



chesser  
resources limited

# **Half-year Financial Report**

**31 December 2015**

**ABN 14 118 619 042**

# Chesser Resources Ltd ABN 14 118 619 042

## Half-year Financial Report – 31 December 2015

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*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 2015 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.*

## 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 2015.

### 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 Simon O'Loughlin, Non-Executive Chairman  
Mr Simon Taylor, Non-Executive Director  
Mr Stephen Kelly, Executive Director  
Mr Gabriel Radzynskiy, Non-Executive Director (resigned 11 March 2016)  
Mr Frank Terranova, Non-Executive Director (resigned 15 October 2015)  
Mr Philip Amery, Non-Executive Director (resigned 15 October 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 loss after tax for the half-year of \$250,399 (2014: profit after tax of \$14,913,236).

The significant activities undertaken by the Company during the half-year are summarised below.

### *Equal Access Buy-Back*

On 4 September 2015, the Company's Shareholders approved the implementation of the 3.43 cent per share Equal Access Buy Back (EABB).

The EABB closed on 6 October 2015 with acceptances received from shareholders for 101,673,563 shares.

On 15 October 2015 the Company made payments totalling \$3,487,403 to Shareholders to complete the Equal Access Buy Back process.

### *Farm In Agreement for the Kurnalpi Nickel Project*

On 15 October 2015, the Company announced that it had executed a Binding Agreement Letter (Agreement) with Mithril Resources Ltd (ASX: MTH) to earn up to an 80% interest in two tenements (EL28/2506 and PL28/1271) located at Kurnalpi, approximately 60 kilometres north east of Kalgoorlie.

The Kurnalpi Project tenements are wholly-owned by Mithril and cover Archaen ultramafic / mafic sequences which are prospective for both nickel sulphide and lode gold mineralisation.

The terms of the farm-in agreement are as follows:

- Chesser has reimbursed Mithril its tenement acquisition costs amounting to \$17,389.
- Chesser can earn an initial 51% interest in EL28/2506 and PL28/1271 by completing expenditure of \$150,000 over 2 years.
- Chesser can elect to earn an additional 29% interest through further expenditure of \$100,000 over a further 2 years (in total 80% by spending \$250,000 over 4 years).
- Once Chesser has earned its 80% interest, Mithril has the right to contribute on a pro rata basis or dilute as per industry standard formula. If Mithril's interest dilutes below 10% it will be deemed to have withdrawn and will be entitled to receive a 1.5% Net Smelter Royalty on all minerals.
- Chesser is required to keep the tenements in good standing at all times and can withdraw from the Agreement with 30 days' notice provided the tenements are in good standing.

Subsequent to 15 October 2015, the Company has been working together with Mithril to develop an exploration strategy for the Kurnalpi Project and has commenced target generation activities on the project

which are expected to continue into the June 2016 Quarter.

The table below presents a summary of the Company's Indicative Exploration Strategy and budget for the Kurnalpi Project which remains conceptual in nature pending completion of the data compilation and target generation activities that are currently in progress.

Item	Commencement	Completion	Indicative budget
Data Compilation and Target generation	Nov 2015	March 2016	\$15,000
Reconnaissance field work – targets	May 2016	June 2016	\$20,000
Geophysical Programs – EM Surveys	July 2016	Aug 2016	\$15,000
RAB and/or Aircore based on targets	Oct 2016	Dec 2016	\$250,000
RC and / or diamond drilling	March 2017	June 2017	\$400,000
Interpretation and analysis of results of program and development of strategy for next phase of the program	July 2017	December 2017	\$50,000
Corporate support and Administration	Nov 2015	December 2017	\$1,250,000
<b>Total indicative budget</b>			<b>\$2,000,000</b>

It is noted that the above budget is indicative only and the actual activities and expenditure undertaken may vary depending on results.

### Future Strategy

In addition to the Company's investment in the Mithril JV, the Chesser Board is continuing to review other investment opportunities that are available to the Company. The focus of this review is to identify investment opportunities that meet the Company's investment criteria and is not restricted to specific sectors or industries.

