



Chesser Resources Limited

ABN 14 118 619 042

Interim Financial Report

For the half-year ended 31 December 2022

Directors' report

The directors of Chesser Resources Limited (the "Company" or "Chesser") submit herewith the half-year financial report of the Company and the entities it controlled for the half-year ended 31 December 2022 (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 half-year under review and up to the date of this report, unless otherwise stated:

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

Company secretary

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

REVIEW OF OPERATIONS

The following is a summary of the activities of Chesser during the period 1 July 2022 to 31 December 2022. It is recommended that this half-yearly report be read in conjunction with the 30 June 2022 Annual Report and any public announcements made by the Company during the period.

EXPLORATION OVERVIEW

During the half-year, the Company significantly advanced the Diamba Sud gold project through the following exploration activities:

- Completion of the Phase 8 drill program.
- Maiden Mineral Resource estimate at Karakara.
- Discovery and maiden Mineral Resource estimate at Bougouda.
- Updated Mineral Resource Estimates over Areas A and D.
- Discovery of mineralisation at Western Splay and Mounoundi at Bougouda.
- Initial drilling at Kassassoko.
- DFS metallurgical results.
- Updated Scoping Study for the Diamba Sud Gold Project incorporating new and update Mineral Resources.

The Phase 8 drill program was completed, and all the remaining results were reported on during the half (Figure 1) and included:

- Karakara: 16 diamond drill ("DD") holes for 3,146m, and nine reverse circulation ("RC") drill holes for 1,334m
- Area D: 15 DD holes for 1,998.4m and three RC holes for 327m
- Area A: three DD holes for 618m and three RC holes for 477m
- Area A-D: three RC holes for 251m
- Area D South: one DD hole for 251.2m and three RC holes for 171m
- Bougouda: 13 RC drill holes for 1,274m
- Kassassoko: two DD holes for 318m
- Western Splay: 15 RC drill holes for 1,576m
- Mounoundi: 13 RC drill holes for 1,414m

Included in the DD holes were nine holes for 1,237.6m which were drilled to collect metallurgical testwork samples.

Directors' report

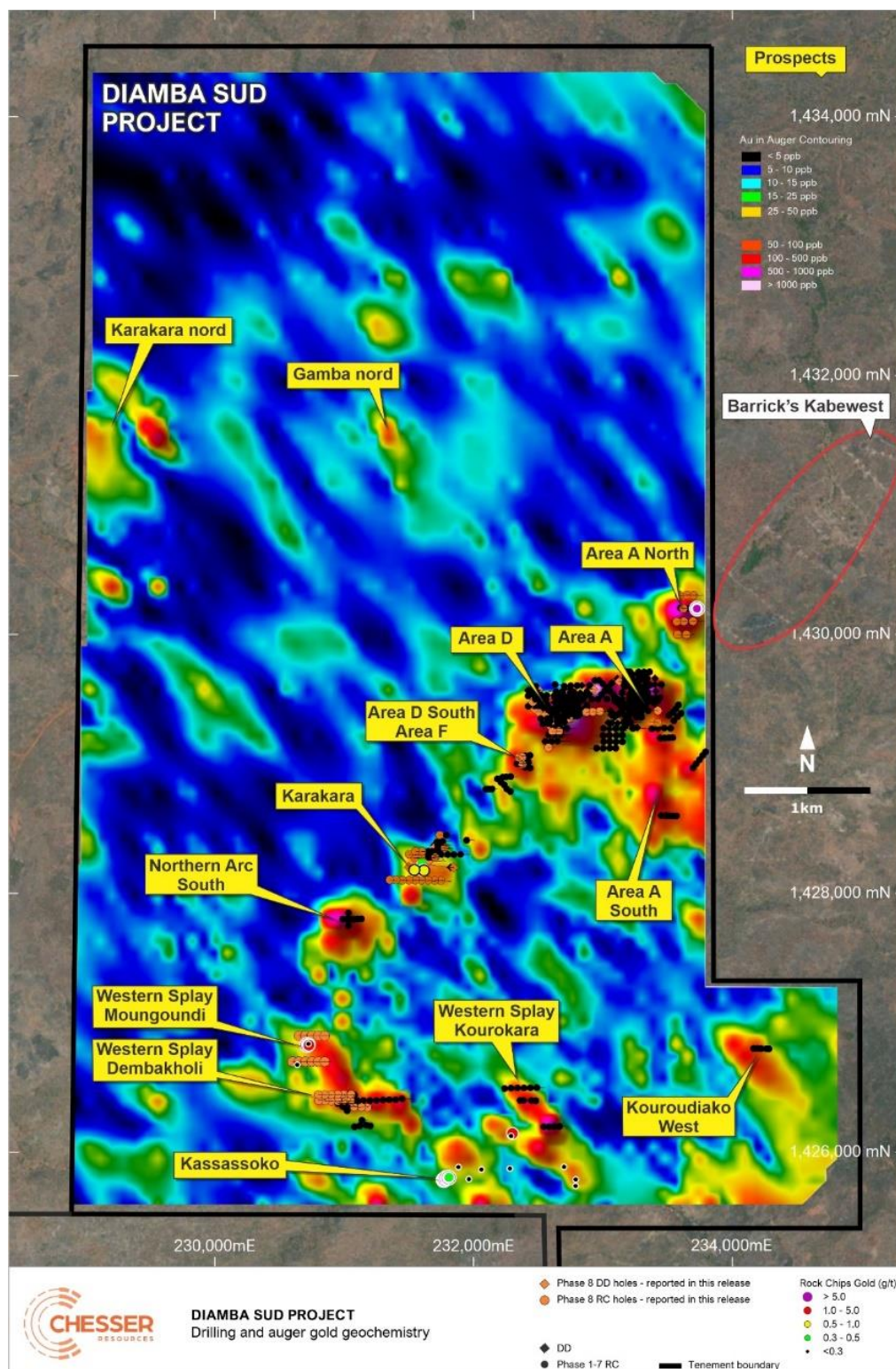


Figure 1: Prospect locations Diamba Sud with drilling locations and auger geochemical anomalies

TOTAL MINERAL RESOURCES at DIAMBA SUD now totals 14.7Mt @ 1.8g/t gold for 860koz (Table 1)

Directors' report

KARAKARA – MAIDEN MINERAL RESOURCE

- **Maiden Mineral Resource at Karakara of 1.7Mt @ 2.1g/t gold for 116koz** (Table 1)

