Anchor Resources Limited
ABN: 49 122 751 419
ASX Code: AHR
Website: www.anchorresources.com.au

29th January 2018

QUARTERLY REPORT ON ACTIVITIES – DECEMBER 2017

HIGHLIGHTS

Cobar Basin Project, New South Wales

- A prospective land package has been assembled in the Cobar Basin within close proximity to a number of historic base metal mines and recent discoveries of Cobar style base metal and gold mineralisation. The land package (including Anchor's Gemini tenement) covers a number of historic mineral occurrence workings and partially explored exploration prospects, together with many untested geophysical anomalies.
- A review of open file geophysical and geological data commenced in late 2017 and is nearing completion. Preliminary results support the Blue Mountain Zn-Pb-Cu prospect as a priority target.
- On completion of the review field programs will commence on priority target areas, including geophysical surveys, in the first Quarter of 2018.

Aspiring-Walsh River Project, Queensland

- Follow up fieldwork at Anchor's Walsh River/Aspiring project in Far North Queensland has further advanced the project to drill ready status.
    - At the Fluorspar epithermal gold camp known epithermal gold-bearing vein systems have been extended and additional epithermal gold-anomalous quartz veins have been discovered.
    - Rock chip sampling at Doolan has demonstrated some gold-bearing polymetallic quartz veins extend over a strike length of greater than 3 km peripheral to a central greisen-sulphide alteration zone.

TENEMENTS

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 five exploration licences in NSW, including EL 6465 and EL 8100 (Blicks project), EL 8398 (Cobar Basin project), and EL 6388 (Bielsdown project). The Company also has four pending exploration licence applications covering areas within the prospective Cobar Basin in western NSW. In Queensland at the Aspiring/Walsh River project it holds two contiguous exploration permits for minerals, EPM 19447 (Aspiring) and EPM 25958 (Walsh River) where epithermal gold and polymetallic granite-related mineral systems have been identified.

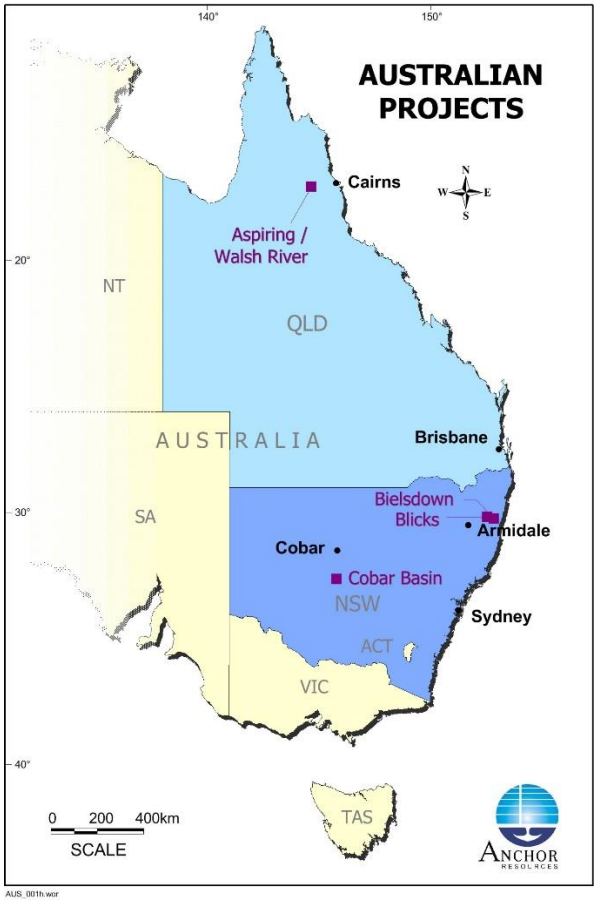

Figure 1: Location of Anchor projects in eastern Australia

Cobar Basin Project, EL 8398 (Gemini), and ELAs 5571, 5590, 5591 and 5633 (Anchor 100%), New South Wales – copper, lead, zinc, gold, & silver

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. Cobar-type deposits are high grade, polymetallic mineral systems, viable under a wide range of economic conditions. The geometry of many deposits has in the past made them challenging targets for exploration however, as the understanding of these deposits increases and technology advances, new opportunities are created and new discoveries are being made in both brownfield and greenfield terranes. Anchor's Cobar Basin tenements are shown on Figure 2.

Figure 2: Location of Anchor's Cobar Basin tenements

Anchor commenced expanding its ground position in the Cobar Basin on 13 October 2017 with an application for an exploration licence comprising 12 units (~36 km²) over ground near Anchor's EL 8398 (Figure 2). Additional exploration licence applications were lodged on 2 November 2017 comprising 221 units (~663 km²), 3 November 2017 comprising 108

units (~324 km²), and 22 January 2018 comprising 72 units (~216 km²). Importantly the granted exploration licence (EL8398) and new applications are partly contiguous. Total area of granted tenure and pending exploration licence applications is approximately 1,529 km².

The Gemini exploration licence, and Anchor's other applications, cover a prospective, underexplored area in the southern half of the Cobar Basin, and includes the ***Blue Mountain*** base metal (Cu-Pb-Zn) prospect (Figure 2) which Anchor has identified as a Cobar-style base metals prospect.

The nearby Wagga Tank Cu-Pb-Zn-Au-Ag massive sulphide prospect owned by Peel Mining Limited (Peel) is located 8 km southwest of Blue Mountain and its Mallee Bull copper-silver-gold-lead-zinc deposit is located 40 km to the northeast along the Wagga Tank-Nymagee lineament. Aurelia Metals Ltd's (Aurelia) Hera gold-lead-zinc-silver deposit and Nymagee copper deposit are located a further 40 km northeast of Mallee Bull. Peel's recent discovery of high grade massive sulphide mineralisation at the Southern Nights prospect lies immediately south of Wagga Tank. The regional stratigraphy hosting Wagga Tank-Southern Nights extends to Blue Mountain where mineralisation is hosted by a sequence of volcaniclastics and interbedded fine grained sandstone and siltstone.

Based on Anchor's compilation of previous explorers' data, the Blue Mountain prospect has a strong, northerly trending linear, coincident copper-lead-zinc anomaly, and a juxtaposed copper anomaly east of the main copper-lead-zinc anomaly extending over a strike length of 2,600 metres defined by historic bottom hole RAB drilling (Figure 3).

The main (western) lead-zinc-copper geochemical anomaly has been partially tested by historic drilling over wide intervals along strike and generally shallow depth, while the eastern copper anomaly has been poorly tested by several shallow drill holes at the south end. The geochemical anomalies are underlain by volcaniclastics and fine grained sandstone and siltstone.

The best drill intersections are reported from diamond core hole BMDD001 with 24 metres @ 1.3% Zn and 0.4% Pb from 146.0 metres, and BMDD002 with 34.0 metres @ 0.53% Zn, 0.04% Pb and 0.24% Cu from 317.0 metres. BMDD001 and BMDD002 intersected multiple zones of low grade base metal mineralisation and are collared approximately 650 metres apart. They are the only two deep core holes drilled at Blue Mountain. 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 mineral 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.

