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24th October 2017

QUARTERLY REPORT ON ACTIVITIES – SEPTEMBER 2017

HIGHLIGHTS

- Follow up fieldwork at Anchor's Walsh River/Aspiring project in Far North Queensland has further advanced the project.
    - At the Fluorspar epithermal camp additional epithermal quartz veins have been discovered. Follow up work was undertaken in October 2017 and assays from a program of rock chip sampling and mapping will be received in due course.
    - Additional rock chip sampling at Doolan has demonstrated gold-bearing polymetallic quartz veins have potential to extend over a strike length of greater than 1 km.
- Native Title has been extinguished over a portion of a travelling stock route near the Blue Mountain prospect in the Gemini (EL 6388) tenement in New South Wales and, subject to land access arrangements and regulatory approvals, the planned geophysical survey will be carried out later this year.

Anchor Resources Limited's (Anchor, ASX: AHR) exploration projects host at least six encouraging targets with potential for significant new mineral deposits. In addition, its Bielsdown project in New South Wales has a JORC (2012) resource of antimony.

Anchor holds four exploration licences in NSW, including EL 6465 and EL 8100 (Blicks project), EL 8398 (Gemini project), and EL 6388 (Bielsdown project). In Queensland it holds two contiguous exploration permits for minerals, EPM 19447 (Aspiring) and EPM 25958 (Walsh River).

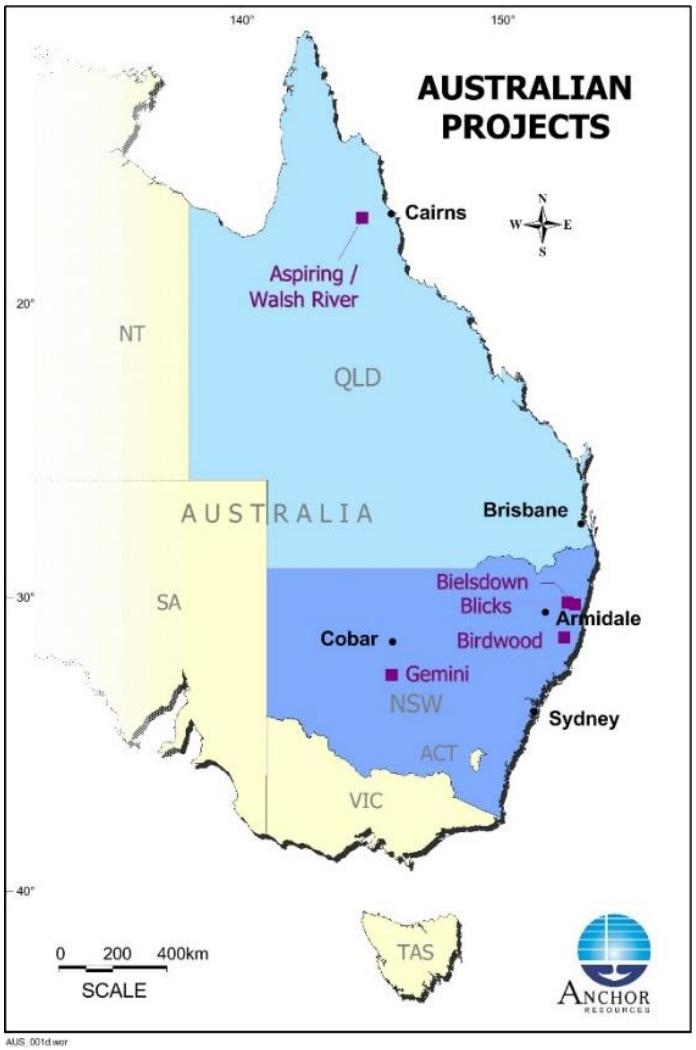

Figure 1: Location of Anchor projects in eastern Australia

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

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

In late 2016 low sulphidation epithermal gold-silver mineralisation was discovered by Anchor at the Fluorspar group workings, and granite-related gold-silver-copper-lead mineralisation was verified in a greisen-sulphide alteration zone and a peripheral polymetallic vein at Doolan (see Anchor ASX Quarterly Activity Report dated 21 April 2017).

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 2.

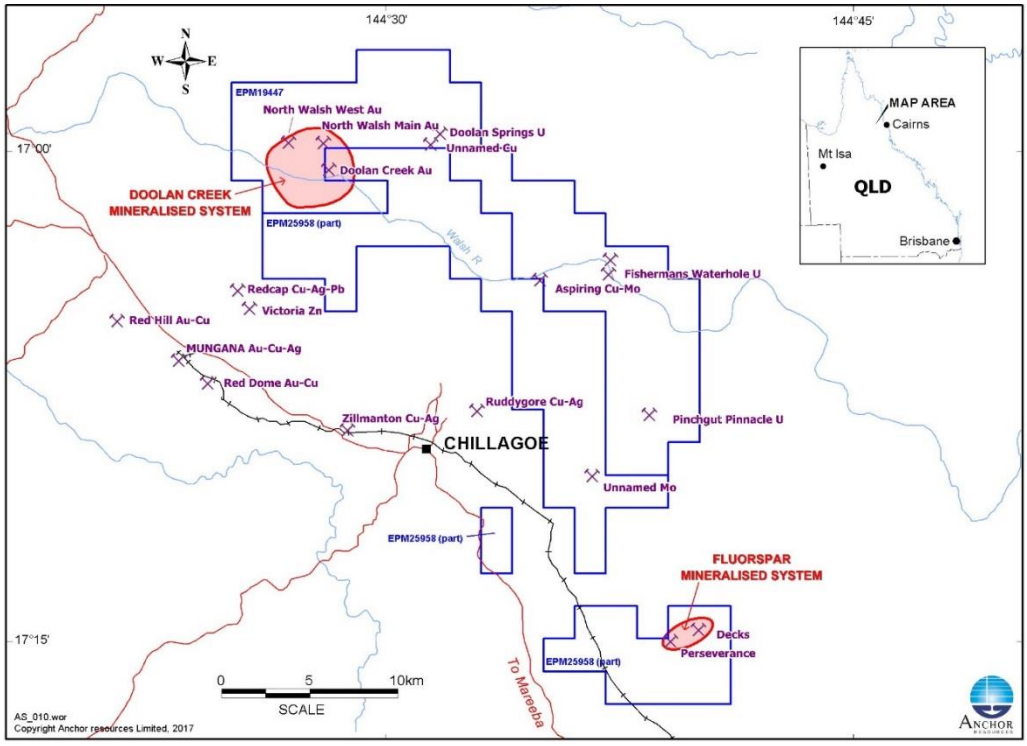

Figure 2: Location of Fluorspar and Doolan prospects

Geological reconnaissance and rock chip sampling continued around the Fluorspar and Doolan prospect areas within EPM 25958 (Walsh River) during the current Quarter with a program of field work completed in July-August 2017.

