Anchor Resources Limited

ACN 122 751 419

Annual Report - 30 June 2017

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Chairman's Letter

Dear Fellow Shareholders,

I am pleased to report that Anchor Resources Limited has continued to make significant progress at its key exploration projects during the past year. This has been achieved against a backdrop free of occupational health & safety and environmental incidents.

Anchor has generated an enviable and diverse range of multi-metal projects with potential to discover a "company maker" deposit at one, or more, sites. This is a remarkable achievement by a junior exploration company and reflects the extensive and pragmatic experience and dedication of the company's officers, staff and its core consultants, plus unwavering support from its major shareholder.

Anchor's projects are located within three world class metal provinces in eastern Australia. These include the New England Orogen (Blicks and Bielsdown Projects) and Lachlan Orogen (Gemini Project) in New South Wales, and Hodgkinson Province in Far North Queensland. New discoveries by others continue to be reported in all three metal provinces as the understanding of deposit genesis and technology progressively advances.

The Blicks project hosts a wide variety of styles of gold and strategic metal mineralisation, much of it granite-related. Tyringham is the most advanced prospect and is an Intrusion-related Gold System. Gold mineralisation discovered by drilling is associated with quartz veins forming a random stockwork array interpreted as leakage mineralisation above a concealed cupola. Age dating has confirmed narrow greisen alteration selvedges associated with quartz veins, and by implication, gold mineralisation, is younger than the host rocks implying the source of gold mineralisation remains to be discovered in a younger concealed, proximal intrusion.

The Gemini project, in central west New South Wales, is a Cobar-style base metals target and recent exploration by others has discovered significant new high grade copper, lead and zinc deposits near to Gemini. Within the Gemini project, the Blue Mountain prospect is the most advanced target. Compilation of open file data has defined a strong lead-zinc anomaly and juxtaposed copper geochemical anomaly extending over a strike length of 2,200 metres and Anchor plans to conduct a geophysical electromagnetic survey late in 2017 in an attempt to locate conductors that could indicate sulphide mineralisation. Blue Mountain is near drill ready with the objective of discovering a Cobar-style copper-lead-zinc deposit. These types of deposits are high metal-bearing mineral systems and viable under a wide range of economic conditions.

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. Low sulphidation epithermal gold-silver mineralisation has been discovered by Anchor at the Fluorspar Group of workings, and granite-related gold-silver-copper-lead mineralisation has been verified in a greisen-sulphide alteration zone and peripheral polymetallic veins at Doolan. A scout reverse circulation drilling program to test the epithermal system is planned, subject to drilling contractor availability.

Your Board looks forward to a year of continued success in advancing these exciting projects.

Yours sincerely,

Jianguang Wang
Chairman
22 September 2017

2016 – 2017 Operations Report

Summary

Anchor Resources Limited (Anchor) is an Australian explorer with projects located in eastern Australia and is exploring for gold, copper, lead, zinc, molybdenum, tungsten and antimony (Figure 1).

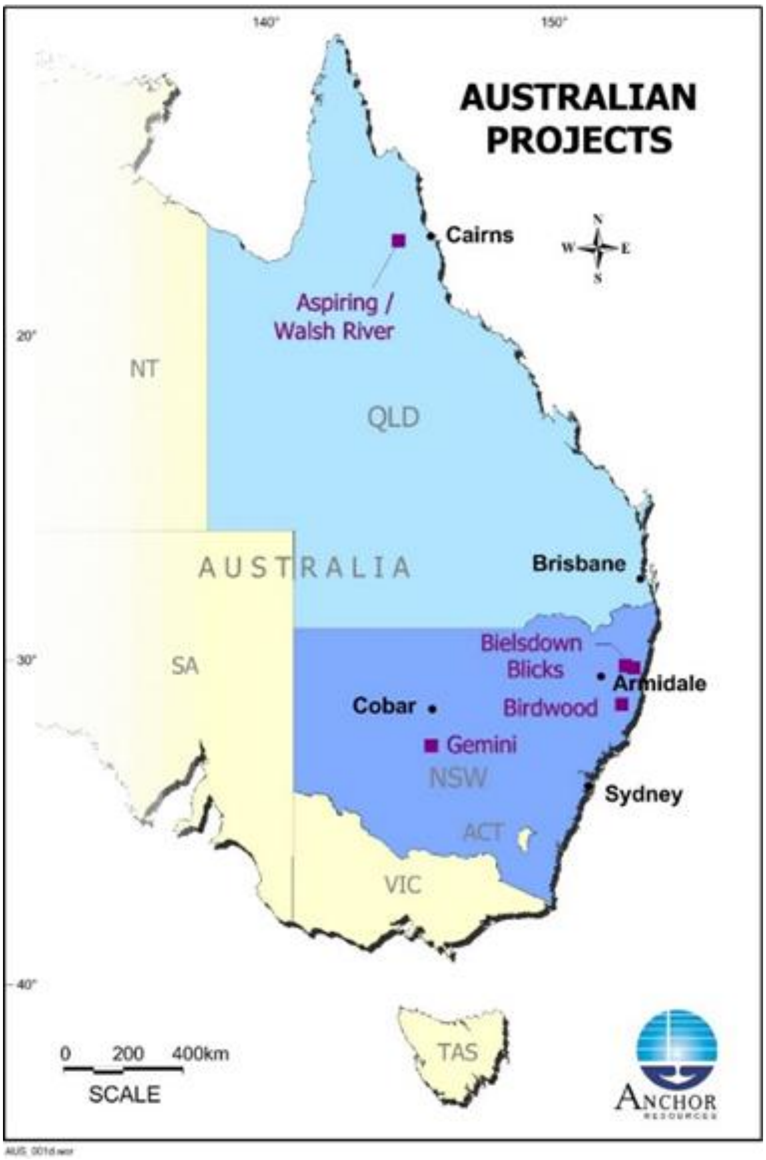


Figure 1: Anchor's exploration projects

Anchor is pleased to report a year in which no environmental or occupational health and safety incidents occurred. This outcome is the result of the efforts of all members in our exploration team.

Anchor's New South Wales Blicks and Bielsdown projects are located in the Southern New England Orogen, a geologically significant area not subject to sustained modern and innovative exploration, and the Lachlan Orogen, a significant world-class mining area based around Cobar to the north (Figure 2).

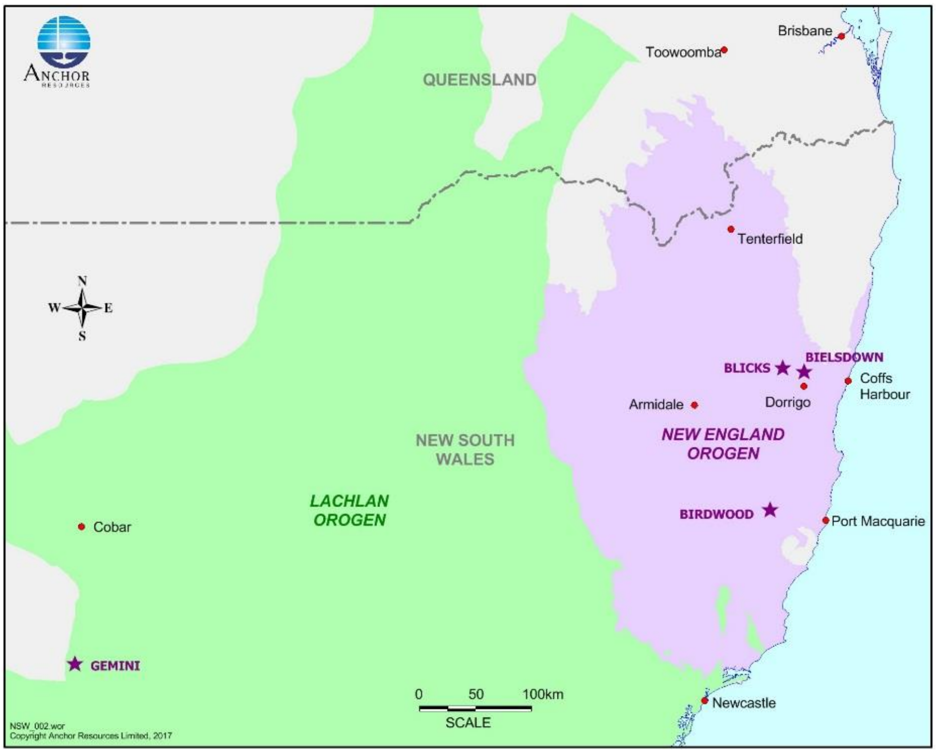


Figure 2: Location of New South Wales projects - Blicks, Bielsdown and Gemini

In Far North Queensland Anchor has two contiguous projects covered by exploration permits, Aspiring and Walsh River, located in the extensively mineralised Hodgkinson Province (Figure 3).

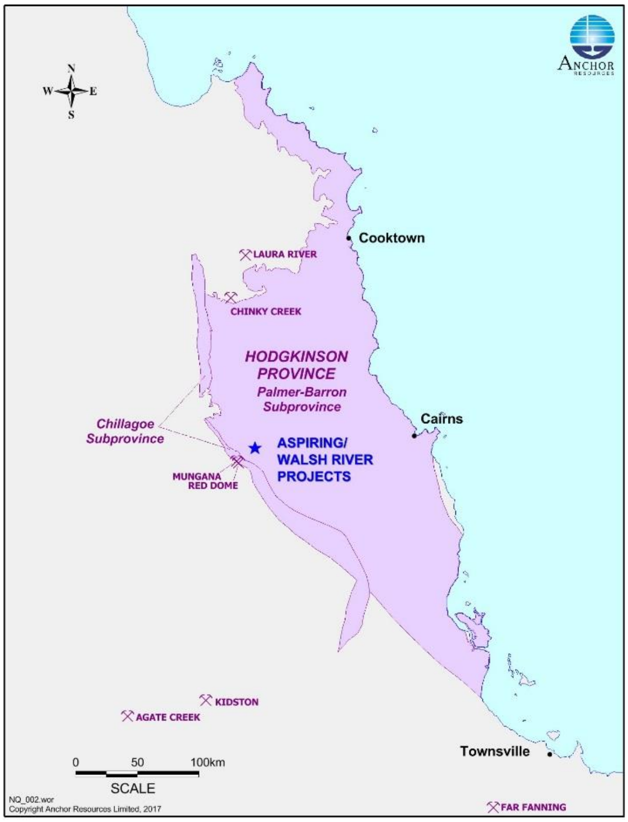


Figure 3: Location of Queensland projects – Aspiring and Walsh River

During the year Anchor held five minerals exploration licences in New South Wales and two minerals exploration permits in Queensland (Table 1). One mineral exploration licence, Birdwood in NSW, was relinquished after the end of the year.

Table1: TENEMENT SCHEDULE at 30 June 2017

TENEMENT NUMBER	NAME	LOCATION	HOLDER	DATE OF FIRST GRANT	EXPIRY	AREA km²
EL 6388	BIELSDOWN	NSW	Anchor Resources Limited	04/03/2005	03/03/2019	35
EL 6465	BLICKS	NSW	Scorpio Resources Pty Ltd	29/09/2005	29/09/2019	80
EL 8100	BLICKS EXTENDED	NSW	Scorpio Resources Pty Ltd	11/06/2013	11/06/2019	150
EL 8398	GEMINI	NSW	Scorpio Resources Pty Ltd	07/10/2015	07/10/2018	290
EPM 19447	ASPIRING	QLD	Sandy Resources Pty Ltd	08/07/2013	07/07/2018	144
EPM 25958	WALSH RIVER	QLD	Sandy Resources Pty Ltd	07/12/2015	06/12/2020	190

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

Anchor has assembled a diversified suite of technically robust projects that span a range of metals and mineralisation models covering Intrusion-related Gold Systems (IRGS), Cobar style shear hosted base metal deposits, epithermal gold, orogenic gold, orogenic antimony, and granite -associated mineral systems hosting a range of metals including gold, copper and other base metals.

At the Blicks project in NSW, exploration by Anchor has identified IRGS mineralisation at Tyringham prospect and three nearby new extensive areas of granite-related metal mineralisation known as Tuting prospect (molybdenum-tungsten), Liberty prospect (copper-molybdenum) and Navin prospect (arsenic ±copper-gold-tin). Several other intrusive complexes with reports of spatially associated copper, molybdenum and gold mineralisation, including Sheep Station Creek Complex and Ellis Intrusive Complex, remain to be evaluated. Anchor's exploration team continues to build a strong understanding of the area's geology and develop pragmatic exploration models for the discovery of large mineralised systems.

In 2015 Anchor expanded activities into the Cobar Basin at the Gemini project. Here Anchor's re-interpretation of historic exploration results at the Blue Mountain prospect has identified it as prospective for Cobar-type shear hosted deposits of gold, copper, lead and zinc.

The Bielsdown antimony project, near Dorrigo in NSW, has a JORC 2012 resource of antimony.

At the North Queensland projects Anchor has recently discovered, an epithermal gold-silver system at the old Fluorspar fluorite mine. Epithermal textured quartz, confirmed by petrology, containing strongly anomalous gold extends over a strike length of at least 2 km, and possibly up to 3 km. Deposits having this style of epithermal gold mineralisation are renowned for their high grade.

In addition, at the nearby Doolan prospect, a greisen-hosted, polymetallic gold-silver-copper-lead granite-related mineral system has been confirmed by detailed rock chip sampling and petrology. The mineral system may extend under shallow soil cover and further work is required to define the full extent of this alteration-sulphide system.

Review of Projects

Blicks Project – gold, molybdenum, tungsten, copper (EL 6465 & EL 8100, NSW; Anchor 100%)

Blicks is the most advanced project, aside from Bielsdown, following a significant amount of exploration, including limited shallow drilling at one prospect.

The Blicks project is located in the Southern New England Orogen in northeast NSW, 90 km northeast of the major regional centre of Armidale. The project's main prospects are ***Tyringham*** (intrusion-related gold system), ***Navin*** (granite-related polymetallic), ***Tuting*** (granite-related molybdenum-tungsten) and ***Liberty*** (granite-related copper-molybdenum).

At the Blicks project the Tyringham prospect, a large intrusion-related gold system (IRGS), has been discovered and limited drilling has intersected long zones of low grade gold mineralisation near surface. The style of mineralisation intersected is interpreted as leakage from a postulated deeper, higher grade, primary IRGS source. IRGS gold deposits often contain more than 1 million ounces of gold and up to 10 million ounces, and have in recent years become major global gold producers.

Two other large, granite-related mineral systems, Tuting and Navin prospects, occur within a mineralised transverse corridor extending northeast from Tyringham. These mineral systems contain copper, molybdenum, tungsten and gold.

A comprehensive technical review of the Blicks project was carried out in the second half of the year and has confirmed the potential of the project to host major mineral deposits. Further work continues on the Blicks technical review with a focus on following up specific recommendations provided by an international IRGS expert, and additional interrogation of the comprehensive Blicks database. This work will be integrated into the latest research on intrusion-related gold systems with the objective of defining targets for drill testing and will be completed in the next few months.