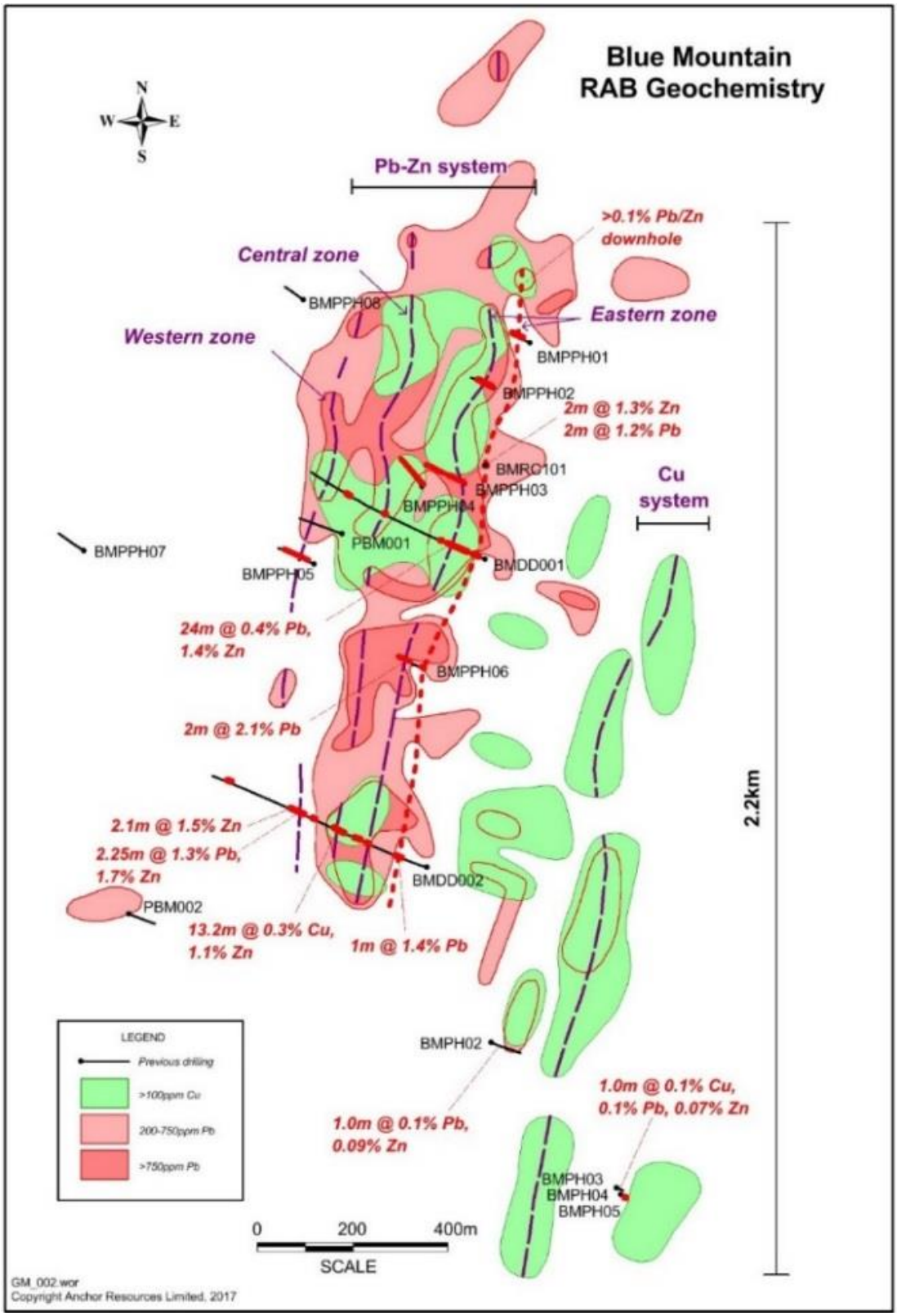

Figure 3: Blue Mountain prospect lead and copper geochemistry

The anomalous multi-element Cu-Pb-Zn geochemistry, large linear anomaly footprint, sphalerite-galena-chalcopyrite base metal association in drill core, structurally controlled lensoidal geometry of the mineralisation intersected in drilling, and interpreted structural architecture of the Blue Mountain copper-lead-zinc prospect, has many similarities to other Cobar-type deposits, including the major producing CSA mine at Cobar (see Anchor ASX announcement 18 April 2016).

Regional prospectivity assessment of the Company's tenure is currently being facilitated by a comprehensive and detailed review of government and company open file geophysical data sets. Distinct physical properties such as magnetic characteristics, density, radiometric signatures, and electrical properties can provide a detectable geophysical expression of a mineral-system.

Preliminary targeting of potential ore-systems requires a conceptual exploration model, based on an understanding of the geology and structure of a given area. This knowledge is commonly inferred from magnetic, electrical and gravity data. Interpretations of lineaments and structures are considered important for structurally controlled Cobar-type deposits. Magnetics, EM and IP have proved successful in locating new deposits and lodes in proximity to existing deposits in the Cobar Basin. It is anticipated that this study will be completed shortly and results reported.

The Blue Mountain Zn-Pb-Cu prospect is the most advanced target in the granted Gemini tenement and this is confirmed by the preliminary results of the prospectivity assessment. It is near drill ready with the objective of discovering Cobar-style copper-lead-zinc minealisationt. These types of deposits can be 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 Blue Mountain prospect to better define drill targets within a 2,200 metre long bedrock lead, zinc and copper geochemical anomalies.

The Division of Resources & Energy (NSW Department of Industry) is satisfied that native title is extinguished over Lot 4034 DP 766507 and Merri Road near Blue Mountain (EL 8398) and all land access arrangements and statutory approvals are completed enabling field work to commence.

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. Historically the Chillagoe mining district is the most productive region in the Hodgkinson Province.

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 mineral systems is shown on Figure 4.

