	-	-	-	-	**-**	**(18,494,000)**
Lapsed / cancelled	-	-	-	(668,500)	-	-	-	-	-	-	-	**-**	**(668,500)**
On issue at 30 June 2022	**-**	**1,500,000**	**2,000,000**	**-**	**200,000**	**200,000**	**200,000**	**2,000,000**	**1,026,685**	**10,800,000**	**5,000,000**	**6,925,724**	**29,852,409**

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 2023 financial year.

17. Reserves

	2023 $	2022 $
Share based payments reserve	**5,985,551**	5,028,433
	5,985,551	**5,028,433**

Movements:

Share based payments reserve		
Balance at 1 July 2022	**5,028,433**	3,467,062
Share based payments expense	**957,118**	1,561,371
Capital raising costs	**-**	-
Balance at 30 June 2023	**5,985,551**	**5,028,433**

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 provides 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. Volatility is based on the historic volatility of the Company's shares on the Australian Stock Exchange over a period commensurate with the expected life of the awards.

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:

17. Reserves (continued)

	30 June 2023 $	30 June 2022 $
Options issued as remuneration to Directors, employees, and consultants (ii), (iii), (v) and (vi)	957,118	1,561,146
Options issued to third-party vendors (i)	-	225
Salary Sacrifice Rights issued (iv)	-	-
Share-based payments expense for the financial year	**957,118**	**1,561,371**

17. Reserves (continued)

(i) During the prior 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		7 December 2025			7 December 2025			31 January 2026	
Estimated vesting date	31 October 2021	31 October 2022	31 October 2023	31 October 2021	31 October 2022	31 October 2023	31 October 2021	31 October 2022	31 October 2023
Estimated probability that options will vest	100%	100%	75%	100%	100%	75%	100%	100%	75%
Exercise price	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Expected volatility	96%	96%	96%	96%	96%	96%	95%	95%	95%
Risk-free interest rate	0.30%	0.30%	0.30%	0.37%	0.37%	0.37%	0.70%	0.70%	0.70%
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

17. Reserves (continued)

(ii) On 27 September 2021 the Company granted to employees and consultants 3,501,516 unlisted zero exercise price Incentive Options under the Employee Incentive Plan which were issued on 3 November 2021. On 30 November 2021 the Company granted to Directors 3,424,208 unlisted zero exercise price incentive options under the Employee Incentive Plan which were issued on 2 December 2021.

The expiry date of the options is 30 June 2026 subject to the following vesting conditions.

- 2,568,085 of the incentive options issued to each Director and 2,626,136 of the incentive options issued to employees and consultants will vest based on the 90-day VWAP as at 30 June 2024 as a percentage of the Grant Date VWAP which is deemed to be $0.146. The table below summarises the vesting schedule for the VWAP Tranche:

	90 day VWAP as at 30 June 2024					
	$ 0.2044	$0.2216	$0.2392	$0.2568	$0.2744	$ 0.2920
30 June 90 day VWAP as a % of Grant Date VWAP	140%	152%	164%	176%	188%	200%
% of VWAP Tranche options that vest	50%	60%	70%	80%	90%	100%

- 856,126 of the incentive options to be issued to each Director and 875,380 of the incentive options to be issued to employees and consultants will vest if the Group announces a positive Definitive Feasibility Study on or before 30 June 2024.

The fair value of the options at grant date has been estimated as follows:

- The VWAP Tranche Options have been valued using a trinomial option valuation model; and
- The DFS Tranche Options have a non-market-based performance condition. Non-market conditions are considered by adjusting the number of Options included in the measurement of the transaction amount using a probability of vesting assumption so that, ultimately, the amount recognised shall be based on the number of rights that eventually vest.

The following assumptions were used to value the options:

	Director options		Employee options	
	VWAP Tranche	**DFS Tranche**	**VWAP Tranche**	**DFS Tranche**
Exercise price	$0.00	$0.00	$0.00	$0.00
Expected volatility	121%	N/A	118%	%
Risk-free interest rate	1.31%	N/A	0.78%	%
Expected life of share options (days)	1,673	1,673	1,737	1,737
Grant date share price	$0.14	$0.14	$0.14	$0.14
Fair value per option	$0.10	$0.135	$0.10	$0.135
Probability of achieving vesting condition	100%	100%	100%	100%

17. Reserves (continued)

(iii) On 12 August 2022 the Company granted to employees and consultants 6,741,026 unlisted zero exercise price Incentive Options under the Employee Incentive Plan. On 10 October 2022 the Company granted to employees and consultants 2,197,803 unlisted zero exercise price Incentive Options under the Employee Incentive Plan. On 4 November 2022 the Company granted to Directors 5,549,450 unlisted zero exercise price incentive options under the Employee Incentive Plan. The expiry date of the options is 30 June 2027 subject to the following vesting conditions.

