

Chesser Resources Limited

and Controlled Entities

ABN 14 118 619 042

Consolidated Half Year Report

for the half year ended 31 December 2008

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Directors' Report

The directors of Chesser Resources Limited submit their report of the consolidated group for the half-year ended 31 December 2008.

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Mr Stephen Evans, Non-Executive Chairman
Dr Richard Valenta, Managing Director
Mr Simon O'Loughlin, Non-Executive Director
Mr Simon Taylor, Non-Executive Director
Mr Creagh O'Connor, Non-Executive Director

Review of Operations

During the half year under review, the company carried out a large scale drill program on the Sisorta gold property in North-Central Turkey, as well as advancing its 100%-owned Turkish properties and continuing to seek additional high quality gold opportunities.

The Company concluded its 2008 program of drilling, metallurgy and geophysics on the Sisorta project in October 2008. The 2008 program comprised 6225 metres of diamond drilling in 40 separate drillholes along with approximately 62 kilometres of dipole-dipole IP. 36 of the 40 drillholes returned significant gold and/or copper intercepts, resulting in expansion of the known zones of mineralization and intersection of a new, previously undrilled zone of mineralization.

The Sisorta property is a volcanic-hosted high sulphidation epithermal project, in which drilling to date has demonstrated the existence of a significant body of near-surface oxide gold mineralisation with surface chip-channel sample fire assay grades of up to 14 grams per tonne gold reported by Eurasian Minerals. The project has a large footprint of outcropping mineralisation and anomalous soil geochemistry, only a small portion of which has been drilled.

Mineralisation on the Sisorta project is associated with a 2500m by 800m northwest-trending topographic high. IP geophysical surveying carried out in 2008 has shown that the potential zone of gold mineralization is much larger than previously thought.

Final results were received in December 2008 for the bottle roll and column leach metallurgical tests carried out by Kappes Cassiday & Associates. All the tests that were carried out confirmed that oxide gold mineralization from Sisorta is very amenable to heap leach gold extraction.

All final assay results were received by the end of 2008, and the process of producing a geological model was commenced. This geological model will form the basis for resource calculations to be carried out during the first quarter of 2009. Preliminary compilation of input data to an early stage desktop scoping study was also commenced during the half year under review. A priority of this study will be to investigate the possibility of commencing small scale mining and gold recovery on the near-surface, high grade east zone.

In the second half of 2008, preliminary ground work also continued the company's 15 licenses on four separate project areas in North-Central Turkey with potential for epithermal gold and porphyry copper-gold.

The company continued in its efforts to identify and acquire additional advanced gold opportunities, and signed a letter of intent on two high quality gold projects subsequent to year end.

The exploration data and results contained in this Review of Operations 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 December 2004 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 release of the matters based on his information in the form and context in which it appears.

Placements

On 31 October 2008 the Company issued 1,150,000 ordinary shares to Eurasian Minerals Ltd for nil consideration per the signed definitive agreement.

Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page 5 for the half year ended 31 December 2008.

This report is signed in accordance with a resolution of the Board of Directors.



Mr Stephen Evans
Non-Executive Chairman

Dated this 13th day of March 2009.

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF CHESSEY RESOURCES LIMITED**

I declare that, to the best of my knowledge and belief, during the period 1 July 2008 to 31 December 2008 there have been:

- (i.) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii.) no contraventions of any applicable code of professional conduct in relation to the audit.

MSi Tilley

MSI TILLEY
Chartered Accountants



DEAN SPENCER
PARTNER

Dated this 13th day of March 2009, at 253 Sturt St, Adelaide, South Australia 5000.

Consolidated Income Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated Group	
		Half year ended 31 Dec 2008 \$	Half year ended 31 Dec 2007 \$
Revenue		60,325	193,407
Impairment of non-current assets		(16,748)	-
Employee benefits expense		(180,815)	(95,958)
Depreciation expense		(1,685)	-
Share option expense		(55,557)	(189,533)
Other expenses	2	(259,442)	(329,301)
(Loss) before income tax expense		(453,922)	(421,385)
Income tax expense		-	-
(Loss) for the period		(453,922)	(421,385)
(Loss) attributable to minority equity interest		-	-
(Loss) attributable to members of the parent entity		(453,922)	(421,385)
Overall Operations:		<i>Cents per share</i>	<i>Cents per share</i>
Basic earnings per share		(1.10)	(1.10)
Diluted earnings per share		(1.10)	(1.10)

The accompanying notes form part of this financial report.