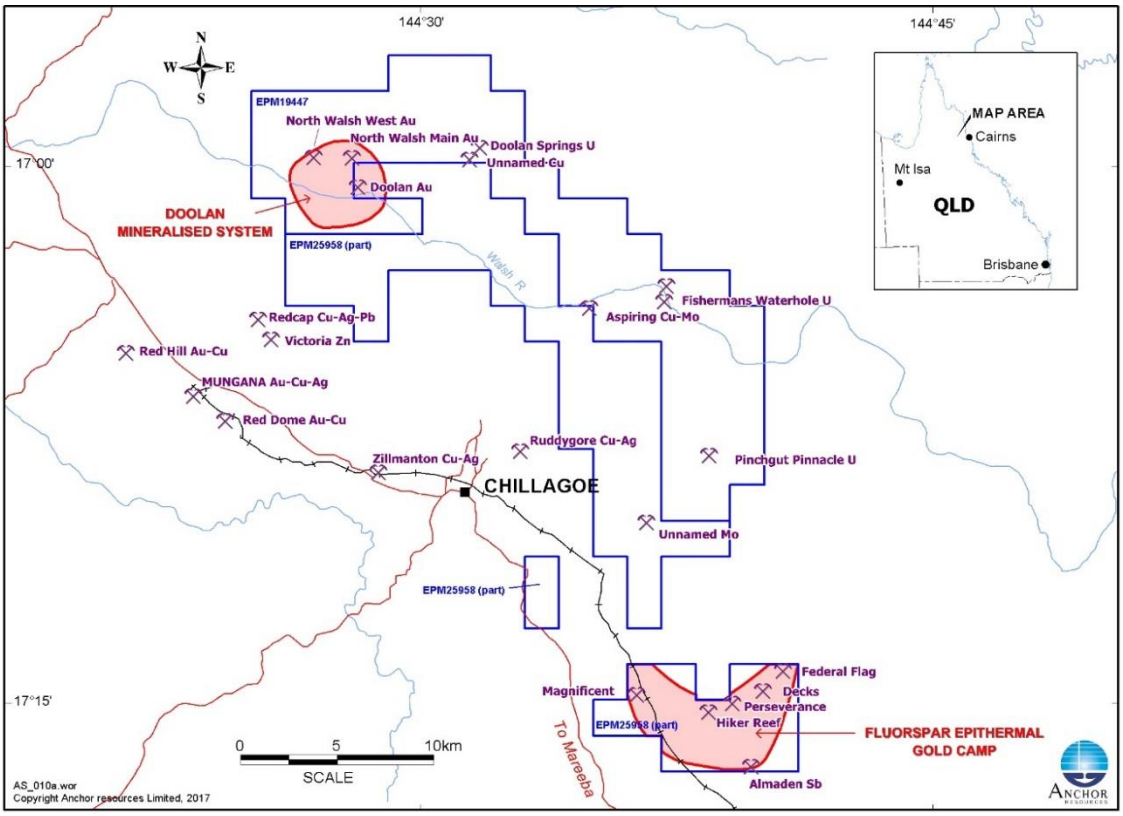

Figure 4: Location of Fluorspar and Doolan mineral systems

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

Fluorspar Area

At Fluorspar, prospecting and sampling confirmed the Magnificent structure and Mildura structure are part of the same fault system and probably structurally linked. Epithermal textured quartz, often containing anomalous gold can be traced sporadically over a strike length of over 3,000 metres with anomalous gold values >0.1g/t extending over the full length of the interpreted structure (Figure 4). The 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 a 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.

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 in rock chip samples along the Magnificent epithermal quartz zone are similar to those at 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 5).

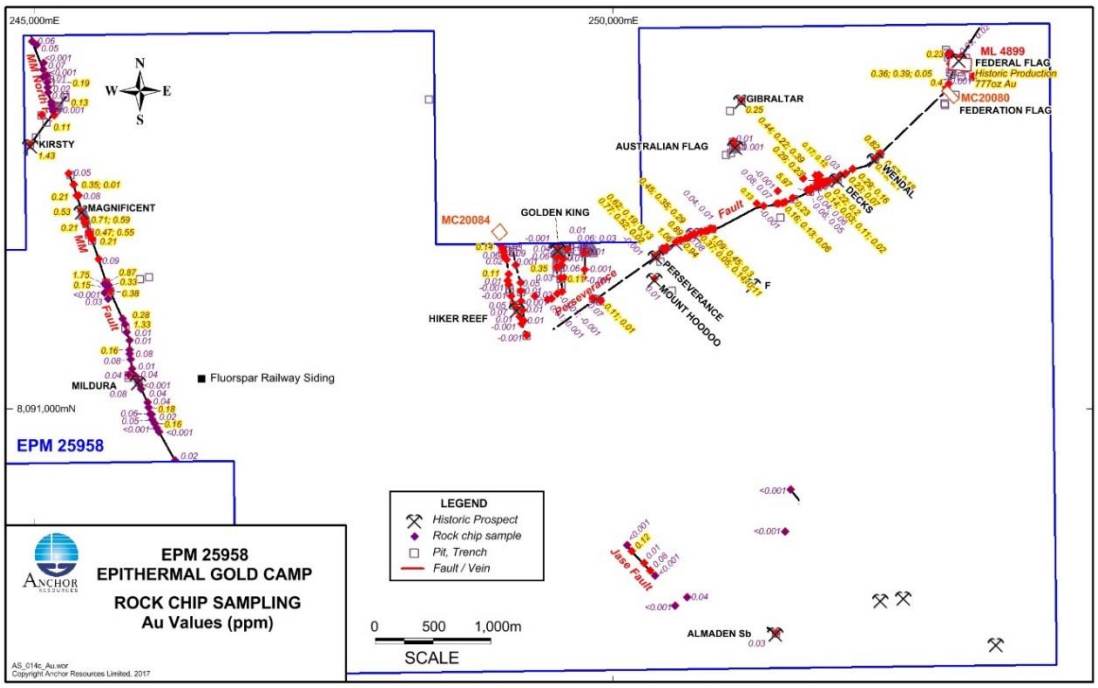

Figure 5: Fluorspar epithermal gold camp rock chip gold geochemistry

Rock chip sample assay results from the epithermal quartz along the interpreted MM fault are shown in Figures 6-9.