### EVENTS OCCURRING AFTER BALANCE SHEET DATE

Other than the matters referred to above, and 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 Board of Directors

On 11 March 2016 Mr Gabriel Radzynski tendered his resignation as the Company's Non Executive Chairman to enable him to focus on other business interests. Mr Simon O'Loughlin was appointed as the Company's Non Executive Chairman.

### SCHEDULE OF TENEMENTS

As at 31 December 2015 the Group did not have an interest in any mining tenements.

### 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 5.

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



**Stephen Kelly**  
Executive Director  
Brisbane  
14 March 2016



# PITCHER PARTNERS

ACCOUNTANTS • AUDITORS • ADVISORS

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NIGEL BATTERS  
COLE WILKINSON  
SIMON CHUN

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 2015, 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.

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

PITCHER PARTNERS

N. Batters  
Partner

Brisbane, Queensland  
14 March 2016



## Consolidated Income Statement

		Half-year	
	Notes	2015 \$	2014 \$
<b>Revenue and other income from continuing operations</b>	3	<b>90,225</b>	358,223
Employee benefits expense		(70,976)	(629,204)
Impairment of exploration assets		-	(5,106,924)
Other exploration related expense		-	(364,652)
Depreciation		(19,312)	(23,849)
Consultants and professional fees		(84,559)	(300,285)
Auditors remuneration		(22,500)	(15,000)
Rental expense for office lease		(39,607)	(45,580)
Share registry fees		(67,541)	(66,430)
Share based payments expense		-	(20,941)
Fair value adjustment on financial assets at fair value through profit or loss	4	-	(70,149)
Other expenses		(36,129)	(232,154)
<b>Loss before income tax</b>		<b>(250,399)</b>	(6,516,945)
Income tax expense		-	-
<b>Loss for the half-year from continuing operations</b>		<b>(250,399)</b>	(6,516,945)
<b>Discontinued operations</b>			
Profit from discontinued operation	7	-	21,430,181
<b>Profit / (loss) for the half-year</b>		<b>(250,399)</b>	14,913,236
Loss attributable to:			
Owners of the parent - continuing operations		(250,399)	(5,098,144)
Owners of the parent – discontinued operations		-	21,430,181
Non-controlling interests – continuing operations		-	(1,418,801)
		<b>(250,399)</b>	14,913,236
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic and diluted (loss) – continuing and discontinued operations		<b>(0.14)</b>	6.75
Basic and diluted (loss) – continuing operations		<b>(0.14)</b>	(2.95)

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

## Consolidated Statement of Comprehensive Income

	Notes	Half-year	
		2015 \$	2014 \$
<b>Profit / (loss) for the half-year</b>		<b>(250,399)</b>	14,913,236
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations			
Exchange differences arising during the half-year		-	75,596
Reclassification of adjustments relating to foreign operations disposed of in the half-year		-	2,917,563
Income tax relating to these items		-	-
<b>Other comprehensive income for the half-year net of tax</b>		-	2,993,159
<b>Total comprehensive income / (loss) for the half-year</b>		<b>(250,399)</b>	17,906,395
Total comprehensive income / (loss) attributable to:			
Owners of the parent - continuing operations		<b>(250,399)</b>	(6,697,485)
Owners of the parent – discontinued operations		-	24,347,744
Non-controlling interests		-	256,136
		<b>(250,399)</b>	17,906,395

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

## Consolidated Statement of Financial Position

	Note	31 December 2015 \$	30 June 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		4,130,903	7,894,885
Trade and other receivables		43,687	46,179
<b>TOTAL CURRENT ASSETS</b>		<b>4,174,590</b>	<b>7,941,064</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		-	19,312
Exploration and evaluation assets	5	18,903	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>18,903</b>	<b>19,312</b>
<b>TOTAL ASSETS</b>		<b>4,193,493</b>	<b>7,960,376</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		87,140	116,221
<b>TOTAL CURRENT LIABILITIES</b>		<b>87,140</b>	<b>116,221</b>
<b>TOTAL LIABILITIES</b>		<b>87,140</b>	<b>116,221</b>
<b>NET ASSETS</b>		<b>4,106,353</b>	<b>7,844,155</b>
<b>EQUITY</b>			
Issued capital	6	5,838,419	9,325,822
Accumulated losses		(3,645,925)	(3,395,526)
Reserves		1,913,859	1,913,859
<b>TOTAL EQUITY</b>		<b>4,106,353</b>	<b>7,844,155</b>