The Blicks project covers a significant polymetallic mineral district extending beyond the project area and incorporates a variety of styles of mineralisation, including intrusion-related gold, granite-related chalcophile copper-molybdenum and molybdenum tungsten, orogenic gold, and orogenic antimony (Figure 4). Many prospects are associated with large, multi-element soil geochemical anomalies aligned along a transverse corridor, informally known as the Tyringham Corridor, hosting a number of granitoid intrusions of different ages and extending over a linear area of 12 km x 2 km. Intrusions emplaced along the Tyringham Corridor span a period of approximately 65 million years.

The Tyringham Corridor transects a line of granitoid intrusions trending northwest interpreted to have been emplaced along a regional crustal suture. The complex structural architecture of the Blicks project area is subject to ongoing research and investigation.

Intrusions within the Tyringham Corridor are often anomalous in a variety of metals. Intrusion-related gold mineralisation is present at Tyringham, granite-related arsenic-copper-zinc-silver mineralisation is present at Navin, molybdenum-tungsten mineralisation is present at Tuting, and copper-molybdenum mineralisation is found at Liberty and within the Billys Creek Tonalite extending either side of Liberty. Magnetic imagery suggests the Tyringham Corridor may extend a further 7 km to the northeast where another intrusion is interpreted from magnetics and where granitoid float has been found on surface. This is a previously unknown and unreported intrusion.

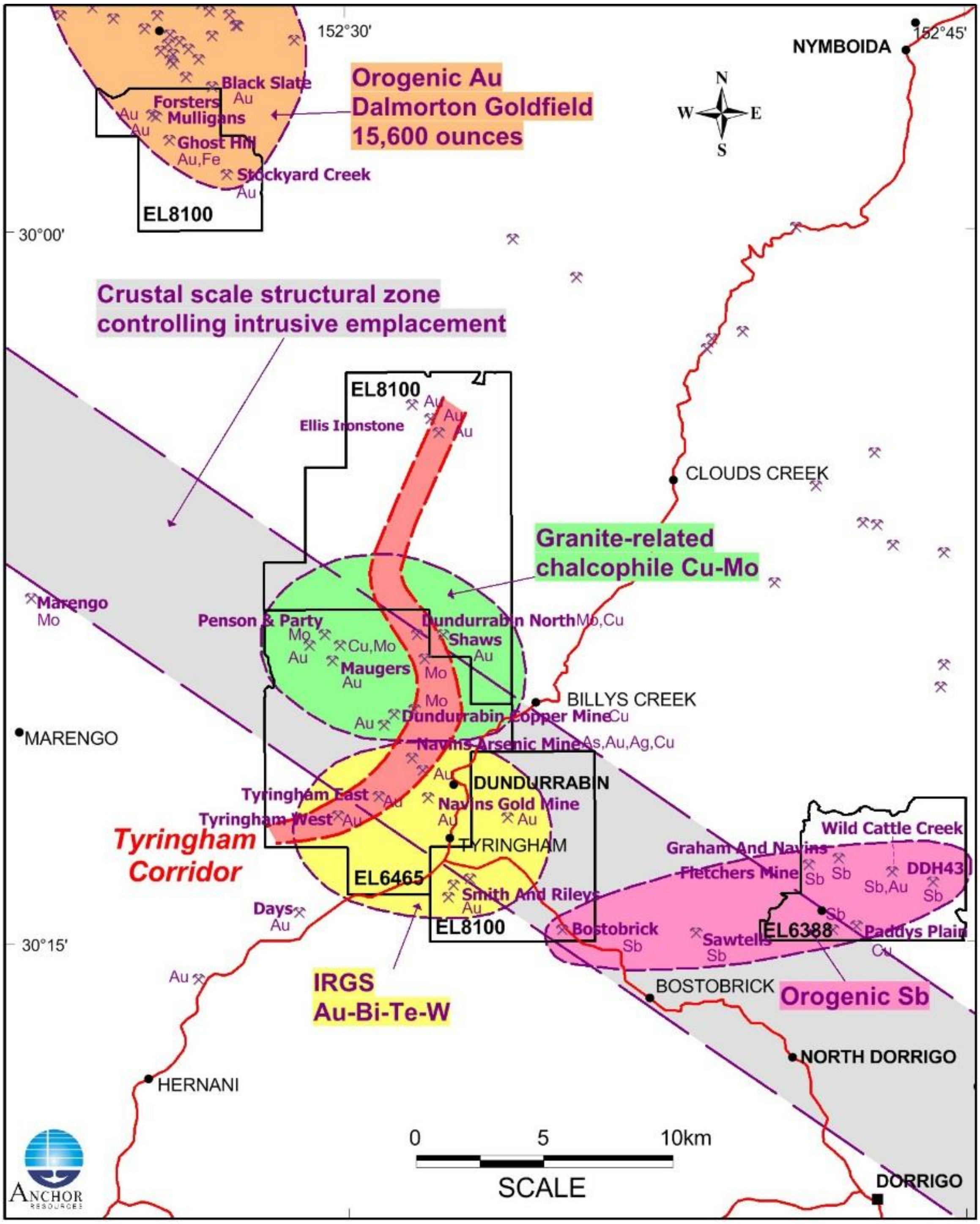


Figure 4: Blicks project structural architecture and metallogenesis showing the Tyringham Corridor, inferred crustal suture zone and mineral occurrences

The recent review confirms Tyringham IRGS as a prime target for further work. The type of alteration (greisen) and related metal associations (Au-Bi-Te ±Mo-W) 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 Anchor's understanding of the metallogenic chronology in the Blicks district is provided by age dating results yielding a ~220 Ma age (that is 220 million years ago - late Triassic age) for muscovite-sericite alteration directly associated with gold mineralisation, being much younger than the host rocks. This conforms to the IRGS model.

Gold mineralisation intersected by shallow drilling to date is interpreted as "leakage" mineralisation within passive host rocks of ~350 Ma and 240 Ma age respectively. The target for future exploration is a concealed, proximal source intrusion, and associated fluid pathway structures, of ~220 Ma age which conceptually may host higher grade gold mineralisation (Figure 5).

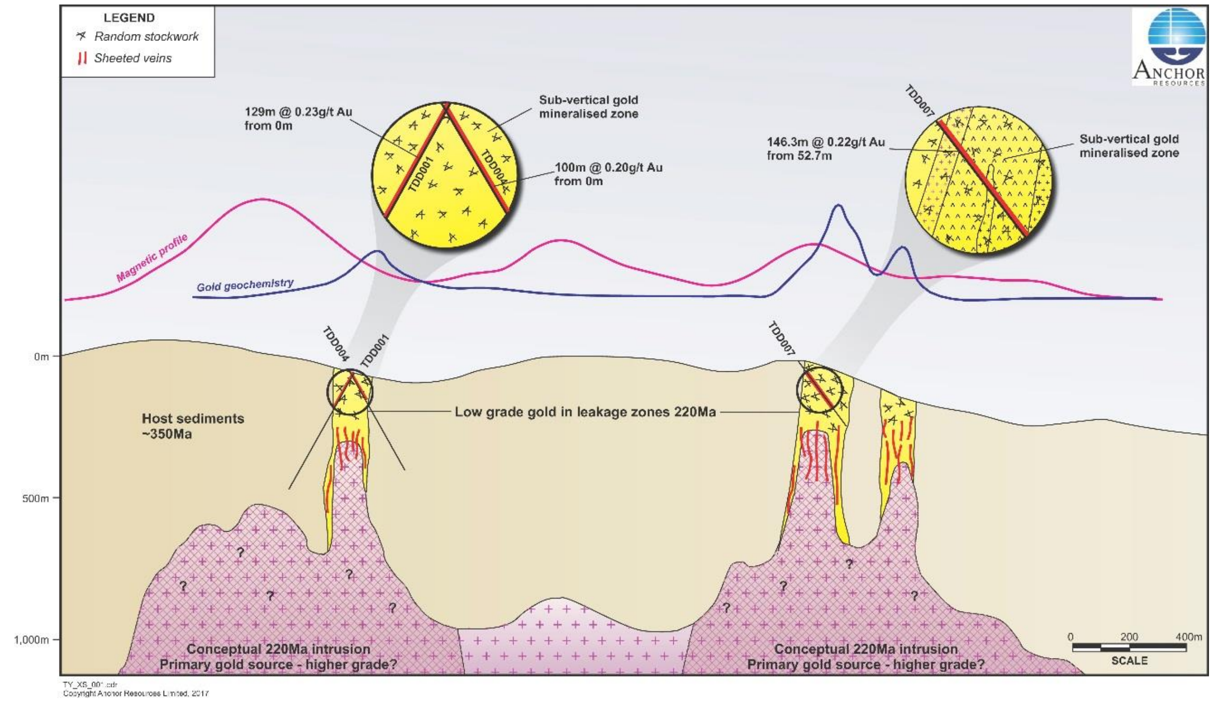


Figure 5: Tyringham IRGS schematic diagram showing long intervals of low grade gold mineralisation intersected by drill holes near surface

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 Tyringham conceptual exploration model is shown in Figure 6. It consists of a small concealed intrusive cupola hosting a sheeted quartz vein array developed in the roof of the cupola and overlying carapace and below leakage mineralisation developed as a random quartz stockwork higher in the system and hosted by older rocks. Drilling to test the Tyringham conceptual model is subject to board approval.

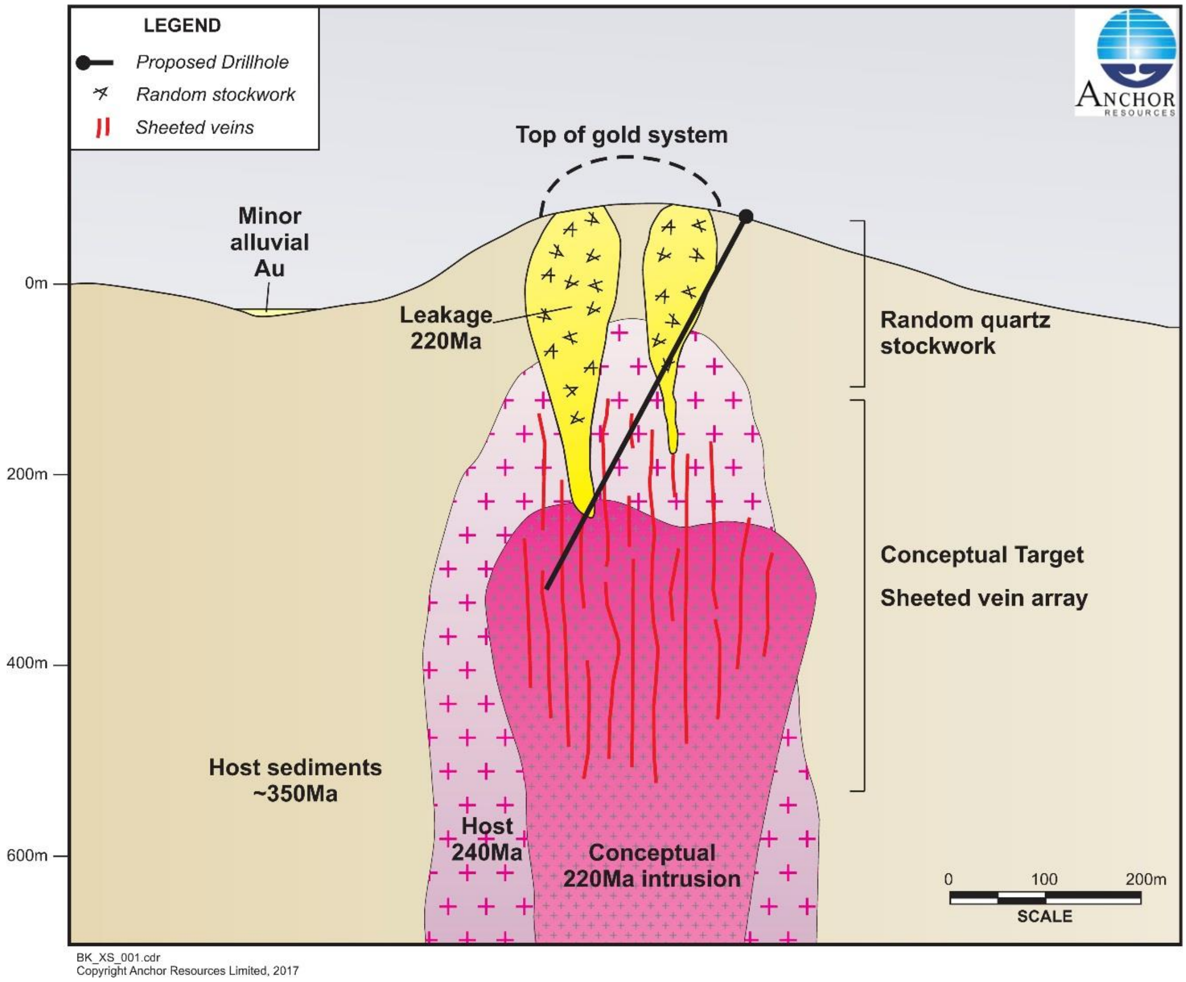


Figure 6: Tyringham IRGS conceptual exploration model

The Navin, Tuting and Liberty mineral systems identified by Anchor will be further explored in what is emerging as a potentially very significant region of complex and varied metal endowment.

Gemini Project - copper, lead, zinc, gold & silver (EL 8398 NSW, Anchor 100%)

The Gemini project, in central west NSW, is a Cobar-style base metals target. The Blue Mountain prospect is the most advanced prospect in the Gemini project. It is near drill ready with the objective of discovering a Cobar-style copper-lead-zinc deposit. These types of deposits are high metal-bearing mineral systems and viable under a wide range of economic conditions. The next stage of exploration is a geophysical (electromagnetic/EM) survey over the prospect to better define drill targets within a 2.2 km strong bedrock lead and copper geochemistry. The Gemini project covers a prospective, under explored area of the Cobar Basin and includes the Blue Mountain base metal (Zinc-lead-copper) prospect (Figure 7) which Anchor has identified as a Cobar-style base metals prospect.

The nearby Wagga Tank zinc, lead, silver with minor copper and gold massive sulphide prospect owned by another company is located 8 km southwest of Blue Mountain and the Mallee Bull copper-silver-gold deposit is located 40 km to the northeast along the same lineament. Anchor's project area is considered prospective for Cobar-type base metal deposits.

The Cobar Basin has a long history of ongoing mineral discoveries extending from 1869 up to recent times confirming its potential as a world class mineral province prospective for major new discoveries. The geometry of many deposits has made them challenging targets for exploration. However, as the understanding of these deposits increases and technology advances new opportunities are created.

Figure 7: EL 8398 (Gemini) regional geology showing discovery dates of selected deposits

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 2,200 metres defined by historic bottom hole RAB drilling (Figure 8).