- 4,162,088 of the incentive options issued to each Director and 6,704,122 of the incentive options issued to employees and consultants will vest based on the 90-day VWAP as at 30 June 2025 as a percentage of the Grant Date VWAP which is deemed to be $0.1274. The table below summarises the vesting schedule for the VWAP Tranche:

	VWAP for the 30 day period ending 30 June 2025					
	$ 0.1274	$ 0.1383	$ 0.1492	$ 0.1602	$ 0.1711	$ 0.1820
30 June 2025 30 day VWAP as a % of Grant Date VWAP	140%	152%	164%	176%	188%	200%
% of VWAP Tranche options that vest	50%	60%	70%	80%	90%	100%

- 1,387,362 of the incentive options to be issued to each Director and 2,234,707 of the incentive options to be issued to employees and consultants will vest if the Group announces a granted a mining licence in relation to one or more of the Diamba Sud, Diamba Nord, Morichou or Bondala exploration licences on or before 30 June 2025 (ML Tranche)

The fair value of the options at grant date has been estimated as follows:

- The VWAP Tranche Options have been valued using a trinomial option valuation model; and
- The DFS Tranche Options have a non-market-based performance condition. Non-market conditions are considered by adjusting the number of Options included in the measurement of the transaction amount using a probability of vesting assumption so that, ultimately, the amount recognised shall be based on the number of rights that eventually vest.

The following assumptions were used to value the options:

	Director options		Employee options	
	VWAP Tranche	**DFS Tranche**	**VWAP Tranche**	**DFS Tranche**
Exercise price	$0.00	$0.00	$0.00	$0.00
Expected volatility	56%	56%	70%	70%
Risk-free interest rate	3.13%	3.13%	3.13%	3.13%%
Expected life of share options (days)	1,699	1,699	1,783	1,783
Grant date share price	$0.07	$0.07	$0.09	$0.09
Fair value per option	$0.03	$0.07	$0.05	$0.09
Probability of achieving vesting condition	100%	75%	100%	75%

17. Reserves (continued)

The following is a summary of movements in options on issue during the financial year.

Expiry	Exercise Price	1 July 2022	Issued	Exercised	Lapsed	30 June 2023
30 November 2022	$0.12	2,000,000	-	-	(2,000,000)	-
31 December 2022	$0.05	1,500,000	-	(1,500,000)	-	-
30 November 2023	$0.08	2,000,000	-	-	-	2,000,000
19 January 2024	$0.24	200,000	-	-	-	200,000
19 January 2024	$0.35	200,000	-	-	-	200,000
19 January 2024	$0.45	200,000	-	-	-	200,000
7 December 2025	-	10,800,000	-	-	-	10,800,000
7 December 2025	-	1,026,685	-	-	-	1,026,685
31 January 2026	-	5,000,000	-	-	-	5,000,000
30 June 2026	-	6,925,724	-	-	-	6,925,724
30 June 2027	-	-	14,488,279	-	-	14,488,279
		29,852,409	**14,488,279**	**(1,500,000)**	**(2,000,000)**	**40,840,688**
Weighted average exercise price		$0.02	$-	$0.05	$-	$0.01

- On 16 January 2023 the Company issued 478,238 shares pursuant to the exercise of 1,500,000 options via a cashless exercise mechanism. The options had an exercise price of $0.05, the share price at the time of exercise was $0.086.

Expiry	Exercise Price	1 July 2021	Issued	Exercised	Lapsed	30 June 2022
31 December 2021	$0.05	7,500,000	-	(7,500,000)	-	-
30 November 2022	$0.12	2,000,000	-	-	-	2,000,000
31 December 2022	$0.05	1,500,000	-	-	-	1,500,000
30 November 2023	$0.08	2,000,000	-	-	-	2,000,000
19 January 2024	$0.24	200,000	-	-	-	200,000
19 January 2024	$0.35	200,000	-	-	-	200,000
19 January 2024	$0.45	200,000	-	-	-	200,000
7 December 2025	-	10,800,000	-	-	-	10,800,000
7 December 2025	-	1,026,685	-	-	-	1,026,685
31 January 2026	-	5,000,000	-	-	-	5,000,000
30 June 2026	-	-	6,925,724	-	-	6,925,724
		30,426,685	**6,925,724**	**(7,500,000)**	**-**	**29,852,409**
Weighted average exercise price		$0.04	$-	$0.05	$-	$0.02

The weighted average remaining term to expiry of issued options was 2.98 years at 30 June 2023 (2022: 3.04 years).