Fluorspar Area

At Fluorspar, assay results from composite rock chip samples confirmed the discovery of a third quartz vein system having epithermal textures and containing anomalous gold values, named Magnificent (after a historic mineral occurrence in the area). The vein system can be traced sporadically over a strike length of 1,100 metres with anomalous gold values >0.1g/t extending over a length of approximately 970 metres (Figure 3). The epithermal textured quartz vein is interpreted to have been emplaced along a structure informally named the Magnificent Fault. The Magnificent Fault strikes 340°N and has a probable sub-vertical dip. The exact width of the fault and epithermal quartz vein at surface

cannot be determined with any confidence because of poor outcrop exposure. Rock chip samples collected from sporadic discontinuous sub-crop along the 1,100 metre long zone yielded numerous gold values ranging from to 0.21g/t Au to 0.87g/t Au (average 0.38g/t Au from a total of 14 samples). Silver values range from 0.14g/t Ag to 15.55g/t Ag (average 3.7g/t). Arsenic values are anomalous and range from 18ppm As to 1,920ppm As (average 254ppm As), with a number of samples >100ppm As. Base metal values (copper, lead and zinc) are not anomalous.

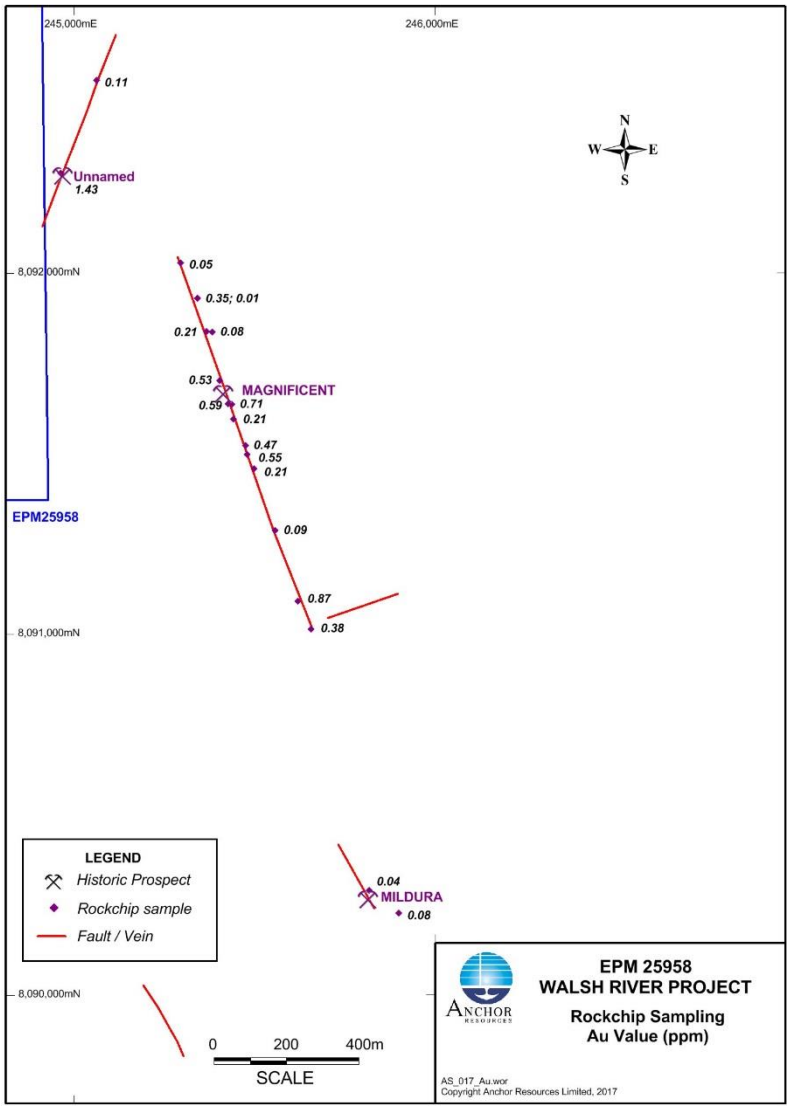

Figure 3: Magnificent epithermal quartz vein rock chip gold geochemistry

Textures in quartz are typical of formation in an epithermal environment and include lattice-bladed (pseudomorphic replacement of coarse carbonate), quartz vuggs lined with euhedral quartz crystals, encrustations, quartz replacing chalcedony, and growth zoning in coarser quartz grains and crystals. Porcelaneous quartz is also present. These textures are interpreted as indicative of the chalcedonic, vapour phase zone at, or near, the top of

an epithermal vein system. Conceptually the combination of lattice-bladed and other epithermal quartz textures, anomalous gold, silver and arsenic geochemistry, and very low copper, lead and zinc geochemical values suggest higher grade gold and silver mineralisation could exist at depth where boiling has occurred in the hydrothermal system. Breccia textures with clay filled voids are evident in some epithermal quartz samples.

The epithermal quartz textures and geochemistry along the Magnificent epithermal quartz zone are similar to the Perseverance and Hiker gold anomalous epithermal quartz zones.

The Magnificent Fault is sub-parallel to the Hiker Fault located 3.5 km to the east, and both these interpreted north-northwest trending structures are orthogonal to the main northeast trending regional Perseverance Fault (Figure 4).

