Half-year Financial Report

31 December 2014

ABN 14 118 619 042

Chesser Resources Ltd ABN 14 118 619 042
Half-year Financial Report – 31 December 2014

Contents

This half-year financial report does not include all of the notes and other disclosure information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the financial year ended 30 June 2014 and any public announcements made by Chesser Resources Ltd during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Competent Person Statement

The exploration data and results contained in this presentation are based on information reviewed by Dr Rick Valenta, a fellow of the Australian Institute of Mining and Metallurgy. He is Managing Director of the Company and has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Dr Valenta has consented to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Kestanelik in-situ Mineral Resources is based on information compiled by Mr Ian Taylor of Mining Associates Ltd. Mr Taylor is the competent person for the Kestanelik resource estimate and takes overall responsibility for it. He is a member of the Australian Institute of Geoscientists and a Chartered Professional of the Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a "Competent Person" as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Taylor consents to the inclusion of such information in this Report in the form and context in which it appears. A summary of the key information material to understanding the estimate of mineral resources is contained in the ASX Release dated 4 September 2014 which is available at www.chesserresources.com.au

The information in this report that relates to Sisorta in-situ Mineral Resources is based on information compiled by Mr Gary Giroux of Giroux Consultants Ltd. Mr Giroux is the competent person for the Sisorta resource estimate and takes overall responsibility for it. He is a Member in good standing of the Association of Professional Engineers and Geoscientists of the Province of British Columbia (a "Recognised Overseas Professional Organisation" under the JORC code) and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a "Competent Person" as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code) and has the appropriate relevant qualifications, experience and independence to qualify as a "Qualified Person" under National Instrument 43-101 - "Standards of Disclosure for Mineral Projects" (NI 43-101). Mr Giroux consents to the inclusion of such information in this Report in the form and context in which it appears. The information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was first reported.

Directors' Report

The directors present their report on the consolidated entity consisting of Chesser Resources Ltd and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

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

Mr Frank Terranova, Non-Executive Chairman (appointed 12 February 2015)
Mr Simon O'Loughlin, Non-Executive Director
Mr Simon Taylor, Non-Executive Director
Mr Philip Amery, Non-Executive Director (appointed 12 February 2015)
Mr Gabriel Radzyminski, Non-Executive Director (appointed 18 February 2015)
Mr Stephen Kelly, Executive Director (appointed 12 February 2015)
Mr Robert Reynolds (resigned 12 February 2015)
Dr Richard Valenta (resigned 30 January 2015)
Mr Morrice Cordiner (resigned 12 February 2015)
Mr Peter Lester (resigned 12 February 2015)

Company Secretary

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

REVIEW AND RESULTS OF OPERATIONS

The consolidated entity realised a profit after tax for the half-year of $14,913,236 (2013: loss after tax of $1,769,533).

EXPLORATION

KESTANELIK GOLD PROJECT

On 24 October 2014, the Company received US$40 million in cash from the sale of the Kestanelik Gold Project to Nurol Holdings A.S., a leading Turkish industrial group.

The sale of the Kestanelik project delivered significant benefits for Chesser shareholders. Pitched at a significant premium to the prevailing share market valuation of the Company, the sale crystallised the value of the project for shareholders, reduced development and funding risks and enabled a capital return of 15 cents per share paid to shareholders on 12 December 2014.

CATAK Gold

(Chesser earning up to 100%)

During the half-year the Company undertook a limited work program at the Catak Project which included an initial program of mapping, surface sampling and geophysics at the Catak Project.

The Company also continued a surface sampling program aimed at collecting a representative suite of high grade and low grade vein material for petrographic analysis.

Further to a strategic review announced in January 2015, the Company has terminated its option to acquire an interest in the Catak Project and is in the process of transferring the tenement back to the underlying owner.

The half-year financial statements disclose an impairment loss of $403,053 in relation to the Catak Project.

SISORTA Gold

(Chesser 51%)

No work was undertaken in relation to the Sisorta Project during the half-year.

On 4 March 2015, the Company announced that it had entered into legally binding agreements to dispose of its 51% interest in the Sisorta Project for $162,092.

The half year financial statements disclose an impairment loss of $4,703,871 in relation to the Sisorta Project.