Consolidated Balance Sheet

AS AT 31 DECEMBER 2008

	Note	Consolidated Group	
		31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		590,323	2,895,973
Trade and other receivables		86,869	92,279
Other current assets		423,286	34,974
TOTAL CURRENT ASSETS		1,100,478	3,023,226
NON-CURRENT ASSETS			
Property, plant and equipment		115,643	113,555
Exploration and evaluation assets	3	4,650,677	2,985,652
TOTAL NON-CURRENT ASSETS		4,766,320	3,099,207
TOTAL ASSETS		5,866,798	6,122,433
CURRENT LIABILITIES			
Trade and other payables		282,961	185,633
TOTAL CURRENT LIABILITIES		282,961	185,633
TOTAL LIABILITIES		282,961	185,633
NET ASSETS		5,583,837	5,936,800
EQUITY			
Issued Capital	4	6,804,523	6,804,523
Accumulated Losses		(1,565,185)	(1,111,263)
Reserves		344,499	243,540
Parent equity interest		5,583,837	5,936,800
Minority equity interest		-	-
TOTAL EQUITY		5,583,837	5,936,800

The accompanying notes form part of this financial report.

Consolidated Statement of Changes in Equity

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Consolidated Group						
	Share Capital	Accumulated	Reserves			Minority Interest	Total
			Option	Foreign currency translation reserve			
	Ordinary \$	Losses \$	Reserve \$				\$
Balance at 1 July 2007 (Loss) attributable to members of the parent entity	5,807,234	(50,460)	9,584	-	-	-	5,766,358
Shares issued	-	(421,385)	-	-	-	-	(421,385)
Share options issued	997,289	-	-	-	-	-	997,289
(Loss) attributable to minority shareholders	-	-	189,534	-	-	-	189,534
Foreign Currency Translation Reserve	-	-	-	-	-	-	-
Balance at 31 December 2007	6,804,523	(471,845)	199,118	(2,323)	-	-	6,529,473
Balance at 1 July 2008 (Loss) attributable to members of the parent entity	6,804,523	(1,111,263)	284,207	(40,667)	-	-	5,936,800
Share options issued	-	(453,922)	-	-	-	-	(453,922)
Foreign Currency Translation Reserve	-	-	55,557	-	-	-	55,557
Balance at 31 December 2008	6,804,523	(1,565,185)	339,764	4,735	-	-	5,583,837

The accompanying notes form part of this financial report.

Consolidated Cash Flow Statement

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Consolidated Group	
	Half year ended 31 Dec 2008 \$	Half year ended 31 Dec 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	-
Payments to suppliers and employees	(744,721)	(168,212)
Interest received	60,128	132,794
Other revenue	-	720
NET CASH (USED IN) OPERATING ACTIVITIES	(684,593)	(34,698)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18,230)	(26,353)
Payments for exploration activities	(1,681,772)	(784,001)
NET CASH (USED IN) INVESTING ACTIVITIES	(1,700,002)	(810,354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	1,005,000
Transaction costs of issue of shares	-	(2,711)
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	1,002,289
Net increase/(decrease) in cash and cash equivalents	(2,384,595)	157,237
Net foreign exchange differences	78,945	-
Cash at the beginning of the reporting period	2,895,973	5,658,757
CASH AT THE END OF THE REPORTING PERIOD	590,323	5,815,994

The accompanying notes form part of this financial report.