The key attributes of the maiden Mineral Resource at Karakara are as follows:

- **High-grade ounces:** 116koz @ 2.1g/t gold which is relatively insensitive to changes in COG
- **High-value ounces:** for future processing plant located on the Diamba Sud tenement, ~1.5km to the northeast
- **Continuous mineralisation:** mineralised structures continuous over +250m strike
- **Exploration upside:** opportunities to extend mineralisation along strike and on margins of defined mineralisation
- **High confidence Resource:** 59% of the ounces fall within the Indicated classification (Table 1)

BOUGOUDA – MAIDEN MINERAL RESOURCE

- Seven 100m spaced RC drill traverses were drilled over extensive artisanal workings exploiting two parallel quartz veins at Bougouda, 14km south the main Diamba Sud tenement
- Key intercepts included:
 - DSR388: 2m @ 40.8 g/t Au from 83m
 - DSR392: 21m @ 3.3 g/t Au from 65m
 - DSR398: 10m @ 5.3 g/t Au from 50m
 - DSR399: 6m @ 3.7 g/t Au from 168m
 - DSR396: 7m @ 3.1 g/t Au from 46m
- A Maiden Mineral Resource of 348kt @ 4.7 g/t Au for 52,000 ounces was estimated over the Bougouda drilling (Table 1)
- Mineralisation remains open at depth

AREA D AND AREA A MINERALISATION RESOURCE UPDATES

- Area D Mineral Resources updated with inclusion of additional drilling totaling 6.9Mt @ 1.7g/t gold for 386koz (Table 1)
- Area A Mineral Resources restated with re-defined constraining pit shell totalling 5.8Mt @ 1.6g/t gold for 306koz (Table 1)

Table 1: Diamba Sud combined Mineral Resources as at 12 December 2022

Diamba Sud Mineral Resources - December 2022										
Area	Oxidation	Indicated			Inferred			Total		
		Tonnes	Grade	Metal	Tonnes	Grade	Metal	Tonnes	Grade	Metal
		Mt	g/t	koz	Mt	g/t	koz	Mt	g/t	koz
Area D	Oxide	3.1	2.4	238	0.7	1.3	30	3.8	2.2	268
	Fresh	1.2	1.2	48	1.9	1.2	69	3.1	1.2	118
	Total	4.3	2.1	286	2.6	1.2	100	6.9	1.7	386
Area A	Oxide	0.5	1.4	25	0.1	0.8	2	0.6	1.3	27
	Fresh	4.3	1.8	246	0.9	1.2	33	5.2	1.7	279
	Total	4.9	1.7	271	0.9	1.2	35	5.8	1.6	306
Karakara	Oxide	0.01	1.5	0.5	0.03	2.1	2	0.04	2.0	3
	Fresh	0.8	2.6	67	0.8	1.7	46	1.6	2.1	113
	Total	0.8	2.6	68	0.9	1.7	48	1.7	2.1	116

Directors' report

Diamba Sud Mineral Resources - December 2022										
Area	Oxidation	Indicated			Inferred			Total		
		Tonnes	Grade	Metal	Tonnes	Grade	Metal	Tonnes	Grade	Metal
		Mt	g/t	koz	Mt	g/t	koz	Mt	g/t	koz
Bougouda ¹	Oxide				0.05	4.8	7	0.05	4.8	7
	Fresh				0.1	5.9	25	0.1	5.9	25
	UG/Fresh				0.2	3.6	20	0.2	3.6	20
	Total				0.3	4.7	52	0.3	4.7	52
TOTAL		10.0	1.9	625	4.7	1.5	235	14.7	1.8	860

MINERALISATION DEFINED AT WESTERN SPLAY AND MOUNGOUNDI

- Drilling over Western Splay and Mougoundi, located 5km to the southwest of the Area A, defined significant shallow mineralisation that is highly likely to develop into future economic mineral resources
- Key intercepts included:
 - DSR402: **7m @ 7.4 g/t Au** from 42m
 - DSR404: **11m @ 3.4 g/t Au** from 30m and **16m @ 2.8 g/t Au** from 92m
 - DSR426: **6m @ 3.4 g/t Au** from 39m and **15m @ 2.9 g/t Au** from 74m
 - DSR401: **18m @ 2.1 g/t Au** from 1m
 - DSR406: **8m @ 3.7 g/t Au** from 88m
 - DSR427: **11m @ 1.9 g/t Au** from 36m
 - DSR400: **11m @ 1.6 g/t Au** from 55m

¹ Refer to ASX announcement dated 8 September 2022 for details of the Mineral Resource Estimate for Bougouda. The Company is not aware of any new information or data that materially affects the information included in the referenced ASX announcement and confirms that all material assumptions and technical parameters underpinning the estimates in the market announcement continue to apply and have not materially changed.