CORPORATE

During the half-year the Company completed the sale of the third and final tranche of 312,500 Pilot Gold Inc shares that were received pursuant to the sale of the Karaayi Project in September 2013.

On 12 December 2014, the Company paid $0.15 per share as a capital return to all shareholders. The capital return, totalling approximately $33.15 million, was paid from the proceeds from the sale of the Kestanelik project.

The Company commenced the process of reducing its corporate cost structure in Australia and in Turkey to ensure that its staffing levels and corporate overheads are appropriate for the future strategic direction of the Company.

EVENTS OCCURRING AFTER BALANCE SHEET DATE

Other than as disclosed below, no matter or circumstance has arisen since the end of the half-year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs.

(a) Changes to the Board of Directors

Since the end of the half-year the following changes in the composition of the Company's Board of Directors have taken place:

i. On 30 January 2015, Dr Richard Valenta's employment as Managing Director of the Company was terminated.
ii. On 12 February 2015, Mr Robert Reynolds, Mr Peter Lester and Mr Morrice Cordiner resigned as Directors.
iii. On 12 February 2015, Mr Frank Terranova was appointed as Non-Executive Chairman; Mr Philip Amery was appointed as a Non-Executive Director; and Mr Stephen Kelly, the Company Secretary and Chief Financial Officer, was appointed as an Executive Director.
iv. On 18 February 2015 Mr Gabriel Radzyminski was appointed as a Non-Executive Director.

(b) Strategic review update

Subsequent to the end of the half-year the Company made a number of announcements regarding the Company's strategy and capital management activities.

The significant matters disclosed in those announcements were:

i. The Company determined not to proceed with any further investment in the Catak Project and is proceeding with the arrangements necessary to return the Catak Project to its underlying owner.
ii. The Company announced on 2 March 2015 that as a consequence of the changes in the Board of Directors that occurred in January 2015 and February 2015, it had suspended its consideration of resource project investment opportunities pending the Board completing a review of the Company's strategic and capital management opportunities.
iii. On 29 January 2015, the Company announced a proposed further return of capital of 2.75 cents per share to shareholders. On 6 March 2015, this proposal was withdrawn and a proposal for the Company to undertake an equal access buyback for up to 100% of each shareholder's shares at 3.53 cents per share was announced. It is anticipated that an extraordinary general meeting of shareholders will be convened in late May 2015 to consider the proposed equal access buyback.

(c) Sale of the Sisorta Project

On 4 March 2015, the Company announced that it had entered into legally binding agreements for the sale of its 51% interest in the Sisorta Project for cash consideration of $162,092. The half year financial statements disclose an impairment loss of $4,703,871 in relation to the Sisorta Project.

SCHEDULE OF TENEMENTS

As at 31 December 2014 the Group had an interest in the following tenements, all of which are located in Turkey:

Project[1]	Licence Number	Area (ha)	Expiry
Catak[2]	2520562	3,410	19 January 2022
Catak[2]	2395163	1,400	19 January 2022
Sisorta[3]	2199971	2,669	8 September 2019

[1] As at 30 June 2014 the Group had a 100% interest in the Kestanelik Project. The Kestanelik Project was sold to Nurol Holdings A.S. on 24 October 2014.
[2] The Group has the option to earn up to a 100% interest in the Catak Project. Subsequent to 31 December 2014 the Company has determined that it will surrender its option over the Catak Project.
[3] The Group has a 51% interest in the Sisorta Project. Subsequent to 31 December 2014 the Company entered into legally binding agreements to sell its 51% interest in the Sisorta Project.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6.

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

Stephen Kelly
Executive Director

Brisbane
13 March 2015

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 30
345 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 1144
Brisbane
Queensland 4001

Tel: 07 3222 8444
Fax: 07 3221 7779

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

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

The Directors
Chesser Resources Ltd
96 Stephens Road
SOUTH BRISBANE QLD 4101

Dear Sirs,

Auditor's Independence Declaration

As lead engagement partner for the review of the financial report of Chesser Resources Ltd for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

