Anchor Resources Limited
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ASX Code: AHR
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21st April 2017

QUARTERLY ACTIVITY REPORT – MARCH 2017

HIGHLIGHTS

Exploration incorporating reconnaissance mapping and rock chip geochemistry in the Aspiring-Walsh River project near Chillagoe in North Queensland has identified two prospective mineral systems warranting detailed follow up work:

- **Epithermal style gold-silver mineralization with a 2 km long geological and geochemical footprint has been discovered at the Fluorspar Group of workings.**

  At the *Fluorspar Group* of workings conceptually the combination of quartz textures (lattice bladed, porcellaneous and fine banded quartz), presence of fluorite and stibnite, very low copper, lead and zinc geochemical values, and strongly anomalous lithium values suggest higher grade gold and silver mineralisation could exist at depth where boiling may have occurred in the hydrothermal system.

- **Encouraging gold-base metal granite-related mineralisation has been identified in greisen and a nearby fault at the Doolan Creek prospect.**

  The Doolan Creek greisen is interpreted to be central to numerous mineralised quartz veins suggesting the greisen and veins are part of a larger mineral system.

Follow up detailed mapping, and soil and rock chip sampling to define targets for reverse circulation (RC) drilling will commence when both sites become accessible immediately after the current wet season.

A comprehensive technical review of the Blicks project was completed in the current Quarter and confirmed the potential of the Blicks project to host major mineral deposits:

- **A major advancement was provided by age dating results for the Tyringham Intrusion-related gold system yielding a ~220 Ma age (late Triassic) for sericite alteration directly associated with gold mineralisation intersected by shallow drilling, much younger than the host rocks.**

  Gold mineralisation intersected to date is interpreted as "leakage" mineralisation within passive host rocks of ~350 Ma and 240 Ma age respectively, and the target for future exploration is the concealed, proximal source intrusion of ~220 Ma, and associated fluid pathway structures.

ASPIRING-WALSH RIVER PROJECT, EPM 19447 and EPM 25958 (Anchor 100%) Queensland – gold, silver, copper, lead & zinc

The Aspiring and adjacent Walsh River tenements are located in the Chillagoe mining district, which forms part of the Hodgkinson Province in Far North Queensland.

In late 2016 low sulphidation epithermal gold-silver mineralisation was discovered at the Fluorspar Group of workings, and granite-related gold-silver-copper-lead mineralisation was verified in a greisen alteration zone at Doolan Creek (see Anchor ASX announcements dated 26 October 2016 and 25 January 2017).

The Fluorspar Group workings and Doolan Creek greisen alteration zone are within EPM 25958 (Walsh River) and located 33 km apart (Figure 1). The prospects are genetically and geochemically different.

At the ***Fluorspar Group*** of workings conceptually the combination of quartz textures (lattice bladed, porcellaneous and fine banded quartz), presence of fluorite and stibnite, very low copper, lead and zinc geochemical values, and strongly anomalous lithium values suggest higher grade gold and silver mineralisation could exist at depth where boiling may have occurred in the hydrothermal system.

Vein quartz, invariably displaying a lattice bladed texture, contains low levels of gold consistently assaying 0.1 to 1.0g/t Au, and up to 6.0g/t Au, (average 0.33g/t Au in 65 samples) over a strike length of >2.1 km along a northeast trending sub-vertical regional fault (Perseverance Fault) reported to be up to 2 metres wide in the old workings. Silver values range from 0.1g/t to 62g/t with numerous values assaying >5g/t Ag (average 5.9g/t Ag in 65 samples). The quartz is often associated with fluorite in the vein emplaced along the main structure, and sometimes stibnite in other veins emplaced along subsidiary sub-parallel structures to the main vein. The Perseverance Fault is interpreted to continue to the northeast and southwest beyond the extent of the current sampling program.

The ***Doolan Creek greisen*** is interpreted to be central to numerous mineralised quartz veins suggesting the greisen and veins are part of a larger mineral system.

At the Doolan Creek greisen, sampling yielded high values for numerous metals, including gold up to 8.5g/t, silver up to 274g/t (8.8oz/t), copper up to 1.56%, lead up to 1.06%, arsenic up to 28.3%, bismuth up to 0.88%, and antimony up to 0.31% in select composite rock chip samples. Nearby a mineralised quartz vein was discovered having similar geochemistry to the greisen, with gold values up to 7.9g/t, silver up to 448g/t (14.4oz), copper up 0.5%, lead up to 9.5%, arsenic up to 10.0%, bismuth up to 0.25%, and antimony up to 0.33% Sb in rock chip samples.