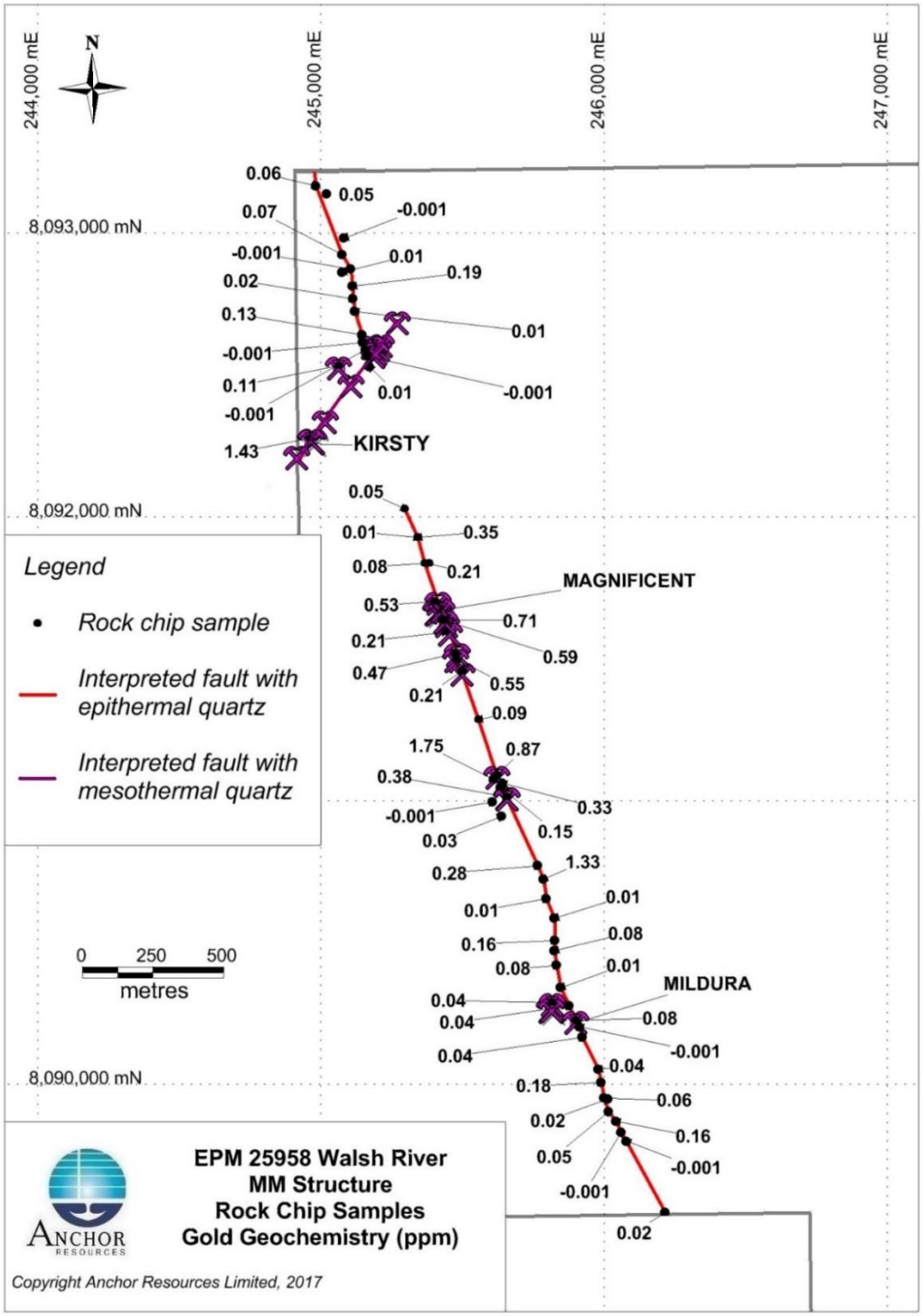

Figure 6: MM structure showing epithermal quartz vein rock chip gold geochemistry

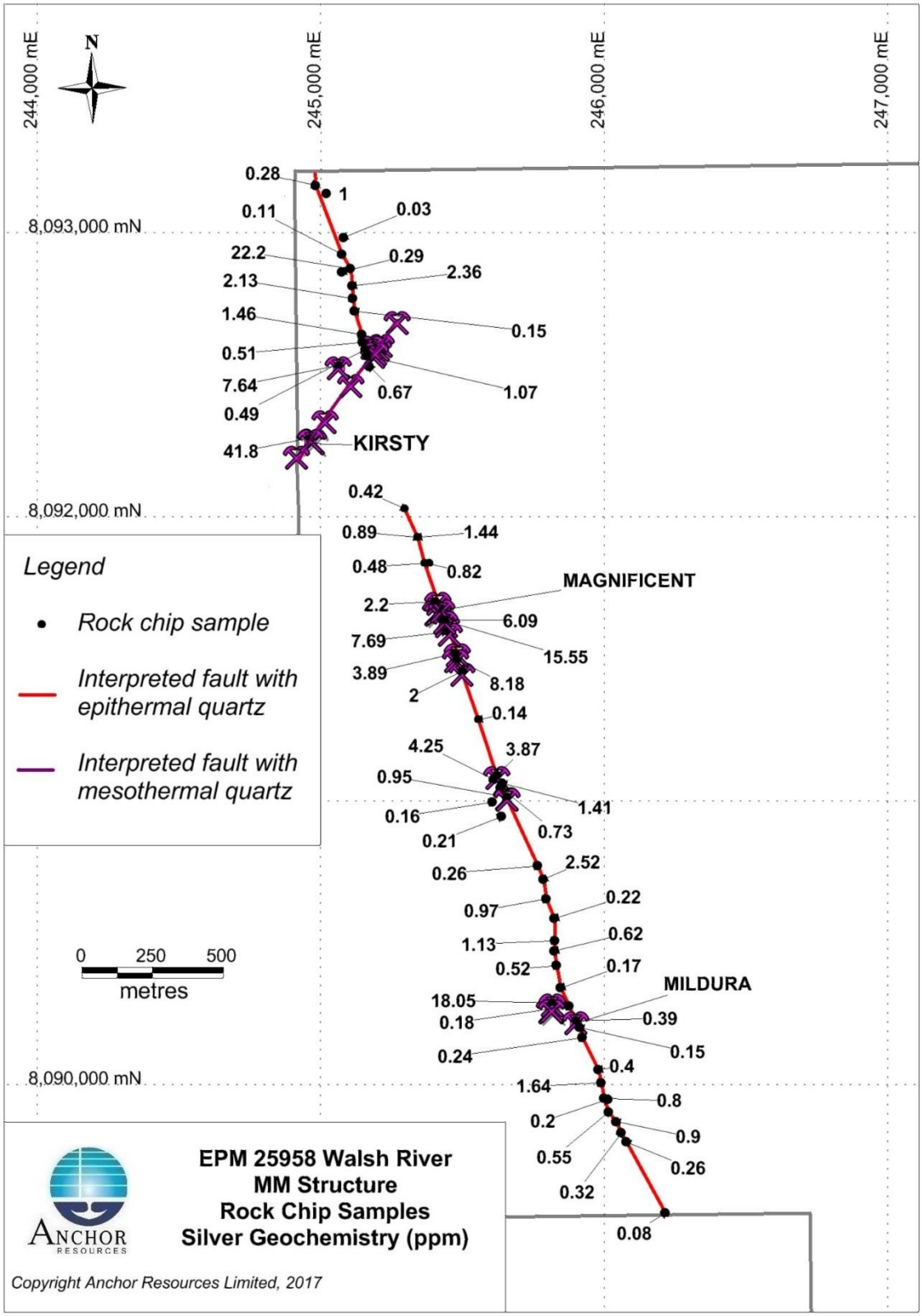

Figure 7: MM structure showing epithermal quartz vein rock chip silver geochemistry