PITCHER PARTNERS

J. J. EVANS
Partner

Brisbane, Queensland
13 March 2015

Consolidated Income Statement

	Notes	Half-year 2014 $	Half-year 2013 $
Revenue and other income from continuing operations	3	**358,223**	54,089
Employee benefits expense		**(629,204)**	(663,570)
Impairment of exploration assets		**(5,106,924)**	(96,024)
Other exploration related expense		**(364,652)**	(454,126)
Depreciation		**(23,849)**	(14,410)
Consultants and professional fees		**(300,285)**	(135,775)
Auditors remuneration		**(15,000)**	(36,000)
Rental expense for office lease		**(45,580)**	(35,110)
Share registry fees		**(66,430)**	(35,536)
Share based payments expense		**(20,941)**	(13,367)
Fair value adjustment on financial assets at fair value through profit or loss	4	**(70,149)**	(148,588)
Other expenses		**(232,154)**	(186,404)
Loss before income tax		**(6,516,945)**	(1,764,821)
Income tax expense		**-**	-
Loss for the half-year from continuing operations		**(6,516,945)**	(1,764,821)
Discontinued operations			
Profit / (loss) from discontinued operation	8	**21,430,181**	(4,712)
Profit / (loss) for the half-year		**14,913,236**	(1,769,533)
Loss attributable to:			
Owners of the parent - continuing operations		**(5,098,144)**	(1,740,329)
Owners of the parent – discontinued operations		**21,430,181**	(4,712)
Non-controlling interests – continuing operations		**(1,418,801)**	(24,492)
		14,913,236	(1,769,533)
Earnings per share		**Cents**	**Cents**
Basic and diluted (loss) – continuing and discontinued operations		**6.75**	(0.96)
Basic and diluted (loss) – continuing operations		**(2.95)**	(0.96)

The above consolidated income statement should be read in conjunction with the accompanying notes

Consolidated Statement of Comprehensive Income

	Notes	Half-year 2014 $	2013 $
Profit / (loss) for the half-year		**14,913,236**	(1,769,533)
Other comprehensive income / (loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations			
Exchange differences arising during the half-year		**75,596**	(1,552,262)
Reclassification of adjustments relating to foreign operations disposed of in the half-year		**2,917,563**	-
Income tax relating to these items		**-**	-
Other comprehensive income / (loss) for the half-year net of tax		**2,993,159**	(1,552,262)
Total comprehensive income / (loss) for the half-year		**17,906,395**	(3,321,795)
Total comprehensive income / (loss) attributable to:			
Owners of the parent - continuing operations		**(6,697,485)**	(1,701,205)
Owners of the parent – discontinued operations		**24,347,744**	(772,859)
Non-controlling interests		**256,136**	(847,731)
		17,906,395	(3,321,795)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Note	31 December 2014 $	30 June 2014 $
CURRENT ASSETS			
Cash and cash equivalents		**7,142,018**	1,070,536
Trade and other receivables		**73,862**	401,186
Financial assets at fair value through profit or loss	**4**	**-**	454,344
Other financial assets	**5**	**1,800,488**	85,021
Other current assets		**112,517**	203,029
TOTAL CURRENT ASSETS		**9,128,885**	2,214,116
NON-CURRENT ASSETS			
Trade and other receivables		**15,000**	15,000
Property, plant and equipment		**61,732**	159,525
Exploration and evaluation assets	**6**	**491,369**	22,956,296
TOTAL NON-CURRENT ASSETS		**568,101**	23,130,821
TOTAL ASSETS		**9,696,986**	25,344,937
CURRENT LIABILITIES			
Trade and other payables		**524,781**	948,994
TOTAL CURRENT LIABILITIES		**524,781**	948,994
TOTAL LIABILITIES		**524,781**	948,994
NET ASSETS		**9,172,205**	24,395,943
EQUITY			
Issued capital	**7**	**9,325,822**	42,476,896
Accumulated losses		**(2,153,758)**	(18,485,795)
Reserves		**(348,778)**	(1,687,941)
Parent interests		**6,823,286**	22,303,160
Non-controlling interest		**2,348,919**	2,092,783
TOTAL EQUITY		**9,172,205**	24,395,943