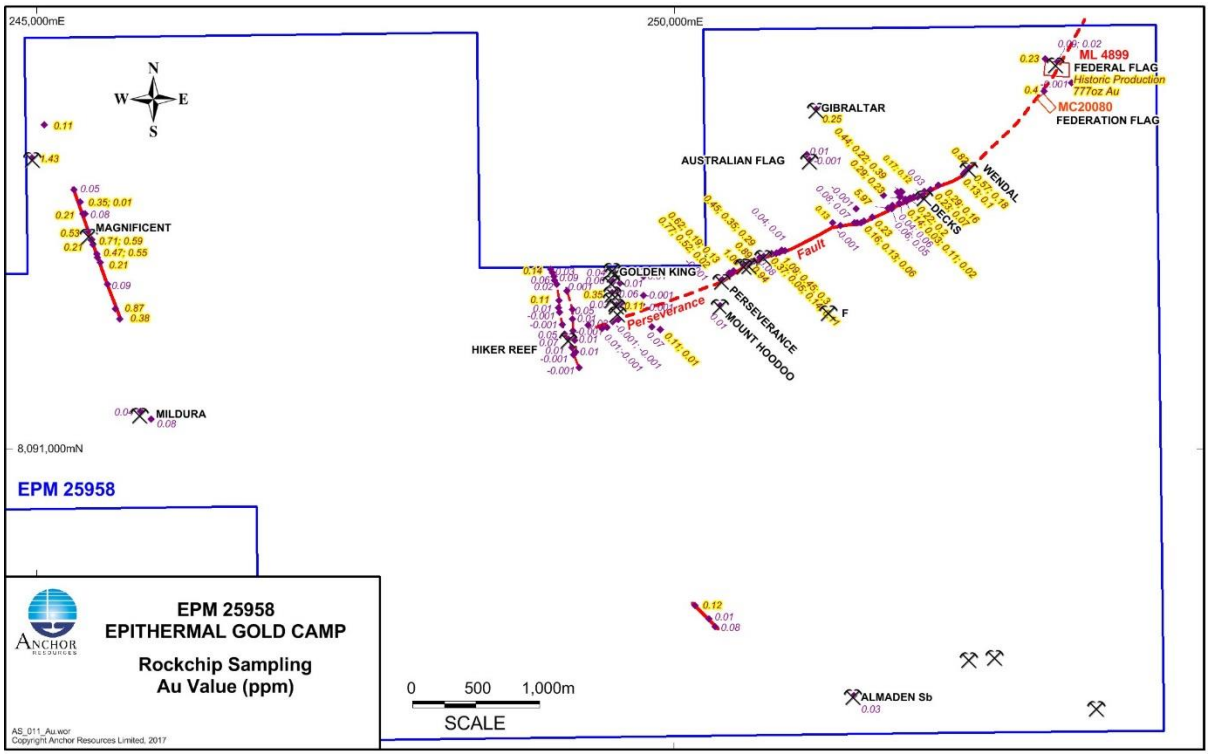

Figure: 4 Fluorspar historic workings rock chip gold geochemistry and major structures including the Perseverance, Hiker and Magnificent Faults

Rock chip samples of vein quartz, invariably displaying a lattice-bladed texture, along the Perseverance Fault yielded low levels of gold (Figure 5) 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) over a strike length of >2 km. The Perseverance Fault is a northeast trending sub-vertical regional structure reported to be up to 2 metres wide in the old 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 epithermal vein and sometimes stibnite in other secondary epithermal 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.

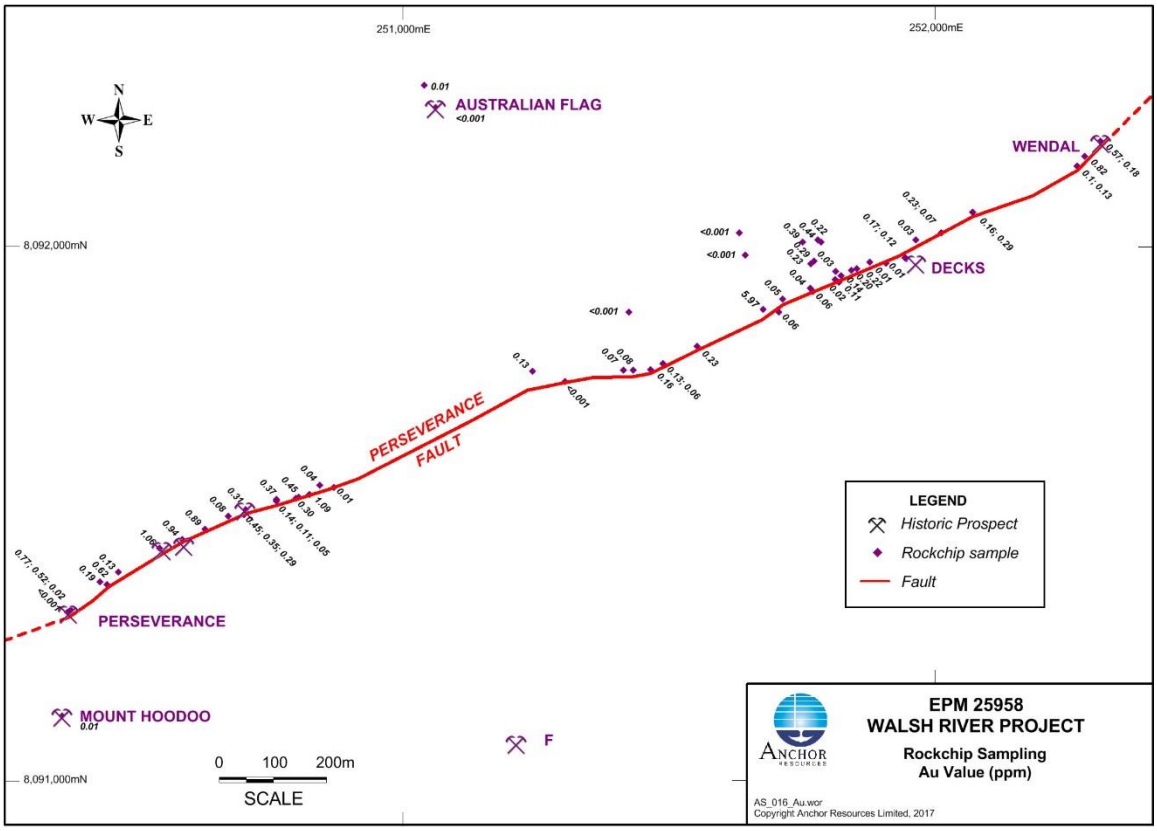

Figure 5: Perseverance epithermal quartz vein rock chip gold geochemistry

In June 2017 follow up reconnaissance work along the possible southwest extension to the Perseverance Lode discovered two, closely spaced, sub-parallel epithermal-style quartz veins 1.5 km southwest of the Perseverance Lode (Figure 6). This vein system, reported as the Hiker Reef, is orthogonal to the regional 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. A rock chip sample from the shorter, sub-parallel epithermal quartz vein assayed 0.05g/t Au and 0.86g/t Ag. Although 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 (see ASX announcement dated 6 June 2017).