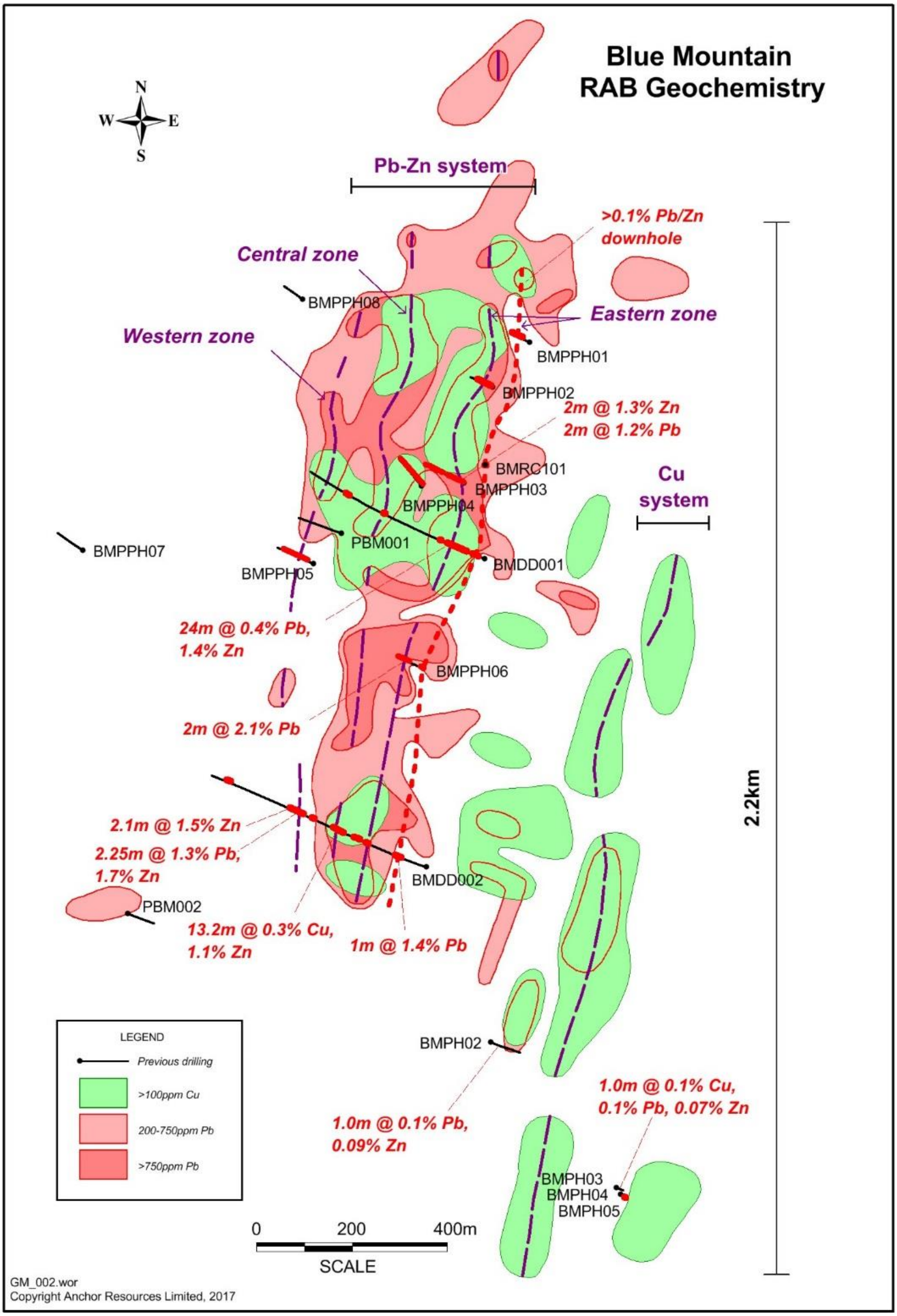


Figure 8: Blue Mountain prospect lead and copper geochemistry

The anomalous multi-element Zn-Pb-Cu geochemistry, large linear anomaly footprint, sphalerite-galena-chalcopyrite association in drill core, structurally controlled 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. The best drill intersection is reported from diamond core hole BMDD001 with 24 metres at 1.3% Zn and 0.4% Pb from 146.0 m. Intersections of this grade and width can be expected above an ore lode at depth in the Cobar-type conceptual model. Furthermore, many historic drill holes intersected multiple lead-zinc-copper intersections suggesting multiple mineralised fluid channelways are present at Blue Mountain. Experience on the Cobar field shows that once these mineralised channelways and structures have been identified then they need to be drilled down plunge to follow the mineralisation at depth.

Cobar-type deposits are polymetallic massive sulphide deposits and are electrically conductive making them ideal targets for electromagnetic surveying. Electromagnetic surveys provide high definition mapping of both the electrical and magnetic properties of the earth. The technique has been progressively refined to achieve high spatial definition and/or deep ground penetration where it is possible to detect a large conductive target at depths approaching 800 metres or more. The technique has the ability to accurately define the location of the target, if present, and is used extensively, with considerable success, for this reason. Drilling to test the conductors would follow.

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, however in August 2017 it was confirmed by the NSW Crown Solicitor that Native Title had been extinguished over the relevant portion and Anchor has subsequently withdrawn from the right to negotiate process.

It is planned to carry out the EM survey in the first half of 2017/2018 once land access arrangements and statutory approvals are completed.

Aspiring/Walsh River Project – gold, silver, copper, lead & zinc (EPM 19447, & EPM 25958 Qld, Anchor 100%)

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

In late 2016 low sulphidation epithermal gold-silver mineralisation was discovered by Anchor at the Fluorspar Group of workings, and granite-related gold-silver-copper-lead mineralisation was verified in a greisen-sulphide alteration zone and a peripheral polymetallic vein at Doolan.

The Fluorspar Group workings and Doolan greisen-sulphide alteration zone are within EPM 25958 (Walsh River) and located 33 km apart. Part of the Doolan mineral system is interpreted to extend into the adjoining EPM 19447 (Aspiring) tenement. The prospects are genetically and geochemically different.

The location of the Fluorspar and Doolan prospects is shown on Figure 9.

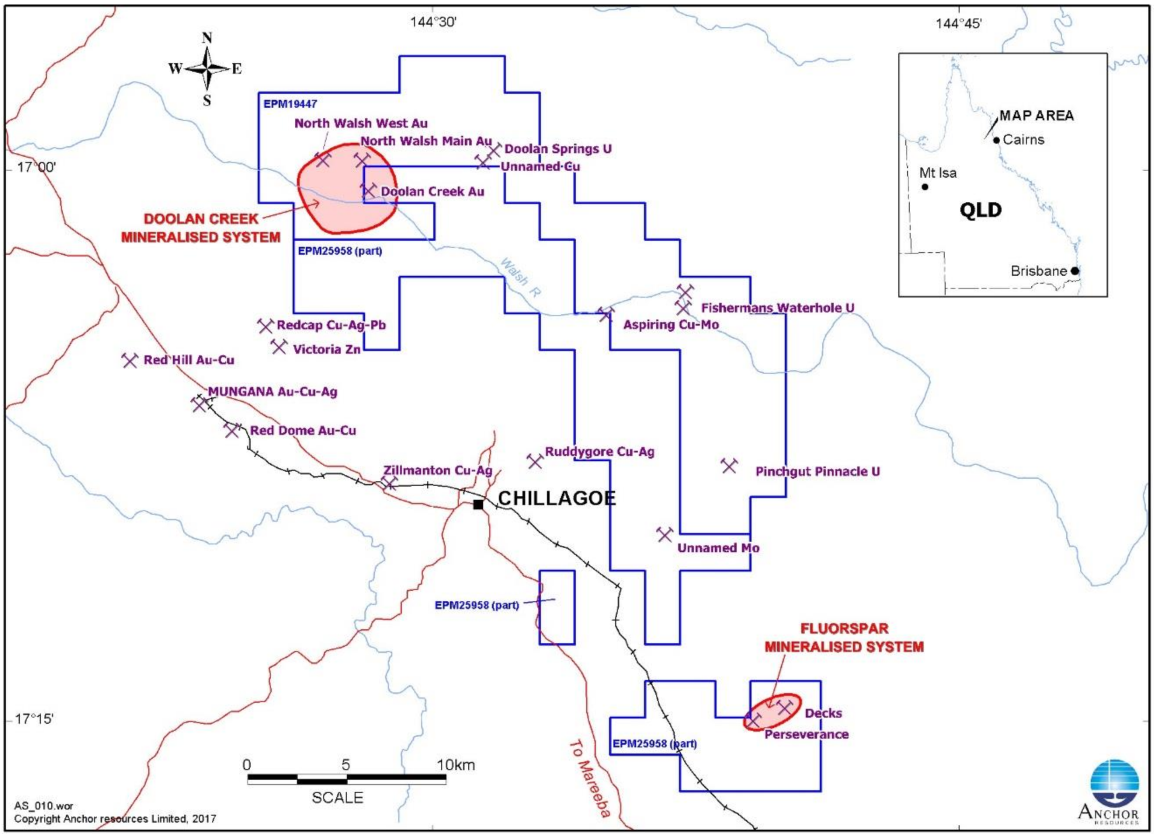


Figure 9: Location of Fluorspar and Doolan prospects

At the ***Fluorspar Group*** workings vein quartz, invariably displaying a lattice-bladed texture, contains low levels of gold (Figure 10) consistently assaying 0.1 Au to 1.0g/t Au, and up to 6.0g/t Au, (average 0.33g/t Au in 65 samples) in rock chip samples over a strike length of more than 2 km along a northeast trending sub-vertical regional fault (Perseverance Fault) reported to be up to 2 metres wide in the old fluorite workings. Silver values range from 0.1g/t Ag to 62g/t Ag with numerous values assaying >5g/t Ag (average 5.9g/t Ag in 65 rock chip samples). The quartz is often associated with fluorite in the main vein and sometimes stibnite in other secondary 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 and is likely to be at least 3 km long.

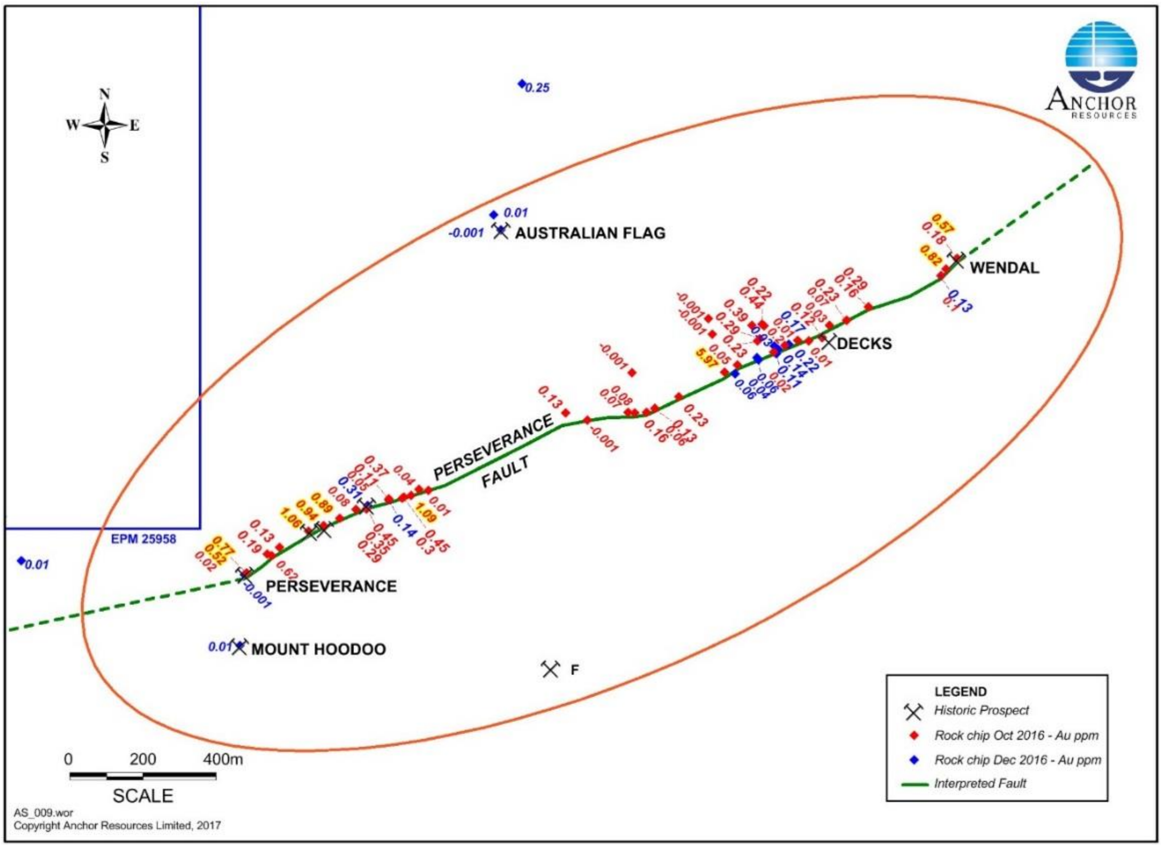


Figure 10: Fluorspar Group workings rock chip gold geochemistry

Textures in quartz are typical of formation in an epithermal environment and have been confirmed by petrology. Textures include lattice (pseudomorphic replacement of coarse bladed carbonate), plumose, encrustation, quartz replacing chalcedony, growth zoning in coarser quartz grains and crystals, and sub-radiating textures. Multiple veining events have been recognized including cross cutting quartz and separate stibnite veins.

Conceptually the combination of quartz textures, 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, confirmed by recent petrological investigations, has occurred in the hydrothermal system.

Typical quartz pseudomorphing coarse blades of carbonate (probably calcite) forming a lattice bladed texture is shown in Figure 11. These textures are interpreted as indicative of the chalcedonic, vapour phase zone at, or near, the top of an epithermal vein system.

Figure 11: Platy, lattice textured quartz with fluorite along vein selvedge at Perseverance Lode, Fluorspar Group workings

At ***Doolan***, recent composite rock chip sampling of a greisen-sulphide alteration zone yielded high values for numerous metals, including gold up to 8.5g/t (Figure 12), 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%. Nearby, a mineralised polymetallic quartz vein was discovered having similar geochemistry to the greisen-sulphide zone, 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% in rock chip samples.