*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 \$
<b>2015</b>					
<b>Balance at 1 July 2015</b>	<b>9,325,822</b>	<b>(3,395,526)</b>	<b>1,913,859</b>	<b>-</b>	<b>7,844,155</b>
Loss for the half-year	-	(250,399)	-	-	(250,399)
<b>Total comprehensive loss for the half-year</b>	<b>-</b>	<b>(250,399)</b>	<b>-</b>	<b>-</b>	<b>(250,399)</b>
<b>Transactions with owners in their capacity as owners</b>					
Equal access buy back	(3,487,403)	-	-	-	(3,487,403)
<b>Balance at 31 December 2015</b>	<b>5,838,419</b>	<b>(3,645,925)</b>	<b>1,913,859</b>	<b>-</b>	<b>4,106,353</b>
<b>2014</b>					
<b>Balance at 1 July 2014</b>	<b>42,476,896</b>	<b>(18,485,795)</b>	<b>(1,687,941)</b>	<b>2,092,783</b>	<b>24,395,943</b>
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
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>16,332,037</b>	<b>1,318,222</b>	<b>256,136</b>	<b>17,906,395</b>
<b>Transactions with owners in their capacity as owners</b>					
Return of capital paid during the half year	(33,151,074)	-	-	-	(33,151,074)
Share-based payments	-	-	20,941	-	20,941
<b>Balance at 31 December 2014</b>	<b>9,325,822</b>	<b>(2,153,758)</b>	<b>(348,778)</b>	<b>2,348,919</b>	<b>9,172,205</b>

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

## Consolidated Statement of Cash Flows

	Half-year	
	2015	2014
	\$	\$
<b>Cash flows from operating activities</b>		
Interest received	39,866	118,526
Payments to suppliers and employees	(354,950)	(1,756,594)
<b>Net cash outflows used in operating activities</b>	<b>(315,084)</b>	<b>(1,638,068)</b>
<b>Cash flows from investing activities</b>		
Net proceeds from the disposal of a subsidiary	-	43,226,528
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	(18,903)	(1,090,638)
Proceeds from sale of financial assets held for trading	-	384,195
<b>Net cash outflows provided by / (used in) investing activities</b>	<b>(18,903)</b>	<b>40,719,597</b>
<b>Cash flows from financing activities</b>		
Capital return paid to shareholders	(3,487,403)	(33,151,074)
<b>Net cash inflows provided used in financing activities</b>	<b>(3,487,403)</b>	<b>(33,151,074)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(3,821,390)</b>	<b>5,930,455</b>
Cash and cash equivalents at the beginning of the half-year	7,894,885	1,070,536
Effects of exchange rate changes on cash and cash equivalents	57,408	141,027
<b>Cash and cash equivalents at the end of the half-year</b>	<b>4,130,903</b>	<b>7,142,018</b>

*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 2015 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 2015, 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 2015 annual financial report for the year ended 30 June 2015, 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

##### *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.

## 2. Operating Segments (*continued*)

### 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.

#### (i) Segment performance

	Kurnalpi Projects \$	Corporate \$	Total \$
<b>Half-Year 31 December 2015</b>			
Total segment revenue	-	32,629	32,629
Segment expenditure	(18,903)	(321,312)	(340,215)
<b>Segment result</b>	(18,903)	(288,683)	(307,586)
<i>Reconciliation of segment result to Group loss before tax</i>			
• Capitalised expenditure			18,903
• Depreciation			(19,312)
• Other Income			57,596
Net loss before tax			(250,399)