Directors' report

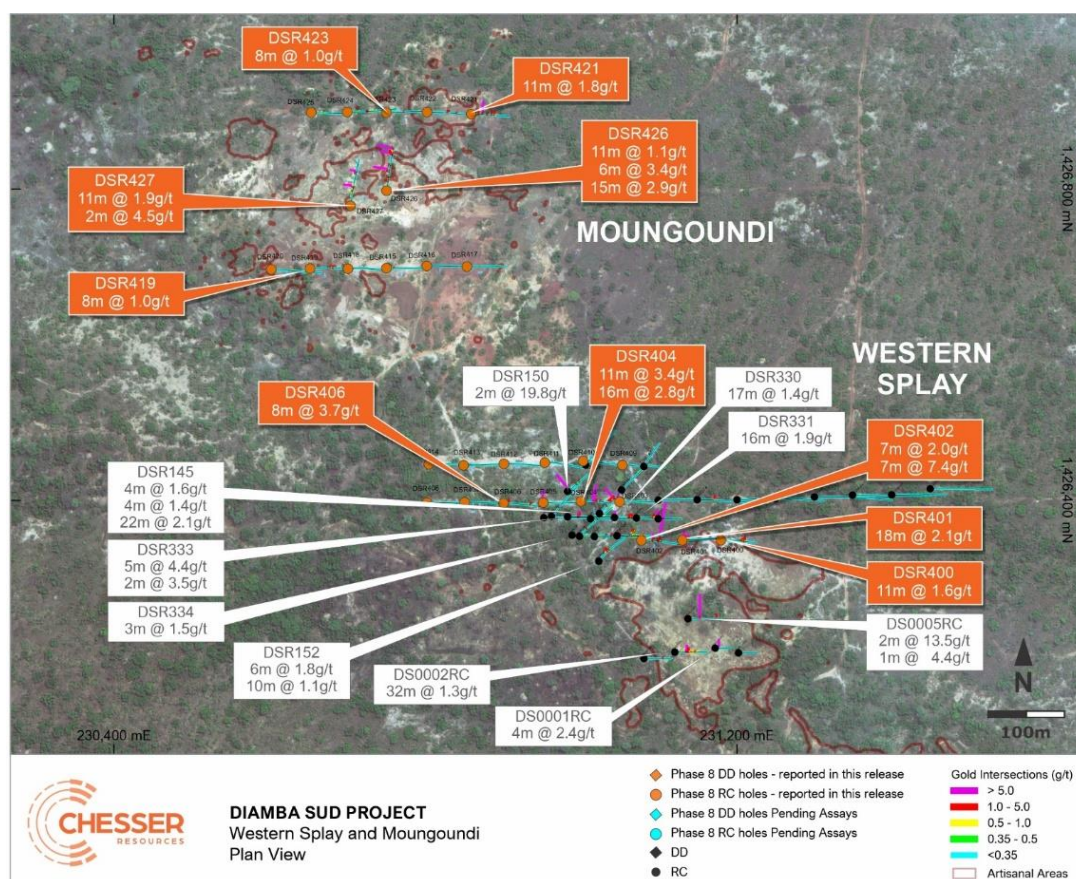


Figure 2: Western Splay plan view showing historical drilling and holes reported this quarter with selected significant results²

KASSASSOKO

Two DD holes were drilled under the artisanal pit to follow up the previously reported very significant high-grade rock chip results from within the Kassassoko artisanal workings (Figure 3).

Both DD holes returned mineralised intervals associated with stockworked granite, however the grades and widths did not reflect what has been observed in the pit. Additional investigation will be undertaken over the area during the next field season.

Drill results included:

- DSDD095: 3m @ 2.3 g/t Au from 118m and 3m @ 1.2 g/t Au from 125m
- DSDD096: 3m @ 1.7 g/t Au from 126m and 0.7m @ 2.1 g/t Au from 161m

⁴ Refer to ASX announcements 3 April 17, 21 July 20, 28 July 20, 13 April 21 and 22 December 21 for previously reported drilling results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

Directors' report

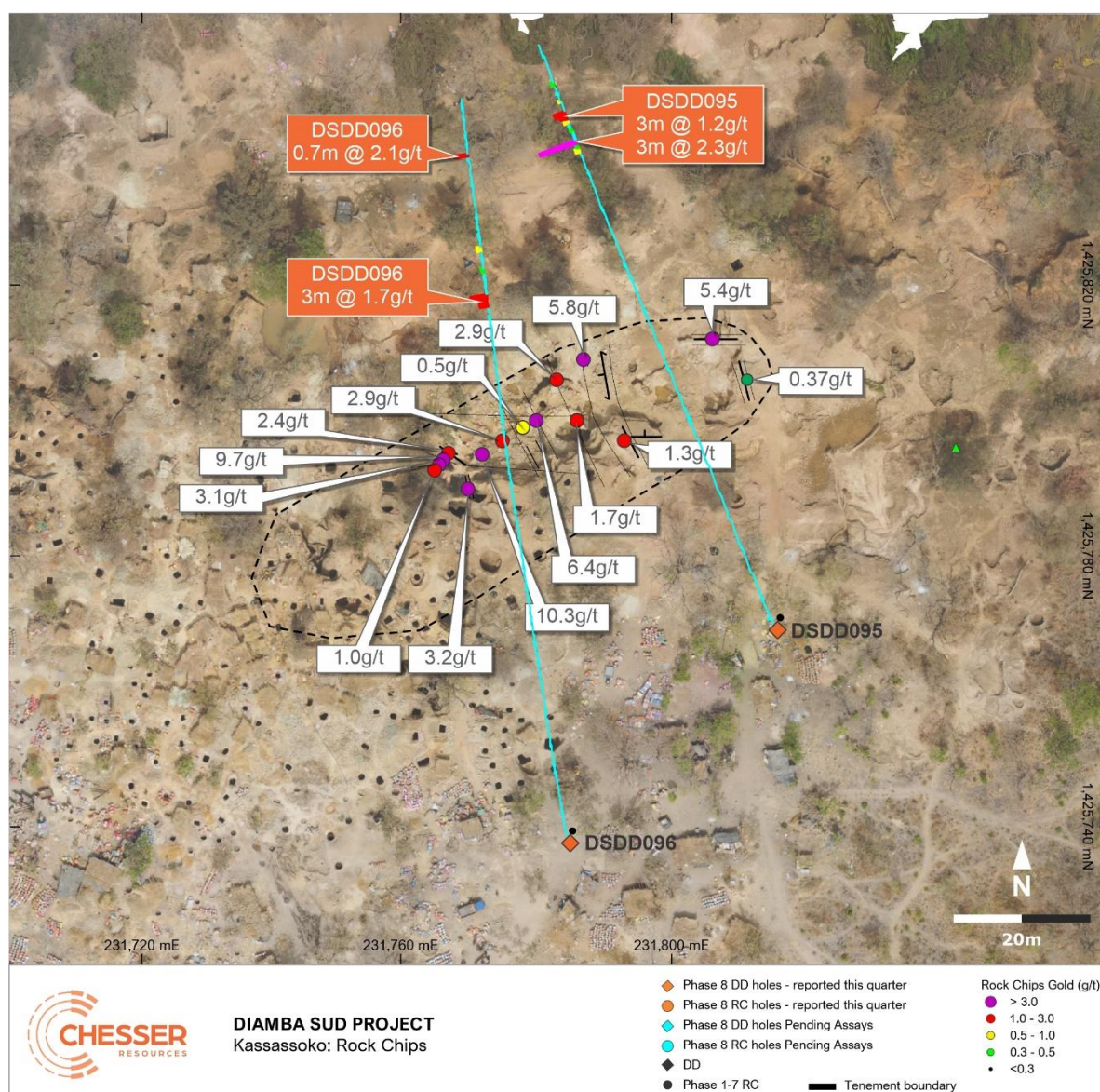


Figure 3: Kassassoko artisanal pit, rock chip sample locations and grades and drilling holes reported this quarter with selected significant results³

DFS METALLURGICAL TESTWORK RESULTS CONFIRM HIGH GOLD RECOVERIES

- 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
- The dry season Environmental and Social Impact Assessment ("ESIA") baseline field surveys found no major risks and the wet season survey has commenced

⁵ Refer to ASX announcement 7 June 22 and 31 August 22 for previously reported results. The Company is not aware of any new information or data that materially affects the information contained in those announcements.