18. 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.

	2023 $	2022 $
Loss per share (cents per share)	**(0.84)**	(0.73)
Diluted loss per share (cents per share)	**(0.84)**	(0.73)
Loss attributable to Owners of Chesser Resources Limited	**(4,915,582)**	(3,597,277)

	Shares	Shares
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	**588,339,300**	**493,651,293**

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.

19. 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 2023 and 30 June 2022 the parent entity of the Group was Chesser Resources Limited.

19. Parent entity disclosures (continued)

a) Summary financial information

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

	2023 $	2022 $
Results		
(Loss) for the year	**(4,831,461)**	(3,627,588)
Total comprehensive loss for the year	**(4,831,461)**	(3,627,588)
Financial Position		
Current assets	**3,423,365**	11,637,246
Non-current assets	**27,521,129**	19,806,931
	30,944,494	31,444,177
Current liabilities	**3,866,140**	491,481
Net Assets	**27,078,354**	30,952,696
Contributed equity	**40,962,600**	40,962,600
Share-based payments reserve	**5,969,551**	5,028,433
Accumulated losses	**(19,853,797)**	(15,038,337)
	27,078,354	30,952,696

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 2023 or 30 June 2022.

d) Contractual commitments for capital expenditure

The parent entity did not have any contractual commitments for capital expenditure as at 30 June 2023 (2022: $nil).

20. 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	
			2023	2022
			%	%
Boya Gold Pty Ltd	Australia	Ordinary	**100**	**100**
Boya SA	Senegal	Ordinary	**100**	**100**
Chesser Senegal SAU	Senegal	Ordinary	**100**	**100**
Bondou SAU	Senegal	Ordinary	**100**	**100**

21. Related parties

The following amounts were paid to Key Management Personnel as remuneration:

	2023	2022
	$	$
Base fees and remuneration	**619,566**	647,767
Superannuation	**39,805**	35,190
Short term incentive bonus	**84,502**	82,315
Share based payments	**530,722**	927,658
	1,274,595	1,692,930

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 $6,000 (2022: $16,000) 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 2023 no amounts were owing to KCG Advisors Pty Ltd for these services (2022: nil).

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

22. Cash flow information

	2023 $	2022 $
a) Cash and cash equivalents		
Cash at bank and on hand	**3,464,145**	11,747,863
b) Reconciliation of cashflows from operating activities		
Loss before tax	**(4,915,582)**	(3,597,277)
Depreciation and amortisation	**5,776**	2,821
Annual leave provision	**22,282**	28,821
Foreign exchange (gains)	**(30,733)**	(15,559)
Exploration costs	**-**	203,519
Share based payments expense	**957,118**	1,561,371
Change in operating assets and liabilities (net of disposals):		
(Increase)/decrease in trade or other receivables	**311,346**	(113,267)
(Increase)/decrease in prepayments	**198,163**	(224,432)
Increase/(decrease) in trade and other payables	**383,110**	42,965
Net cash outflow from operating activities	**3,068,520**	(2,111,308)
c) Non-cash investing and financing activities		
Issue of shares in settlement of capital raising costs	-	-
Issue of options in settlement of capital raising costs	-	-

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:

	2023	2022
	$	$
Within one year	7,288,121	723,141
Later than one year but less than five years	1,385,061	7,631,373
	8,673,182	8,354,514

(b) Contingent liabilities

- The group did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

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.

- On the 25th of August 2023 a general meeting of Chesser shareholders voted to approve the Fortuna Scheme of Arrangement.
- 0n the 6th September 2023 the Federal Court of Australia made orders approving the Fortuna Scheme of Arrangement.
- On the 8th September 2023, the following events occurred in relation to options and rights over ordinary shares in the Company in accordance with the terms of the SID:
  - 1,026,685 fully paid ordinary shares in the Company were issued on the conversion of the equivalent number of salary sacrifice rights.
  - 37,214,003 fully paid ordinary shares in the Company were issued on the conversion of the equivalent number of ZEPOs.
- On 13th of September 2023, 2,600,000 unlisted options were purchased by Fortuna for cash consideration and were subsequently cancelled.
- On the 7th September 2023 the Fortuna Scheme of Arrangement became effective.
- On the 15th of September 2023 the Company drew down a further $350,000, taking total loaned proceeds to $3,350,000.

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 2023 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.

AGrove

Andrew Grove
Managing Director
Perth 20 September 2023