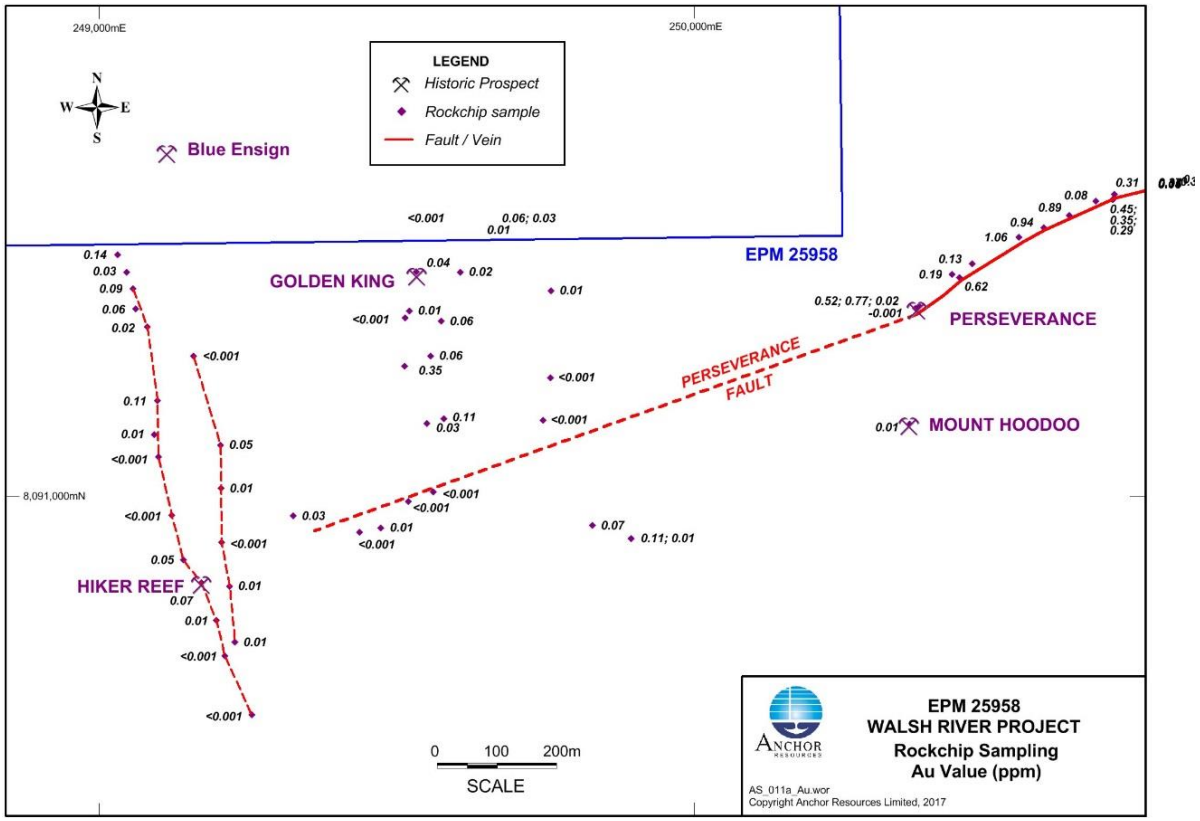

Figure 6: Hiker Reef epithermal quartz vein rock chip gold geochemistry

Epithermal quartz textures (lattice-bladed textures) were also identified at the Almaden antimony prospect (see Figure 4) which yielded an antimony value of 2.16% Sb and a gold value of 0.03g/t Au. Another quartz vein displaying epithermal textures was discovered approximately 1 km northwest of the Almaden antimony prospect. An anomalous gold value of 0.12g/t Au is reported from this vein together with an antimony value of 1.06% Sb. Stibnite and fluorite were noted in epithermal quartz vein material during sampling of this vein. Stibnite is coarse grained and abundant at one locality along the vein. The vein strikes 315°N and was traced discontinuously for approximately 230 metres. Vein width and dip could not be determined due to the sub-cropping nature of the quartz vein.

Epithermal-style quartz veining is considerably more widespread than previously known and much of the quartz is anomalous in gold. These results are considered encouraging for further work.

A further program of geological mapping and rock chip sampling from vein outcrops was undertaken in early October 2017. Results are now being assessed and assay results from the sampling program will be reported when available.

Doolan Area

At Doolan, recent composite rock chip sampling of a scorodite (arsenic) stained quartz vein yielded high values for numerous metals, including gold up to 4.44g/t, silver up to 162g/t (5.2oz/t), copper up to 2.17%, lead up to 4.74%, arsenic up to 4.09%, bismuth up to 776ppm, and antimony up to 0.33% (Figure 7). These assay values are similar to

previously reported numbers (see ASX reports dated 25 January 2017, 20 April 2017, 6 June 2017, and 29 July 2017).

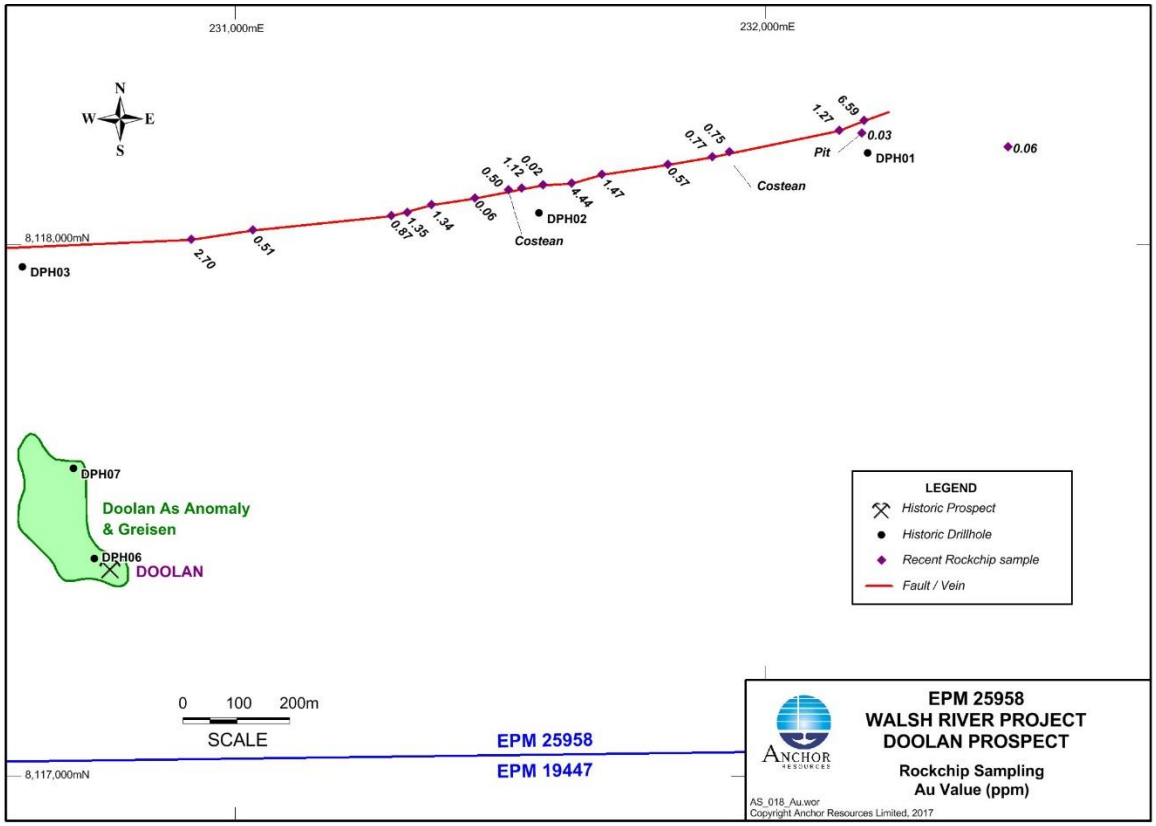

Figure 7: Doolan greisen-sulphide zone and polymetallic quartz vein rock chip gold geochemistry (from current program)

A review of open file company reports confirms the mesothermal quartz vein was partially tested by three widely spaced, shallow open percussion holes in 1984. No further drilling has been reported since this time.