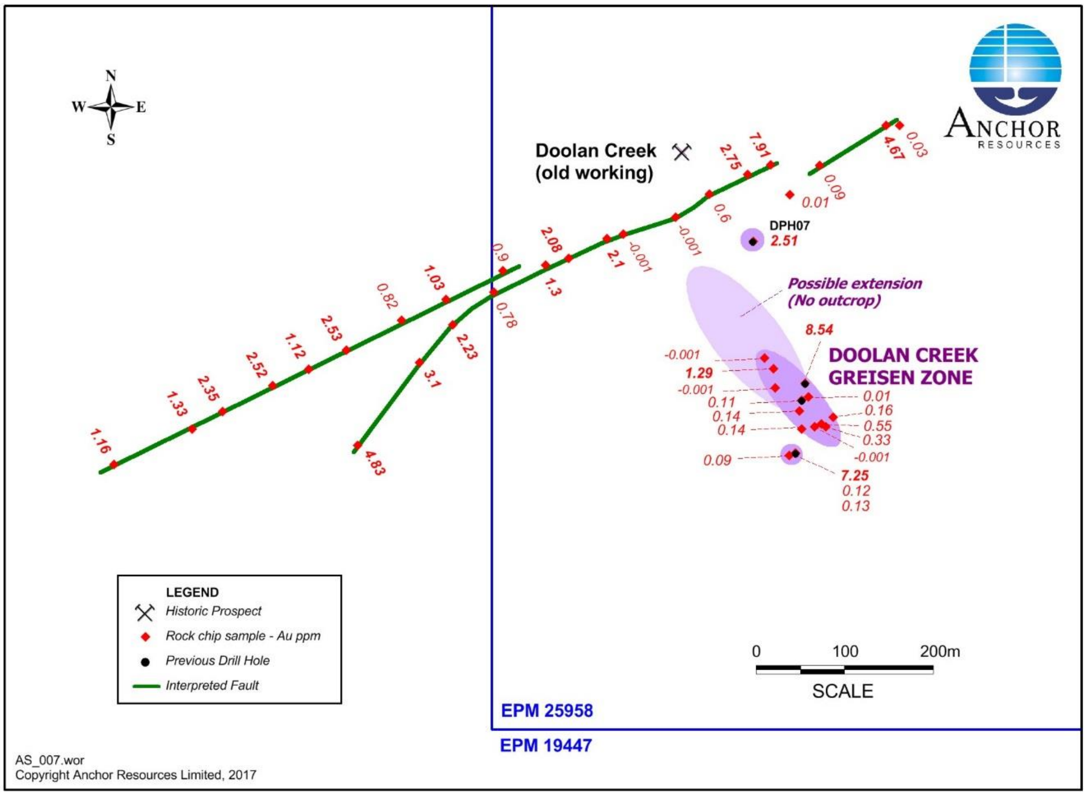


Figure 12: Doolan greisen-sulphide zone and polymetallic quartz vein rock chip gold geochemistry

In 2014, systematic grass roots exploration within the adjoining EPM 19447 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. The highest gold values are associated with quartz veins controlled by northeast trending structures. These mesothermal gold-polymetallic quartz veins typically have a gold-silver-copper-lead-arsenic-bismuth-antimony association suggestive of granite-related mineralisation.

At Doolan petrographic investigations identified a coarse leucocratic monzogranite has been subject to strong hydrothermal greisen style alteration with replacement by sericite-muscovite and sulphide aggregates, with traces of carbonate and rutile. Parts of the greisen contain considerable disseminated sulphide, including arsenopyrite, pyrite, chalcopyrite, galena, and minor sphalerite, while a mesothermal polymetallic quartz vein contains arsenopyrite, galena, chalcopyrite, pyrite and sphalerite.

The Doolan greisen 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 or ring complexes have long been recognised as prospective areas for a variety of mineral deposits, including greisen, skarn, stockwork and veins.

The greisen zone contains strongly anomalous to ore grade Au-Ag-Cu-Pb-As ±Bi-Sb geochemistry in selected composite rock chip samples. Numerous gold-bearing polymetallic quartz veins with similar geochemistry to the greisen-sulphide alteration zone are found within a 2 km radius of the greisen suggesting the greisen-sulphide alteration zone and polymetallic veins are part of a larger mineral system (Figure 13).

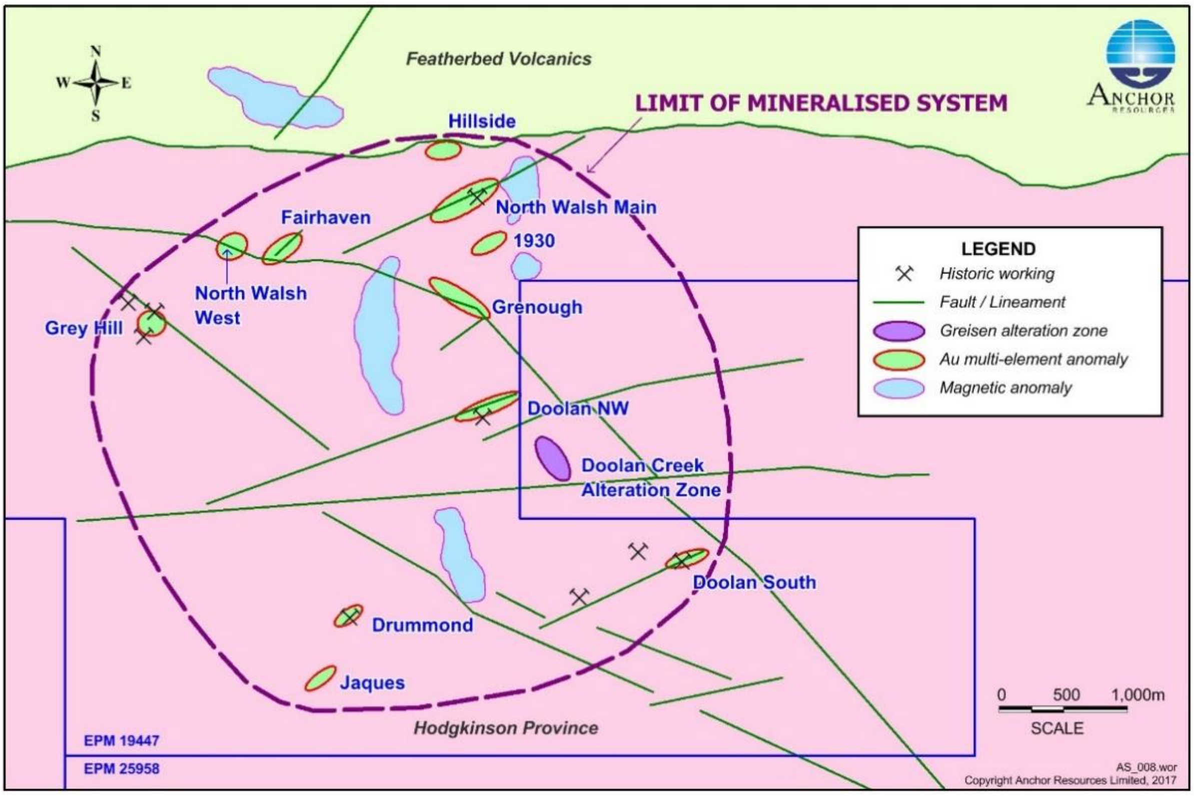


Figure 13: Doolan greisen-sulphide zone and peripheral polymetallic quartz forming a major mineralised system

The Doolan greisen and vein geochemistry strongly supports a granite-related metal association. The greisen zone may be linked to a high level, shallowly buried cupola, temporally and genetically related to the intrusion of the late stage Bungabilly Granite, or possibly the nearby, but temporally later, Long Gully Granite. This geological setting is considered to offer potential for the development of large mineral deposits.

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

In June 2017 a field crew completed further geological mapping, and soil and rock chip sampling at Fluorspar and Doolan to define targets for RC drilling. Follow up reconnaissance work along the possible southwest extensions to the Fluorspar Group workings discovered two sub-parallel epithermal-style quartz veins 1.5 km southwest of the Perseverance Lode. These veins are orthogonal to the main Perseverance Fault. Sampling of these veins yielded weakly anomalous gold and silver values up to 0.07g/t Au and 3.58g/t Ag from dump material adjacent to a shallow prospecting pit and 0.09g/t Au and 1.01g/t Ag from epithermal textured quartz 1 km to the north-northwest of the prospecting pit (Figure 14). A rock chip sample from the sub-parallel epithermal quartz vein assayed 0.05g/t Au and 0.86g/t Ag. Although the gold values are low, the discovery of epithermal style quartz veins in the broader area suggests epithermal-style quartz veining is considerably more widespread than previously known. Furthermore, all epithermal quartz samples yielded high lithium values, ranging from 270 ppm to 600 ppm, with values consistently anomalous at levels similar to results along the gold-silver anomalous Perseverance Lode.

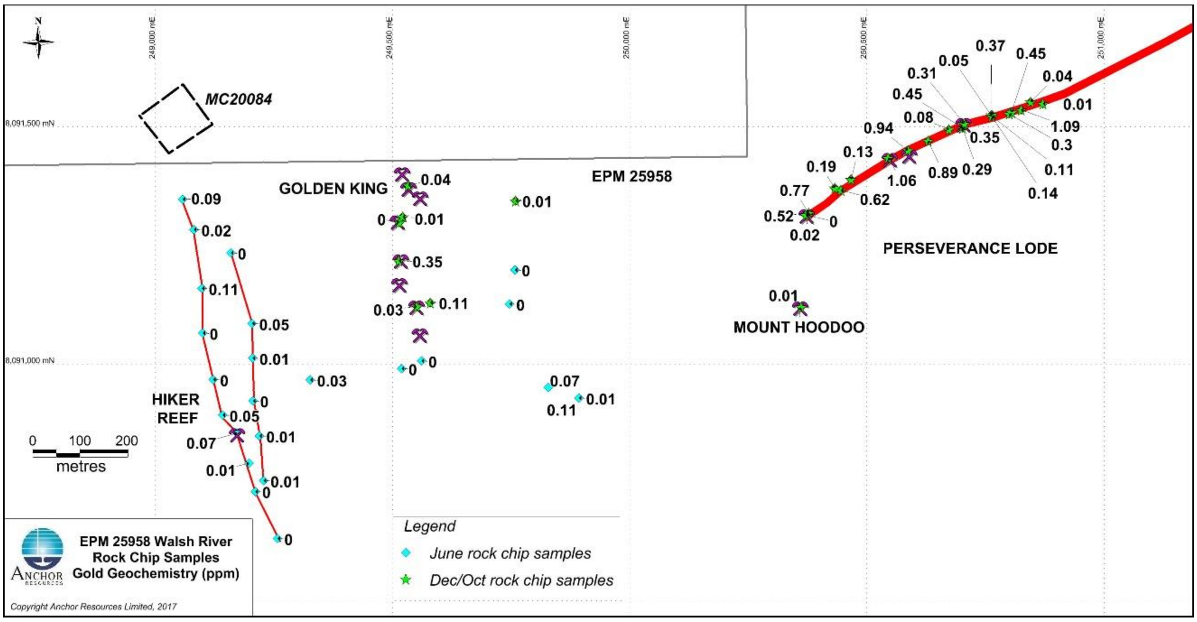


Figure 14: Fluorspar (Perseverance Lode) southwest extension rock chip gold geochemistry

Follow up work was also completed at the Doolan greisen zone where previous rock chip sampling confirmed the greisen was strongly anomalous in arsenic. A grid-based soil survey using a portable Niton analyser was completed over an area of shallow residual soils with no outcrop to the north of the outcropping greisen alteration zone. The Niton XRF soil survey defined an arsenic anomaly coincident with the outcropping greisen alteration zone and extending beyond the outcrop area into the soil covered area to the north. The arsenic geochemical anomaly is approximately 220 metres long and 40 metres wide (Figure 15). The soil arsenic geochemical anomaly is open to the south where it is covered by transported alluvial material unsuitable for Niton measurements. The soil Niton analyser results were confirmed by an orientation soil sampling program with soil samples sent to ALS Townsville for geochemical analysis. ALS arsenic assay results are comparable with the Niton analyser arsenic results. This work is considered to validate the Niton-defined arsenic anomaly.

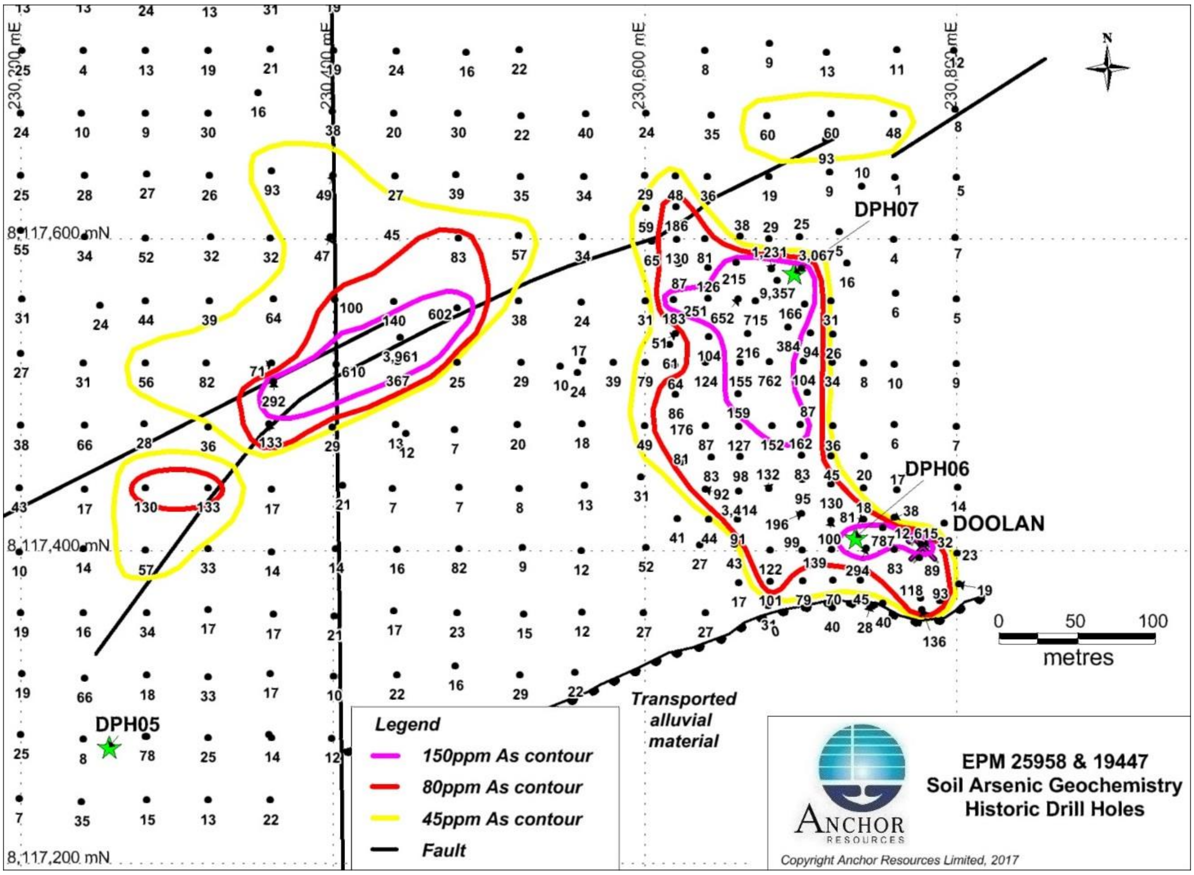


Figure 15: Doolan soil arsenic geochemistry

Reconnaissance prospecting north of the greisen alteration zone sampled a northeast trending quartz vein which returned highly anomalous results for gold (0.67 to 6.02g/t), silver (11.4 to 268ppm), arsenic (0.68% to 5.22%), lead (0.36% to 6.09%) and antimony (156ppm to 3870ppm).

Results from the rock chip sampling program are shown in Figure 16.