Directors' report

- Environmentally the Project is shaping up to be low impact which should also provide a significant positive impact to the local communities and to the government of Senegal

DIAMBA SUD SCOPING STUDY UPDATE

- Diamba Sud scoping study updated to include new Mineral Resources at Karakara, Bougouda and updated Mineral Resources at Area D.
- The growth in mining inventory and improved financial outcomes continue to support a low risk, high-value future gold mine development at Diamba Sud.

Scoping Study Highlights:

- Total Project mining inventory of **13.9Mt @ 1.7g/t gold containing 762koz** (76% from Indicated Resources) at a strip ratio of 4.2
- 89% resource conversion to mining inventory
- Post-tax **NPV₅ US\$296M (A\$435M)** and **IRR 55%** at a US\$1,800/oz gold price
- Net Project Cash Flow US\$396M** at a US\$1,800/oz gold price
- Payback 15 months** from commercial production
- 7.5-year Project life producing 715koz of recovered gold, averaging ~100kozpa, at an AISC of US\$849/oz**
- First two years of gold production totals 223koz at an average AISC of US\$612/oz**
- Initial capital cost of US\$149m**
- Area D and Karakara Mineral Resources remain open and Western Splay is also likely to add to the Mineral Resources in the near term
- Significant untested exploration potential remains on the Diamba Sud and adjacent Bondala tenements
- There is significant potential for regional consolidation once a mine has been established at Diamba Sud

Table 2: Resources by Classification within Designed Pits

Diamba Sud Mining Inventory – December 2022											
Area	Waste	Strip Ratio	Indicated			Inferred			Total		
			Tonnes	Grade	Metal	Tonnes	Grade	Metal	Tonnes	Grade	Metal
	Mt	w:o	Mt	g/t	koz	Mt	g/t	koz	Mt	g/t	koz
Area D	11.3	1.7	4.3	1.9	269	2.1	1.1	76	6.4	1.7	344
Area D South	2.2	7.6				0.3	1.1	11	0.3	1.1	11
Area A	26.7	5.1	4.6	1.7	246	0.6	1.2	24	5.2	1.6	270
Karakara	13.1	7.8	0.9	2.4	65	0.8	1.7	43	1.7	2.0	108
Bougouda	4.5	18.1				0.2	3.7	29	0.2	3.7	29
TOTAL	57.7	4.2	9.8	1.8	580	4.1	1.4	182	13.9	1.7	762