The quartz vein contains strongly anomalous to ore grade gold-silver-copper-lead-arsenic-bismuth-antimony geochemistry in selected composite rock chip samples. This quartz vein is one of numerous gold-bearing polymetallic quartz veins with similar geochemistry to a greisen-sulphide alteration zone central to the vein system. The quartz veins are found within a 2 km radius of the greisen-sulphide alteration zone suggesting the greisen-sulphide alteration zone and polymetallic veins are part of a larger mineral system. The Doolan greisen and polymetallic quartz vein geochemistry strongly supports a granite-related metal association and genesis. The greisen-sulphide alteration 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.

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

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 survey over the prospect to better define drill targets within a 2.2 km strong bedrock lead and copper geochemical anomaly.

Anchor has received confirmation that the Department is satisfied that native title has been wholly extinguished over Lot 4034 DP 766507 and Merri Road and, subject to land access arrangements and statutory approvals being completed, exploration on that portion of the tenement will now proceed.

The geophysical survey is now planned to be completed later this year with the aim of identifying sulphide bearing conductors that may indicate priority drill targets for Cobar-style copper, lead and zinc mineralisation. Both IP and EM surveys are under consideration with a final decision made following recommendations from the company's consultants.

The planned geophysical survey will cover the recently re-defined strong lead and copper bedrock RAB geochemical anomalies which extend over a strike length of about 2.2 km (Figure 8).

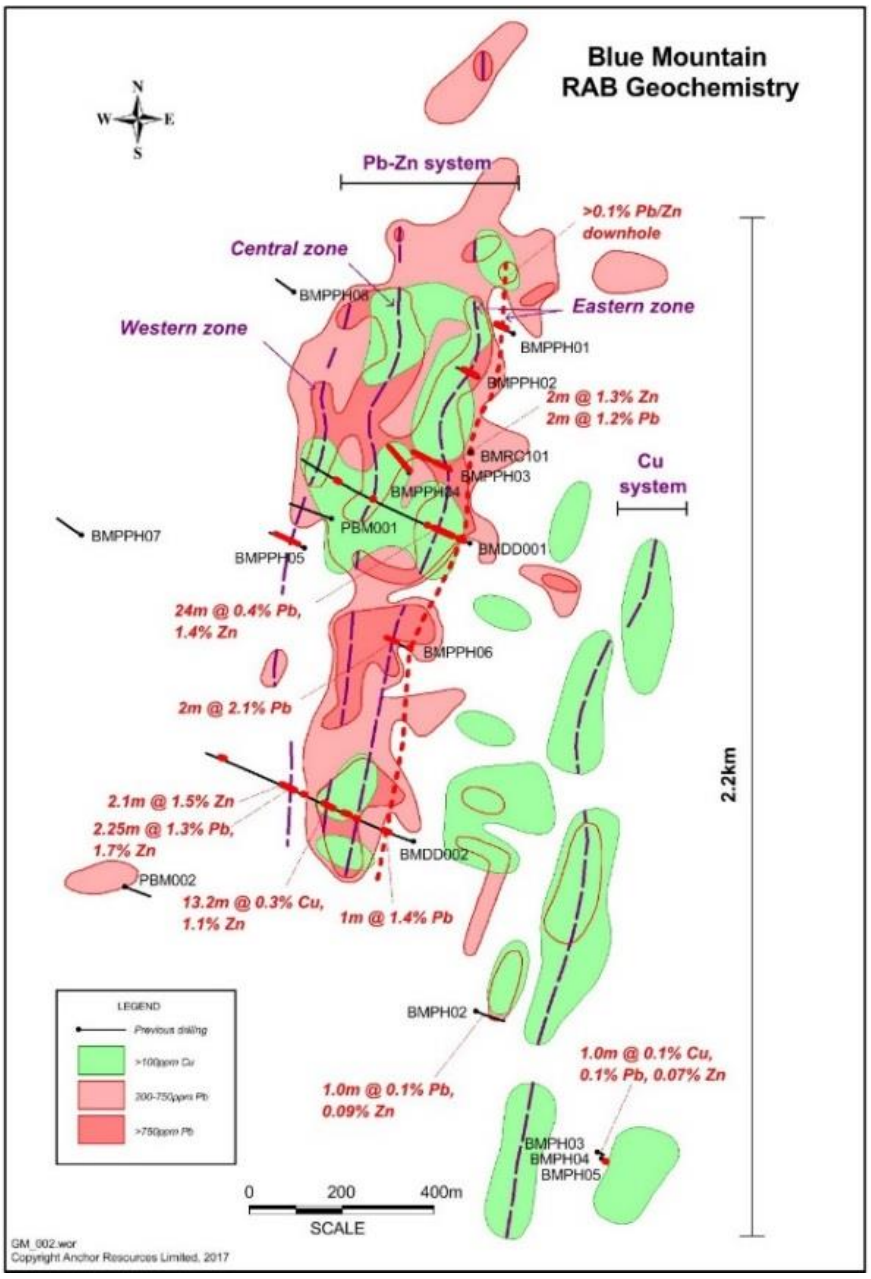

Figure 8: Blue Mountain prospect bottom hole RAB lead and copper geochemistry

On 13th October 2017 an application was lodged for an exploration licence over ground near Anchor's EL 8398 (Figure 9). The area applied for is located approximately 5 km NNW of Mount Hope and covers 12 units (~36 km²). The tenement is considered prospective for Cobar style copper–lead–zinc deposits.

Figure 9: Anchor's Cobar Basin tenements

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

The Blicks project is located in the Southern New England Orogen in northeast NSW, 90 km northeast of the major regional center of Armidale. The project's main prospects are ***Tyringham*** (intrusion-related gold system), ***Navin*** (granite-related polymetallic), ***Tuting*** (granite-related molybdenum-tungsten) and ***Liberty*** (granite-related copper-molybdenum). This is a significant polymetallic mineral district with large, multi-element soil geochemical anomalies associated with a transverse corridor hosting a number of granitoid intrusions of different ages over an area 12 km x 2 km.

The Tyringham Corridor is a transverse lineament where a number of intrusions have been emplaced over a period of 65 million years. The intrusions 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 (Figure 10). This is a previously unknown and unreported intrusion.