Systematic grass roots exploration within EPM 19447 in 2014 identified five gold-base metal anomalous prospects (Fairhaven, North Walsh West, North Walsh Main, Grenough and Doolan North West) coincident with regional structures (see Anchor ASX Quarterly Activity Report dated 23 January 2015). A further five geochemically anomalous areas have also been identified with many being also coincident with structures. Most structures trend north-easterly except for the northwest trending Grenough structure. Rock chip sampling along these structures returned high gold, silver, lead, arsenic, bismuth and antimony values, and sporadic high copper values. These mesothermal gold-polymetallic quartz veins typically have a gold-silver-arsenic-bismuth-lead-bismuth-antimony±copper association suggestive of granite-related mineralisation. The highest gold values are associated with quartz veins controlled by northeast trending structures.

The Doolan Creek greisen zone and peripheral mineralised quartz vein system is located towards the centre of the Doolan Creek Cauldron, a structure rimmed by sub-aerial ignimbrites and intruded

by the Bungabilly Granite. Felsic volcanic rocks and related granitoids associated with caldera collapse structures and ring complexes have long been recognised as prospective areas for a variety of mineral deposits.

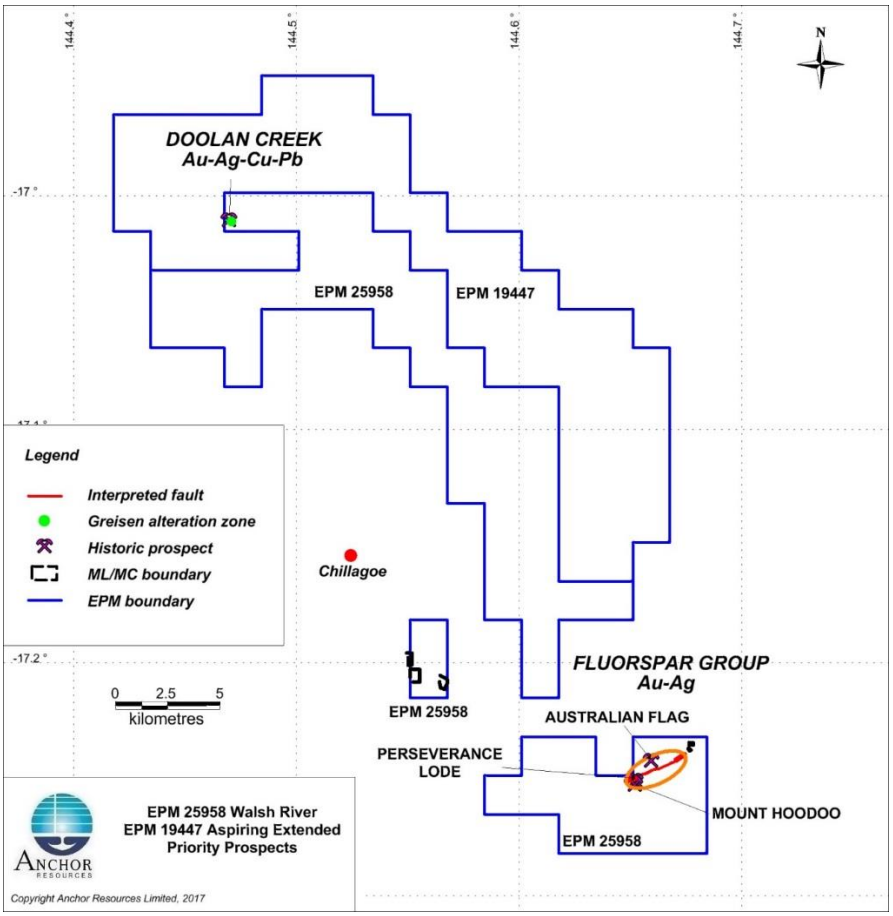

Figure 1: Location of Fluorspar Group of workings and Doolan Creek gold-polymetallic prospect

Further Work

Results from the Fluorspar Group of workings and Doolan Creek are both considered encouraging.