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

	Issued Capital Ordinary $	Accumulated Losses $	Reserves $	Non-Controlling Interests $	Total Equity $
2014					
Balance at 1 July 2014	**42,476,896**	**(18,485,795)**	**(1,687,941)**	**2,092,783**	**24,395,943**
Profit / (loss) for the half-year	-	16,332,037	-	(1,418,801)	14,913,236
Other comprehensive income	-	-	1,318,222	1,674,937	2,993,159
Total comprehensive income for the half-year	-	16,332,037	1,318,222	256,136	17,906,395
Transactions with owners in their capacity as owners					
Return of capital paid during the half year	(33,151,074)	-	-	-	(33,151,074)
Share-based payments	-	-	20,941	-	20,941
Balance at 31 December 2014	**9,325,822**	**(2,153,758)**	**(348,778)**	**2,348,919**	**9,172,205**
2013					
Balance at 1 July 2013	**35,563,669**	**(11,913,261)**	**(518,640)**	**6,572,846**	**29,704,614**
Loss for the half-year	-	(1,745,041)	-	(24,492)	(1,769,533)
Other comprehensive income	-	-	(729,023)	(823,239)	(1,552,262)
Total comprehensive income / (loss) for the half-year	-	(1,745,041)	(729,023)	(847,731)	(3,321,795)
Transactions with owners in their capacity as owners					
Shares issued during the half-year, net of transaction costs	6,772,227	-	-	-	6,772,227
Share-based payments	-	-	13,367	-	13,367
Balance at 31 December 2013	**42,335,896**	**(13,658,302)**	**(1,234,296)**	**5,725,115**	**33,168,413**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Half-year 2014 $	Half-year 2013 $
Cash flows from operating activities		
Interest received	**118,526**	37,437
Payments to suppliers and employees	**(1,756,594)**	(1,391,569)
Net cash outflows used in operating activities	**(1,638,068)**	(1,354,132)
Cash flows from investing activities		
Net proceeds from the disposal of a subsidiary	**43,226,528**	-
Payments for property, plant and equipment	**-**	(2,593)
Net proceeds from sale classified as other financial assets due to restrictions on utilisation of cash	**(1,800,488)**	-
Payments for exploration and evaluation expenditure	**(1,090,638)**	(2,200,134)
Proceeds from sale of financial assets held for trading	**384,195**	-
Net proceeds from sale of exploration property	**-**	236,703
Net cash outflows provided by / (used in) investing activities	**40,719,597**	(1,966,024)
Cash flows from financing activities		
Capital return paid to shareholders	**(33,151,074)**	-
Proceeds from issue of shares	**-**	7,301,958
Share issue costs	**-**	(613,731)
Net cash inflows provided by / (used in) financing activities	**(33,151,074)**	6,688,227
Net increase in cash and cash equivalents	**5,930,455**	3,368,071
Cash and cash equivalents at the beginning of the half-year	**1,070,536**	1,224,078
Effects of exchange rate changes on cash and cash equivalents	**141,027**	(34,560)
Cash and cash equivalents at the end of the half-year	**7,142,018**	4,557,589

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 Significant Accounting Policies

Statement of compliance

These general purpose financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 *Interim Financial Reporting*.

This half-year financial report is intended to provide users with an update of the latest annual financial statements of Chesser Resources Ltd and its controlled entities (the Group). As such, it does not include all the notes of the type normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial report of the Group for the year ended 30 June 2014, together with any public announcements made during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of assets given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2014 annual financial report for the year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and effective for the current reporting period. This adoption has not resulted in any changes to the Group's accounting policies and has no significant effect on the amounts reported in the current and prior periods.

2 Operating Segments

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that were reviewed and used by the managing director (chief operating decision maker) in assessing performance and determining the allocation of resources during the half-year.

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

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and meet the other aggregation criteria of AASB 8 Operating Segments.

Activity by segment

Kestanelik project

The Company disposed of its 100% ownership interest in the Kestanelik project for cash consideration of US$40 million.

2. Operating Segments (continued)

Sisorta project

The Sisorta Gold Project is in Turkey. The Group has a 51% interest in the project. There are no ongoing commitments with respect of the lease.

On 4 March 2015, the Company announced that it had entered into legally binding agreements to dispose of its 51% interest in the Sisorta Project for $162,092.

The half year financial statements disclose an impairment loss of $4,703,871 in relation to the Sisorta Project.