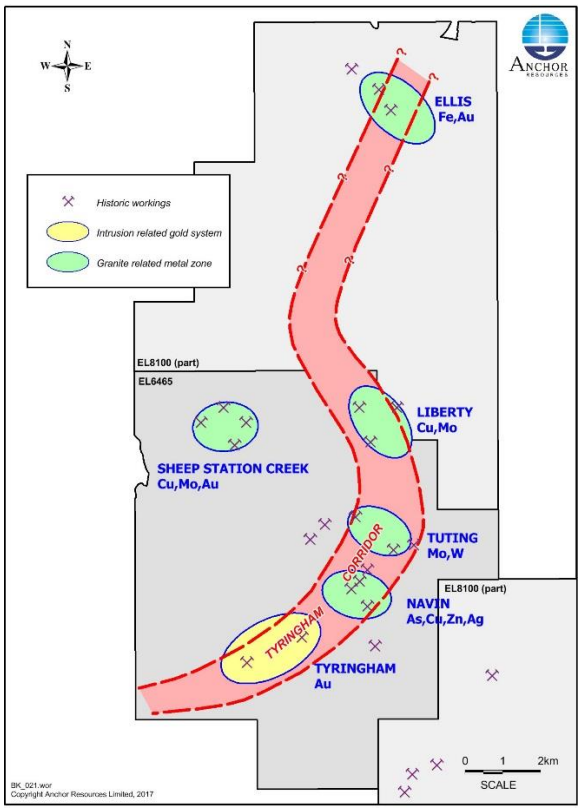

Figure 10 Tyringham Corridor and prospects

A comprehensive technical review of the Blicks project was completed recently and has confirmed the potential of the project to host major mineral deposits. It is currently being reviewed by an international expert in IRGS style mineralisation.

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

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 11).

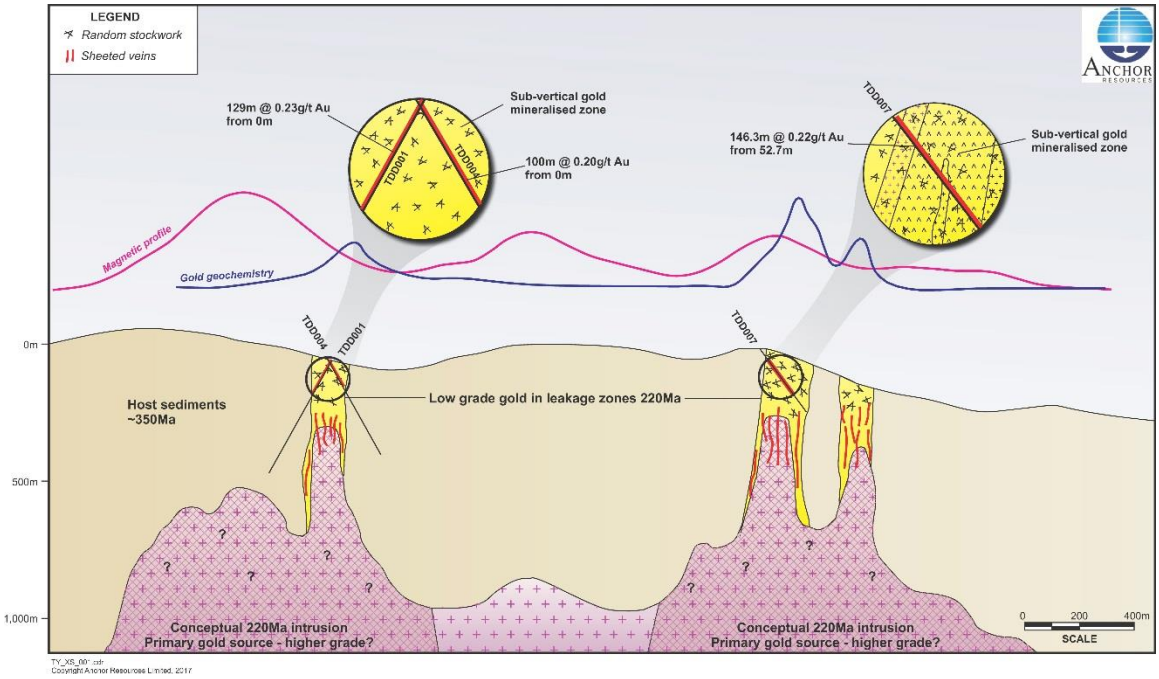

Figure 11: Tyringham IRGS schematic diagram showing long intervals of low grade gold mineralisation intersected by drill holes near surface

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 NSW 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 12. 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.