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Chesser Resources Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2008 financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

2. OTHER EXPENSES

	Half year ended 31 Dec 2008	Half year ended 31 Dec 2007
	\$	\$
Professional fees	46,091	168,875
Computer expenses	9,596	12,332
Insurance costs	7,999	8,564
Travel & accomodation	9,177	35,601
Auditor's remuneration	30,216	8,685
ASX costs	5,862	18,036
Share registry fees	26,761	19,962
Advertising	5,229	15,173
Other expenses	118,511	42,073
	259,442	329,301

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

3. EXPLORATION & EVALUATION ASSETS

	Half year ended 31 December 2008	Half year ended 30 June 2008
Balance at beginning of financial period	2,985,652	48,799
Expenditure during the half year	1,681,773	3,158,037
Write off of exploration assets	(16,748)	(221,184)
Balance at end of financial period	4,650,677	2,985,652

4. ISSUED CAPITAL

	Consolidated	
	As at 31 Dec 08 \$	As at 30 June 2008 \$
Fully paid ordinary shares	6,804,523	6,804,523
	6,804,523	6,804,523

	Half year ended 31 Dec 08	
	Number	\$
Ordinary shares		
Balance at 1 July 2008	40,750,000	6,804,523
Shares issued to Eurasian Minerals Inc. on 31 October 2008	1,150,000	-
Balance at 31 December 2008	41,900,000	6,804,523

Notes to the Financial Statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

5. SEGMENT REPORTING

Primary Reporting - Geographical Segments:

	Australia	Turkey	Consolidated Group
	\$	\$	\$
31 December 2008			
Revenue			
Segment Revenue	42,922	17,403	60,325
(Loss) before income tax	(378,255)	(75,667)	(453,922)
Income tax expense	-	-	-
Net (Loss) after income tax	(378,255)	(75,667)	(453,922)
31 December 2007			
Revenue			
Segment Revenue	193,407	-	193,407
(Loss) before income tax	(421,385)	-	(421,385)
Income tax expense	-	-	-
Net(Loss) after income tax	(421,385)	-	(421,385)

6. SUBSEQUENT EVENTS

On 1 March 2009 the Company announced they had signed a Letter of Intent to earn 100% on two gold projects, Kestanelik and Karaayi, in Western Turkey.

In the event that a definitive agreement is reached the Company can earn a 51% interest in the Kestanelik property by spending USD\$1.3 million on exploration over three years and issuing 500,000 shares to the property owner. The Company can earn a further 24% by spending an additional USD\$750,000 and issuing 250,000 additional shares in year 4, and can reach 100% by spending an additional USD\$750,000 and issuing 250,000 additional shares in year 5, at which point the property owner will retain a 2.5% Net Smelter Return royalty. The Company's minimum expenditure before withdrawal is USD\$250,000 and issue of 100,000 shares.

In the event that a definitive agreement is reached the Company can earn a 51% interest in the Karaayi property by spending USD\$1.0 million on exploration over three years and issuing 300,000 shares to the property owner. The Company can earn a further 24% by spending an additional USD\$750,000 and issuing 250,000 additional shares in year 4, and can reach 100% by spending an additional USD\$750,000 and issuing 250,000 additional shares in year 5, at which point the property owner will retain a 2.5% Net Smelter Return royalty. The Company's minimum expenditure before withdrawal is USD\$150,000 and issue of 75,000 shares.

Directors' Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 12:
 - a. Comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. Give a true and fair view of the Consolidated Group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
2. In the directors' opinion 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 the Board of Directors.



Mr Stephen Evans
Non-Executive Chairman
Dated this 13th day of March 2009.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CHESSEY RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Chessy Resources Limited and Controlled Entities (the consolidated entity) which comprises the Consolidated Balance Sheet as at 31 December 2008, and the Consolidated Income Statement, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 2008 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 Chessy Resources Limited and Controlled Entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of the 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 the 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. We confirm that the independence declaration required by the Corporations Act 2001, was provided to the directors of Chesser Resources Limited and Controlled Entities on the 13 March 2009, and is in the same terms as at the date of this auditor's review report.

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 Limited and Controlled Entities is not in accordance with the Corporations Act 2001 including:

- a. giving a true and fair view of Chesser Resources Limited and Controlled Entities financial position as at 31 December 2008 and of their performance for the half-year ended on that date; and
- b. complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

A handwritten signature in black ink, appearing to read 'MSI TILLEY'.

MSI TILLEY
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Dean Spencer'.

DEAN SPENCER
PARTNER

Dated this 13th day of March 2009 at 253 Sturt St, Adelaide, South Australia 5000.