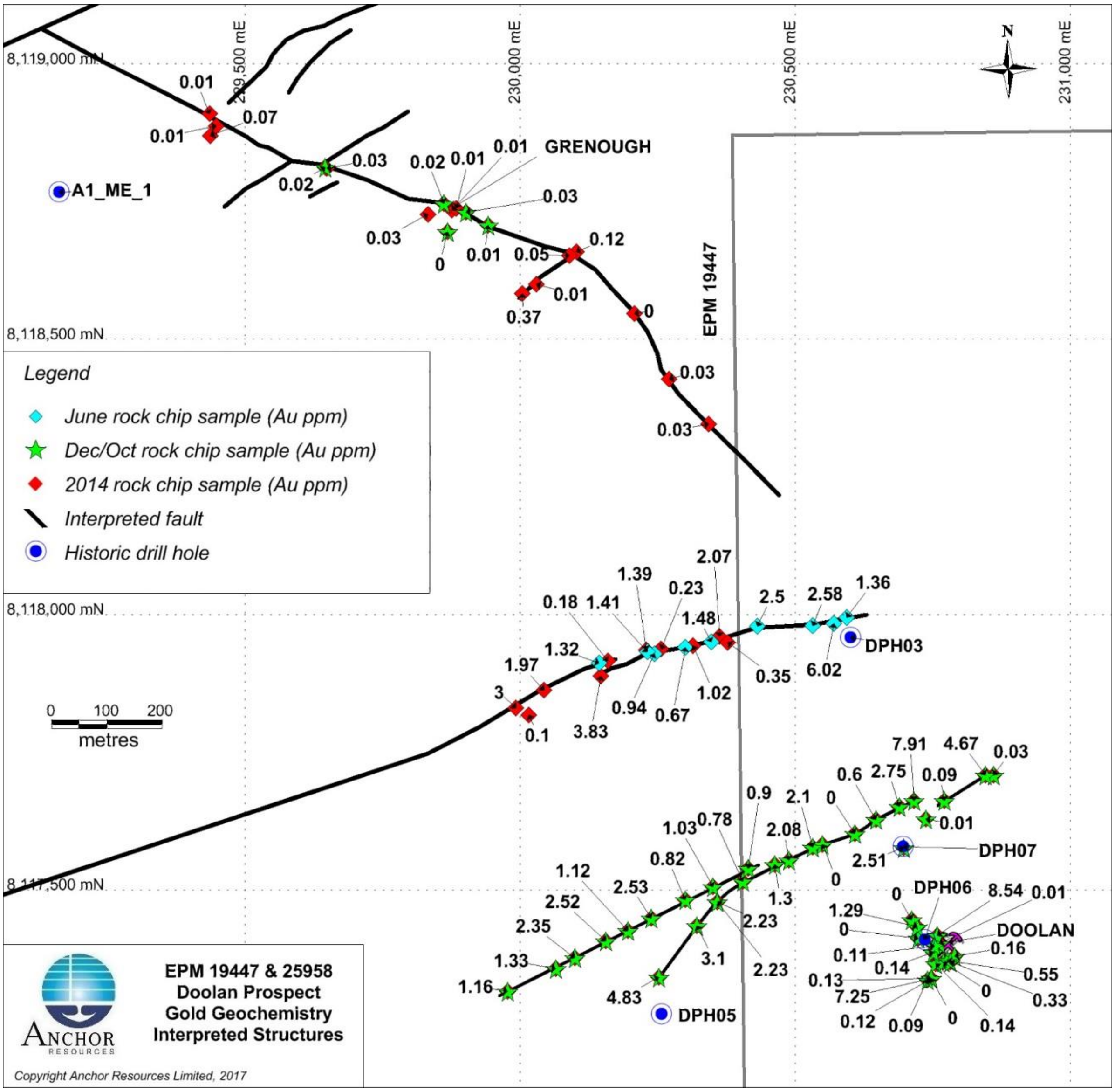


Figure 16: Doolan rock chip gold geochemistry

Bielsdown Project – antimony (EL 6388, NSW Anchor 100%)

The Bielsdown project, located 12 km north of Dorrigo in northeast NSW, includes the Wild Cattle Creek antimony mine which last operated in the 1970's. The deposit is hosted by a regional sub-vertical fault within a sequence of fine grained metasediment (Figure 17).

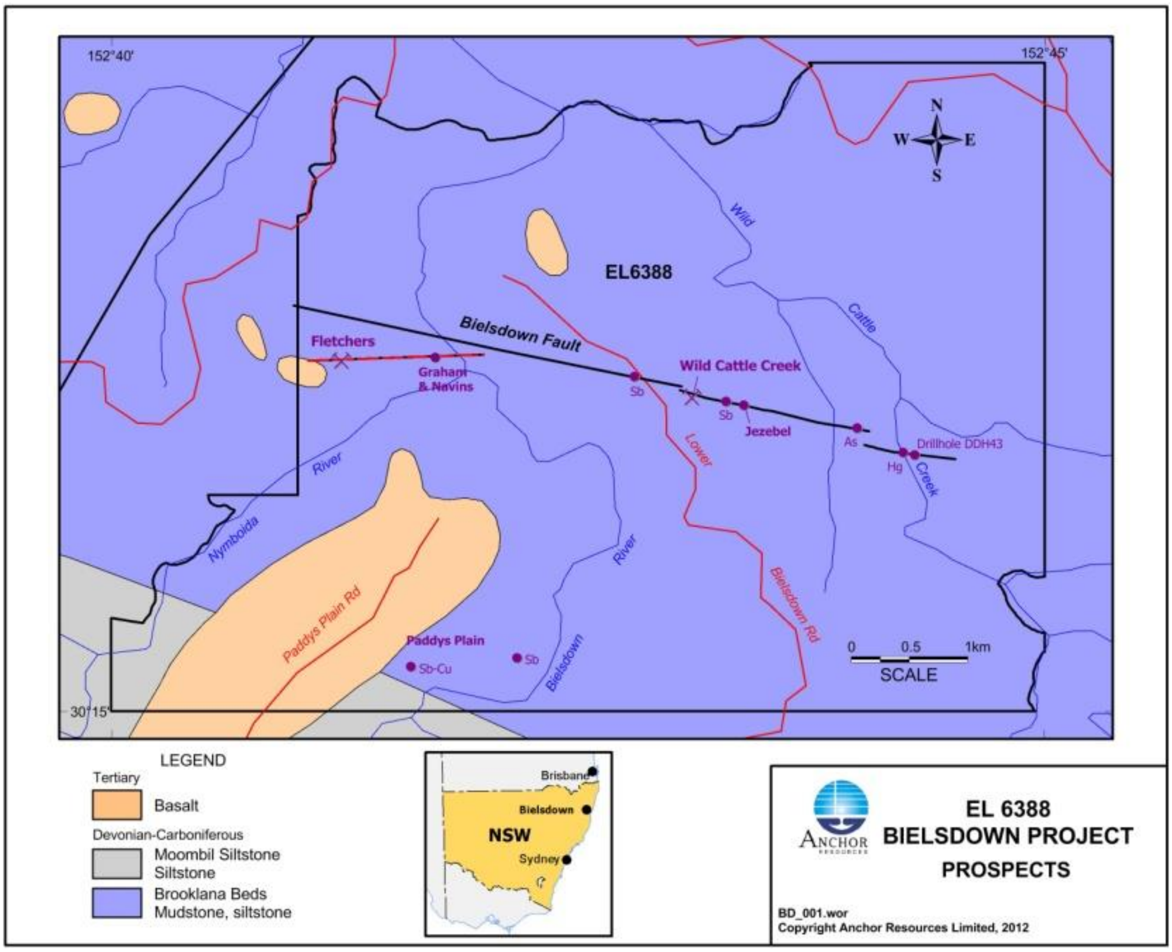


Figure 17: Bielsdown regional geology and known antimony prospects

The high grade, coarse-grained stibnite (antimony) mineralisation is associated with a cemented (silicified) fault breccia within a regional fault. The core breccia is surrounded by an in-cohesive fault breccia consisting of metasediment clasts. On both sides of the fault, lower grade stibnite (antimony) mineralisation occurs as stringer style vein mineralisation together with minor amounts of vein hosted wolframite (tungsten) mineralisation.

In August 2013 SRK Consulting (Australasia) Pty Ltd ('SRK') prepared a Mineral Resource Statement for the Wild Cattle Creek antimony deposit to conform to the requirements of the new 2012 JORC Code (Table 2).

Table 2: Mineral Resource Statement for Wild Cattle Creek Antimony Deposit (SRK September 2013)

Resource Category	Tonnage (kt)	Sb Grade (%)	Au Grade (g/t)	W Grade (ppm)	Sb Metal (t)
Indicated	340	3.06	0.31	278	10,300
Inferred	270	1.94	0.33	259	5,300
Total	**610**	**2.56**	**0.32**	**269**	**15,600**

1. *Reported at a cut-off grade of 1.0% Sb.*
2. *There may be minor discrepancies in the above table due to rounding of tonnages, grades and metal contents.*
3. *Minor historical surface and underground mining tonnages have been accounted for and excluded.*

The deposit is exposed at surface for over a length of 300 metres and plunges approximately 25˚ westerly. It extends down plunge for over 350 metres where mineralisation remains open to the west (Figure 18).

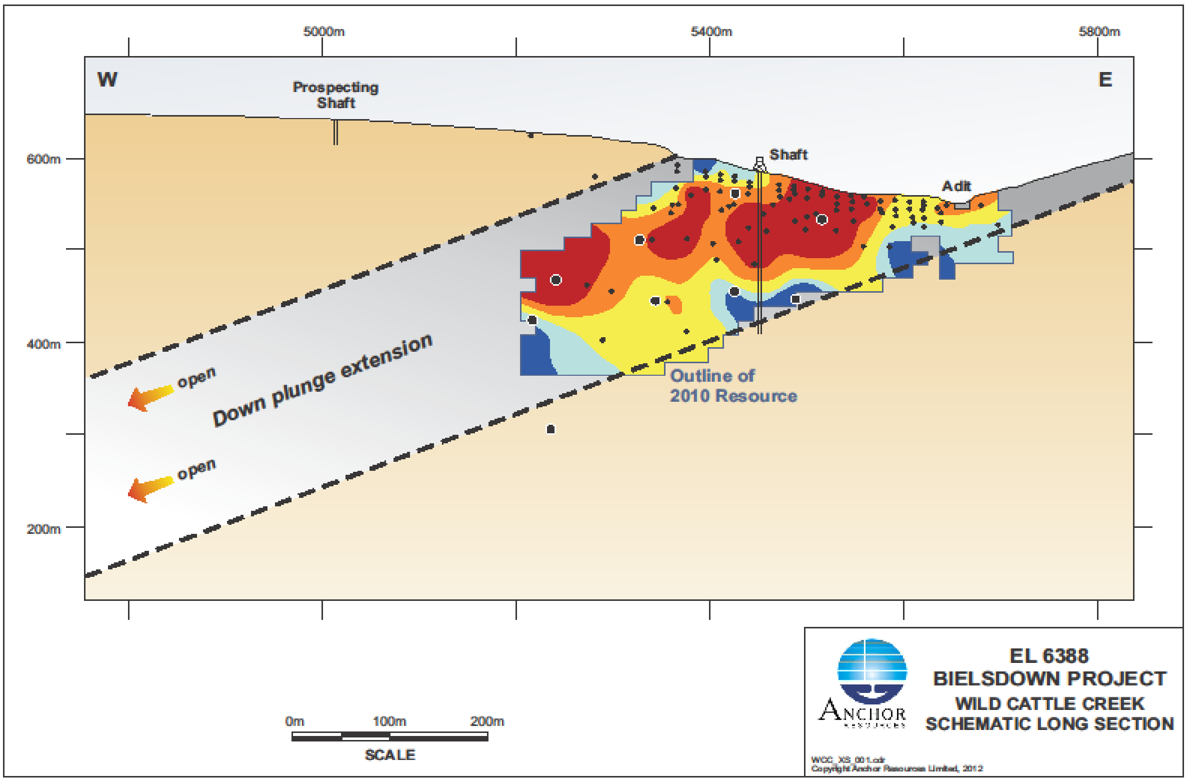


Figure 18: Bielsdown antimony deposit longitudinal section

Remediation and further exploration has been delayed pending a land access agreement with the landowner. In late 2015/2016 an arbitrated land access arrangement was reached although to date access has still not been made available by the landowner. Further assessment of the Bielsdown project is ongoing and exploration activities at this project will be determined once land access is achieved.

Birdwood Project – copper & molybdenum (EL 6459, NSW Anchor 100%)

Historic core drilling at the Birdwood North prospect intersected chalcopyrite-rich stringer veins and quartz-molybdenite veins. Anchor interpreted this as 'leakage' mineralisation derived from a concealed mineralised porphyry intrusion.

Anchor's review during this year of the Blicks project encompassed consideration of the minerals prospectivity of the Southern New England Orogen and took in the Birdwood project. This work suggested that there was a low likelihood of porphyry style mineralisation and it was decided that the project should be relinquished in favour of Anchor's suite of other significantly higher prospective projects.

Corporate

On 31st May 2017 Anchor executed a revised loan agreement with China Shandong Jinshunda Group Co., Ltd., its major shareholder, to increase the facility by $A1.5 M and the repayment date extended to 30th September 2020. These additional funds will be applied to further exploration and for general working capital expenses. The total facility amounts to $A14.5 M and at 31st May 2017 was drawn down to $A13.0 M.

Anchor's Directors continue to consider further fund raising opportunities to enable exploration and drilling to proceed at a faster pace.

Subsequent to the end of the year, Mr Ian Price was appointed Managing Director in August 2017.

Competent Person Statement

The information relating to the Exploration Results and geological interpretation for the Blicks, Bielsdown, Birdwood, Gemini, and Aspiring-Walsh River projects 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 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.

The information in this report that relates to the Mineral Resources estimation at Bielsdown is based on information compiled by Mr Danny Kentwell, MSc, BAppSc, FAusIMM. Mr Kentwell is a Principal Consultant and full-time employee of SRK Consulting (Australasia) Pty Ltd. He has sufficient experience relevant to the assessment and of this style 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 Kentwell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears. The Directors do not know of any material matters that have occurred since the Mineral Resources estimation was made that may impact on the outcome.

DIRECTORS' REPORT

The directors of Anchor Resources Limited submit herewith the Annual Financial Report of the Group for the year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Jianguang Wang	Non-Executive Chairman
Ian Leslie Price	Executive Director
Vaughan Webber	Non-Executive Director
Ronald Norman (Sam) Lees	Non-Executive Director

Company Secretary/Chief Financial Officer

Guy Robertson

Names, qualifications, experience and special responsibilities

Jianguang Wang, Chairman, Managing Director and Chief Executive Officer

Jianguang Wang, Non-Executive Chairman

Mr Wang has extensive experience in the mining and iron-making industry in China. Benefiting from his extensive working and studying both in China and abroad, Mr Wang has gained a unique perspective into the economics and politics of both China and Australia. This expertise has become increasingly critical for advising on and facilitating business negotiations with international counterparties. He currently holds no outside directorships.

Ian Leslie Price, Managing Director

Mr Ian Leslie Price is a mining engineer with over 40 years experience in mining spanning public company management, mine management, project development and consulting. He has been involved in all aspects of successful mining operations from exploration, feasibility studies, permitting, government and external relations, project development and construction, operations, corporate management and project financing.