After the current wet season has abated it is planned to follow up these results with further detailed geological mapping, and soil and rock chip sampling to define targets for RC drilling.

BLICKS PROJECT, EL 6465 and EL 8100 (Anchor 100%)
New South Wales – gold, copper, molybdenum & tungsten

The Blicks project is located in the Southern New England Orogen in northeast New South Wales, 90 km northeast of the major regional center of Armidale. The project's main prospects are Tyringham (intrusion-related gold system), Navin (granite-related polymetallic), Tuting (granite-related molybdenum-tungsten), Liberty (granite-related copper-molybdenum), and Mulligan-Forster (orogenic quartz-gold veins). This is a significant polymetallic mineral district with extensive

surface multi-element geochemical anomalies associated with a transverse corridor hosting a number of granitoid intrusions of different ages over an area 12 km x 2 km.

A comprehensive technical review of the Blicks project was completed in the current Quarter by Anchor personnel and supported by an external consultant. This review has confirmed the potential of the Blicks project to host a major mineral deposit.

The review confirms Tyringham IRGS as a prime target for further work. The type of alteration (greisen) and related metal associations (Au-Bi-Te ±Cu-Ag-W and As-Ag-Fe-Pb-Zn-Cd ±In-Sn) are interpreted to be consistent with an intrusion-related magmatic-hydrothermal system. In these systems around the world, the age of the host rocks and mineralisation is contemporaneous. A major advancement in understanding the metallogenesis chronology in the Blicks district was provided by age dating results yielding a ~220 Ma age (late Triassic) for sericite alteration directly associated with gold mineralisation, much younger than the host rocks.

Gold mineralisation intersected to date by shallow drilling is interpreted as “leakage” mineralisation within passive host rocks of ~350 Ma and 240 Ma age respectively, and the target for future exploration is the concealed, proximal source intrusion of ~220 Ma, and associated fluid pathway structures.

Known granitic intrusions with younger ages (i.e., late Triassic) in the Southern New England Orogen are restricted to the eastern zone, relatively close to the New South Wales coast. These have an age range of ~212-230 Ma with this age overlapping that of Triassic volcanic rocks at the base of the Clarence-Moreton Basin, implying that there was a major thermal event in the crust of the region at this time. It could be implied that the evidence for imposed thermal metamorphism (and hydrothermal alteration) on the host rocks at Tyringham is consistent with the occurrence of nearby, possibly underlying/subjacent, granitoid intrusions of younger (e.g. ~220 Ma) age. These concealed plutons may well be the source of the gold at Tyringham and may host higher grade gold mineralisation in the causative intrusions.

The Navin, Tuting and Liberty mineral systems identified by Anchor continue to warrant further exploration in what is emerging as a potentially very significant region of complex and varied mineral endowment. Other areas including the Sheep Station Creek Igneous Complex with associated gold, copper and molybdenum mineralisation, together with the recently recognised Ellis Igneous Complex with associated ironstones require assessment.

No field work was carried out in the current Quarter.

A proposed offer of renewal for a further 3 years until 29 September 2019 over the full area of 27 units has been received for EL 6465. The renewal is yet to be finalised.

GEMINI PROJECT, EL 8398 (Anchor 100%)
New South Wales – copper, lead, zinc, gold & silver

The Gemini project covers a prospective, underexplored area of the Cobar Basin and includes the Blue Mountain base metal (Zn-Pb-Cu) prospect. The Wagga Tank Cu-Pb-Zn-Au-Ag massive sulphide prospect owned by Peel Mining is located 8km southwest of Blue Mountain. The EL area is considered prospective for Cobar-type base metal deposits.

Blue Mountain Prospect

Based on Anchor's compilation of previous explorers' data, the Blue Mountain zinc-lead-copper prospect has a strong multi-element geochemical signature extending over a strike length of 2,200m defined by previous RAB drilling. The anomalous multi-element Zn-Pb-Cu geochemistry and anomaly footprint, sphalerite-galena-chalcopyrite association seen in drill core, lensoidal geometry of the mineralisation intersected in drilling, and interpreted structural architecture of the Blue Mountain zinc-lead-copper prospect has many similarities to other Cobar-type deposits, including the major producing CSA mine at Cobar.