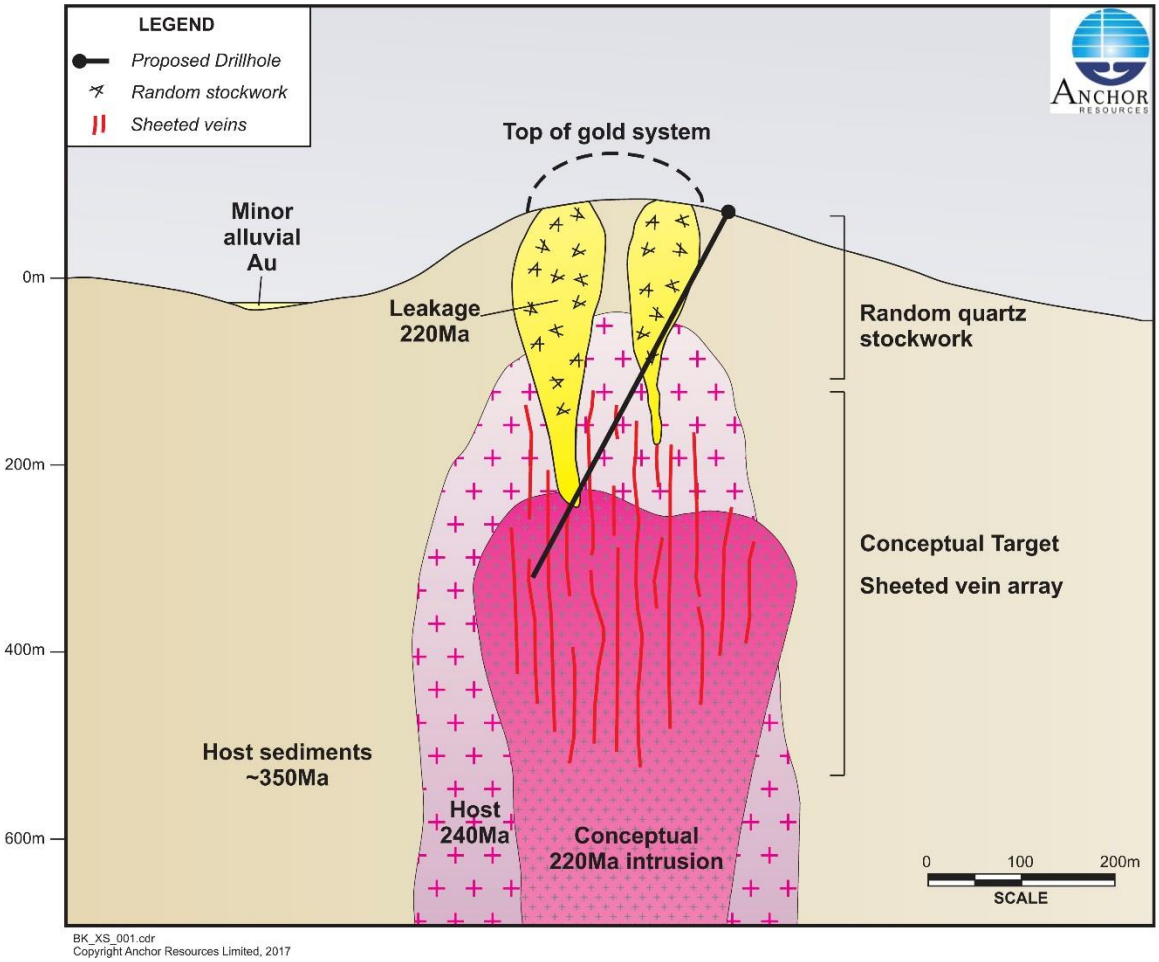

Figure 12: Tyringham IRGS conceptual exploration model

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.

Bielsdown Project, EL 6388
(Anchor 100%) New South Wales– antimony

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

No field work was carried out during the Quarter.

Birdwood Project, EL 6459 (Anchor 100%) NSW

Anchor has reviewed the prospectivity of the southern portion of the New England Orogen and concluded that the prospectivity for porphyry copper type systems in this area has been significantly reduced.

Accordingly the Birdwood project's tenement EL 6459 has been relinquished. This will enable Anchor to concentrate on its other more highly rated projects.

Corporate

No activities of note occurred during the Quarter.

Ian L Price
Managing Director
Anchor Resources Limited

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Competent Person Statement

The information relating to the Exploration Results and geological interpretation for the Blicks, Bielsdown, Birdwood, Gemini, Aspiring and 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 and of these styles of mineralisation to qualify as a Competent Person as defined by the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)". Mr Rabone consents to the inclusion of the information in the report in the form and context in which it appears.

TENEMENT SCHEDULE at 30 September 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 6459	BIRDWOOD	NSW	Scorpio Resources Pty Ltd	08/08/2005	Relinquished 07/08/2017	36
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

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

JORC Code, 2012 Edition – Table 1 Report

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

Section 1 - Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	• Rock chip samples were selected on the basis of lithology and visible mineralisation for standard analysis at a commercial laboratory to identify prospective areas where further work is warranted. • Soil samples were analysed at 40m intervals along east-west grid lines spaced 40m apart. Sample information was recorded onsite in hard copy with locations established using a handheld Garmin GPS instrument. Sampling was undertaken only in areas of residual soil profile development and not undertaken over areas of transported overburden or gully filled alluvium. Soil samples were analysed after scuffing the surface vegetation away to expose a clean soil exposure of the B horizon soil profile. Samples were analysed in duplicate at each field site. Samples were analysed using the Company's portable Niton™ XRF analyser. The analytical work was undertaken by a geologist and field technician who had completed a certified training course on the operation of the portable XRF analyser and duly held a current Qld licence to operate the instrument. One line of soil sampling across the main geochemical anomaly was sampled conventionally with each sample consisting of ~250 gram B-horizon soil sent to ALS Townsville for analysis using the techniques described below.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Rock chip samples are representative of mineralisation styles and host lithology and collected in a consistent manner at each sample location. Each rock chip sample represents many sub-samples of visually similar material. • Soil samples were collected on a rectangular grid with sample spacing considered appropriate for defining geochemical anomalies attributed to bulk tonnage granite-related mineralization. Samples were analysed in a consistent manner at each location by an experienced field technician under supervision by a qualified exploration geologist. • Rock chip sampling is useful as a preliminary exploration tool for gold and base metal mineralisation to identify areas of interest for further investigation.

Criteria	JORC Code Explanation	Commentary
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Soil surveys are useful to define geochemical anomalies for drilling. • 'Industry standard' sampling has been completed. Samples were collected and pulverised to produce a 30g charge for fire assay and also additional elements were analysed following 'near total' digestion for multi-element analysis.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• n/a.
Drill sample recovery *Drill sample recovery (continued)*	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• n/a. • n/a. • n/a.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Rock chip samples are routinely qualitatively described by an experienced exploration geologist at the point of sample collection. Rock chip samples of high interest are collected for further petrographic investigation by a consultant. • n/a. • n/a.

Criteria	JORC Code Explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• n/a.
	• *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• n/a.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• Rock chip samples are dried at 105°C, crushed and pulverised in the laboratory prior to sample dissolution for assay.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• Field QAQC procedures involve the selection of samples representative of rock types in the area.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• Sampling is considered representative of the style of mineralisation present. No field duplicate rock chip samples have been collected.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample size is considered appropriate given the style of mineralisation and previous success in discovering gold mineralisation in bedrock at this region.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• ALS, Townsville and Brisbane. ALS Geochemistry is a leading full-service provider of analytical geochemistry services to the global mining industry. ALS Geochemistry is accredited to ISO/IEC 17025:2005 and ISO 9001:2001 standards. Procedure for rock chip samples: log sample into tracking system, dry, weigh, crush to nominally >70% passing -6mm, then pulverise to 85% passing 75 µm with gold determination on a 30 gram fire assay with ICP-AES finish (ALS Au-AA25 Method), and 48 other elements determined following a four acid “near total” digestion on a sample size of 0.25 gram with ICP-AES finish (ALS ME-MS61 Method). Over range assay results confirmed using ALS “ore grade” methods, including ALS Methods ME-OG62 for Ag, As, Cu and Pb, and ME-GRA05/ME-XRF15b for Sb. The 30 gram fire assay/AAS finish method paired with the four acid ME-MS61 method is considered to be ideally suited for exploration purposes.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• For the soil sampling program a Niton XL3t 950 GOLDD+ hand-held XRF analyser was used for quantitative geochemical analysis of metal values. The Niton was used in soils mode with a run time of 20 sec on each filter for a total of 60 sec per sample.
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack*	• For rock chip samples no Company certified reference materials (CRMs) or blanks used. ALS routinely run internal certified reference materials (standards)