He has experience in copper, lead, zinc, tungsten, tin, nickel, iron ore, gold, silver, antimony, molybdenum, phosphate and coal with international experience in open pit and underground mining. He currently holds no outside directorships.

Vaughan Webber, Non-executive Director

Mr Vaughan Webber has extensive business experience initially in accounting and more than 12 years in corporate finance at a leading Australian stockbroker focussing on creating, funding and executing strategies for mid to small cap ASX listed companies. Mr Webber gained significant mining experience holding a senior executive position in a listed gold and iron ore focussed mining company. Mr Webber also has experience as a director with ASX listed public companies and is a Non-Executive Director of HUB24 Limited.

Ronald Norman (Sam) Lees, Non-executive Director

Mr Sam Lees is a geologist with over 40 years' experience in minerals exploration and mining geology. He has worked in all states of Australia as well as Canada, Iran, Zambia, Tanzania, Fiji and Malaysia. Mr Lees has explored for (or worked on mines producing) gold, copper, tin, uranium, lead-zinc, silver, tantalum, molybdenum, magnetite and kaolin in a diverse range of geological environments. He is an experienced company director. He founded Michelago Resources NL and was its inaugural Managing Director when it was listed on the ASX in 1996. In 2008 he was Executive-Director Technical at Zamia Gold Mines Limited (now Zamia Metals Limited) where he was responsible for the discovery of the Anthony porphyry molybdenum deposit in central Queensland. He has not held any other directorships in the last three years.

Guy Robertson, Company Secretary

Mr Guy Robertson was appointed to the position of Company Secretary on 24 January 2013. He has over 30 years' experience as a Chief Financial Officer, Company Secretary and Director of both private and ASX listed companies in both Australia and Hong Kong. Mr Robertson has a Bachelor of Commerce (Hons.) and is a Chartered Accountant. Mr Robertson is currently a Director of Hastings Technology Metals Ltd, Draig Resources Limited and Metal Bank Limited. Mr Robertson was previously a director of Artemis Resources Ltd and Estrella Resources Limited.

Grahame Clegg, Company Secretary – resigned 27 January 2017

Principal Activities

The continuing principal activity of the Group is the exploration for economic deposits of minerals. For the period of this report, the emphasis has been on gold, copper, antimony, molybdenum and tungsten.

Review and Results of Operations

The results of the operations of the Company and the consolidated entity during the financial half year were as follows:

	Consolidated	
	2017	2016
	$	$
Loss after income tax	(1,666,395)	(1,539,344)
Other comprehensive income/(expense)	-	-
Comprehensive loss after income tax	(1,666,395)	(1,539,344)

Change in State of Affairs

There was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Post Balance Date Events

There were at the date of this report no matters or circumstances which have arisen since 30 June 2017 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

Future Developments

Disclosure of information other than that disclosed elsewhere in this report regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

Anchor Resources holds exploration licences issued by the Mines Departments of two state governments which specify guidelines for environmental impacts in relation to exploration activities. The licence conditions provide for the full rehabilitation of the areas of exploration in accordance with the various Mines Departments' guidelines and standards. There have been no significant known breaches of the licence conditions.

Dividends

No dividends have been paid or declared since the start of the financial year. The directors do not recommend the payment of a dividend in respect of the year ended 30 June 2017.

Share options

No share options were issued during or subsequent to the end of the year.

There are no options outstanding as at 30 June 2017, with 1,395,000 options having lapsed during the year.

See note 19 for further information on options previously on issue.

Indemnification of Officers

In accordance with the constitution, except as may be prohibited by the *Corporations Act 2001*, every officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as officer or agent of the Company or any related corporation in respect of any act or omission however arising or in defending any proceedings, whether civil or criminal.

The Company paid insurance premiums of $14,100 in July 2017 in respect of directors' and officers' liability insurance, for the policy period ended 31 May 2018.

The insurance premiums relate to:

- costs and expenses incurred by officers defending legal proceedings
- other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty

Auditor's Independence Declaration

The independent declaration of the auditor is on page 30 and forms part of this report.

Audit services

The following audit and non-audit services were provided by the Group's auditor BDJ Partners.

	Consolidated 2017 $	Consolidated 2016 $
Audit and review of the financial report	25,200	24,500
Provision of non-audit services	-	-

Directors' Meetings

	Board of Directors		Audit Committee		Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Jianguang Wang	6	6	-	-	-	-
Ian Price	6	6	-	-	-	-
Ronald Lees	6	6	2	2	-	-
Vaughan Webber	6	6	2	2	-	-

Remuneration Report

Remuneration policy

The remuneration policy of Anchor Resources Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component an offering specific long-term incentives. The Board of Anchor Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

Executive remuneration objective and structure

The Board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated group is as follows:

- The remuneration policy is to be developed by the remuneration committee and approved by the Board.
- All key management personnel receive a base salary and superannuation (statutory entitlement currently 9.5%).
- The board awards longer term incentives in the form of options when appropriate, which automatically lapse on termination of service.
- The remuneration committee reviews key management personnel packages annually by reference to the consolidated group's performance , executive performance and comparable information from industry sectors.

Where options are granted management are prohibiting from limiting risk attached to those instruments by using derivatives or other means.

All remuneration paid to key management personnel is valued at the cost to the company and expensed in the period of service to which it relates.

Non-executive remuneration objective and structure

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Shareholders have approved an aggregate remuneration of $200,000 per year.

Options to key management personnel

Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholders' interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is valued using the Black-Scholes methodology.

Key management personnel who are subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, ie put options, on unvested shares and options which form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

Performance based remuneration

No portion of the current years' remuneration is performance based.

Details of key management personnel and non-executive directors' remuneration

Year ended 30 June 2017	Salary	Short term benefits – directors' fees	Consulting fees	Post employment benefits	Total
	$	$	$	$	$
Jianguang Wang	-	36,000	-	3,420	39,420
Ian Price	64,167	15,000	15,000	8,946	103,113
Vaughan Webber	-	32,877	-	3,123	36,000
Ronald Lees	-	32,877	8,400	3,123	44,400
Ai Li	102,917	-	-	9,777	112,694
	167,084	116,754	23,400	28,389	335,627

Year ended 30 June 2016	Salary	Short term benefits – directors' fees	Consulting fees	Post employment benefits	Total
	$	$	$	$	$
Jianguang Wang	-	36,000	-	3,420	39,420
Ian Price	11,702	33,000	41,933	8,230	94,865
Vaughan Webber	-	32,877	-	3,123	36,000
Ronald Lees	-	32,877	4,000	3,123	40,000
Ai Li	97,724	-	-	9,284	107,008
	109,426	134,754	45,933	27,180	317,293

Service agreements

Jianguang Wang – there is no written contract for Mr Wang whose remuneration is $36,000 per annum.

Ian Price – Mr Price who held positions as executive and non-executive director during the year, was appointed Managing Director on 7 August 2017, with a service agreement being effected as of this date. Mr Price's annual remuneration is $176,000 plus superannuation and the agreement is subject to a three month notice period.

Vaughan Webber and Ronald Lees – have service agreements providing for annual remuneration of $36,000 per annum.

Ai Li – Mr Ai Li, Chief Operating Officer, has a service agreement providing for an annual remuneration of $115,370 plus superannuation. The agreement has a two month notice period.

Share options and shares

Shares held by Directors and key management Personnel

Period from 1 July 2016 to 30 June 2017

	Balance at beginning of year	Received as Remuneration	Options Exercised	Net Change Other	Balance at end of year
Jianguang Wang	4,315,446	-	-	-	4,315,446
Ian Price	-	-	-	-	-
Ronald Lees	-	-	-	-	-
Vaughan Webber	-	-	-	-	-
	4,315,446	-	-	-	4,315,446

Period from 1 July 2015 to 30 June 2016

	Balance at beginning of year	Received as Remuneration	Options Exercised	Net Change Other	Balance at end of year
Jianguang Wang	4,315,446	-	-	-	4,315,446
Ian Price	-	-	-	-	-
Ronald Lees	-	-	-	-	-
Vaughan Webber	-	-	-	-	-
	4,315,446	-	-	-	4,315,446

Share options

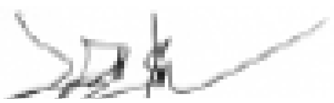
No options were issued to directors or key management personnel in this or the previous financial year.

Period from 1 July 2016 to 30 June 2017

	Balance at beginning of year	Received as Remuneration	Options Exercised	Options Lapsed	Balance at end of year
Jianguang Wang	75,000	-	-	(75,000)	-
Ian Price	400,000	-	-	(400,000)	-
Ronald Lees	75,000	-	-	(75,000)	-
Vaughan Webber	75,000	-	-	(75,000)	-
	625,000	-	-	(625,000)	-

Signed at Sydney on 22 September 2017 in accordance with a resolution of directors

On Behalf of the board



Jianguang Wang

Chairman

bdjpartners
CHARTERED ACCOUNTANTS

partners
A J Dowell CA
M Galouzis CA
A N Fraser CA
G W Cliffe CA
B Kolevski CPA (Affiliate ICAA)

associate
M A Nakkan CA

consultant
C H Barnes FCA

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Auditor's Independence Declaration

To the directors of Anchor Resources Limited

As engagement partner for the audit of Anchor Resources Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of 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.

BDJ Partners
Chartered Accountants

………………………………………………….
Gregory W Cliffe
Partner
19 September 2017

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 2017 $	2016 $
Revenue and other income	4	21,300	17,453
Administration expenses		(167,642)	(222,433)
Business development expenses		(12,336)	(33,121)
Corporate expenses		(92,803)	(69,567)
Depreciation and amortisation expense		(37,865)	(44,510)
Employee benefits expense	5	(289,676)	(307,264)
Exploration expenditure written off		(796,812)	(627,225)
Finance costs		(251,216)	(224,462)
Marketing expenses		(17,275)	(14,058)
Other expenses		(21,833)	(14,157)
Loss before income tax benefit	5	(1,666,158)	(1,539,344)
Income tax benefit	6	-	-
Net loss for the period		**(1,666,158)**	**(1,539,344)**
Other comprehensive income, net of income tax		**-**	**-**
Total comprehensive loss for the period		**(1,666,158)**	**(1,539,344)**
Basic and diluted loss per share (cents per share)	7	(3.17)	(2.93)

The accompanying notes form part of these financial statements

CONSOLIDATE STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Consolidated	
		2017	2016
	Note	$	$
Assets			
Current Assets			
Cash and cash equivalents	9	1,503,803	811,098
Trade and other receivables	10	24,557	30,390
Other current assets	11	24,362	26,745
Total Current Assets		1,552,722	868,233
Non-Current Assets			
Tenement security deposits	12	120,000	130,000
Property, plant and equipment	13	87,605	123,029
Deferred exploration and evaluation expenditure	14	9,274,038	9,281,517
Total Non-Current Assets		9,481,643	9,534,546
Total Assets		**11,034,365**	**10,402,779**
Liabilities			
Current Liabilities			
Trade and other payables	15	147,509	103,184
Total Current Liabilities		147,509	103,184
Non-Current Liabilities			
Loans	16	14,282,759	12,031,543
Provisions	17	16,304	14,101
Total Non-Current Liabilities		14,299,063	12,045,644
Total Liabilities		14,446,572	12,148,828
Net Assets		**(3,412,207)**	**(1,746,049)**
Equity			
Issued capital	18	7,915,883	7,915,883
Reserves	19	-	202,951
Accumulated losses	20	(11,328,090)	(9,864,883)
Total Equity		**(3,412,207)**	**(1,746,049)**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

Consolidated	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance at 1 July 2016	7,915,883	(9,864,883)	202,951	(1,746,049)
Loss for the period	-		-	
Total comprehensive loss for the period	-	(1,666,158)	-	(1,666,158)
Expiry of options	-	202,951	(202,951)	-
Balance at 30 June 2017	7,915,883	(11,328,090)	-	(3,412,207)

Consolidated	Issued Capital	Accumulated Losses	Reserves	Total
	$	$	$	$
Balance at 1 July 2015	7,915,883	(8,325,539)	202,951	(206,705)
Loss for the period	-	(1,539,344)	-	(1,539,344)
Total comprehensive loss for the period	-	(1,539,344)	-	(1,539,344)
Balance at 30 June 2016	7,915,883	(9,864,883)	202,951	(1,746,049)

The accompanying notes form part of these financial statements

CONDENSED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

		Consolidated	
		2017	2016
		$	$
	Note	Inflows/(Outflows)	
Cash flows from operating activities			
Payments to suppliers and employees		(550,126)	(705,112)
Interest received		24,605	17,453
Net cash (used in) operating activities	22	**(525,521)**	**(687,659)**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,441)	(4,554)
Payments for exploration and evaluation expenditure		(789,333)	(734,038)
Payments for tenement security deposits		-	(12,500)
Refunds of tenement security deposits		10,000	2,500
		(781,774)	**(748,592)**
Cash flows from financing activities			
Proceeds from borrowings		2,000,000	1,800,000
Net cash provided by financing activities		**2,000,000**	**1,800,000**
Net increase/(decrease) in cash held		692,705	363,749
Cash and cash equivalents at the beginning of the period		811,098	447,349
Cash and cash equivalents at the end of the period	9	**1,503,803**	**811,098**

The accompanying notes form part of these financial statements

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

This financial report includes the consolidated financial statements and notes of Anchor Resources Limited and its controlled entities ('Consolidated Group' or 'Group'). A summary of financial information of Anchor Resources Limited as an individual entity is contained in note 23.

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. The Group is a for-profit entity fir financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial statements were authorised for issue by the directors on 22 September 2017.

Basis of preparation

The financial report is based on an accruals basis, and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Going Concern

The financial report has been prepared on a going concern basis.

	Consolidated	
	2017	2016
	$	$
Net loss for the year	(1,666,158)	(1,539,344)
Negative cash flows from operations for the year	(525,521)	(687,659)
Net deficiency in assets as at 30 June	(3,412,207)	(1,746,049)
Cash balances at 30 June	1,503,803	811,098
Amounts received from shareholders during the year	2,000,000	1,800,000

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Directors regularly monitor the Group's cash position and on an on-going basis consider a number of strategic and operational plans and initiatives to ensure that adequate funding continues to be available for the Group to meet its business objectives as the Group continues to work towards the development of its exploration tenements.

As of balance sheet date, the Group had net liabilities of $3,412,207 (2016 – net liabilities of $1,746,049). Loans of $13,250,000 (2016 - $11,250,000) are due to China Shandong Jinshunda Group Co. Limited (Jinshunda), the major shareholder of the company and is repayable by 30 September 2020. The Board has received assurances from Jinshunda that payment will not be required for the next twelve months from the date of this report.

Jinshunda has continued to support the company by advancing funds to the Group. Since the end of the financial year a further $450,000 has been received.

Jinshunda has committed to supporting the Group until such time as the refinancing of the Group is attained. Having regard to the above factors at the date of this financial report the directors conclude that the Company is a going concern and able to pay its debts as they fall due and realise their assets in the ordinary course of business. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, or the amounts or classification of liabilities, which might be necessary should the Company not be able to continue as a going concern.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events in reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Accounts Payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments resulting from the purchase of goods and services.