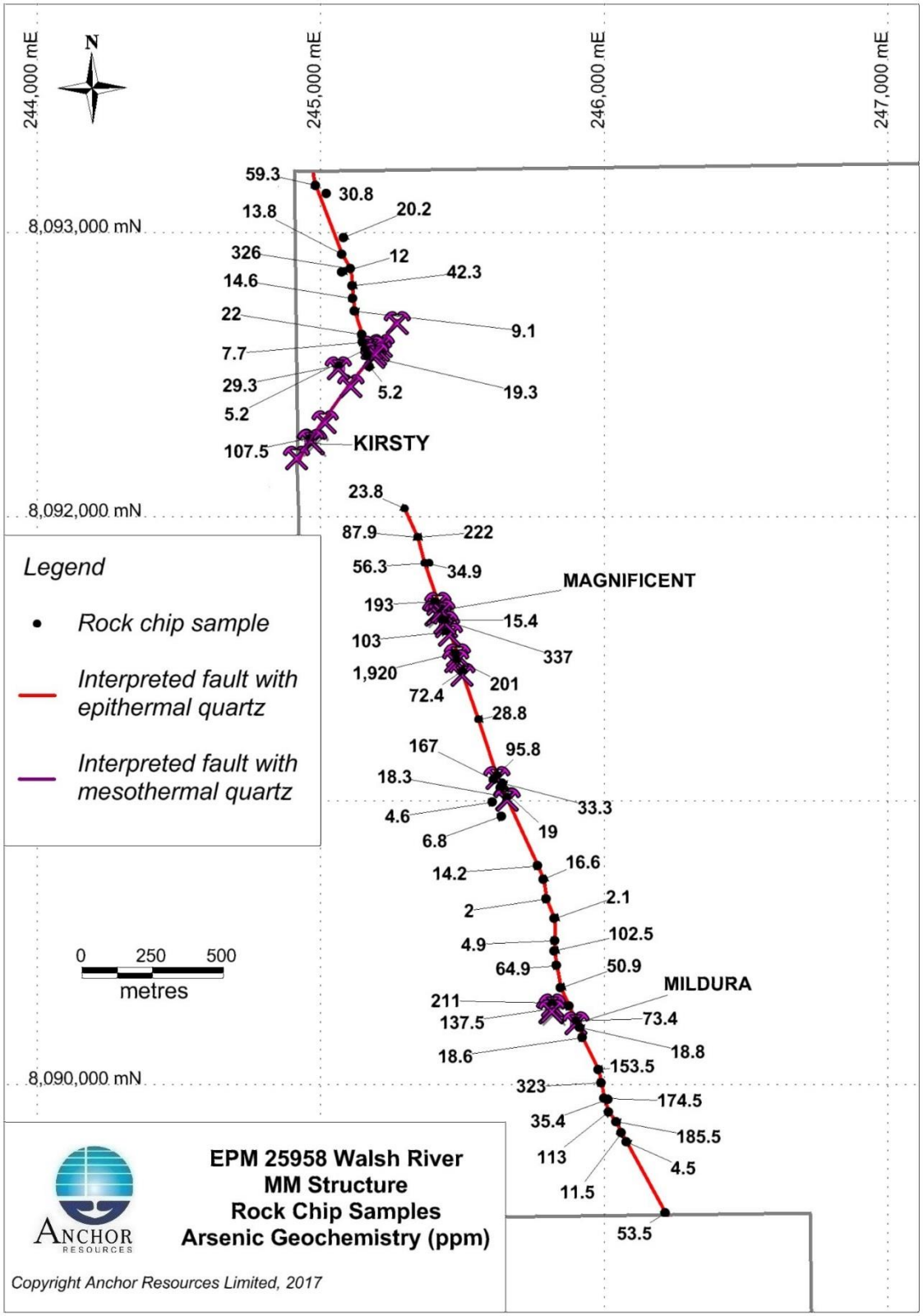

Figure 8: MM structure showing epithermal quartz vein rock chip arsenic geochemistry

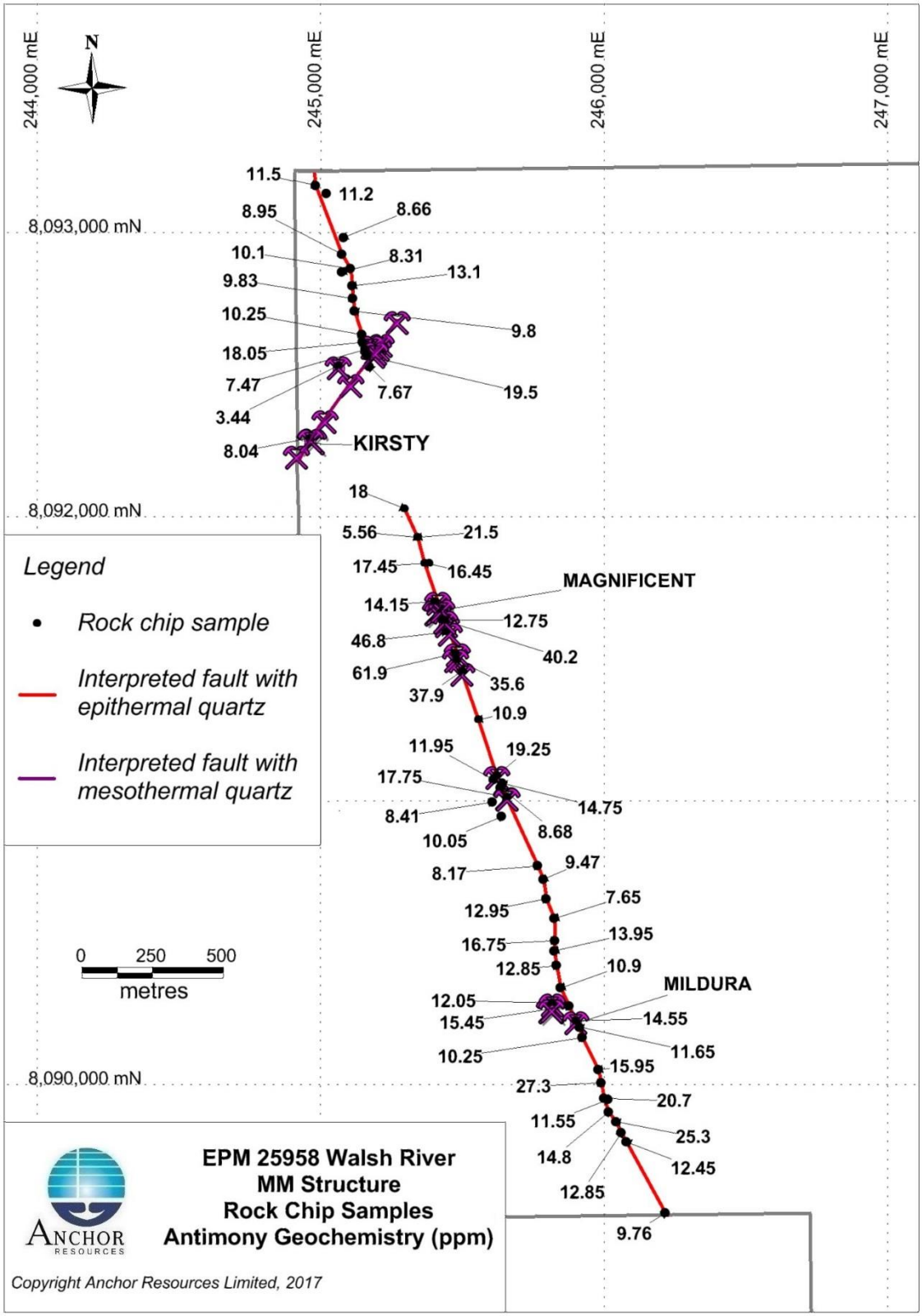

Figure 9: MM structure showing epithermal quartz vein rock chip antimony geochemistry

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.

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 6.59g/t, silver up to 728g/t (23.4oz/t), copper up to 6.09%, (Figures 10-12) lead up to 4.74%, arsenic up to 4.09%, bismuth up to 776ppm, and antimony up to 0.33%. 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).