A field program of prospect identification and validation of historic data is planned for the Gemini project area in the coming Quarter

Native Title was identified as potentially not extinguished on a portion of the tenement covering a "travelling stock route". The right to negotiate process was commenced in December 2016.

BIELSDOWN PROJECT, EL 6388 (Anchor 100%)
New South Wales - antimony

The Bielsdown Land Access Arbitration was completed with the final determination handed down on 29 March 2016. The new Land Access Arrangement will enable Anchor to remediate former drill sites and access for further exploration however, the landowner has not yet provided access to commence the remediation program.

No field work was carried out during the Quarter.

BIRDWOOD PROJECT, EL 6459 (Anchor 100%)
New South Wales – copper & molybdenum

No field work was carried out during the Quarter.

New Ventures

Anchor continues to review opportunities to acquire an interest in new ventures.

Ian L Price
Executive Director
Anchor Resources Limited

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Competent Person Statement

The information relating to the Exploration Results and geological interpretation for the Blicks project, Bielsdown project, Birdwood project and Aspiring project is based on information compiled by Mr Graeme Rabone, MAppSc, FAIG. Mr Rabone is Exploration Manager for Anchor Resources Limited and provides consulting services to Anchor Resources Limited through Graeme Rabone & Associates Pty Ltd. Mr Rabone has sufficient experience relevant to the assessment and of these styles of mineralisation to qualify as a Competent Person as defined by the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)". Mr Rabone consents to the inclusion of the information in the report in the form and context in which it appears.

TENEMENT SCHEDULE as at 31 March 2017

TENEMENT NUMBER	NAME	LOCATION	HOLDER	DATE OF FIRST GRANT	DATE RENEWED	TERM	AREA km^2
EL 6388	BIELSDOWN	NSW	Anchor Resources Limited	04.03.05	4.3.16	3 Years	35
EL6465	BLICKS	NSW	Scorpio Resources Pty Ltd	29.09.05	Renewal application pending, Renewal offered December 2016	3 Years	80
EL 8100	BLICKS EXTENDED	NSW	Scorpio Resources Pty Ltd	11.06.13	11.6.16	3 Years	150
EL 6459	BIRDWOOD	NSW	Scorpio Resources Pty Ltd	08.08.05	07.8.16	2 Years	36
EL 8398	GEMINI	NSW	Scorpio Resources Pty Ltd	07.10.15	-	3 Years	290
EPM 19447	ASPIRING	QLD	Sandy Resources Pty Ltd	08.07.13	-	5 Years	144

Note: Scorpio Resources Pty Ltd and Sandy Resources Pty Ltd are wholly owned subsidiaries of Anchor Resources Limited

Reporting of Exploration Results – EPM 19447 (Aspiring Extended) and EPM 25958 (Walsh River) Project, Queensland

JORC Code, 2012 Edition – Table 1 Report

The following section is provided to ensure compliance with the JORC (2012) requirements for the reporting of Exploration Results for the Aspiring Extended-Walsh River project.

Section 1 - Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Rock chip samples were selected on the basis of lithology and visible mineralisation for standard analysis at a commercial laboratory to identify prospective areas where further work is warranted. • Rock chip samples are representative of mineralisation styles and host lithology and collected in a consistent manner at each sample location. Each rock chip sample represents many sub-samples of visually similar material. • Rock chip sampling is useful as a preliminary exploration tool for gold and base metal mineralisation to identify areas of interest for further investigation.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• n/a.
Drill sample recovery *Drill sample recovery (continued)*	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• n/a. • n/a. • n/a.

Criteria	JORC Code Explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Rock chip samples are routinely qualitatively described by an experienced exploration geologist at the point of sample collection. Rock chip samples of high interest are collected for further petrographic investigation by a consultant. • n/a. • n/a.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• n/a. • n/a. • Rock chip samples are dried at 105°C, crushed and pulverised in the laboratory prior to sample dissolution for assay. • Field QAQC procedures involve the selection of samples representative of rock types in the area. • Sampling is considered representative of the style of mineralisation present. No field duplicate rock chip samples have been collected. • Sample size is considered appropriate given the style of mineralisation and previous success in discovering gold mineralisation in bedrock at this region.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• ALS, Townsville and Brisbane. ALS Geochemistry is a leading full-service provider of analytical geochemistry services to the global mining industry. ALS Geochemistry is accredited to ISO/IEC 17025:2005 and ISO 9001:2001 standards. Procedure for rock chip samples: log sample into tracking system, dry, weigh, crush to nominally >70% passing -6mm, then pulverise to 85% passing 75 µm with gold determination on a 30 gram fire assay with ICP-AES finish (ALS Au-AA25 Method), and 48 other elements determined following a four acid “near total” digestion on a sample size of 0.25 gram with ICP-AES finish (ALS ME-MS61 Method). Over range assay results confirmed using ALS “ore grade”