(b) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(c) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts, if any.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Comparative amounts

Where necessary, comparative amounts have been changed to reflect changes in disclosures in the current year.

(f) Depreciation

Depreciation is provided on property, plant and equipment.

Depreciation provided on computer and office equipment is calculated on a straight-line basis, and on small equipment on a diminishing value basis, so as to write off the net cost or other revalued amount of each asset over its expected useful life. The following estimated useful lives are used in the calculation of depreciation.

- Plant and equipment	3-7 Years
- Motor vehicles	4-5 Years

(g) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, and long service expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of other employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to the reporting date.

(h) Exploration for and Evaluation of Mineral Resources

For each are of interest, expenditures incurred in the exploration for and evaluation of mineral resources are expensed as incurred unless the rights to tenure of the area of interest are current and either:

(a) The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or

(b) Exploration an devaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operation in, or in relation to, the area of interest are continuing.

If either of the above conditions are met, expenditures are partially or fully capitalised, and recognised as an exploration and evaluation asset.

Exploration and evaluation assets are measured at cost at recognition.

Expenditures typically recognised as exploration and evaluation assets include:

(a) Acquisition of rights to explore;

(b) Topographical, geological, geochemical and geophysical studies;

(c) Exploratory drilling;

(d) Trenching;

(e) Sampling; and

(f) Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation or alternative sale of the relevant area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, an impairment loss is recorded.

(i) Financial assets

The Group's financial assets fall into the categories discussed below with the allocation depending to an extent of the purpose for which the asset was acquired. The Group does not use derivative financial instruments in economic hedges of currency or interest rate risk. The Group has not classified nay of its financial assets as held to maturity.

Other receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quotes in an active market. They arise principally through the sale of assets and GST receivable. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future such provision are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Available for sale

Non-derivative financial assets not included in the above categories are classified as available for sale. They are carried at fair value with changes in fair value recognised directly in the available for sale reserve. Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the income statement. Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available for sale reserve. On sale, the amount held in the available for sale reserve associated with that asset is removed from equity and recognised in the income statement.

(j) Financial Instruments issued by the company

<u>Debt and Equity Instruments</u>

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual agreement.

<u>Interest</u>

Interest is classified as an expense consistent with the statement fo financial position classification of the related debt or equity instruments.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Financial liabilities

The Group classifies its financial liabilities as measured at amortised cost. The Group does not use derivative financial instruments in economic hedges of currency or interest rate risk.

These financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Borrowings from shareholders are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. These borrowings are non interest bearing liabilities which are subsequently measured at amortised cost using the effective interest rate method.

(l) Foreign Currency

<u>Foreign currency transactions</u>

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except that exchange differences on monetary items receivable from payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

(m) Functional and Presentation Currency

The functional and presentation of currency of Anchor Resources Limited and its Australian subsidiaries in Australian dollars (A$)

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) Where the amount of GST incurred is not recoverable from the taxation authority, its recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Impairment of Assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(p) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is accounted for using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax consolidation

The company and all its wholly-owned Australian resident entities have not entered into a tax consolidated group under Australian taxation law.

(q) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of the business combination over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is not amortised but is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

(r) Leased Assets

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(s) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the group, being the company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 3 Business Combinations. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the group are eliminated in full.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions

Provisions are recognised when the consolidated entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probably that recovery will be received and the amount of the receivable can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(u) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts

(v) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current assets exceeds recoverable amount. Recoverable amount is determined as the undiscounted amount expected to be recovered through the cash inflows and outflows arising from the continued use and subsequent disposal of the non-current assets.

(w) Revenue Recognition

Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of assets is recognised when the consolidated entity has passed the risks and rewards of the goods of assets to the buyer.

Rendering of Services
Revenue from a contract to provide services is recognised on completion of the contract.
Interest Income
Interest income is recognised as it is accrued using the effective interest rate method.
Other Income
Other income is recognised as it is earned.

(x) Share-based payments

An employee share option scheme has been established where selected employees, consultants, contractors and Directors of the Company are issued with options over ordinary shares in Anchor Resources Limited. The cost of these equity-settled transactions is determined by reference to the fair value at the date at which they are granted. The fair value of the options is determined by using the Cox Ross Rubenstein (or Binomial) option pricing model.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (a) the extent to which the besting period has expired and (b) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions in included in the determination of fair value at grant date. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The expense recognised for equity-settled transactions is transferred to the share based payments reserve. When options are exercised the value is transferred from the share based payments reserve to equity. Where the options expire or lapse the value remains in the share based payments reserve.

(y) Share Capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

The Group is not subject to any externally imposed capital requirements.

(z) Adoption of new and revised accounting standards

During the current year the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has not impacted the recognition, measurement and disclosure of any transactions.

(aa) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

Operative date 1 January 2019 with an application date for the group 1 July 2019

AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &1038 and Interpretations 2, 5, 10, 12, 19 & 127]

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- Simplifying the requirements for embedded derivatives;
- Removing the tainting rules associated with held-to-maturity assets;
- Removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- Reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

  - o The objective of the entity's business model for managing the financial assets; and
  - o The characteristics of the contractual cash flows; and

- Requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

No other new or proposed accounting standards or interpretations are expected to have a material impact on the group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

(a) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. There is negligible credit risk on financial assets of the Group since there is limited exposure to individual customers and the economic entity's exposure is limited to the amount of cash, short term deposits and receivables which have been recognised in the statement of financial position.

(b) Cash flow and fair value interest rate risk

The Group's interest-bearing assets comprise term deposits and tenement security deposits. The Group's interest bearing liabilities comprise the finance facility. The Group's income and operating cash flows are not materially exposed to changes in market interest rates.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to enable the company to operate as a going concern. The Board monitors liquidity on a monthly basis and management monitors liquidity on a daily basis.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgments, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

The following critical estimates and judgments have been made in respect of the following items:

(a) Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technology, economic and political environments and future expectations. If an impairment trigger exists the recoverable amount of the asset is determined.

(b) Recovery of deferred tax assets

Deferred tax assets are not recognised for deductible temporary differences as management considers that it is not probable in the forseeable future that future taxable profits will be available to utilise those temporary differences.

(c) *Exploration and evaluation expenditure*

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $9,274,038.

NOTE 4: REVENUE

	Consolidated	
	2017	**2016**
Other income	**$**	**$**
Interest income	21,300	17,453

NOTE 5: EXPENSES

The following expenses are included in employee benefits and are relevant in explaining the financial performance for the year:

Employment expenses		
Base salary and fees	375,965	385,843
Superannuation	35,708	52,423
Directors fees	144,270	159,665
Termination pays	-	6,403
Payroll tax	16,350	75,942
Leave entitlement expenses	15,452	(14,665)
Other employee expenses	2,036	20,051
Total employment expenses	589,781	685,662
Less amounts capitalized to exploration costs	(286,892)	(346,043)
Less amounts charged to development costs	(13,213)	(32,355)
Total employment expense	289,676	307,264

NOTE 6: INCOME TAX

(a) Income tax expense

	Consolidated	
The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:	2017	2016
	$	$
Loss for the year	(1,666,158)	(1,539,344)
Income tax benefit calculated at 27.5% (2016 – 28.5%)	(458,193)	(461,803)
Temporary differences and tax losses not recognised	458,193	461,803
Income tax benefit attributable to loss	-	-

(b) Deferred tax balances not recognised

	Balance Sheet		Income Statement	
	2017	2016	2017	2016
Deferred tax assets	$	$	$	$
Accruals	4,950	5,400		2,100
Employee leave entitlements	11,696	9,623	3,136	(4,401)
Capital raising costs	1,117,762	1,117,762	-	-
Revenue tax losses available for offset against future tax income	4,882,488	4,827,825	1,656,548	496,043
Deferred tax assets not recognised	(6,016,896)	(4,960,610)	(1,659,684)	(493,742)
	-	-	-	-

(c) Tax losses

The tax benefit (at 30%) of estimated unused tax losses of $5,326,351 (2016: $4,827,825) has not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Company satisfying the requirements imposed by the relevant regulatory authorities in each of the jurisdictions in which the Company operates.

The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; and
- The conditions for deductibility imposed by the relevant tax legislation continue to be complied with and no changes in tax legislation adversely affect the Company in realising the benefit.

(d) Tax consolidation

Relevance of tax consolidation to the consolidated entity

Legislation to allow groups comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes (‘the tax consolidation system’) was substantively enacted on 21 October 2002. The Company, its wholly-owned Australian resident entities within Australia are eligible to consolidate for tax purposes under this legislation.

At the date of this report, the directors have not made a decision to implement the tax consolidation system, and if so, from what date the implementation would occur. As a result, only the financial effects of the mandatory aspects of the enabling legislation have been recognised in the financial statements and no adjustment has been made to recognise the financial effects that may result from the implementation of the tax consolidation system.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 7: LOSS PER SHARE

	Consolidated 2017 $	2016 $
The net loss per share is calculated using the net comprehensive income/(loss) for the year	(1,666,158)	(1,539,344)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic and diluted loss per share	52,535,296	52,535,296
Basic loss per share (cents per share)	(3.17)	(2.93)
Diluted loss per share (cents per share)	(3.17)	(2.93)

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

NOTE 8: AUDITORS REMUNERATION

	2017 **$**	**2016** **$**
Remuneration of BDJ partners for:		
Audit and review of financial reports	25,200	24,500

NOTE 9: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	1,503,803	811,098

The carrying amounts of the Group's cash are a reasonable approximation of their fair values.

NOTE 10: CURRENT TRADE AND OTHER RECEIVABLES

GST receivable	21,199	17,126
Other receivables	3,358	13,264
	24,557	30,390

The carrying amounts of the Group's current trade and other receivables are a reasonable approximation of their fair values.

NOTE 11: OTHER CURRENT ASSETS

Interest receivable	-	3,341
Prepayments	24,362	23,404
	24,362	26,745

The carrying amounts of the Group's other current assets are a reasonable approximation of their fair values.

NOTE 12: TENEMENT SECURITY DEPOSITS

Tenement security deposits	120,000	130,000

The carrying amounts of the Group's tenement security deposits are a reasonable approximation of their fair values.

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	$	$
Plant, equipment and motor vehicles at cost	313,936	316,319
Provision for depreciation	(226,331)	(193,290)
	87,605	123,029

	Plant and Equipment	Motor Vehicles	Total
Gross carrying amount			
Balance at 1 July 2015	210,536	104,273	314,809
Additions	4,554	-	4,554
Disposals	(3,044)	-	(3,044)
Balance at 30 June 2016	212,043	104,273	316,319
Additions	2,441	-	2,441
Disposals	(4,824)	-	(4,824)
Balance at 30 June 2017	209,663	104,273	313,936
Accumulated depreciation			
Balance at 1 July 2015	82,074	69,750	151,824
Depreciation expense	30,339	14,171	44,510
Disposals	(3,044)	-	(3,044)
Balance at 30 June 2016	109,369	83,921	193,290
Additions	27,691	10,174	37,865
Disposals	(4,824)	-	(4,824)
Balance at 30 June 2017	132,236	94,094	226,331
Net Carrying Value	77,427	10,178	87,605

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 14: EXPLORATION EXPENDITURE

	2017	2016
	$	$
Exploration expenditure	9,280,177	9,281,517
Movement		
Balance at 1 July	9,281,517	9,174,704
Additions	789,333	734,038
Amount written off	(796,812)	(627,225)
Balance at 30 June	9,274,038	9,281,517

NOTE 15: CURRENT TRADE AND OTHER PAYABLES

	2017	2016
	$	$
Trade payables	71,795	13,012
Other payables and accruals	49,488	72,195
Annual leave entitlements	26,226	17,977
	147,509	103,184

NOTE 16: NON CURRENT LOANS

Loan from shareholder, China Shandong Jinshunda Group Co. Limited	13,250,000	11,250,000
Interest accrued, China Shandong Jinshunda Group Co. Limited	1,032,759	781,543
	14,282,759	12,031,543

The loan is provided under a facility from the Company's major shareholder, China Shandong Jinshunda Group Co. Limited. The facility has a maximum drawdown of $14,500,000 is repayable by 30 September 2020 and is unsecured. The finance facility bears interest at the Commonwealth Government Bond Yield (GSBU20 maturing 21 November 2020) +250 bps per annum.

NOTE 17: NON CURRENT PROVISIONS

Long service leave	16,304	14,101

NOTE 18: ISSUED CAPITAL

52,535,296 fully paid ordinary shares (2016: 52,535,296)	8,268,379	8,268,379
Less share issue costs	(352,496)	(352,496)
	7,915,883	7,915,883

	2017 Number of Shares	2017 $	2016 Number of shares	2016 $
Balance at beginning of year	52,535,296	7,915,883	52,535,296	7,915,883
Issues during the year	-	-	-	-
Balance at end of year	52,535,296	7,915,883	52,535,296	7,915,883

NOTE 19. OPTIONS

Expiry date	Exercise price	Number on issue 30 June 2016	Granted during the year	Lapsed during the year	Exercised during the year	Number on issue 30 June 2017
20 November 2016	30.5 cents	1,395,000	-	(1,395,000)	-	-

These options, which lapsed during the year, were granted as share based incentives to directors and employees. No further options were granted during or subsequent to year end.

NOTE 20: RESERVES

	2017 $	2016 $
Share based payments reserve	-	202,951
Balance at the beginning of the year	202,951	202,951
Options lapsed	(202,951)	-
Balance at end of year	-	202,951

NOTE 21: ACCUMULATED LOSSES

Balance at beginning of year	(9,864,883)	(8,325,539)
Net loss for the year	(1,666,158)	(1,539,344)
Transfer from share option reserve on lapse of options	202,951	-
Other comprehensive income/(loss) for the year	-	-
Balance at end of year	11,328,090	(9,864,883)

NOTE 22: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	$	$
Operating loss after income tax	(1,666,158)	(1,539,344)
Non cash items included in profit and loss		
Depreciation	37,865	44,510
Exploration written off	796,812	627,225
Employee leave entitlements	10,453	(14,669)
Changes in current assets and liabilities		
Decrease in receivables	5,833	3,326
(Increase) in other current assets	2,383	(3,579)
Increase in trade creditors	36,075	2,745
Increase in other creditors and accruals	251,216	192,127
Net cash used in operating activities	(525,521)	(687,659)

NOTE 23: PARENT COMPANY INFORMATION

Statement of Financial Position

Assets		
Current Assets		
Total Current assets	1,637,722	7,419,344
Non-Current assets	9,403,718	2,983,435
Total Assets	**11,041,440**	**10,402,779**
Liabilities		
Total Current Liabilities	147,509	103,184
Total Non-Current Liabilities	14,299,063	12,045,644
Total Liabilities	14,446,572	12,148,828
Net Assets	**(3,405,132)**	**(1,746,049)**
Equity		
Issued capital	7,915,883	7,915,883
Reserves	-	202,951
Accumulated losses	(11,321,015)	(9,864,883)
Total Equity	**(3,405,132)**	**(1,746,049)**

Statement of Comprehensive Income

Total loss	(1,659,083)	(1,539,346)
Total comprehensive income/(loss)	(1,659,083)	(1,539,346)

NOTE 24. PARTICULARS RELATING TO CONTOLLED ENTITIES

Name of entity	Country of incorporation	Ownership interest 2017 %	Ownership Interest 2016 %
Controlled entities			
Scorpio Resources Pty Limited	Australia	100	100
Sandy Resources Pty Limited	Australia	100	100
Andromeda Ventures Pty Limited	Australia	100	100

NOTE 25: COMMITMENTS FOR EXPENDITURE

(a) Capital expenditure commitments

There are no commitments for capital expenditure at the end of the financial year or the prior year.