Directors' report

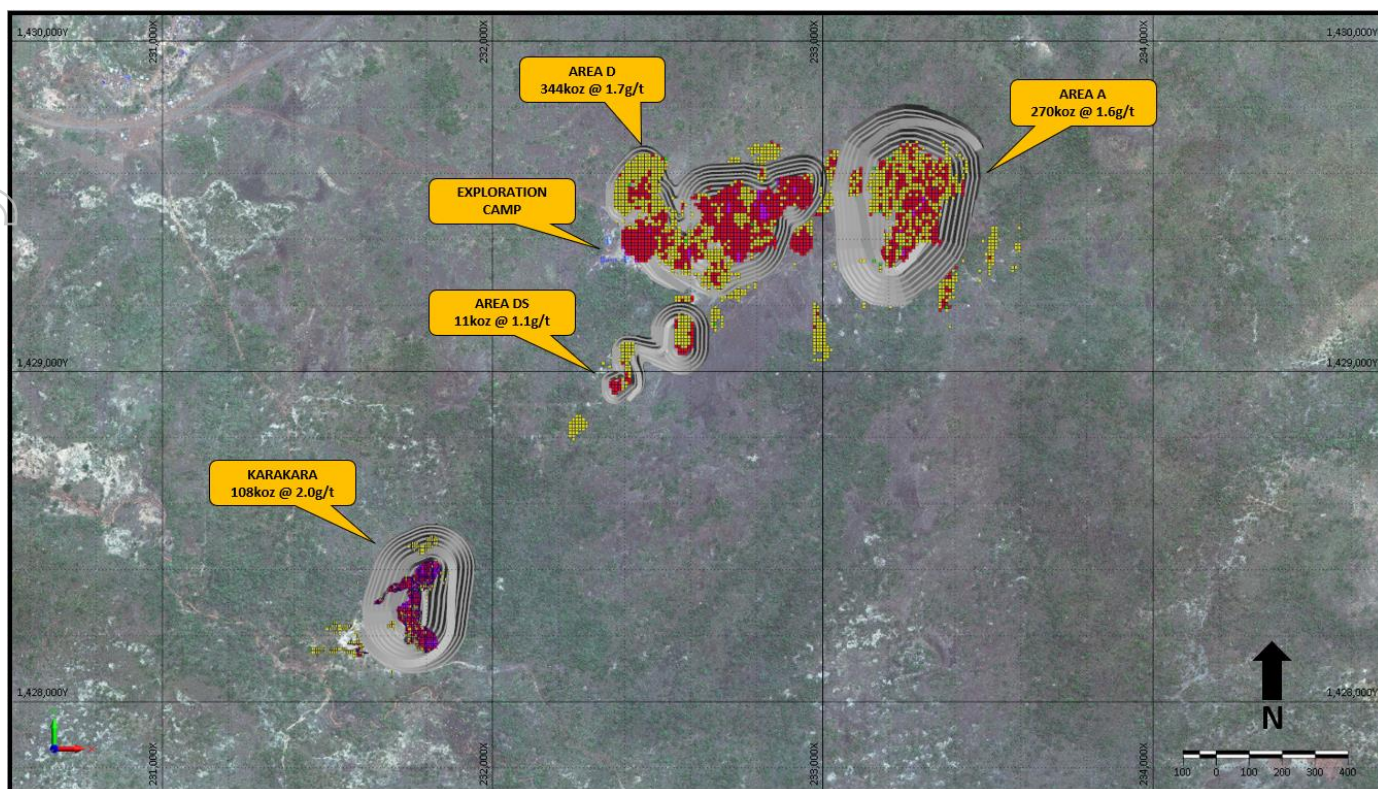


Figure 1: Northern Pit Designs

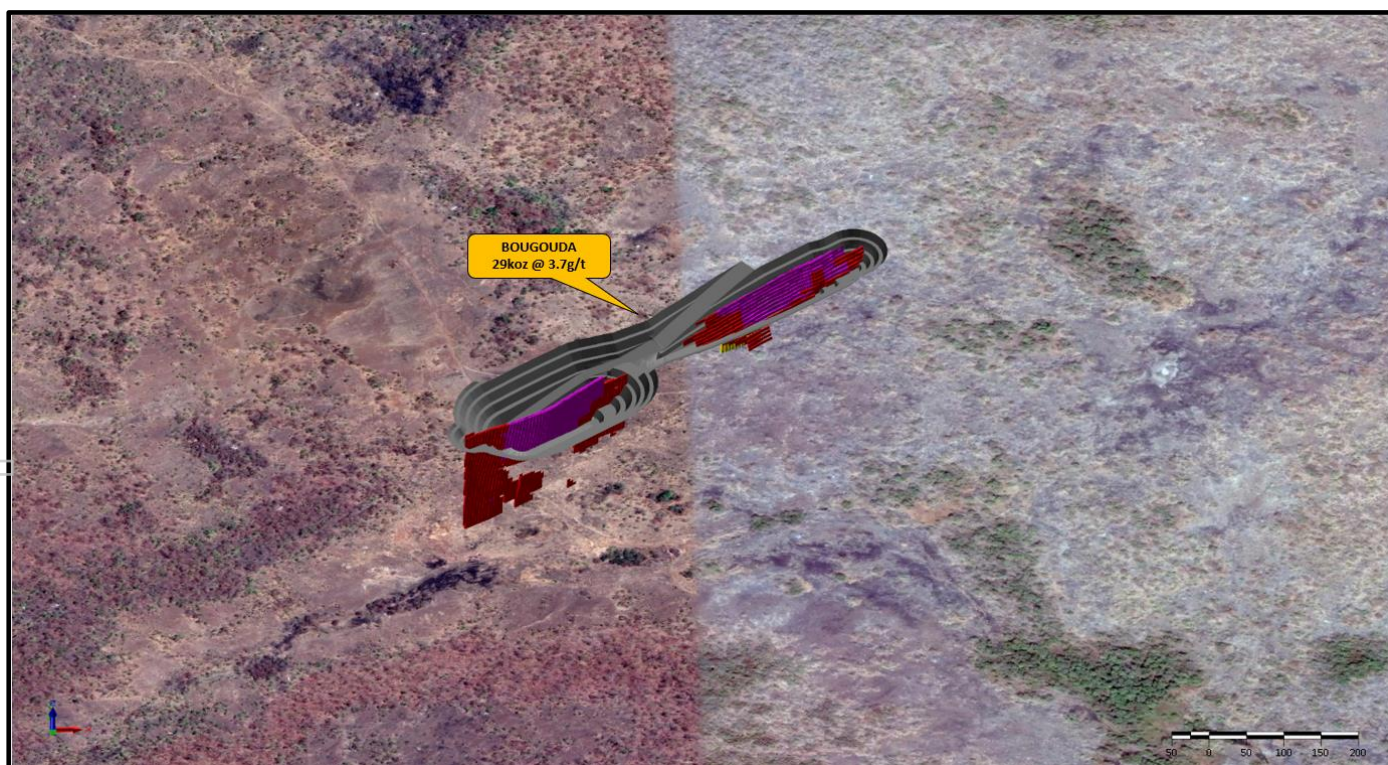


Figure 2: Bougouda Pit Design

Directors' report

Table 3: Scoping Study Results and Key Assumptions¹ previous versus updated schedule

DIAMBA SUD GOLD PROJECT SUMMARY SCOPING STUDY DECEMBER 2022 UPDATE					
Physicals and Costs		SS 27-Oct	SS 12-Dec	Variance	
Mining Physicals					
Tonnes	Mt	11.7	13.9	19%	
Grade	g/t Au	1.7	1.7	1%	
Contained Ounces	koz Au	654	762	17%	
Plant Throughput	Mtpa	2.0	2.0	0%	
Mine Life	Years	6.0	7.5	25%	
Strip Ratio	waste:ore	3.6	4.2	15%	
Process Recovery	%	94	94	0%	
Gold Production	koz Au	614	715	16%	
Gold Production - first 2 years	koz Au	243	223	-8%	
Capital Costs					
Initial Capital	US\$M	142	142	0%	
Pre-production Mining	US\$M	18	7	-64%	
Sustaining and Closure	US\$M	23	22	-3%	
Total Capital Cost	US\$M	183	170	-7%	
Operating Costs					
Mining	US\$/t total material	3.7	3.7	0%	
Mining	US\$/t Ore mined	17.1	19.1	12%	
Processing	US\$/t Ore processed	13.7	14.2	4%	
Maintenance	US\$/t Ore processed	1.5	1.6	4%	
General & Administration	US\$/t Ore processed	4.1	4.2	2%	
Transport, Insurance and Refining	US\$/t Ore processed	0.2	0.2	-2%	
Royalties & Statutory Costs	US\$/t Ore processed	2.9	2.9	-2%	
Total	US\$/t Ore processed	39.6	42.1	6%	
Financials and Key Assumptions					
		27-Oct	12-Dec	Variance	12-Dec
Gold Price	US\$/oz	1,600	1,600	0%	1,800
Exchange Rates	AUD:USD	0.72	0.68	-6%	0.68
	XOF:USD	581	581	0%	581
Gold Sales Revenue	US\$M	983	1,144	16%	1,287
AISC	US\$/oz Au	784	849	8%	856
AISC - first two years	US\$/oz Au	547	612	12%	619
Project Net Cash Flow - Post-tax, all equity basis					
Income Tax	US\$M	73	88	21%	130
Project Net Cash Flow	US\$M	269	300	12%	396
PVNC5%	US\$M	203	218	7%	296
IRR - post-tax	%	47	43	-9%	55
Payback Period	Months	17	17	0%	15

¹ All Scoping Study results are approximate. Cost estimates are subject to Scoping Study level of accuracy of +/- 35%.

Directors' report

CORPORATE

The following significant events occurred during the half-year:

- On 7 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 under the Employee Incentive Plan.