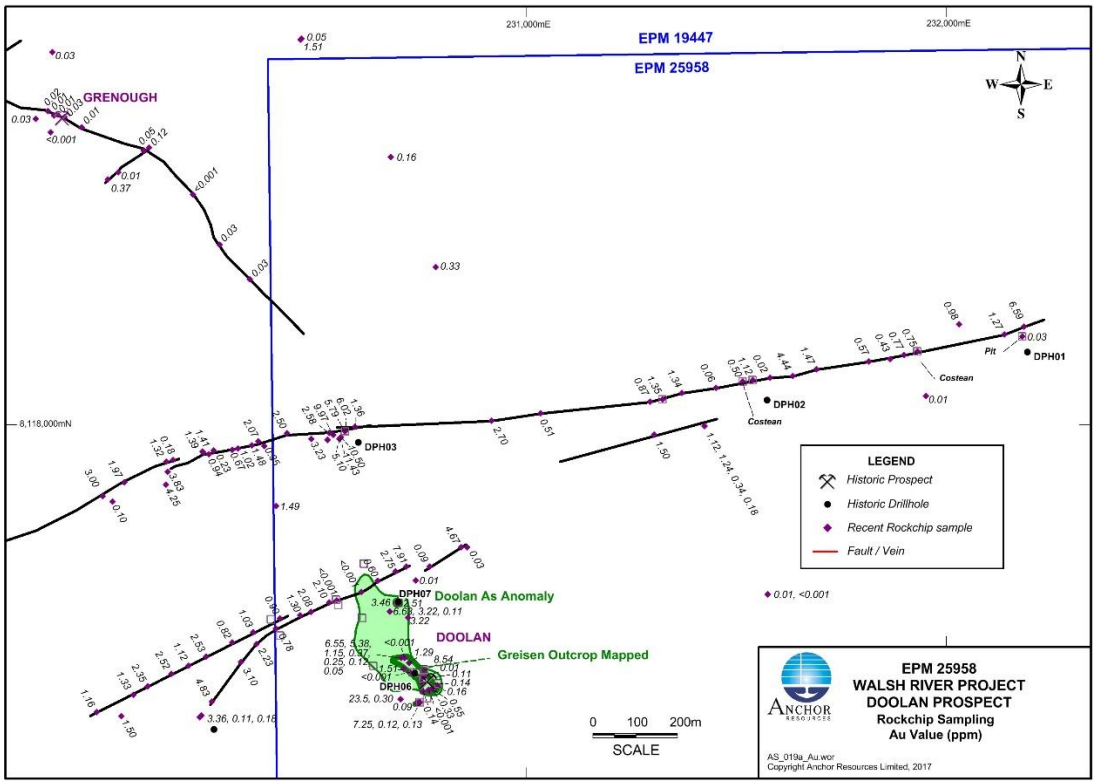

Figure 10: Doolan polymetallic greisen-sulphide zone and quartz vein mineral system rock chip gold geochemistry

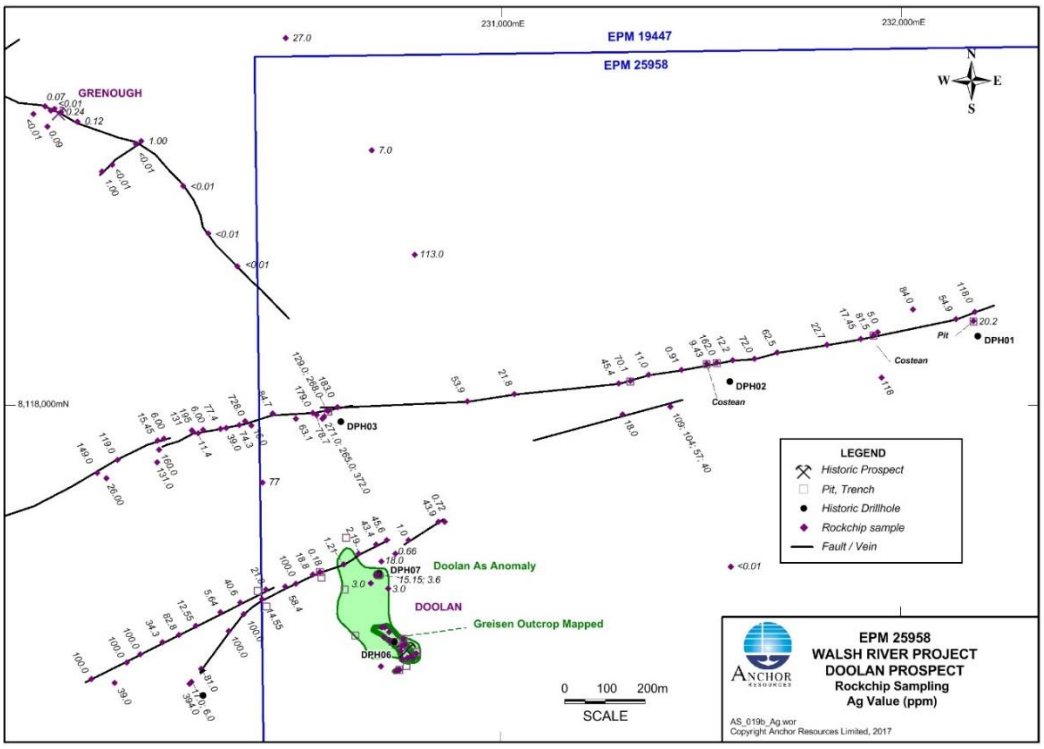

Figure 11: Doolan polymetallic greisen-sulphide zone and quartz vein mineral system rock chip silver geochemistry

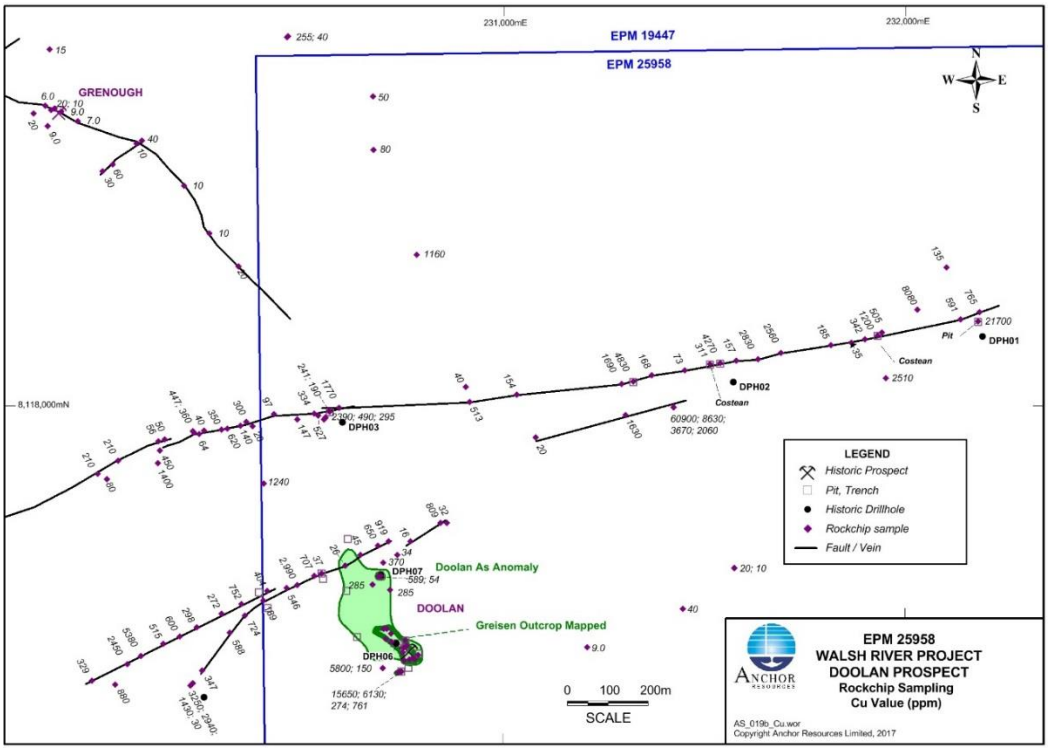

Figure 12: Doolan polymetallic greisen-sulphide zone and quartz vein mineral system rock chip copper geochemistry

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 zone 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.