(b) Operating lease commitments

	2017	2016
	$	$
Not later than one year	6,915	48,052
Later than one year but not later than five years	-	-

(c) Tenement expenditure

In order to maintain the Company's tenements in good standing with the various mines departments, the Company will be required to incur exploration expenditure under the terms of each licence.

Annual expenditure requirement	622,000	521,000

NOTE 26: FINANCIAL INSTRUMENT DISCLOSURES

(a) Capital

The Group considers its capital to comprise its ordinary share capital, share based payments reserve and accumulated retained earnings (losses).

In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

The Group's gearing ratio at the balance sheet date is shown below:

Loans	13,250,000	11,250,000
Net debt	13,250,000	11,250,000
Share capital	7,915,883	7,915,883
Reserves	-	202,951
(Accumulated losses)	(11,328,090)	(9,864,883)
Total capital	(3,412,207)	(1,746,049)
Gearing ratio	100% +	100% +

FINANCIAL INSTRUMENT DISCLOSURES (continued)

(b) Financial instrument risk exposure and management

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(c) Principal financial instruments

The principal financial instruments used by the Group, from which financial instrument risks arise, are as follows:

cash at bank;

tenement security deposits;

other receivables;

trade and other payables; and

shareholder loans.

(d) General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Credit risk

Credit risk arises principally from the Group's receivables. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

Other receivables comprise GST receivable.

The maximum exposure to credit risk at balance date is as follows:

	2017	2016
	$	$
Tenement security deposits	120,000	130,000
Other receivables	21,199	13,264
	141,199	143,264

FINANCIAL INSTRUMENT DISCLOSURES (continued)

(ii) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The Board receives cash flow projections on a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Group has a financing facility in place provided by China Shandong Jinshunda Group Co. Limited, the company's major shareholder. The facility is repayable on 30 September 2020 and bears interest at the Commonwealth Government Bond Yield (GSBU20 maturing 21 November 2020) + 250 bps per annum.

	2017	2016
	$	$
Maximum drawdown facility	14,500,000	13,000,000
Amount drawn down at 30 June	13,250,000	11,250,000
Interest accrued as at 30 June	1,032,759	781,543

Maturity analysis of financial assets and liabilities based on management's expectations

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g., trade receivables). These assets are considered in the Group's overall liquidity risk.

Management and the board monitor the Group's liquidity reserve on the basis of expected cash flow. The information that is prepared by senior management and reviewed by the board includes:
(i) Annual cash flow budgets;
(ii) Monthly rolling cash flow forecasts.

The tables below reflect an undiscounted contractual maturity analysis for financial assets and liabilities.

FINANCIAL INSTRUMENT DISCLOSURES (continued)

Consolidated Group	**Within 1 year**		**1 to 5 years**		**Over 5 years**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	$	$	**$**	$	**$**	$	**$**	$
Financial liabilities - due for payment:								
Trade and other payables	121,283	85,207	-	-	-	-	121,283	85,207
Borrowings	-	-	14,282,759	12,031,543	-	-	14,282,759	12,031,543
Total contractual outflows	121,283	85,207	14,282,759	12,031,543	-	-	14,404,042	12,116,750
Cash and cash equivalents	1,503,803	811,098	-	-	-	-	1,503,803	811,098
Trade and other receivables	24,557	30,390	-	-	-	-	24,557	30,390
Tenement security deposits	-	-	120,000	130,000	-	-	120,000	130,000
Total anticipated inflows	1,528,360	841,488	120,000	130,000	-	-	1,648,360	971,488
Net inflow/(outflow) on financial instruments	1,407,077	756,281	(14,162,759)	(11,901,543)	-	-	(12,755,682)	(11,145,262)

(iii) Interest rate risk

2017	**Note**	**Weighted average effective interest rate**	**Floating Interest Rate**	**Floating Maturing in 1-5 years**	**Non-interest Bearing**	**Total**
		%	**$**	**$**	**$**	**$**
Financial assets						
Cash		1.65%	1,503,803	-	-	1,503,803
Receivables			-	-	24,557	24,557
Tenement term deposits		2.3%	120,000	-	-	120,000
Total assets			1,623,803	-	24,557	1,648,360
Financial liabilities						
Payables			-	-	121,283	121,283
Loans		1.9%	-	14,782,759	-	14,782,759
Total liabilities			-	14,782,759	121,283	14,904,042
Net financial assets (liabilities)			1,623,803	(14,782,759)	(96,726)	(13,255,682)

FINANCIAL INSTRUMENT DISCLOSURES (continued)

2016	**Note**	**Weighted average effective interest rate** %	**Floating Interest Rate** $	**Floating Maturing in 1-5 years** $	**Non-interest Bearing** $	**Total** $
Financial assets						
Cash		2.3%	811,098	-	-	811,098
Receivables		-	-	-	30,390	30,390
Tenement term deposits		3.4%	130,000	-	-	130,000
Total assets			941,098	-	30,390	971,488
Financial liabilities						
Payables			-	-	103,184	103,184
Loans		3.3%	-	12,031,543	-	12,031,543
Total liabilities			-	12,031,543	103,184	12,134,727
Net financial assets (liabilities)			941,098	(12,031,543)	(72,794)	(11,163,239)

Sensitivity Analysis

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk, foreign exchange risk, and equity securities price risks. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax profit and equity would have been affected as shown. The analysis has been performed on the same basis for 2017 and 2016.

Consolidated 30 June 2017		**Carrying Amount** $	**Interest Rate Risk -1%** Profit $	Equity $	**Interest Rate Risk +1%** Profit $	Equity $
	Footnote					
Cash and cash equivalents	1	1,503,803	(15,038)	(15,038)	15,038	15,038
Tenement security deposits	2	120,000	(1,200)	(1,200)	1,200	1,200
Loans	3	(14,282,759)	142,827	142,827	(142,827)	(142,827)
			126,589	126,589	(126,589)	(126,589)

FINANCIAL INSTRUMENT DISCLOSURES (continued)

Consolidated			**Interest Rate Risk**		**Interest Rate Risk**	
30 June 2016		**Carrying**	**-1%**		**+1%**	
		Amount	**Profit**	**Equity**	**Profit**	**Equity**
		$	**$**	**$**	**$**	**$**
	Footnote					
Cash and cash equivalents	1	811,098	(8,111)	(8,111)	8,111	8,111
Tenement security deposits	2	130,000	(1,300)	(1,300)	1,300	1.300
Loans	3	(12,031,543)	120,315	120,315	(120,315)	(120,315)
			110,904	110,904	(110,904)	(110,904)

(iv) Currency risk

The Group currently does not have any exposure to foreign currency risk.

(v) Commodity price risk

The Group is exposed to commodity price risk. The risk arises from its activities directed at exploration and development of mineral commodities. If commodity prices fall, the market for companies exploring for these commodities is affected. The Company does not hedge its exposures.

NOTE 27: CONTINGENT LIABILITIES

Rehabilitation commitments

It is a condition of the granting of the exploration licence that the company rehabilitate the site before the licence expires. The directors are unable to quantify the expected cost or timing of the required rehabilitation.

The Group has provided guarantees, supported by deposits of $120,000 (2016: $130,000) with the relevant State Department of Mines, in respect of its rehabilitation obligations regarding its mining tenements.

NOTE 28: SEGMENT INFORMATION

The group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and allocating resources. The group is managed primarily on the basis of exploration in Australia. Operating segments are therefore determined on the same basis.

	Consolidated	
	2017	2016
	$	$
Segment Revenue		
External segment revenue	21,300	17,453
Segment expenses from		
- continuing operating activities	(1,687,458)	(1,556,797)
(Loss) before income tax	(1,666,158)	(1,539,344)
Income tax benefit	-	-
(Loss) after income tax	(1,666,158)	(1,539,344)
Assets		
Segment Assets	11,034,365	10,402,779
Total assets	11,034,365	10,402,779
Liabilities		
Segment Liabilities	14,446,572	12,148,828
Total Liabilities	14,446,572	12,148,828

An analysis of segment assets is as follows:

Assets		
Exploration assets		
Bielsdown	2,905,678	2,775,406
Blicks	5,078,546	4,794,044
Birdwood	-	756,165
Gemini	224,019	136,505
Walsh River	196,121	32,503
Aspiring	869,674	786,894
Total exploration assets	9,274,038	9,281,517
Unallocated	1,760,327	1,121,262
TOTAL ASSETS	11,034,365	10,402,779

NOTE 29: SUBSEQUENT EVENTS

There are no matters or circumstances which have arisen since 30 June 2017 that have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group.

DIRECTORS' DECLARATION

The directors of the company declare that:

(a) the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) the attached financial statements and notes comply with International Financial Reporting Standards, as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

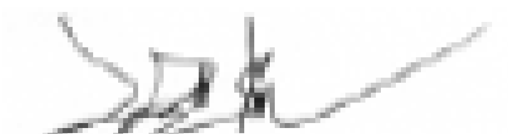
(c) the attached financial information and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date;

(d) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

(e) at the date of this declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

Signed in accordance with a resolution of the directors made pursuant to s295(5) of the Corporations Act 2001.

On behalf of the Directors:



Jianguang Wang

Non-Executive Chairman

22 September 2017

bdjpartners
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Independent Auditor's Report

To the members of Anchor Resources Limited

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Anchor Resources Limited (the company and its subsidiaries) (the Group), which comprises the consolidated statements of financial position as at 30 June 2017, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 (the Code) that are relevant to our audit of the 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Capitalised Deferred Exploration and Evaluation Expenditure $9.2 million Refer to Note 14	
The consolidated entity owns the rights to several exploration licenses in New South Wales and Queensland. Expenditure relating to these areas is capitalised and carried forward to the extent they are expected to be recovered through the successful development of the respective area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. This area is a key audit matter due to: • The significance of the balance; • The inherent uncertainty of the recoverability of the amount involved; and • The substantial amount of audit work performed.	Our audit procedures included amongst others: • Assessing whether any facts or circumstances exist that may indicate impairment of the capitalised assets; • Performing detailed testing of source documents to ensure capitalised expenditure was allocated to the correct area of interest; • Performing detailed testing of source documents to ensure expenditure was capitalised in accordance with Australian Accounting Standards; • Obtaining external confirmations to ensure the exploration licences are current and accurate; and • Assessing the reasonableness of the capitalisation of employee's salaries.
Non-current Loans $14.0 million Refer to Note 16	
The consolidated entity has a finance facility with its major shareholder China Shandong Jinshunda Group Co. Limited. The finance facility limit is currently $14.5 million plus any accrued interest. The balance of the loan as at 30 June 2017 was $13.25 million plus accrued interest. This area is a key audit matter due to: • The significance of the balance; • The risk that if funding ceased a material uncertainty could exist that may cast doubt on the entity's ability to continue as a going concern; and • The substantial amount of audit work performed.	Our audit procedures included amongst others: • Reviewing the current loan agreement; • Viewed deposits of funding received during the financial year to bank statements; • Checked the calculation of the accrued interest to 30 June 2017; and • Assessed whether the significance of the loan in regard to the consolidated entity's ability to continue as a going concern is adequately disclosed in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Anchor Resources Limited for the year ended 30 June 2017 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDJ Partners
Chartered Accountants

....
Gregory W Cliffe
Partner

22 September 2017

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Anchor Resources Limited is responsible for the corporate governance of the Group.

Anchor Resources Limited ("**Anchor**"), through its board and executives, recognizes the need to establish and maintain corporate governance policies and practices that reflect the requirements of the market regulators and participants, and the expectations of members and others who deal with Anchor. These policies and practices remain under constant review as the corporate governance environment and good practices evolve.

ASX Corporate Governance Principles and Recommendations

The third edition of ASX Corporate Governance Council Principles and Recommendations (the "Principles") sets out recommended corporate governance practices for entities listed on the ASX.

The Company has issued a Corporate Governance Statement which discloses the Company's corporate governance practices and the extent to which the Company has followed the recommendations set out in the Principles. The Corporate Governance Statement was approved by the Board on 20 September 2017 and is available on the Company's website: http://anchorresources.com.au/corporate-governance

Shareholder Information

The shareholder information set out below is current as at 15 September 2017

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Ordinary shares:

Holdings Ranges	Holders	Total Units	%
1-1,000	13	730	0.001
1,001-5,000	22	64,824	0.123
5,001-10,000	18	155,062	0.295
10,001-100,000	27	888,414	1.691
100,001-99,999,999,99	5	51,426,266	97.889
Totals	**85**	**52,535,296**	**100.000**

At the prevailing market price of 2 cents per share there were 63 shareholders with less than a marketable parcel of ordinary shares worth $500 (being 25,000 shares).

B. Equity security holders

The names of the twenty largest holders of equity securities are listed below:

Ordinary shares

Name	Number Held	%
SUNSTAR CAPITAL PTY LTD	46,395,719	88.313%
MR JIANGUANG WANG	3,152,075	6.000%
JIANUANG WANG	1,163,371	2.214%
MR JIAYI YU	490,101	0.933%
OCTIFIL PTY LTD	225,000	0.428%
RUI TENG TRADING PTY LTD	100,000	0.190%
ROSLYN SUPER PTY LTD <WRIGHT SUPER FUND A/C>	70,000	0.133%
G C ENTERPRISES (AUST) PTY LTD <CLEGG FAMILY SUPER FUND A/C>	64,500	0.123%
MR JAMES BRIAN SLATTERY	58,782	0.112%
MRS LESLEY ANNE JONES	51,720	0.098%
J P MORGAN NOMINEES AUSTRALIA LIMITED	51,473	0.098%
Group -	50,000	0.095%
MR ALAN BRIEN & MRS MELINDA BRIEN <A & M BRIEN SUPER FUND A/C>	42,084	0.080%
MR PETER WILLIAM VEREYKEN & MRS YVONNE RUTH VEREYKEN	39,500	0.075%
MRS MELITA CHILCOTT	38,500	0.073%
GC ENTERPRISES (AUST) PTY LTD <CLEGG FAMILY S/F A/C>	31,127	0.059%
NAREBAR PTY LTD <LOUGHNAN SUPERANNUATION A/C>	30,000	0.057%
MR SI WEI LI	30,000	0.057%
MR DAVID WILLIAM JONES	25,500	0.049%
MS SANDRA BURKI	25,000	0.048%
Total Securities of Top 20 Holdings	52,134,452	99.237%
Total of Securities	**52,535,296**	

C. Substantial holders

Substantial holders in the Company are set out below:

	Number of shares held	Shareholding %
China Shandong Jinshunda Group Co. Limited	50,711,165	96.4%

D. Voting Rights

The voting rights attaching to ordinary shares is as follows:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.