RESULTS

The net loss of the economic entity for the half year ended 31 December 2022 was \$2,391,418 (2021: \$1,725,512). The increased loss compared to the prior corresponding period was primarily due to an increase in study related costs for the Diamba Sud pre-feasibility and definitive feasibility, offset by a reduction in share based payments.

No dividends were paid or declared by the company during the half-year.

SIGNIFICANT CHANGES

There have been no changes in the state of affairs of the economic entity that occurred during the half-year under review not otherwise disclosed in this report.

EVENTS SUBSEQUENT TO BALANCE DATE

No matter or circumstance has arisen since the end of the half-year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs:

SCHEDULE OF MINING TENEMENTS

As of 31 December 2022, the Company had interests in the following tenements:

TENEMENT	LOCATION	INTEREST
Diamba Sud	Senegal	100%
Diamba Nord	Senegal	100%
Morichou	Senegal	100%
Bondala	Senegal	100%

HALF-YEAR ENDED 31 DECEMBER 2022 ASX ANNOUNCEMENTS

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

- 12 Dec 2022 Scoping Study and Resource Update at Diamba Sud
- 08 Nov 2022 Metallurgical test results reissued with JORC Table 1
- 07 Nov 2022 DFS metallurgical test work returns high gold recoveries
- 27 Oct 2022 Karakara maiden resource and amended Scoping Study
- 08 Sep 2022 Bougouda maiden mineral resource estimate
- 31 Aug 2022 High-grade extensions at Karakara
- 17 Aug 2022 Mineralisation extended at Area D and Western Splay
- 04 Jul 2022 51m at 5.1 g/t gold intersected at Karakara, Diamba Sud

Directors' report

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached to this report.



Andrew Grove
Managing Director
Perth, 16 March 2023

16 March 2023

The Directors
Chesser Resources Ltd
Level 14
167 Eagle Street
Brisbane QLD 4000

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2022, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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



PITCHER PARTNERS



JASON EVANS

Partner

Brisbane, Queensland

16 March 2023

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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Independent Auditor's Review Report to the Members of Chesser Resources Limited**Conclusion**

We have reviewed the half-year financial report of Chesser Resources Limited, ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of Chesser Resources Limited financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 review report.

Material Uncertainty Regarding Continuation as a Going Concern

We draw attention to Note 1 in the financial report, which describes events and/or conditions which indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 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*.

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.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
16 March 2023

Condensed consolidated statement of profit or loss

	Notes	For the half-year ended 31 December	
		2022 \$	2021 \$
Revenue and other income	3	24,300	15,848
Key management personnel and employee remuneration		(744,075)	(450,912)
Travel expenses		(111,892)	(22,135)
General and administrative expenses		(107,953)	(88,884)
Project Related Expenses		(588,220)	-
Share registry and exchange listing fees		(49,252)	(59,286)
Depreciation expense	5	(2,609)	(1,263)
Professional fees		(24,087)	(8,385)
Auditors' remuneration		(20,779)	(33,428)
Share based payments expense	9	(574,200)	(1,007,302)
Finance charges		(1,392)	(1,181)
Foreign exchange gain/(loss)		(489)	-
Other expenses		(190,770)	(68,584)
Loss before income tax expense from continuing operations		(2,391,418)	(1,725,512)
Taxation		-	-
Loss for the half-year from continuing operations		(2,391,418)	(1,725,512)
Loss attributable to Owners of Chesser Resources Limited		<u>(2,391,418)</u>	<u>(1,725,512)</u>
Basic and diluted loss per share (cents per share)	4	<u>(0.41)</u>	<u>(0.37)</u>

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

Condensed consolidated statement of comprehensive income

	<i>For the half-year ended 31 December</i>	
	<i>2022</i>	<i>2021</i>
	<i>\$</i>	<i>\$</i>
Loss for the half-year from continuing operations	(2,391,418)	(1,725,512)
Other comprehensive income	-	-
Total comprehensive loss for the half-year	<u>(2,391,418)</u>	<u>(1,725,512)</u>
Comprehensive loss attributable to the owners of Chesser Resources Limited	<u>(2,391,418)</u>	<u>(1,725,512)</u>

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

Condensed consolidated statement of financial position

		31 December	30 June
	Notes	2022 \$	2022 \$
Current assets			
Cash and cash equivalents		6,131,941	11,747,863
Trade and other receivables		39,539	405,104
Prepayments		274,159	322,064
Total current assets		6,445,639	12,475,031
Non-current assets			
Property, plant, and equipment	5	429,011	476,150
Exploration and evaluation expenditure	6	23,177,761	19,945,577
Total non-current assets		23,606,773	20,421,727
Total assets		30,052,412	32,896,758
Current liabilities			
Trade and other payables	7	715,497	1,770,265
Provisions		160,115	132,473
Total current liabilities		875,612	1,902,738
Total liabilities		875,612	1,902,738
Net assets		29,176,800	30,994,020
Equity			
Issued capital	8	40,962,600	40,962,600
Reserves	9	5,602,633	5,028,433
Accumulated losses		(17,388,432)	(14,997,013)
Total equity		29,176,800	30,994,020

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

Condensed consolidated statement of changes in equity

2022	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as of 1 July 2022	40,962,600	5,028,433	(14,997,013)	30,994,020
Loss for the half-year	-	-	(2,391,418)	(2,391,418)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	-	(2,391,418)	(2,391,418)
Transactions with owners in their capacity as owners:				
Issue of equity securities	-	-	-	-
Costs of issuing equity securities	-	-	-	-
Share based payments	-	574,200	-	574,200
Total transactions with owners in their capacity as owners	-	574,200	-	574,200
Balance as of 31 December 2022	40,962,600	5,602,633	(17,388,432)	29,176,800
2021	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total Equity \$
Balance as of 1 July 2021	28,222,867	3,467,062	(11,399,736)	20,290,193
Loss for the half-year	-	-	(1,725,512)	(1,725,512)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the half-year	-	-	(1,725,512)	(1,725,512)
Total transactions with owners in their capacity as owners				
Issue of equity securities	984,000	-	-	984,000
Costs of issuing equity securities	(2,720)	-	-	(2,720)
Share based payments	-	1,007,302	-	1,007,302
	981,280	1,007,302	-	1,988,582
Balance as of 31 December 2021	29,204,147	4,474,364	(13,125,248)	20,553,263