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 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). 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 either side of Liberty. Magnetic imagery suggests the Tyringham Corridor may extend a further 7 km northeast where another intrusion is interpreted from magnetics and granitoid float has been found (Figure 13).

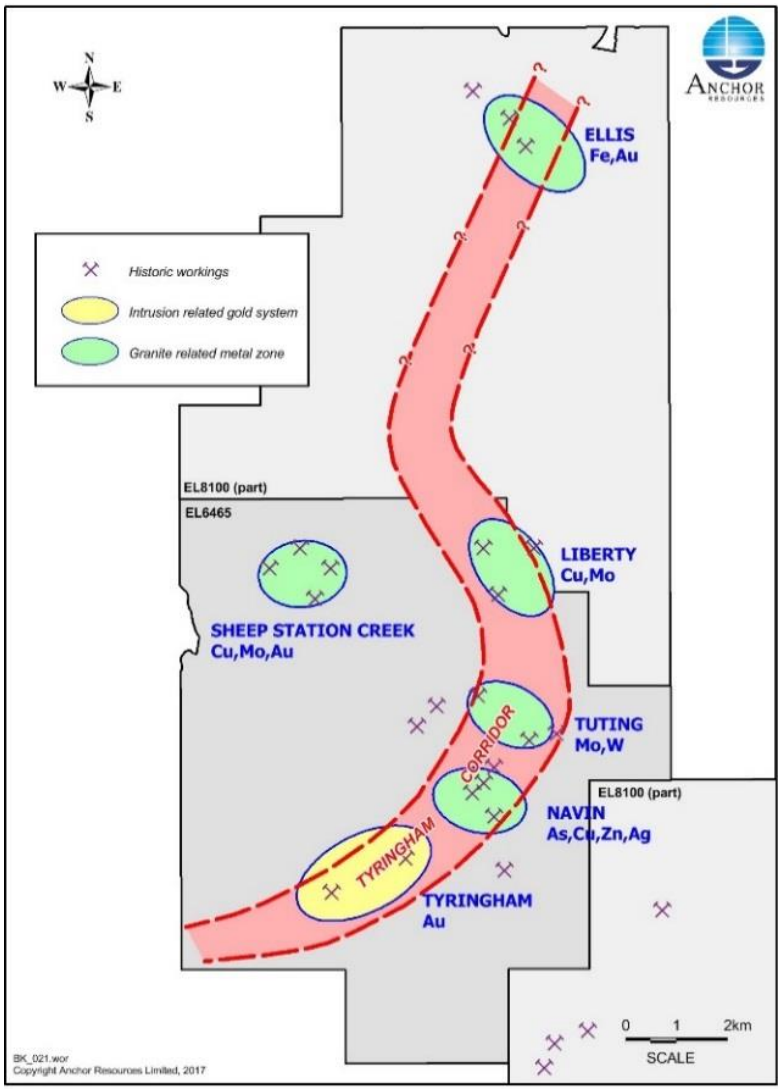

Figure 13: Tyringham Corridor and prospects

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 14).

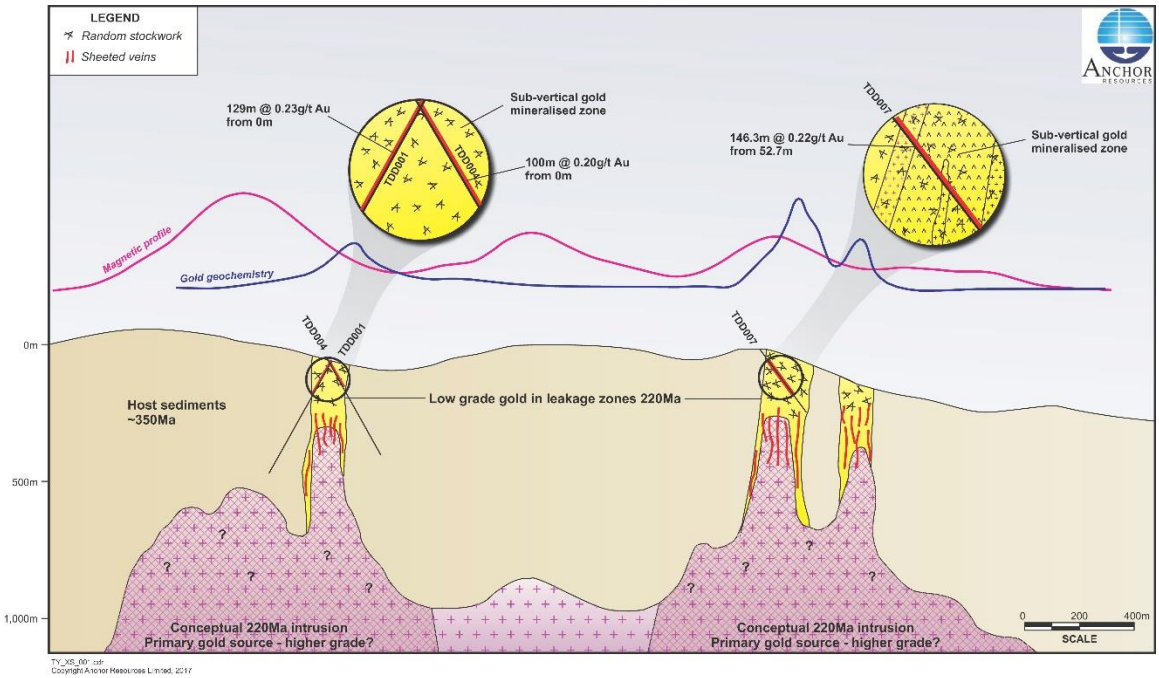

Figure 14: Tyringham IRGS schematic diagram showing long intervals of low grade gold mineralisation intersected by drill holes near surface

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 15. 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.