Criteria	JORC Code Explanation	Commentary
		methods, including ALS Methods ME-OG62 for Ag, As, Cu and Pb, and ME-GRA05/ME-XRF15b for Sb. The 30 gram fire assay/AAS finish method paired with the four acid ME-MS61 method is considered to be ideally suited for exploration purposes.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• n/a. No handheld XRF instruments used.
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• No Company certified reference materials (CRMs) or blanks used. ALS routinely run internal certified reference materials (standards) and report results to the Company. Precision and accuracy of the CRMs is within specified error limits which provide confidence in results provided by ALS. The quality control data for historic drilling has not been assessed.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Graeme Rabone & Associates Pty Ltd supervised the rock chip sampling program.
	• *The use of twinned holes.*	• n/a.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Primary data is recorded electronically into a hand held GPS unit and downloaded onto a PC each day. Data back-up is completed on a routine basis.
	• *Discuss any adjustment to assay data.*	• No adjustments are made to assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Sample points located using a Garmin GPS with a ±5 meter error.
	• *Specification of the grid system used.*	• Anchor data is in MGA94 Zone 54.
	• *Quality and adequacy of topographic control.*	• Coordinate information includes easting, northing and elevation.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• Rock chip sampling focused on old workings and outcrop in the vicinity of the old workings.
		• Rock chip sampling is designed to establish the style of mineralisation present

Criteria	JORC Code Explanation	Commentary
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	in the area and detection of large mineralised systems for potential further work.
	• *Whether sample compositing has been applied.*	• No sample compositing has been undertaken.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Rock chip sampling along veins and structures used to determine potential of veins and structures to host mineralisation. Rock chip sampling also focused on hydrothermally altered rocks mapped as greisen.
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• There is insufficient drilling data to date to determine whether there is a sampling bias in historic data.
Sample security	• *The measures taken to ensure sample security.*	• Chain of custody is managed by Anchor staff. Samples are stored in a company vehicle which is locked at night. Samples are then delivered directly by Anchor staff to ALS (Townsville). Samples are submitted to the laboratory using a standard "ALS Sample Submittal Form".
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audit or review of sampling techniques or the data management system has been carried out.

Section 2 – Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• Exploration Permit for Minerals 19447 (Aspiring Extended) and Exploration Permit for Minerals 25958 (Walsh River) are held 100.0% by Sandy Resources Pty Ltd, a wholly owned subsidiary of Anchor Resources Limited. The tenements are located 200 km west of Cairns. The small village of Chillagoe lies within 15km of the tenement boundary. The main areas of interest are located on a 30 year rolling term lease extended to 31/03/2048. The Company has current Notices of Entry and a signed

<table>
<tr><th>Criteria</th><th>JORC Code Explanation</th><th>Commentary</th></tr>
<tr><td></td><td>• The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</td><td>Conduct and Compensation Agreement with the landowner and land occupier which is sufficient for the type of work undertaken. There are no registered native title interests or historical sites covering the work areas.

• Tenements are current and in “good standing” with no impediments known to exist.</td></tr>
<tr><td>Exploration done by other parties</td><td>• Acknowledgement and appraisal of exploration by other parties.</td><td>• Historic prospecting activities, early mining for fluorspar at the Perseverance Lode, geological mapping by the Queensland Geological Survey, and exploration, including drilling, by Samedan of Australia. No resources were identified. Current tenure explored by Anchor with no other parties involved.</td></tr>
<tr><td>Geology</td><td>• Deposit type, geological setting and style of mineralisation.</td><td>• Conceptual low sulphidation epithermal gold-silver and granite-related gold-base metal mineralisation system exploration models.</td></tr>
<tr><td>Drill hole Information</td><td>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
○ easting and northing of the drill hole collar
○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
○ dip and azimuth of the hole
○ down hole length and interception depth
○ hole length.</td><td>• Historic 1994 drilling results from the Doolan Creek prospect held under ATP 3645M by Samedan of Australia are reported in CR 14321 below. Two open hole percussion holes were drilled at the Doolan Creek greisen prospect.