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

Condensed consolidated statement of cash flows

	<i>For the half-year ended 31 December</i>	
	<i>2022 \$</i>	<i>2021 \$</i>
Cash flow from operating activities		
Interest received	24,300	320
Interest paid	-	(1,181)
Payments to suppliers and employees	(1,458,805)	(739,966)
Net cash flows used in operating activities	(1,434,505)	(740,827)
Cash flow from investing activities		
Payments for property, plant, and equipment	(58,537)	(33,280)
Payments for exploration and evaluation expenditure	(4,125,302)	(2,860,251)
Net cash used in investing activities	(4,183,839)	(2,893,531)
Cash flow from financing activities		
Proceeds from exercise of options	-	984,000
Net cash provided by financing activities	-	984,000
Reconciliation of cash and cash equivalents		
Cash and cash equivalents on 1 July	11,747,854	8,091,915
Net increase / (decrease) in cash and cash equivalents	(5,618,344)	(2,650,358)
Effects of exchange rate changes on cash and cash equivalents	2,431	3,015
Cash and cash equivalents on 31 December	6,131,941	5,444,572

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

Notes to the financial statements

1. Basis of preparation of half-year report

(a) Basis of preparation

This condensed consolidated interim financial report for the half-year ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Chesser Resources Limited during the interim reporting half-year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting half-year except for the adoption of new and amended standards as set out below.

In the reporting period, the Group has adopted all the new and revised accounting standards and Interpretations that are relevant to its operations and effective for the current financial year. 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.

As the Group's assets are in the exploration and evaluation phase, Chesser is currently non-revenue generating. As such, a major focus of the 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.

As of 31 December 2022, the Group had cash reserves of A\$6,131,941 (30 June 2022: A\$11,747,863), net working capital of A\$5,570,027 (30 June 2022: A\$10,572,293) and net assets of A\$29,176,800 (30 June 2022: A\$30,994,020). The Group incurred a loss for the half year ended 31 December 2022 of A\$2,391,418 (2021 loss: A\$1,725,512), net cash outflows from operating activities of A\$1,434,505 (2021: A\$740,827) and net outflows from investing activities of \$4,183,839 (2021: A\$2,893,531). Furthermore, it is recognised that the Group's cash and cash equivalents at 31 December 2022 are not sufficient for it to meet its full exploration and development expenditure commitments for its various tenements over the full terms of all its exploration tenures or to facilitate an expanded exploration program should the Group elect to do so. In addition, the Group's ability to realise the carrying amount of its capitalised exploration and evaluation expenditure assets in the ordinary course of business, is contingent on it maintaining tenure for various areas of interest and being able to access tenements to be able to advance exploration and evaluation efforts.

Based on the success of previous capital raisings combined with the potential to attract farm-in partners for projects, the potential sale of some or all of the current portfolio of exploration assets held and the ability of the Group to reduce or defer uncommitted expenditure, the Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Directors are confident of securing funds as and when necessary to meet the Group's obligations as and when they fall due.

Should the Group be unable to secure funds 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.

Notes to the financial statements

2. Segment information

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

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

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

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

Assets, liabilities, and cash flows are not allocated to segments in the internal reports that are prepared for the CODM.

Activity by segment

Senegal Projects

The Senegal Projects, which consist of four exploration projects, are located adjacent and to the west of the Senegal Mali Shear Zone in the Kédougou Inlier. The projects are: Diamba Sud, Diamba Nord, Morichou and Bondala.

Corporate

Expenditure incurred that is not directly allocated to other segments is reported as corporate costs in the internal reports prepared for the chief operating decision maker.

The following tables present revenue and loss information for the Group's operating segments for the half-year ended 31 December 2022 and 2021, respectively.

Notes to the financial statements

(i) Segment performance

Half-year 31 December 2022	Diamba Sud	Diamba Nord	Morichou	Bondala	Corporate	Total
	\$	\$	\$	\$	\$	\$
Total segment revenue	-	-	-	-	24,300	24,300
Segment expenditure	(3,232,185)	-	-	-	(1,838,419)	(5,070,604)
Segment result	(3,232,185)	-	-	-	(1,814,119)	(5,046,304)
Reconciliation of segment result to Group loss before tax						
• Capitalised expenditure						3,232,185
• Depreciation expense						(2,609)
• Share based payments expense						(574,200)
• Foreign exchange gains						(489)
Net loss before tax						(2,391,418)
Half-year 31 December 2021	Diamba Sud	Diamba Nord			Corporate	Total
	\$	\$			\$	\$
Total segment revenue	-	-			320	320
Segment expenditure	(2,439,704)	(32,681)			(732,795)	(3,205,180)
Segment result	(2,439,704)	(32,681)			(732,475)	(3,204,860)
Reconciliation of segment result to Group loss before tax						
• Capitalised expenditure						2,472,385
• Depreciation expense						(1,263)
• Share based payments expense						(1,007,302)
• Foreign exchange gains						15,528
Net loss before tax						(1,725,512)

Notes to the financial statements

2. Segment information (continued)

(ii) Segment assets

The following tables present assets and liabilities information for the Group's operating segments for as of 31 December 2022 and 30 June 2022, respectively. The table shows assets by geographical segment.

	Senegal \$	Australia \$	Total \$
31 December 2022			
Segment assets	<u>23,779,035</u>	<u>6,273,377</u>	<u>30,052,412</u>
30 June 2022			
Segment assets	<u>21,227,226</u>	<u>11,669,532</u>	<u>32,896,758</u>

	<i>For the half-year ended 31 December</i>	
	2022 \$	2021 \$
3. Revenue and other income		
Interest income	24,300	320
Foreign Exchange Gains	-	15,528
	<u>24,300</u>	<u>15,848</u>

4. Loss per share

The following reflects the operating loss after tax and number of shares used in the calculation of the basic and diluted earnings/(loss) per share.

Basic and diluted loss per share (cents per share)	<u>(0.41)</u>	<u>(0.37)</u>
Loss attributable to Owners of Chesser Resources Limited	<u>(2,391,418)</u>	<u>(1,725,512)</u>

	<i>For the half-year ended 31 December</i>	
	2022	2021
Weighted average number of ordinary shares used in the calculation of basic loss per share	<u>588,123,110</u>	<u>464,477,025</u>

Options and other potential equity securities on issue at the end of the period have not been included in the determination of diluted earnings per share as the Group has incurred a loss for the period and they are therefore not dilutive in nature.