Karaayi project

The Karaayi project is a copper and gold porphyry project, approximately forty kilometres southwest of Kestanelik. The Karaayi prospect contains known and previously drilled porphyry gold copper prospects. The Group disposed of the Karaayi project in September 2013.

Other Projects

During the half-year the Company undertook a limited work program at the Catak Project which included an initial program of mapping, surface sampling and geophysics at the Catak Project.

Further to a strategic review announced in January 2015, the Company is in the process of surrendering its option to acquire an interest in the Catak project.

The half-year financial statements disclose an impairment loss of $403,053 in relation to the Catak Project.

Corporate

The Managing Director assesses the performance of the operating segments based on a measure of gross expenditure that includes both expenditure that is capitalised in these financial statements and expenditure that is expensed in the income statement in these financial statements. The measurement of gross expenditure does not include the impairment of exploration expenditure but does include non-cash items such as depreciation expense and share based payments expense. Interest revenue is allocated to the Corporate segment. Other items of revenue are not allocated to segments.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Amounts reported to the Managing Director as the chief decision maker with respect to operating segments represent gross expenditure incurred in relation to each segment during the reporting period on an accruals basis and includes expenditure that is capitalised as exploration expenditure or expensed in the Statement of Comprehensive Income in these financial statements.

Any other income and expenditure as per the statement of comprehensive income consists of incidental revenue including interest and corporate overhead expenditure which is not allocated to the Group's operating segments.

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

2. Operating Segments (*continued)*

(i) Segment performance

Half-Year 31 December 2014	Discontinued operation Kestanelik Project $	Continuing Operations Sisorta Project $	Other Projects $	Corporate $	Total $
Total segment revenue	-	-	-	140,424	140,424
Segment expenditure	(552,978)	(75,041)	-	(1,723,453)	(2,351,472)
Segment result	(552,978)	(75,041)	-	(1,583,029)	(2,211,048)
Reconciliation of segment result to Group loss before tax					
• Profit from discontinued operation					21,430,181
• Capitalised expenditure					628,018
• Other income					217,799
• Depreciation					(23,849)
• Share based payments					(20,941)
• Impairment of capitalised exploration expenditure					(5,106,924)
Net loss before tax					14,913,236

Half-Year 31 December 2013	Discontinued operation Kestanelik Project $	Sisorta Project $	Continuing Operations Karaayi Project $	Other Projects $	Corporate $	Total $
Segment expenditure	(2,724,579)	(84,245)	(227,416)	(239,136)	(1,559,836)	(4,835,212)
Reconciliation of segment result to Group loss before tax						
• Capitalised expenditure						3,188,225
• Revenue						54,089
• Depreciation						(14,680)
• Share based payments						(13,367)
• Fair value adjustment on financial assets held for trading						(148,588)
Net loss before tax						(1,769,533)

(ii) Segment assets

The segment information presented to the managing director does not include the reporting of assets and liabilities or cash flows by segment. Due a significant increase in the proportion of assets held in Australia during the half-year as following the sale of the Kestanelik Project, Australia has been shown as a separate geographical segment. The presentation of segment assets as at 30 June 2014 has been restated to be consistent with the presentation as at 31 December 2014.

2. Operating Segments (*continued)*

	Australia $	Turkey $	Other $	Total $
31 December 2014				
Segment assets	**7,235,957**	**2,453,647**	**7,382**	**9,696,986**
30 June 2014				
Segment assets	1,569,355	23,765,884	9,698	25,344,937

3 Revenue and Other Income

	Half-year 2014 $	Half-year 2013 $
Interest	**140,424**	37,437
Foreign exchange gains	**179,733**	15,152
Other revenue	**38,066**	1,500
	358,223	54,089

4. Financial assets at fair value through profit or loss

During the half-year the Group disposed of the final tranche of Pilot Gold shares acquired pursuant to the sale of the Karaayi Project in September 2013. The Group did not have any financial assets at fair value through profit and loss at the end of the half-year (2013: 1,250,000 shares in Pilot Gold Inc).

The shares of Pilot Gold Inc are actively traded on the Toronto Stock Exchange and as such the fair value measurement of the shares is based on unadjusted quoted market prices for the shares (level 1 as defined in AASB 13).