<table>
<tr><th>Hole_ID</th><th>East_MGA</th><th>North_MGA</th><th>Elevation</th><th>Azi</th><th>Dip</th><th>Depth</th></tr>
<tr><th></th><th>Zone 55</th><th>Zone 55</th><th>m</th><th></th><th></th><th>m</th></tr>
<tr><td>DPH06</td><td>230735</td><td>8117409</td><td>298</td><td>0</td><td>-90</td><td>100</td></tr>
<tr><td>DPH07</td><td>230696</td><td>8117578</td><td>298</td><td>0</td><td>-90</td><td>50</td></tr>
</table>

<table>
<tr><th>Hole ID</th><th>From</th><th>To</th><th>Interval</th><th>Au</th><th>Cu</th><th>As</th></tr>
<tr><th></th><th>m</th><th>m</th><th>m</th><th>g/t</th><th>%</th><th>%</th></tr>
<tr><td>DPH6</td><td>72</td><td>100</td><td>28</td><td>0.22</td><td>0.3</td><td>1.19</td></tr>
<tr><td>DPH7</td><td>44</td><td>50</td><td>6</td><td>0.31</td><td>0</td><td>1.06</td></tr>
</table>

• There is no exclusion of information. Recent exploration is “grass roots” in</td></tr>
</table>

Criteria	JORC Code Explanation	Commentary
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	nature.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Historic drilling reported 2 metre sample interval lengths only. Length weighted averages not applied. No top-cutting of high grade results applied. No cut-off grades applied. • n/a. • No metal equivalents used.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• Not known. Drilling limited to 2 holes. • Geometry of mineralised zones currently not known due to insufficient drilling. • Down hole lengths reported, true width of mineralisation not known.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Plan of work area shown in current report.

Criteria	JORC Code Explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Reporting of exploration results is balanced and comprehensive.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Rock chip sampling used to identify areas of interest in stage 1 exploration. Soil sampling has proved to be a successful technique in locating gold and base metals in bedrock elsewhere in the area. Geological mapping and structural analysis are used in conjunction with soil geochemical results and are important factors in selecting potential targets.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Follow up work is planned to determine the prospectivity of the preliminary targets identified. Detailed geological mapping together with rock and soil sampling are planned. • Insufficient work completed to determine possible mineralisation extensions however Doolan Creek may extend into an area of soil cover and no outcrop. Extensions to the Fluorspar Group gold-silver mineralisation along the Perseverance Fault in both directions are yet to be determined by further work.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Anchor Resources Limited

ABN	**Quarter ended ("current quarter")**
49 122 751 419	31 March 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (9 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(146)	(541)
	(b) development		
	(c) production		
	(d) staff costs	(49)	(166)
	(e) administration and corporate costs	(92)	(299)
1.3	Dividends received (see note 3)		
1.4	Interest received	7	20
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(280)**	**(986)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment		(2)
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**		**(2)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings	600	1,500
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**600**	**1,500**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,003	811
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(280)	(986)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		(2)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	600	1,500
4.5	Effect of movement in exchange rates on cash held		
4.6	**Cash and cash equivalents at end of period**	**1,323**	**1,323**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	473	28
5.2	Call deposits	850	975
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,323**	**1,003**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	58
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Salary and director fees paid to directors and director related entities.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Payroll tax liability paid to related entity

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	13,000	12,750
8.2	Credit standby arrangements		
8.3	Other (please specify)		

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

The finance facility is provided by China Shandong Jinshunda Group Co Limited, the company's major shareholder. The facility has a maximum drawdown of $13,000,000 and is repayable by 31 March 2019. The finance facility bears interest at the Commonwealth Government Bond Yield (GSBE19 maturing 15 March 2019) + 250 bps per annum.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	150
9.2	Development	
9.3	Production	
9.4	Staff costs	50
9.5	Administration and corporate costs	100
9.6	Other (provide details if material)	
9.7	**Total estimated cash outflows**	**300**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: ..... Date: .....21/4/17.....
(Director/Company secretary)

Print name: Guy Robertson.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.