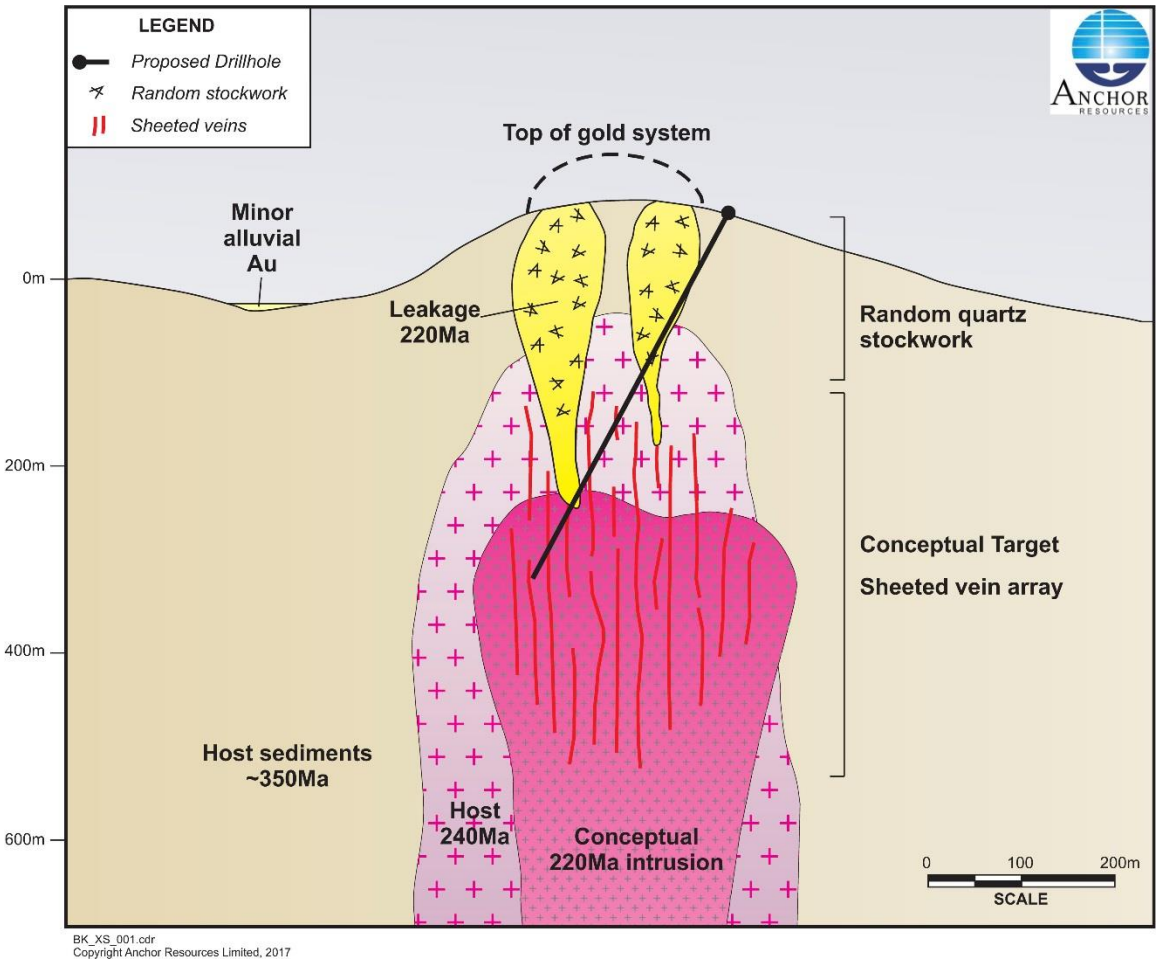

Figure 15: Tyringham IRGS conceptual exploration model

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 field activities.

No field work was carried out during the Quarter.

Corporate

In December 2017, the Company issued 2,500,000 share options with exercise price of 2.5 cents with an expiry date of 31 October 2020.

Ian L Price
Managing Director
Anchor Resources Limited

Contact: +61 438 937 644
Email: ian.price@anchorresources.com.au

Competent Person Statement

The information relating to the Exploration Results and geological interpretation for the Blicks, Bielsdown, 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 24 January 2018

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
ELA 5571	LIBRA	NSW	Cobar Minerals Pty Ltd	Pending		~36
ELA 5590	LEO	NSW	Cobar Minerals Pty Ltd	Pending		~663
ELA 5591	TAURUS	NSW	Cobar Minerals Pty Ltd	Pending		~324
ELA 5633	AQUARIUS	NSW	Cobar Minerals Pty Ltd	Pending		~216
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, Sandy Resources Pty Ltd and Cobar Minerals Pty Ltd are wholly owned subsidiaries of Anchor Resources Limited

Reporting of Exploration Results – EPM 19447 (Aspiring) 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-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 mineralization for standard analysis at a commercial laboratory to identify prospective areas where further work is warranted.
	• *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.
	• *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• Rock chip sampling is useful as a preliminary exploration tool for gold and base metal mineralisation to identify areas of interest for further investigation.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• n/a.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• n/a.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• n/a.
Drill sample recovery (continued)	• *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.

Criteria	JORC Code Explanation	Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• 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.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• n/a.
	• *The total length and percentage of the relevant intersections logged.*	• n/a.
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, 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. 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. Procedures for rock chip samples: crush to >70% passing -6mm then approximately 1kg pulverised 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 1 gram with ICP-AES finish (ALS ME-MS61 Method). High grade assay results confirmed using ALS “ore grade” methods, including ALS Methods ME-OG62 for Ag, As, Cu and Pb, and ME-XRF1Sb for Sb.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and*	• n/a.

Criteria	JORC Code Explanation	Commentary
	model, reading times, calibrations factors applied and their derivation, etc. • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• No company standards or blanks used. ALS run internal QAQC protocols. High grade gold values checked by re-assaying sample pulps using different methods.
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 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 by GPS with a ±5 meter error. • Anchor data is in MGA94 Zone 54. • 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 is 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. • n/a.
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

Criteria	JORC Code Explanation	Commentary
		standard “ALS Sample Submittal Form”.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audit or review completed.

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) 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 tenement is 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 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 area.
	• *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.*	• Tenement is current and in “good standing”.
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>• Previous drilling results completed at Doolan Creek prospect in 1984 under ATP 3645M held by Samedan of Australia and reported in CR 14321 below.

<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>70</td><td>100</td><td>30</td><td>0.2</td><td>0.3</td><td>1.1</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>• n/a.

• 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 clear statement to this effect (e.g. ‘down hole length, true width not known’).</td><td>• Not known.

• Geometry of mineralised zones currently not known.

• Down hole length, true width not known.</td></tr>
<tr><td>Diagrams</td><td>• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include,</td><td>• Plan of work area shown in current report.</td></tr>
</table>

Criteria	JORC Code Explanation	Commentary
	but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
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. Geological mapping and structural analysis are used in conjunction with soil geochemical results and are important attributes 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 is yet to be determined.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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

Name of entity

Anchor Resources Limited

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

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (6 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	(238)	(543)
	(b) development		
	(c) production		
	(d) staff costs		
	(e) administration and corporate costs	(161)	(268)
1.3	Dividends received (see note 3)		
1.4	Interest received	5	16
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**	**(394)**	**(795)**

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 (6 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	150	550
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**	**150**	**550**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,503	1,504
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(394)	(795)
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)	150	550
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**1,259**	**1,259**

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	409	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)**	**1,259**	**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	13,800
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	500
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**	**600**

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

Compliance statement

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

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

Sign here: ..... Date: .....29/1/18.....
(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.