5. Other financial assets

Included in other financial assets at 31 December 2014 is $1,800,488 (2013:$nil) in cash received from the sale of the Kestanelik Project that is held in a bank account maintained by the Company and is subject to the satisfaction of certain conditions related to the legal transfer of the Karaayi property before the cash can be freely utilised by the Company. The Company considers that it will meet the conditions for the release of the cash.

6. Exploration and evaluation assets

	Half-year 2014 $	Half-year 2013 $
Capitalised costs – exploration and evaluation phase		
At cost	**491,369**	27,931,413
Carrying amount at beginning of period	**22,956,296**	28,092,408
Effect of exchange rate changes	**444,969**	(1,610,880)
Additions	**628,018**	3,188,225
Disposal of tenements	**(18,430,990)**	(1,642,316)
Impairment of exploration and evaluation expenditure	**(5,106,924)**	(96,024)
Carrying amount at end of period	**491,369**	27,931,413

6. Non-current Assets – Exploration and evaluation expenditure (continued)

During the half-year, the Group disposed of its interest in the Kestanelik Project for a consideration of US$40,000,000 cash. (2013: the Group disposed of its interest in the Karaayi Project for a consideration of US$300,000 cash and 1,250,000 Pilot Gold Inc shares).

The impairment charge of $5,106,924 in the half- year ended 31 December 2014 arose in relation to the following projects:

Project	Basis on which impairment charge determined	Impairment charge $
Catak Project	The carrying value of capitalised exploration and evaluation expenditure for the project as the Group is not entitled to receive any consideration on termination of the Catak option agreement.	403,053
Sisorta Project	The excess of capitalised exploration and evaluation expenditure for the Sisorta Project over the implied value for 100% of the Sisorta Project based consideration receivable under the agreement for the Group's sale of its 51% ownership interest in the Sisorta Project.	4,703,871
		5,106,924

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

7. Contributed Equity

(a) Contributed Equity

	31 December 2014 $	30 June 2014 $
Ordinary shares – fully paid	**9,325,822**	42,476,896

Movements in contributed equity

	Half-year 2014		Half-year 2013	
	No. of Shares	**$**	No. of Shares	$
Balance at the start of the half-year	**221,007,161**	**42,476,896**	153,000,729	35,563,669
Capital return of $0.15 per share	**-**	(33,151,074)	-	-
Issue of shares – Placement @$0.11 per share (2012: $0.335 per share)	**-**	**-**	22,400,000	2,464,000
Issue of shares – Entitlement offer @$0.11 per share	**-**	**-**	43,981,432	4,837,958
Issue of shares – pursuant to option to acquire Karaayi project	**-**	**-**	525,000	84,000
Issue costs	**-**	**-**	-	(613,731)
Balance at the end of the half-year	**221,007,161**	**9,325,822**	219,907,161	42,335,896

(a) Share Options

	31 December 2014 Number	30 June 2014 Number
Employee and Director options	**7,205,000**	6,705,000

7 Contributed Equity *(continued)*

(a) Share Options (continued)

500,000 options were issued under the Employee Option Plan during the half-year (2013: nil), no employee options expired (2013: nil) and no options were exercised (2013: nil). The model inputs for options granted during the half-year ended 31 December 2014 included:

(a) Options were granted for no consideration and vested immediately.
(b) Exercise price $0.26
(c) Grant date: 20 November 2012
(d) Expiry date: 31 December 2016
(e) Share price at grant date: $0.15
(f) Expected price volatility of the Company's shares: 66%
(g) Expected dividend yield : 0%
(h) Risk free interest rate: 2.53%

The weighted average fair value of options granted in the half-year was $0.035 (2013:$nil). The expected price volatility is based on historic volatility (based on the remaining life of the options) adjusted for any expected changes to future volatility due to publicly available information.

8 Disposal of subsidiary

On 24 October 2014, the Group disposed of Bati Anadolu Madencilik Sanayi Ve Ticaret A.S. (**Bati**), the owner of the Kestanelik Gold Project. The proceeds on disposal of US$40 million were received in cash. The profit for the half-year from the discontinued operation is analysed as follows:

	Period ended 24 October 2014	6 months ended 31 December 2013
	$	$
Loss incurred by Bati for the half-year	**(47,922)**	(4,712)
Gain on disposal of Bati	**21,478,103**	-
	21,430,181	(4,712)

A gain of $21,478,103 was recognised on the disposal of Bati. No tax charge or credit arose on the transaction.