Notes to the financial statements

5. Property, plant, and equipment

	31 December 2022 \$	30 June 2022 \$
Property, plant, and equipment at written down value	<u>429,011</u>	<u>476,150</u>

Movements in property, plant and equipment during the half-year are summarised as follows:

	Field Equipment	Motor Vehicles	Office Equipment	TOTAL
Carrying value at beginning of period	288,074	108,793	79,283	476,150
Additions	53,808	-	4,728	58,536
Depreciation [^]	(51,029)	(34,861)	(19,785)	(105,675)
Carrying value at end of period	<u>290,853</u>	<u>73,932</u>	<u>64,226</u>	<u>429,011</u>

[^]Includes \$2,609 (2021: \$1,263) depreciation expense recognised in the condensed consolidated statement of profit or loss and \$103,066 (2021: \$89,627) capitalised as exploration and evaluation expenditure.

6. Exploration and evaluation expenditure

	31 December 2022 \$	30 June 2022 \$
At cost	<u>23,177,761</u>	<u>19,945,577</u>

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

Carrying amount at beginning of period	19,945,577	12,136,596
Exploration expenditure during the period	<u>3,232,185</u>	<u>7,808,981</u>
Carrying amount at end of period	<u>23,177,761</u>	<u>19,945,577</u>

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.

7. Trade and other payables

	31 December 2022 \$	30 June 2022 \$
Trade creditors and other payables	417,989	1,425,742
Accrued expenses	<u>297,508</u>	<u>344,523</u>
	<u>715,497</u>	<u>1,770,265</u>

Notes to the financial statements

8.	Issued capital	31 December 2022 \$	30 June 2022 \$
	Ordinary shares – fully paid	<u>40,962,600</u>	<u>40,962,600</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(a) Movements in ordinary shares

	31 December 2022 \$		31 December 2021 \$	
	No.	\$	No.	\$
Balance at beginning of period	588,123,110	40,962,600	452,502,125	28,222,867
Shares issued pursuant to exercise of options and rights	-	-	15,501,389	954,000
Repayment of loan for share issue to director in a prior period	-	-	-	30,000
Capital raising costs	-	-	-	(2,720)
Shares issued pursuant to exercise of options where funds were received in the prior period.	-	-	1,881,500	-
Balance at end of period	<u>588,123,110</u>	<u>40,962,600</u>	<u>469,885,014</u>	<u>29,204,147</u>

(b) Share options and rights

Share options and rights do not provide the holder with any voting rights, any entitlement to dividends or any entitlement to the proceeds on liquidation in the event of a winding up.

Refer note 9 for further details regarding the accounting treatment of options and rights issued during the half-year.

Notes to the financial statements

8. Issued capital (continued)

On 31 December 2022, the following options and rights over 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)	-	-	-	-	-	-	-	-	-	-	-
Lapsed / cancelled	-	(2,000,000)	-	-	-	-	-	-	-	-	-	-
On issue at 31 Dec 2022	-	-	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

The options and rights 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.

^ The options were exercised utilising a cashless exercise mechanism which resulted in 478,238 fully paid ordinary shares being issued on the 16th of January 2023 in relation to the exercise of the 1,500,000 options.

Notes to the financial statements

8. Issued capital (continued)

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 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	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

Notes to the financial statements

9. Reserves	31 December 2022 \$	30 June 2022 \$
Share based payments reserve	<u>5,602,633</u>	<u>5,028,433</u>
Movements:		
<i>Share based payments reserve</i>		
Balance on 1 July 2022		5,028,433
Share based payments expense		<u>574,200</u>
Balance on 31 December 2022		<u>5,602,633</u>
Nature and purpose of reserves		
<i>Share based payments reserve</i>		
The Share based payment reserve is used to record the fair value of share-based payments made by the Company.		
The following share-based payment transactions were recognised during the half-year:		
		31 December 2022 \$
Options issued as remuneration to Directors, employees, and consultants (i)		574,200
Share-based payments expense for the financial half-year		<u>574,200</u>

Notes to the financial statements

9. Reserves (continued)

(i) During the period, the Company granted 14,488,279 zero exercise price options to Directors and Management Personnel under the Employee Incentive Plan subject to the following vesting conditions:

- VWAP Tranche – 75% of the options issued vest based on the 90 day VWAP as at 30 June 2025 as a percentage of the Grant Date VWAP
- Mining License Tranche – 25% of the options vest if the Company announces that it has been granted a mining license in relation to one or more of the Diamba Sud, Diamba Nord, Morichou or Bondala exploration licenses on or before 30 June 2025.

The fair value of the VWAP Tranche options at grant date has been estimated using the trinomial valuation model, considering the terms and conditions upon which the options were granted. The Mining License Tranche options have a non-market-based performance condition. The following assumptions were used:

	VWAP Tranche Directors	VWAP Tranche Management	Mining Licence Tranche Directors	Mining Licence Tranche Management
Number of Options	4,162,088	6,704,122	1,387,362	2,234,707
Grant Date	4 November 2022	12 August 2022	4 November 2022	12 August 2022
Expiry date	30 June 2027	30 June 2027	30 June 2027	30 June 2027
Estimated vesting date	30 June 2025	30 June 2025	30 June 2025	30 June 2025
Estimated probability that options will vest	100%	100%	75%	75%
Exercise price	\$0.00	\$0.00	\$0.00	\$0.00
Expected volatility	56%	70%	56%	70%
Risk-free interest rate	3.13%	3.13%	3.13%	3.13%
Grant date share price	\$0.07	\$0.09	\$0.07	\$0.09
Fair value per option	\$0.03	\$0.05	\$0.07	\$0.09

Notes to the financial statements

10. Commitments and Contingent liabilities

(a) Tenement expenditure commitments

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

	31 December 2022 \$	30 June 2022 \$
Within one year	731,825	723,141
Later than one year but less than five years	7,723,009	7,631,373
	8,454,833	8,354,514

11. Events occurring after the reporting half-year

No matter or circumstance has arisen since the end of the half-year that has significantly affected, or may significantly affect the Group's operations, the result of those operations or the Group's state of affairs.

CHESSER RESOURCES LTD

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards AASB 134: Interim Financial Reporting; and
 - (ii) giving a true and fair view of the Group's financial position as of 31 December 2022 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Andrew Grove
Managing Director
Brisbane, 16 March 2023