## 2 Operating Segments (continued)

	Discontinued operation Kestanelik Project \$	Continuing Operations			Total \$
		Sisorta Project \$	Other Projects \$	Corporate \$	
<b>Half-Year 31 December 2014</b>					
Total segment revenue	-	-	-	140,424	140,424
Segment expenditure	(552,978)	(75,041)	-	(1,723,453)	(2,351,472)
<b>Segment result</b>	<b>(552,978)</b>	<b>(75,041)</b>	<b>-</b>	<b>(1,583,029)</b>	<b>(2,211,048)</b>
<i>Reconciliation of segment result to Group loss before tax</i>					
• 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					<b>14,913,236</b>

### (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 to a significant increase in the proportion of assets held in Australia during the half-year following the sale of the Kestanelik Project, Australia has been shown as a separate geographical segment. The presentation of segment assets as at 31 December 2014 has been restated to be consistent with the presentation as at 31 December 2015.

	Australia \$	Turkey \$	Other \$	Total \$
<b>31 December 2015</b>				
Segment assets	4,187,861	-	5,632	4,193,493
<b>31 December 2014</b>				
Segment assets	7,235,957	2,453,647	7,382	9,696,986

## 3 Revenue and Other Income

	Half-year 2015 \$	Half-year 2014 \$
Interest	32,629	140,424
Foreign exchange gains	57,596	179,733
Other revenue	-	38,066
	<b>90,225</b>	<b>358,223</b>

#### 4. Financial assets at fair value through profit or loss

During the prior half-year the Group disposed of the final tranche of Pilot Gold shares acquired pursuant to the sale of the Karaayi Project in September 2014. The Group did not have any financial assets at fair value through profit and loss at the end of the half-year (2014: nil).

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. Exploration and evaluation assets

	Half-year 2015 \$	30 June 2015 \$
<b>Capitalised costs – exploration and evaluation phase</b>		
At cost	<b>18,903</b>	-
		Half-year 2015 \$
Carrying amount at beginning of period		-
Additions		18,903
Carrying amount at end of period		18,903

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.

#### 6. Contributed Equity

	31 December 2015 \$	30 June 2015 \$
<b>(a) Contributed Equity</b>		
Ordinary shares – fully paid	<b>5,838,419</b>	9,325,822
<b>Movements in contributed equity</b>		
	Half-year 2015 No. of Shares	\$
Balance at the start of the half-year	221,207,161	9,325,822
Equal access buy back	(101,673,563)	(3,487,403)
Balance at the end of the half-year	119,333,598	5,838,419
	31 December 2015 Number	30 June 2015 Number
<b>(a) Share Options</b>		
Employee and Director options	<b>6,705,000</b>	6,705,000

## 7 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 prior half-year from the discontinued operation is analysed as follows:

	Period ended 24 October 2014 \$
Loss incurred by Bati for the prior half-year	(47,922)
Gain on disposal of Bati	21,478,103
	<u>21,430,181</u>

A gain of \$21,478,103 was recognised in the prior half-year on the disposal of Bati. No tax charge or credit arose on the transaction.

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

Revenue	37,100
Operating expenses	(85,022)
Profit before income tax	(47,922)
Income tax expense	-
Profit after income tax	<u>(47,922)</u>

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
	<u>23,976,442</u>
Gain on disposal	21,478,103
Total consideration	<u>45,454,545</u>

## 8 Commitments and contingent liabilities

There were no material changes to commitments or contingent liabilities of the Group to those disclosed in the June 2015 annual report.

## 9 Events Occurring After Balance Sheet Date

Other than the matters referred to above, and 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 Board of Directors

On 11 March 2016 Mr Gabriel Radzynskiy tendered his resignation as the Company's Non Executive Chairman to enable him to focus on other business interests.

Mr Simon O'Loughlin was appointed as the Company's Non Executive Chairman.

## 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 2015 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**  
**14 March 2016**



**PITCHER PARTNERS**

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SIMON CHUN

## **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 2015, 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 2015 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 2015 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*

PITCHER PARTNERS

*N Batters*

N Batters  
Partner

Brisbane, Queensland  
14 March 2016