Criteria	JORC Code Explanation	Commentary
	of bias) and precision have been established.	and report results to the Company. Precision and accuracy of the CRMs is within specified error limits which provide confidence in results provided by ALS. The quality control data for historic drilling has not been assessed. • For Niton samples the xrf analyser is tested 3 times a day against a variety of certified reference material from Ore Research and Exploration for internal QA/QC and machine reliability.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Graeme Rabone & Associates Pty Ltd supervised the rock chip and soil sampling program. • n/a. • Primary data is recorded electronically into a hand held GPS unit and downloaded onto a PC each day. Data back-up is completed on a routine basis. • No adjustments are made to assay data.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample points located using a Garmin GPS with a ±5 meter error. • Anchor data is in MGA94 Zone 55. • Coordinate information includes easting, northing and elevation.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Rock chip sampling focused on old workings and outcrop in the vicinity of the old workings. • Rock chip sampling is designed to establish the style of mineralisation present in the area and detection of large mineralised systems for potential further work. • No sample compositing has been undertaken.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Rock chip sampling along veins and structures used to determine potential of veins and structures to host mineralisation. Rock chip sampling also focused on hydrothermally altered rocks mapped as greisen. • There is insufficient drilling data to date to determine whether there is a sampling bias in historic data.

Criteria	JORC Code Explanation	Commentary
Sample security	• *The measures taken to ensure sample security.*	• Chain of custody is managed by Anchor staff. Samples are stored in a company vehicle which is locked at night. Samples are then delivered directly by Anchor staff to ALS (Townsville). Samples are submitted to the laboratory using a standard "ALS Sample Submittal Form".
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audit or review of sampling techniques or the data management system has been carried out.

Section 2 – Reporting of Exploration Results

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

Criteria	JORC Code Explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• Exploration Permit for Minerals 19447 (Aspiring Extended) and Exploration Permit for Minerals 25958 (Walsh River) are held 100.0% by Sandy Resources Pty Ltd, a wholly owned subsidiary of Anchor Resources Limited. The tenements are located 200 km west of Cairns. The small village of Chillagoe lies within 15km of the tenement boundary. The main areas of interest are located on a 30 year rolling term lease extended to 31/03/2048. The Company has current Notices of Entry and a signed Conduct and Compensation Agreement with the landowner and land occupier which is sufficient for the type of work undertaken. There are no registered native title interests or historical sites covering the work areas.
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Tenements are current and in "good standing" with no impediments known to exist.
Exploration done by other parties	• *Acknowledgement and appraisal of exploration by other parties.*	• Historic prospecting activities, early mining for fluorspar at the Perseverance Lode, geological mapping by the Queensland Geological Survey, and exploration, including drilling, by Samedan of Australia. No resources were identified. Current tenure explored by Anchor with no other parties involved.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Conceptual low sulphidation epithermal gold-silver and granite-related gold-base metal mineralisation system exploration models.

<table>
<tr><th>Criteria</th><th>JORC Code Explanation</th><th>Commentary</th></tr>
<tr><td>Drill hole Information</td><td>• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:
○ easting and northing of the drill hole collar
○ elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar
○ dip and azimuth of the hole
○ down hole length and interception depth
○ hole length.

• If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</td><td>• Historic 1994 drilling results from the Doolan Creek prospect held under ATP 3645M by Samedan of Australia are reported in CR 14321 below. Two open hole percussion holes were drilled at the Doolan Creek greisen prospect.

<table><tr><th>Hole_ID</th><th>East_MGA</th><th>North_MGA</th><th>Elevation</th><th>Azi</th><th>Dip</th><th>Depth</th></tr><tr><th></th><th>Zone 55</th><th>Zone 55</th><th>m</th><th></th><th></th><th>m</th></tr><tr><td>DPH06</td><td>230735</td><td>8117409</td><td>298</td><td>0</td><td>-90</td><td>100</td></tr><tr><td>DPH07</td><td>230696</td><td>8117578</td><td>298</td><td>0</td><td>-90</td><td>50</td></tr></table>
<table><tr><th>Hole ID</th><th>From</th><th>To</th><th>Interval</th><th>Au</th><th>Cu</th><th>As</th></tr><tr><th></th><th>m</th><th>m</th><th>m</th><th>g/t</th><th>%</th><th>%</th></tr><tr><td>DPH6</td><td>72</td><td>100</td><td>28</td><td>0.22</td><td>0.3</td><td>1.19</td></tr><tr><td>DPH7</td><td>44</td><td>50</td><td>6</td><td>0.31</td><td>0</td><td>1.06</td></tr></table>
• There is no exclusion of information. Recent exploration is “grass roots” in nature.</td></tr>
<tr><td>Data aggregation methods</td><td>• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.

• Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.

• The assumptions used for any reporting of metal equivalent values should be clearly stated.</td><td>• Historic drilling reported 2 metre sample interval lengths only. Length weighted averages not applied. No top-cutting of high grade results applied. No cut-off grades applied.

• n/a.

• No metal equivalents used.</td></tr>
<tr><td>Relationship between mineralisation widths and intercept lengths</td><td>• These relationships are particularly important in the reporting of Exploration Results.

• If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.

• If it is not known and only the down hole lengths are reported, there should be a</td><td>• Not known. Drilling limited to 2 holes.

• Geometry of mineralised zones currently not known due to insufficient drilling.

• Down hole lengths reported, true width of mineralisation not known.</td></tr>
</table>

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

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Anchor Resources Limited

ABN	**Quarter ended ("current quarter")**
49 122 751 419	30 September 2017

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (3 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(305)	(305)
	(b) development		
	(c) production		
	(d) staff costs		
	(e) administration and corporate costs	(107)	(107)
1.3	Dividends received (see note 3)		
1.4	Interest received	11	11
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (provide details if material)		
1.9	**Net cash from / (used in) operating activities**	**(401)**	**(401)**

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

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

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings	400	400
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**400**	**400**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,504	1,504
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1)	(1)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,503**	**1,503**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	653	653
5.2	Call deposits	850	850
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,503**	**1,503**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	69
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	

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

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

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

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

Payroll tax liability paid to related entity

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	14,500	13,650
8.2	Credit standby arrangements		
8.3	Other (please specify)		

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

The finance facility is provided by China Shandong Jinshunda Group Co Limited, the company's major shareholder. The facility has a maximum drawdown of $14,500,000 and is repayable by 30 September 2020. The finance facility bears interest at the Commonwealth Government Bond Yield (GSBE19 maturing 21 November 2020) + 250 bps per annum.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	687
9.2	Development	
9.3	Production	
9.4	Staff costs	
9.5	Administration and corporate costs	100
9.6	Other (provide details if material)	
9.7	**Total estimated cash outflows**	**787**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL6459 NSW		100%	0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

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

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

Sign here: ..... Date: .....24/10/17.....
(Director/Company secretary)

Print name: Guy Robertson.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.