The following were the results of Bati for the half-year:

Revenue	**37,100**	44,390
Operating expenses	**(85,022)**	(49,102)
Profit before income tax	**(47,922)**	(4,712)
Income tax expense	**-**	-
Profit after income tax	**(47,922)**	(4,712)

The net assets of Bati at the date of disposal were as follows:

	24 October 2014
Net assets disposed of (includes cash and cash equivalents amounting to $4,758)	21,748,425
Transaction costs	2,228,017
	23,976,442
Gain on disposal	21,478,103
Total consideration	45,454,545

9 Commitments and contingent liabilities

Other than as disclosed below, there are no material changes to commitments or contingent liabilities of the Group to those disclosed in the June 2014 annual report:

(a) Kestanelik Environmental Impact Assessment (EIA)

In the June 2014 annual report, the Company disclosed a contingent liability in relation to a ruling by the Cannakale Administrative Court to cancel the EIA approval for the Kestanelik Project. As a consequence of the Company completing the sale of the Kestanelik Project during the half-year, the Company did not have a contingent liability in relation to the cancellation of the EIA as at 31 December 2014.

10 Events Occurring After Balance Sheet Date

Other than as disclosed below, no matter or circumstance has arisen since the end of the half-year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs.

(a) Changes to the Board of Directors

Since the end of the half-year the following changes in the composition of the Company's Board of Directors have taken place:

i. On 30 January 2015, Dr Richard Valenta's employment as Managing Director of the Company was terminated.
ii. On 12 February 2015, Mr Robert Reynolds, Mr Peter Lester and Mr Morrice Cordiner resigned as Directors.
iii. On 12 February 2015, Mr Frank Terranova was appointed as Non- Executive Chairman; Mr Philip Amery was appointed as a Non- Executive Director; and Mr Stephen Kelly, the Company Secretary and Chief Financial Officer, was appointed as an Executive Director.
iv. On 18 February 2015 Mr Gabriel Radzyminski was appointed as a Non-Executive Director.

(b) Strategic review update

Subsequent to the end of the half year the Company made a number of announcements regarding the Company's strategy and capital management activities. .

The significant matters disclosed in those announcements were:

i. The Company determined not to proceed with any further investment in the Catak Project and is proceeding with the arrangements necessary to return the Catak Project to its underlying owner.
ii. The Company announced on 2 March 2015 that as a consequence of the changes in the Board of Directors that occurred in January 2015 and February 2015, it had suspended its consideration of resource project investment opportunities pending the Board completing a review of the Company's strategic and capital management opportunities.
iii. On 29 January 2015, the Company announced a proposed further return of capital of 2.75 cents per share to shareholders. On 6 March 2015, this proposal was withdrawn and a proposal for the Company to undertake an equal access buyback for up to 100% of each shareholder's shares at 3.53 cents per share was announced. It is anticipated that an extraordinary general meeting of shareholders will be convened in late May 2015 to consider the proposed equal access buyback.

(c) Sale of the Sisorta Project

On 4 March 2015, the Company announced that it had entered into legally binding agreements for the sale of its 51% interest in the Sisorta Project for cash consideration of $162,092. The half year financial statements disclose an impairment loss of $4,703,871 in relation to the Sisorta Project.

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 Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

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

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

Stephen Kelly
Executive Director

Brisbane
13 March 2015

PITCHER PARTNERS
ACCOUNTANTS • AUDITORS • ADVISORS

Level 30
345 Queen Street
Brisbane
Queensland 4000

Postal Address:
GPO Box 1144
Brisbane
Queensland 4001

Tel: 07 3222 8444
Fax: 07 3221 7779

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

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

Independent Auditor's Report

To the Members of Chesser Resources Ltd

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Chesser Resources Ltd, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half-year.

Directors' Responsibility for the Half-year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half- year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Chesser Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

PITCHER PARTNERS

J. Evans

J. J. EVANS
Partner

Brisbane, Queensland
13 March 2015